

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

The Electronic Application of Duke )  
Energy Kentucky, Inc., for: 1) An )  
Adjustment of the Electric Rates; 2) ) Case No. 2017-000321  
Approval of an Environmental )  
Compliance Plan and Surcharge )  
Mechanism; 3) Approval of New Tariffs; )  
4) Approval of Accounting Practices to )  
Establish Regulatory Assets and )  
Liabilities; and 5) All Other Required )  
Approvals and Relief. )

**Duke Energy Kentucky, Inc.’s Response to the September 7, 2017 Deficiency Notice**

Comes now Duke Energy Kentucky, Inc., (Duke Energy Kentucky or the Company) and, for its response to the Commission’s September 7, 2017 Deficiency Notice, states as follows:

**A. Customer Notice Deficiencies, 807 KAR 5:001, Section 17(4)(b),(c):**

1. *“Tariff S.L. Current tariff on PSC website includes 27,500 lumen Sodium Vapor light. (Sheet 60, p. 2 of 6). Notice does not include present or proposed rates for this light.”*

Response: Duke Energy Kentucky has published a corrected notice that includes the present and proposed rates for this light. Duke Energy Kentucky was informed by the Kentucky Press Association that the publication of the corrected notice will be completed by September 14, 2017. The form of the corrected and revised notice is attached as to this response as supplemental Tab 13 to the Company’s Application.<sup>1</sup>

2. *“Tariff S.L. Current tariff on PSC website, current rates, and proposed rates from notice do not all match for various “Lamp Watts” kW/Unit” and Annual kWh for the following lights:*

---

<sup>1</sup> The notice is also being submitted as a corrected Attachment BLS-1 to the Direct Testimony of Bruce Sailors and as the corrected appendix B to Vol. 1, Tab 13 of the Company’s Application.

*Underground Distribution Area, Standard Fixture, Metal Halide:*

*14,000 lumen*

*20,500 lumen*

*36,000 lumen*

*Underground Distribution Area, Decorative Fixture, Mercury Vapor:*

*7,000 lumen (Granville)'*

Response: Duke Energy Kentucky has published a corrected notice that includes the corrected rates for these lighting fixtures. Duke Energy Kentucky was informed by the Kentucky Press Association that the publication of the corrected notice will be completed by September 14, 2017. The form of the corrected and revised notice is attached as to this response as supplemental Tab 13 to the Company's Application.

3. *"Tariff S.L. Notice is missing proposed rates for the following lights. Both lights have proposed rates included in Proposed Tariff (Schedule L-1, P. 47 of 148).*

*Underground Distribution Area, Decorative Fixture, Sodium Vapor:*

*9,500 lumen (Traditionaire)*

*9,500 lumen (Granville Acorn)"*

Response: Duke Energy Kentucky has published a corrected notice that includes the missing proposed rates for these lights. Duke Energy Kentucky was informed by the Kentucky Press Association that the first cycle of the corrected notice will be completed by September 14, 2017. The form of the corrected and revised notice is attached as to this response as supplemental Tab 13 to the Company's Application.

4. *Tariff S.C. Current tariff lists a "rate for energy" of \$.037481 per kWh. Proposed tariff shows an increased "rate for energy used" of \$.041936 per kWh. Notice is missing both present and proposed rates.*

Response: Duke Energy Kentucky has published a corrected notice that includes the present and proposed rates for this tariff. Duke Energy Kentucky was informed by the Kentucky Press

Association that the publication of the corrected notice will be completed by September 14, 2017. The form of the corrected and revised notice is attached as to this response as supplemental Tab 13 to the Company's Application.

5. *"Rider P.S.M. Notice contained proposed rates for Rate OL and Rate NSP; however, these two rate classes are proposed to be deleted. Also, notice does not include Rider PSM rate for new LED tariff."*

Response: Duke Energy Kentucky has published a corrected notice that includes the deletion of these two rate classes and the addition of the LED tariff in Rider PSM. Duke Energy Kentucky was informed by the Kentucky Press Association that the publication of the corrected notice will be completed by September 14, 2017. The form of the corrected and revised notice is attached as to this response as supplemental Tab 13 to the Company's Application.

6. *Rider G.P. Current rates shown in notice are based on an incorrect tariff. Current and proposed tariffs in the application reflect Rider GP approved in Case No. 2009-00498; however a new Rider GP tariff was approved in Case No. 2012-00455.*

Response: Duke Energy Kentucky has published a corrected notice that includes the correct tariff. Duke Energy Kentucky was informed by the Kentucky Press Association that the publication of the corrected notice will be completed by September 14, 2017. The form of the corrected and revised notice is attached as to this response as supplemental Tab 13 to the Company's Application.

7. *Rate CATV/ Rate DPA. Proposed rates are listed in notice as "annual rental." Proposed tariff lists rates as "annual rate per foot." Notice should include the words "annual rate per foot" for the proposed rates.*

Response: Duke Energy Kentucky has published a corrected notice that includes the corrected description in the CATV/Rate DPA tariff. Duke Energy Kentucky was informed by the Kentucky Press Association that the publication of the corrected notice will be completed by September 14, 2017. The form of the corrected and revised notice is attached as to this response as supplemental Tab 13 to the Company's Application.

8. *"Notice page 32 of 33 is missing the average kWh usage per class in the average monthly bill increase calculation. Average kWh should be shown for each class."*

Response: Duke Energy Kentucky has published a corrected notice that includes the average kWh usage per class used in the average monthly bill calculation. In addition, the Company has amended the calculations to show the average monthly bill percentage increases. Initially, the Company calculated the average monthly bill comparison based upon typical usage for each rate class. The typical bill calculation is commonly used in the industry, and was used by the Company and accepted by the Commission in Duke Energy Kentucky's last base electric rate case filing. The typical bill usage information that was used in the Company's initial bill calculation is consistent with information contained in, and that is available on, Schedule N that was submitted with the Company's September 1, 2017 Application in this proceeding. As part of the corrected notice, the Company has voluntarily restated this information using the actual average kWh usage for each class and has recalculated the percentage increase based upon the average bill for each rate class. For the Company's various street lighting tariffed rate classes, the tariffed rates are based upon a per fixture charge, not a per kWh charge. Therefore, the Company has noted that the included calculation is based upon the average kWh usage for the fixtures within the tariffs. Duke Energy Kentucky was informed by the Kentucky Press Association that the publication of the corrected notice will be completed by September 14,

2017. The form of the corrected and revised notice is attached as to this response as supplemental Tab 13 to the Company's Application.

**B. Tariff Deficiency, 807 KAR 5:001, Section 16(1)**

9. *Rider G.P. Present and proposed tariffs are based on a tariff approved in Case No. 2009-00408. This tariff was most recently changed and approved in Case No. 2012-00455.*

Response: Duke Energy Kentucky inadvertently used the incorrect file when it submitted its proposed changes to Rider G.P in its September 1, 2017 Application. A corrected Rider G.P. is attached to this Response as a Supplement to Schedule L.

**C. Billing Analysis Deficiency, 807 KAR 5:001 Section 16(8)(m):**

10. *Missing sheets for Base period: Current annualized for Rate OL and Rate NSP. These sheets should be included if there was revenue in the test period for these classes.*

Response: Duke Energy Kentucky omitted these sheets when it filed Schedule M, Base Period, of its Application. These sheets terminated and the single month of revenue and kWh was included with Rate UOLS. Supplemental Schedule M attached to this Response corrects this deficiency and includes a revised Schedule M Base Period that includes these missing sheets. No revenues are associated with these sheets in the Test Period.

**D. Other filing deficiencies:**

11. *807 KAR 5:001, Section 16(7)(n)- requires the latest 12 months of monthly financial statements comparing actual results to budget or forecast amounts. Duke's reports, attached as Tab 35 to the application, do not include a budget comparison.*

Response: In its initial filing, the Company included the monthly financial statements (income statements and balance sheets) based upon a rolling twelve months. The coversheet to Tab 35 also referred to the response to Tab 36, which contained the monthly comparison of

actual results to budget. These are the reports that are used by Company management for monthly operational review of performance. As part of this Response, the Company is providing additional information as a Supplement to Tab 36 to the Company's Application that includes the latest 12 months of operating income reports comparing actual results to budget.

12. *807 KAR 5:001, Section 16(7)(o)- requires budget variance reports with narrative explanations of the variances. Duke's reports attached as Tab 36 to the application do not include any narrative explanations.*

Response: In accordance with 807 KAR 5:001, Section 16(7), this information does not exist in the form requested. Duke Energy Kentucky's initial response contained the monthly budget variance reports that are available and used by the Company's management. Other than the information contained in body of the variance report, individual narrative drivers of variances are not included in the budget variance reports on a stand-alone Duke Energy Kentucky basis. This is because, in terms of its corporate structure within Duke Energy Corp., Duke Energy Kentucky is a wholly-owned subsidiary of Duke Energy Ohio, Inc., (Duke Energy Ohio). From a financial segment monthly reporting perspective, Duke Energy Kentucky is consolidated with its parent, Duke Energy Ohio. While separate discussions of Duke Energy Kentucky's operations occur within monthly financial review meetings, the narrative explanations of variances are only on the consolidated Duke Energy Ohio/Duke Energy Kentucky monthly Financial Reporting Summaries (FRS) reports.


In an effort to provide the Commission with additional information to satisfy this deficiency, Duke Energy Kentucky is submitting a Confidential Supplement to Tab 36 containing the consolidated Duke Energy Ohio/Duke Energy Kentucky FRS monthly managerial reports. These consolidated FRS reports contain narrative explanations of variances for the

combined Ohio and Kentucky companies. In addition, Duke Energy Kentucky is also including its monthly Company-specific Confidential Regulatory O&M and Capital Reports (ROCR), that contain variance descriptions for O&M and Capital expenditures, respectively. Due to year end closing individual January 2017 reports were not prepared. Rather, January results are included in the Year to Date Data contained in the February reports.

13. As part of the Company's review of its Application submitted on September 1, 2017, the Company discovered that there were additional 8-K reports that were not included in the Company's Application as part of filing requirement 16(7)(p). The Company is voluntarily supplementing its Tab 37 to include these additional 8-K reports that were inadvertently omitted from the original filing.

Duke Energy Kentucky respectfully requests that the Commission issue an order finding that with the actions described above the Company's application is deemed to meet the minimum filing requirements and that the application be accepted for filing as of the date of this submittal.

Respectfully submitted,



---

Rocco O. D'Ascenzo (92796)  
Associate General Counsel  
Amy B. Spiller (85309)  
Deputy General Counsel  
Duke Energy Business Services, LLC  
139 East Fourth Street, 1313 Main  
Cincinnati, Ohio 45201  
Phone: (513) 287-4320  
Fax: (513) 287-4385  
E-mail: rocco.d'ascenzo@duke-energy.com

And

David S. Samford  
L. Allyson Honaker  
GOSS SAMFORD, PLLC  
2365 Harrodsburg Road, Suite B-325  
Lexington, KY 40504  
(859) 368-7740  
Email: David@gosssamfordlaw.com  
Email: Allyson@gosssamfordlaw.com

*Counsel for Duke Energy Kentucky, Inc.*



**CERTIFICATE OF SERVICE**

This is to certify that a copy of the foregoing Response of Duke Energy Kentucky, Inc. has been served via electronic delivery to the following parties on this 15<sup>th</sup> day of September, 2017.

Kent.Chandler@ky.gov  
Rebecca.Goodman@ky.gov  
Justin.McNeil@ky.gov  
Larry.Cook@ky.gov



Rocco O. D'Ascenzo

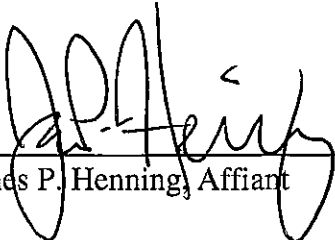
**AFFIDAVIT OF JAMES P. HENNING**

STATE OF OHIO                    )  
  )  
COUNTY OF HAMILTON         )

Now comes James P. Henning, President of Duke Energy Kentucky, Inc., and hereby attests as follows:


1. the deficiencies in the customer notice, as indicated by the Commission in their September 7, 2017 Filing Deficiencies letter, have been corrected and republished in the following papers on the following dates: Kentucky Enquirer, September 13, 2017; Falmouth Outlook, September 11, 2017; Boone County Recorder, September 14, 2017; Campbell County Recorder, September 14, 2017; Kenton County Recorder, September 14, 2017; Gallatin County News, September 13, 2017; and Grant County News, September 14, 2017;
2. the customer notice and the supplemental information provided in the Company’s Response to the September 7, 2017 deficiencies identified by the Commission are true and correct to the best of my knowledge, information, and belief.

Further affiant sayeth naught.

  
\_\_\_\_\_  
James P. Henning, Affiant

Sworn and subscribed before me by James P. Henning on this 14<sup>th</sup> day of September 2017.



  
\_\_\_\_\_  
**E. MINNA ROLFES-ADKINS** Notary Public  
Notary Public, State of Ohio  
My Commission Expires: July 8, 2022

**NOTICE**

Duke Energy Kentucky, Inc. (“Duke Energy Kentucky” or “Company”) hereby gives notice that, in an application to be filed no sooner than September 1, 2017, Duke Energy Kentucky will be seeking approval by the Public Service Commission, Frankfort, Kentucky of an adjustment of electric rates and charges proposed to become effective on and after October 1, 2017. The Commission has docketed this proceeding as Case No. 2017-00321.

The proposed electric rates are applicable to the following communities:

Alexandria	Elsmere	Ludlow
Bellevue	Erlanger	Melbourne
Boone County	Fairview	Newport
Bromley	Florence	Park Hills
Campbell County	Fort Mitchell	Pendleton County
Cold Spring	Fort Thomas	Ryland Heights
Covington	Fort Wright	Silver Grove
Crescent Park	Grant County	Southgate
Crescent Springs	Highland Heights	Taylor Mill
Crestview	Independence	Union
Crestview Hills	Kenton County	Villa Hills
Crittenden	Kenton Vale	Walton
Dayton	Lakeside Park	Wilder
Dry Ridge	Latonia Lakes	Woodlawn
Edgewood		

**DUKE ENERGY KENTUCKY CURRENT AND PROPOSED ELECTRIC RATES**

**Residential Service - Rate RS**  
**(Electric Tariff Sheet No. 30)**

**Current Rate**

Customer Charge	\$4.50 per month
Energy Charge	
All kilowatt-hours	7.5456¢ per kWh

**Proposed Rate**

Customer Charge	\$11.22 per month
Energy Charge	
All kilowatt-hours	8.3908¢ per kWh

**Service at Secondary Distribution Voltage-Rate DS**  
**(Electric Tariff Sheet No. 40)**

**Current Rate**

Customer Charge per month	
Single Phase Service	\$ 7.50 per month
Three Phase Service	\$15.00 per month
Demand Charge	
First 15 kilowatts	\$ 0.00 per kW
Additional kilowatts	\$ 7.75 per kW
Energy Charge	
First 6,000 kWh	8.1645¢ per kWh
Next 300 kWh/kW	5.0119¢ per kWh
Additional kWh	4.1043¢ per kWh

**Proposed Rate**

Customer Charge per month	
Single Phase Service	\$ 17.14 per month
Three Phase Service	\$34.28 per month
Demand Charge	

First 15 kilowatts	\$ 0.00 per kW
Additional kilowatts	\$ 8.73 per kW
Energy Charge	
First 6,000 kWh	9.1917¢ per kWh
Next 300 kWh/kW	5.6425¢ per kWh
Additional kWh	4.6204¢ per kWh

**Time-of-Day Rate for Service at Distribution Voltage-Rate DT**  
**(Electric Tariff Sheet No. 41)**

**Current Rate**

Customer Charge	
Single Phase	\$7.50 per month
Three Phase	\$15.00 per month
Primary Voltage Service	\$100.00 per month
Demand Charge	
Summer	
On Peak kW	\$ 12.75 per kW
Off Peak kW	\$ 1.15 per kW
Winter	
On Peak kW	\$ 12.07 per kW
Off Peak kW	\$ 1.15 per kW
Energy Charge	
Summer	
On Peak kWh	4.4195¢ per kWh
Off Peak kWh	3.6195¢ per kWh
Winter	
On Peak kWh	4.2195¢ per kWh
Off Peak kWh	3.6195¢ per kWh
Metering	
First 1,000 kW of On Peak billing demand at	\$ 0.65 per kW.
Additional kW of On Peak billing demand at	\$ 0.50 per kW.

**Proposed Rate**

Base Rate	
Customer Charge	
Single Phase	\$ 200.00 per month
Three Phase	\$ 400.00 per month
Primary Voltage Service	\$ 465.00 per month
Demand Charge	
Summer	
On Peak kW	\$ 14.39 per kW
Off Peak kW	\$ 1.30 per kW
Winter	
On Peak kW	\$ 13.62 per kW
Off Peak kW	\$ 1.30 per kW
Energy Charge	
Summer	
On Peak kWh	4.9875¢ per kWh
Off Peak kWh	4.0844¢ per kWh
Winter	
On Peak kWh	4.7612¢ per kWh
Off Peak kWh	4.0844¢ per kWh
Metering	
First 1,000 kW of On Peak billing demand at	\$ 0.73 per kW.
Additional kW of On Peak billing demand at	\$ 0.56 per kW.

**Optional Rate for Electric Space Heating-Rate EH**  
**(Electric Tariff Sheet No. 42)**

**Current Rate**

A. Winter Period	
Customer Charge	
Single Phase Service	\$ 7.50 per month
Three Phase Service	\$ 15.00 per month
Primary Voltage Service	\$100.00 per month
Demand Charge	
All kW	\$ 0.00 per kW
Energy Charge	
All kWh	6.1524¢ per kWh

**Proposed Rate**

A. Winter Period	
Customer Charge	
Single Phase Service	\$ 17.14 per month
Three Phase Service	\$ 34.28 per month
Primary Voltage Service	\$118.78 per month
Demand Charge	
All kW	\$ 0.00 per kW
Energy Charge	
All kWh	6.9947¢ per kWh

**Seasonal Sports Service-Rate SP**  
**(Electric Tariff Sheet No. 43)**

**Current Rate**

Customer Charge	\$7.50 per month
Energy Charge	10.0598¢ per kWh
A charge of \$25.00 is applicable to each season to cover in part the cost of reconnection of service.	

**Proposed Rate**

Customer Charge	\$17.14 per month
Energy Charge	10.6568¢ per kWh
A charge of \$25.00 is applicable to each season to cover in part the cost of reconnection of service.	

**Optional Unmetered General Service Rate**  
**For Small Fixed Loans - Rate GS-FL**  
**(Electric Tariff Sheet No. 44)**

**Current Rate**

For loads based on a range of 540 to 720 hours use per month of the rated capacity of the connected equipment	8.0723¢ per kWh
For loads of less than 540 hours use per month of the rated capacity of the connected equipment	9.2947 per kWh
Minimum: \$3.00 per Fixed Load Location per month.	

**Proposed Rate**

For loads based on a range of 540 to 720 hours use per month of the rated capacity of the connected equipment	9.2698¢ per kWh
For loads of less than 540 hours use per month of the rated capacity of the connected equipment	10.6767¢ per kWh
Minimum: \$3.14 per Fixed Load Location per month.	

**Service at Primary Distribution Voltage Applicability-Rate DP**  
**(Electric Tariff Sheet No. 45)**

**Current Rate**

Customer Charge per month	
Primary Voltage Service (12.5 or 34.5 kV)	\$100.00 per month
Demand Charge	
All kilowatt	\$ 7.08 per kW
Energy Charge	
First 300 kWh/kW	5.1068¢ per kWh
Additional kWh	4.3198¢ per kWh

**Proposed Rate**

Customer Charge per month	
Primary Voltage Service (12.5 or 34.5 kV)	\$118.78 per month
Demand Charge	
All kilowatts	\$ 8.40 per kW
Energy Charge	
First 300 kWh	6.0595¢ per kWh
Additional kWh	5.1267¢ per kWh

**Time-of-Day Rate for Service at Transmission Voltage-Rate TT**  
**(Electric Tariff Sheet No. 51)**

**Current Rate**

Customer Charge per month	\$500.00 per month
Demand Charge	
Summer	
On Peak kW	\$ 7.60 per kW
Off Peak kW	\$ 1.15 per kW
Winter	
On Peak kW	\$ 6.24 per kW
Off Peak kW	\$ 1.15 per kW
Energy Charge	
All kWh	4.2648¢ per kWh

**Proposed Rate**

Customer Charge per month	\$500.00 per month
Demand Charge	
Summer	
On Peak kW	\$ 8.46 per kW
Off Peak kW	\$ 1.28 per kW
Winter	
On Peak kW	\$ 6.95 per kW
Off Peak kW	\$ 1.28 per kW
Energy Charge	
Summer	
On Peak kWh	5.4454¢ per kWh
Off Peak kWh	4.4594¢ per kWh
Winter	
On Peak kWh	5.1983¢ per kWh
Off Peak kWh	4.4594¢ per kWh

**Rider GSS – Generation Support Service  
(Electric Tariff Sheet No. 58)**

**Current Rate**

1. Administrative Charge  
The Administrative Charge shall be \$50 plus the appropriate Customer Charge.
2. Monthly Distribution Reservation Charge
 

a. Rate DS - Secondary Distribution Service	\$2.6853 per kW
b. Rate DT – Distribution Service	\$2.4735 per kW
c. Rate DP – Primary Distribution Service	\$2.7781 per kW
d. Rate TT – Transmission Service	\$0.0000 per kVA
3. Monthly Transmission Reservation Charge
 

a. Rate DS - Secondary Distribution Service	\$1.3094 per kW
b. Rate DT – Distribution Service	\$1.3047 per kW
c. Rate DP – Primary Distribution Service	\$1.8493 per kW
d. Rate TT – Transmission Service	\$1.2861 per kVA
4. Monthly Ancillary Services Reservation Charge
 

a. Rate DS, - Secondary Distribution Service	\$0.5240 per kW
b. Rate DT – Distribution Service	\$0.5240 per kW
c. Rate DP – Primary Distribution Service	\$0.5240 per kW
d. Rate TT – Transmission Service	\$0.4550 per kVA

**Proposed Rate**

1. Administrative Charge  
The Administrative Charge shall be \$50 plus the appropriate Customer Charge.
2. Monthly Reservation Charge
 

e. Rate DS - Secondary Distribution Service	\$4.8466 per kW
f. Rate DT – Distribution Service	\$5.9992 per kW
g. Rate DP – Primary Distribution Service	\$6.1484 per kW
h. Rate TT – Transmission Service	\$2.9666 per kW

**Real Time Pricing –Market –Based Pricing- Rate RTP-M  
(Electric Tariff Sheet No. 59)**

**Current Rate**

Secondary Services..... \$15.00 per month  
 Primary Service.....\$100.00 per month  
 Transmission Service.....\$500.00 per month

**Energy Delivery Charge**

Charge For Each kW Per Hour:

Secondary Service .....\$0.006053 per kW Per Hour  
 Primary Service..... \$0.005540 per kW Per Hour  
 Transmission Service.....\$0.002008 per kW Per Hour

Ancillary Services Charge shall be applied on an hour by hour basis.

Charge For Each kW Per Hour:

Secondary Delivery .....\$0.000760 per kW Per Hour  
 Primary Delivery .....\$0.000740 per kW Per Hour  
 Transmission Delivery ....\$0.000721 per kW Per Hour

**Proposed Rate**

CANCELLED & WITHDRAWN

**Street Lighting Service-Rate SL**  
**(Electric Tariff Sheet No. 60)**

**Current Rate**

<u>OVERHEAD DISTRIBUTION AREA</u>	Lamp		Annual	
Fixture Description	<u>Watts</u>	<u>kW/Unit</u>	- <u>kWh</u>	<u>Rate/Unit</u>
Standard Fixture (Cobra Head)				
Mercury Vapor				
7,000 lumen	175	0.193	803	\$ 7.11
7,000 lumen (Open Refractor)	175	0.205	853	\$ 5.94
10,000 lumen	250	0.275	1,144	\$ 8.21
21,000 lumen	400	0.430	1,789	\$ 10.99
Metal Halide				
14,000 lumen	175	0.193	803	\$ 7.11
20,500 lumen	250	0.275	1,144	\$ 8.21
36,000 lumen	400	0.430	1,789	\$ 10.99
Sodium Vapor				
9,500 lumen	100	0.117	487	\$ 7.87
9,500 lumen (Open Refractor)	100	0.117	487	\$ 5.91
16,000 lumen	150	0.171	711	\$ 8.58
22,000 lumen	200	0.228	948	\$ 11.13
27,500 lumen	250	0.275	948	\$ 11.13
50,000 lumen	400	0.471	1,959	\$ 14.95
Decorative Fixtures				
Sodium Vapor				
9,500 lumen (Rectilinear)	100	0.117	487	\$9.78
22,000 lumen (Rectilinear)	200	0.246	1,023	\$12.09
50,000 lumen (Rectilinear)	400	0.471	1,959	\$16.00
50,000 lumen (Setback)	400	0.471	1,959	\$23.79

Where a street lighting fixture served overhead is to be installed on another utility's pole on which the Company does not have a contact, a monthly pole charge will be assessed.

**Spans of Secondary Wiring:**

For each increment of 50 feet of secondary wiring beyond the first 150 feet from the pole, the following price per month shall be added to the price per month per street lighting unit: \$0.52.

<u>UNDERGROUND DISTRIBUTION AREA</u>	Lamp		Annual	
Fixture Description	<u>Watts</u>	<u>kW/Unit</u>	- <u>kWh</u>	<u>Rate/Unit</u>
Standard Fixture (Cobra Head)				
Mercury Vapor				
7,000 lumen	175	0.210	874	\$7.24
7,000 lumen (Open Refractor)	175	0.205	853	\$ 5.94
10,000 lumen	250	0.292	1,215	\$ 8.36
21,000 lumen	400	0.460	1,914	\$ 11.25
Metal Halide				
14,000 lumen	175	0.210	874	\$ 7.24
20,500 lumen	250	0.292	1,215	\$ 8.36
36,000 lumen	400	0.460	1,914	\$11.25
Sodium Vapor				
9,500 lumen	100	0.117	487	\$ 7.87
9,500 lumen (Open Refractor)	100	0.117	487	\$ 5.99
16,000 lumen	150	0.171	711	\$ 8.55
22,000 lumen	200	0.228	948	\$ 11.13
50,000 lumen	400	0.471	1,959	\$ 14.95



Decorative Fixtures

Mercury Vapor

7,000 lumen (Town & Country)	175	0.205	853	\$ 7.48
7,000 lumen (Holophane)	175	0.210	874	\$ 9.40
7,000 lumen (Gas Replica)	175	0.210	874	\$21.48
7,000 lumen (Granville)	175	0.205	853	\$7.56
7,000 lumen (Aspen)	175	0.210	874	\$13.61

Metal Halide

14,000 lumen (Traditionaire)	175	0.205	853	\$7.48
14,000 lumen (Granville Acom)	175	0.210	874	\$13.61
14,000 lumen (Gas Replica)	175	0.210	874	\$21.57

Sodium Vapor

9,500 lumen (Town & Country)	100	0.117	487	\$10.93
9,500 lumen (Holophane)	100	0.128	532	\$11.84
9,500 lumen (Rectilinear)	100	0.117	487	\$ 8.83
9,500 lumen (Gas Replica)	100	0.128	532	\$ 22.26
9,500 lumen (Aspen)	100	0.128	532	\$ 13.79
9,500 lumen (Traditionaire)	100	0.117	487	\$ 10.93
9,500 lumen (Granville Acom)	100	0.128	532	\$ 13.79
22,000 lumen (Rectilinear)	200	0.246	1,023	\$ 12.15
50,000 lumen (Rectilinear)	400	0.471	1,959	\$16.06
50,000 lumen (Setback)	400	0.471	1,959	\$23.79

POLE CHARGES

<u>Pole Description</u>	<u>Pole Type</u>	<u>Rate/Pole</u>
<b>Wood</b>		
17 foot (Wood Laminated) (a)	W17	\$ 4.40
30 foot	W30	\$ 4.34
35 foot	W35	\$ 4.40
40 foot	W40	\$ 5.27
<b>Aluminum</b>		
12 foot (decorative)	A12	\$11.97
28 foot	A28	\$ 6.94
28 foot (heavy duty)	A28H	\$ 7.01
30 foot (anchor base)	A30	\$13.86
<b>Fiberglass</b>		
17 foot	F17	\$ 4.40
12 foot (decorative)	F12	\$12.87
30 foot (bronze)	F30	\$ 8.38
35 foot (bronze)	F35	\$ 8.60
<b>Steel</b>		
27 foot (11 gauge)	S27	\$ 11.31
27 foot (3 gauge)	S27H	\$17.05

Spans of Secondary Wiring:

For each increment of 25 feet of secondary wiring beyond the first 25 feet from the pole, the following price per month shall be added to the price per month per street lighting unit: \$0.75.

Base Fuel Cost

All kilowatt-hours shall be subject to a charge of \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

Proposed Rate

OVERHEAD DISTRIBUTION AREA

<u>Fixture Description</u>	<u>Lamp Watts</u>	<u>kW/Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
<b>Standard Fixture (Cobra Head)</b>				
<b>Mercury Vapor</b>				
7,000 lumen	175	0.193	803	\$ 7.96

7,000 lumen (Open Refractor)	175	0.205	853	\$ 6.65
10,000 lumen	250	0.275	1,144	\$ 9.19
21,000 lumen	400	0.430	1,789	\$ 12.30
Metal Halide				
14,000 lumen	175	0.193	803	\$ 7.96
20,500 lumen	250	0.275	1,144	\$ 9.19
36,000 lumen	400	0.430	1,789	\$ 12.30
Sodium Vapor				
9,500 lumen	100	0.117	487	\$ 8.81
9,500 lumen (Open Refractor)	100	0.117	487	\$ 6.61
16,000 lumen	150	0.171	711	\$ 9.60
22,000 lumen	200	0.228	948	\$ 12.45
27,500 lumen	250	0.275	948	\$ 12.45
50,000 lumen	400	0.471	1,959	\$ 16.73
Decorative Fixtures				
Sodium Vapor				
9,500 lumen (Rectilinear)	100	0.117	487	\$ 10.94
22,000 lumen (Rectilinear)	200	0.246	1,023	\$ 13.53
50,000 lumen (Rectilinear)	400	0.471	1,959	\$ 17.90
50,000 lumen (Setback)	400	0.471	1,959	\$ 26.62

Where a street lighting fixture served overhead is to be installed on another utility's pole on which the Company does not have a contact, a monthly pole charge will be assessed.

Spans of Secondary Wiring:

For each increment of 50 feet of secondary wiring beyond the first 150 feet from the pole, the following price per month shall be added to the price per month per street lighting unit: \$0.58.

UNDERGROUND DISTRIBUTION

<u>AREA</u>	<u>Lamp</u>	<u>Watts</u>	<u>kW/Unit</u>	<u>Annual</u>	<u>Rate/Unit</u>
				<u>kWh</u>	
Fixtures Description					
Standard Fixture (Cobra Head)					
Mercury Vapor					
7,000 lumen		175	0.210	874	\$ 8.10
7,000 lumen (Open Refractor)		175	0.205	853	\$ 6.65
10,000 lumen		250	0.292	1,215	\$ 9.35
21,000 lumen		400	0.460	1,914	\$ 12.59
Metal Halide					
14,000 lumen		175	0.210	874	\$ 8.10
20,500 lumen		250	0.292	1,215	\$ 9.35
36,000 lumen		400	0.460	1,914	\$ 12.59
Sodium Vapor					
9,500 lumen		100	0.117	487	\$ 8.81
9,500 lumen (Open Refractor)		100	0.117	487	\$ 6.70
16,000 lumen		150	0.171	711	\$ 9.57
22,000 lumen		200	0.228	948	\$ 12.45
50,000 lumen		400	0.471	1,959	\$ 16.73
Decorative Fixtures					
Mercury Vapor					
7,000 lumen (Town & Country)		175	0.205	853	\$ 8.37
7,000 lumen (Holophane)		175	0.210	874	\$ 10.52
7,000 lumen (Gas Replica)		175	0.210	874	\$ 24.04
7,000 lumen (Granville)		175	0.205	853	\$ 8.46
7,000 lumen (Aspen)		175	0.210	874	\$ 15.23
Metal Halide					
14,000 lumen (Traditionaire)		175	0.205	853	\$ 8.37
14,000 lumen (Granville Acorn)		175	0.210	874	\$ 15.23
14,000 lumen (Gas Replica)		175	0.210	874	\$ 24.13

**Sodium Vapor**

9,500 lumen (Town & Country)	100	0.117	487	\$ 12.23
9,500 lumen (Holophane)	100	0.128	532	\$ 13.25
9,500 lumen (Rectilinear)	100	0.117	487	\$ 9.88
9,500 lumen (Gas Replica)	100	0.128	532	\$ 24.91
9,500 lumen (Aspen)	100	0.128	532	\$ 15.43
9,500 lumen (Traditionaire)	100	0.117	487	\$ 12.23
9,500 lumen (Granville Acorn)	100	0.128	532	\$ 15.43
22,000 lumen (Rectilinear)	200	0.246	1,023	\$ 13.59
50,000 lumen (Rectilinear)	400	0.471	1,959	\$ 17.97
50,000 lumen (Setback)	400	0.471	1,959	\$ 26.62

**POLE CHARGES**

<u>Pole Description</u>	<u>Pole Type</u>	<u>Rate/Pole</u>
<b>Wood</b>		
17 foot (Wood Laminated) (a)	W17	\$ 4.92
30 foot	W30	\$ 4.86
35 foot	W35	\$ 4.92
40 foot	W40	\$ 5.90
<b>Aluminum</b>		
12 foot (decorative)	A12	\$ 13.39
28 foot	A28	\$ 7.76
28 foot (heavy duty)	A28H	\$ 7.84
30 foot (anchor base)	A30	\$ 15.51
<b>Fiberglass</b>		
17 foot	F17	\$ 4.92
12 foot (decorative)	F12	\$ 14.40
30 foot (bronze)	F30	\$ 9.38
35 foot (bronze)	F35	\$ 9.62
<b>Steel</b>		
27 foot (11 gauge)	S27	\$ 12.65
27 foot (3 gauge)	S27H	\$ 19.08

**Spans of Secondary Wiring:**

For each increment of 25 feet of secondary wiring beyond the first 25 feet from the pole, the following price per month shall be added to the price per month per street lighting unit: \$0.84.

**Base Fuel Cost**

The rates per unit shown above include a charge of \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

**Traffic Lighting Service -Rate TL**  
**(Electric Tariff Sheet No. 61)**

**Current Rate**

Where the Company supplies energy only, all kilowatt-hours shall be billed at 3.8066 cents per kilowatt hour;

Where the Company supplies energy from a separately metered source and the Company has agreed to provide limited maintenance for traffic signal equipment, all kilowatt-hours shall be billed at 2.1078 cents per kilowatt-hour.

Where the Company supplies energy and has agreed to provide limited maintenance for traffic signal equipment, all kilowatt-hours shall be billed at 5.9145 cents per kilowatt-hour.

**Proposed Rate**

Where the Company supplies energy only, all kilowatt-hours shall be billed at 4.2590 cents per kilowatt-hour;

Where the Company supplies energy from a separately metered source and the Company has agreed to provide limited maintenance for traffic signal equipment, all kilowatt-hours shall be billed at 2.3583 cents per kilowatt-hour.

Where the Company supplies energy and has agreed to provide limited maintenance for traffic signal equipment, all kilowatt-hours shall be billed at 6.6174 cents per kilowatt-hour.

**Unmetered Outdoor Lighting Electric Service-Rate UOLS**  
**(Electric Tariff Sheet No. 62)**

<b><u>Current Rate</u></b>	
All kWh	3.7481 ¢ per kWh
<b><u>Proposed Rate</u></b>	
All kWh	4.1936¢ per kWh

**Outdoor Lighting Equipment Installation- Rate OL-E**  
**(Electric Tariff Sheet No. 63)**

**Current Rate**  
The System Charge is determined by applying the current Levelized Fixed Charge Rate (LFCR), to the Company's cost of purchasing and installing the System.

**Proposed Rate**  
There are no changes to this tariff schedule.

**Outdoor Lighting Service- Rate OL**  
**(Electric Tariff Sheet No. 65)**

<b><u>Current Rate</u></b>	<b><u>Lamp Watts</u></b>	<b><u>kW/ Luminaire</u></b>	<b><u>Annual kWh</u></b>	<b><u>Rate/Unit</u></b>
Standard Fixtures (Cobra Head)				
Mercury Vapor				
7,000 lumen (Open Refractor)	175	0.205	853	\$ 8.73
7,000 lumen	175	0.210	874	\$11.17
10,000 lumen	250	0.292	1,215	\$13.04
21,000 lumen	400	0.460	1,914	\$16.75
Metal Halide				
14,000 lumen	175	0.210	874	\$11.17
20,500 lumen	250	0.307	1,215	\$13.06
36,000 lumen	400	0.460	1,914	\$16.75
Sodium Vapor				
9,500 lumen (Open Refractor)	100	0.117	487	\$ 7.68
9,500 lumen	100	0.117	487	\$ 9.99
16,000 lumen	150	0.171	711	\$ 11.27
22,000 lumen	200	0.228	948	\$ 12.47
27,500 lumen	200	0.228	948	\$ 12.47
50,000 lumen	400	0.471	1,959	\$ 14.53
Decorative Fixtures (a)				
Mercury Vapor				
7,000 lumen (Town & Country)	175	0.205	853	\$ 13.38
7,000 lumen (Holophane)	175	0.210	874	\$17.24
7,000 lumen (Gas Replica)	175	0.210	874	\$41.66
7,000 lumen (Aspen)	175	0.210	874	\$25.77
Sodium Vapor				
9,500 lumen (Town & Country)	100	0.117	487	\$21.10
9,500 lumen (Holophane)	100	0.128	532	\$22.86
9,500 lumen (Rectilinear)	100	0.117	487	\$18.79
9,500 lumen (Gas Replica)	100	0.128	532	\$43.94
9,500 lumen (Aspen)	100	0.128	532	\$26.63
9,500 lumen (Traditionaire)	100	0.117	487	\$21.10
9,500 lumen (Granville Acorn)	100	0.128	532	\$26.63

22,000 lumen (Rectilinear)	200	0.246	1,023	\$22.37
50,000 lumen (Rectilinear)	400	0.471	1,959	\$28.38
50,000 lumen (Setback)	400	0.471	1,959	\$44.15

B. Flood lighting units served in overhead distribution areas (FL):

Mercury Vapor				
21,000 lumen	400	0.460	1,914	\$16.76
Metal Halide				
20,500 lumen	250	0.307	1,215	\$13.04
36,000 lumen	400	0.460	1,914	\$16.76
Sodium Vapor				
22,000 lumen	200	0.246	1,023	\$ 12.38
30,000 lumen	250	0.312	1,023	\$ 12.38
50,000 lumen	400	0.480	1,997	\$ 15.35

**Proposed Rate**

CANCELLED & WITHDRAWN

**Street Lighting Service for Non-Standard Units -Rate NSU**  
**(Electric Tariff Sheet No. 66)**

**Current Rate**

Company owned

	<u>Lamp Watts</u>	<u>kW/Unit</u>	<u>Annual kW/unit</u>	<u>Rate/Unit</u>
Boulevard units served underground				
a. 2,500 lumen Incandescent – Series	148	0.148	616	\$ 9.22
b. 2,500 lumen Incandescent – Multiple	189	0.189	786	\$ 7.16
Holophane Decorative fixture on 17 foot fiberglass pole served underground with direct buried cable				
a. 10,000 lumen Mercury Vapor	250	0.292	1,215	\$16.79
The cable span charge of \$.75 per each increment of 25 feet of secondary wiring shall be added to the Rate/unit charge for each increment of secondary wiring beyond the first 25 feet from the pole base.				
Street light units served overhead distribution				
a. 2,500 lumen Incandescent	189	0.189	786	\$ 7.10
b. 2,500 lumen Mercury Vapor	100	0.109	453	\$ 6.72
c. 21,000 lumen Mercury Vapor	400	0.460	1,914	\$ 10.66
Customer owned				
Steel boulevard units served underground with limited maintenance by Company				
a. 2,500 lumen Incandescent – Series	148	0.148	616	\$5.44
b. 2,500 lumen Incandescent – Multiple	189	0.189	786	\$6.92

Base Fuel Cost

The rates per unit shown above include \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

**Proposed Rate**

Company owned

	<u>Lamp Watts</u>	<u>kW Unit</u>	<u>Annual kW</u>	<u>Rate/Unit</u>
Boulevard units served underground				
a. 2,500 lumen Incandescent – Series	148	0.148	616	\$ 10.32
b. 2,500 lumen Incandescent – Multiple	189	0.189	786	\$ 8.01
Holophane Decorative fixture on 17 foot fiberglass pole served underground with direct buried cable				
a. 10,000 lumen Mercury Vapor	250	0.292	1,215	\$18.79

The cable span charge of \$.84 per each increment of 25 feet of secondary wiring shall be added to the Rate/unit charge for each increment of secondary wiring beyond the first 25 feet from the pole base.

Street light units served overhead distribution

a.	2,500 lumen Incandescent	189	0.189	786	\$ 7.94
b.	2,500 lumen Mercury Vapor	100	0.109	453	\$ 7.52
c.	21,000 lumen Mercury Vapor	400	0.460	1,914	\$ 11.93

Customer owned

Steel boulevard units served underground with limited maintenance by Company

a.	2,500 lumen Incandescent – Series	148	0.148	616	\$ 6.09
b.	2,500 lumen Incandescent – Multiple	189	0.189	786	\$ 7.74

Base Fuel Cost

The rates per unit shown above include \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

**Private Outdoor Lighting for Non-Standard Units-Rate NSP**  
**(Electric Tariff Sheet No. 67)**

**Current Rate**

Private outdoor lighting units:

The following monthly charge will be assessed for existing facilities, but this unit will not be available to any new customers after May 15, 1973:

	<u>Lamp Watt</u>	<u>kW Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
2,500 lumen Mercury, Open Refractor . . . . .	100	0.115	478	\$ 7.79
2,500 lumen Mercury, Enclosed Refractor. . . . .	100	0.115	478	\$ 10.66

Outdoor lighting units served in underground residential distribution areas:

The following monthly charge will be assessed for existing fixtures which include lamp and luminaire, controlled automatically, with an underground service wire not to exceed 35 feet from the service point, but these units will not be available to new customers after May 5, 1992:

	<u>Lamp Watt</u>	<u>kW/Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
7,000 lumens Mercury, Mounted on a 17-foot Fiberglass Pole . . . . .	175	0.205	853	\$14.54
7,000 lumen Mercury, Mounted on a 17-foot Wood Laminated Pole (a). . . . .	175	0.205	853	\$14.54
7,000 lumen Mercury, Mounted on a 30-foot Wood Pole. . . . .	175	0.205	853	\$13.44
9,500 lumen Sodium Vapor, TC 100 R. . . . .	100	0.117	487	\$ 11.22

(a) Note: New or replacement poles are not available.

Flood lighting units served in overhead distribution areas:

The following monthly charge will be assessed for each existing fixture, which includes lamp and luminaire, controlled automatically, mounted on a utility pole, as specified by the Company, with a span of wire not to exceed 120 feet, but these units will not be available after May 5, 1992:

	<u>Lamp Watts</u>	<u>kW/Fixture</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
52,000 lumen Mercury (35-foot Wood Pole) . . . . .	1,000	1.102	4,584	\$28.55
52,000 lumen Mercury (50-foot Wood Pole) . . . . .	1,000	1.102	4,584	\$32.16
50,000 lumen Sodium Vapor. . . . .	400	0.471	1,959	\$19.79

Base Fuel Cost

All kilowatt-hours shall be subject to a charge of \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

**Proposed Rate**

CANCELLED & WITHDRAWN

**Street Lighting Service-Customer Owned - Rate SC**  
**(Electric Tariff Sheet No. 68)**

**Current Rate**

<u>Fixture Description</u>	<u>Lamp Watts</u>	<u>kW/Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
<b>Standard Fixture (Cobra Head)</b>				
<b>Mercury Vapor</b>				
7,000 lumen	175	0.193	803	\$ 4.19
10,000 lumen	250	0.275	1,144	\$ 5.33
21,000 lumen	400	0.430	1,789	\$ 7.40
<b>Metal Halide</b>				
14,000 lumen	175	0.193	803	\$ 4.19
20,500 lumen	250	0.275	1,144	\$ 5.33
36,000 lumen	400	0.430	1,789	\$ 7.40
<b>Sodium Vapor</b>				
9,500 lumen	100	0.117	487	\$ 5.04
16,000 lumen	150	0.171	711	\$ 5.62
22,000 lumen	200	0.228	948	\$ 6.17
27,500 lumen	250	0.228	948	\$ 6.17
50,000 lumen	400	0.471	1,959	\$ 8.36
<b>Decorative Fixture</b>				
<b>Mercury Vapor</b>				
7,000 lumen (Holophane)	175	0.210	874	\$ 5.32
7,000 lumen (Town & Country)	175	0.205	853	\$ 5.27
7,000 lumen (Gas Replica)	175	0.210	874	\$ 5.32
7,000 lumen (Aspen)	175	0.210	874	\$ 5.32
<b>Metal Halide</b>				
14,000 lumen (Traditionaire)	175	0.205	853	\$ 5.27
14,000 lumen (Granville Acorn)	175	0.210	874	\$ 5.32
14,000 lumen (Gas Replica)	175	0.210	874	\$ 5.32
<b>Sodium Vapor</b>				
9,500 lumen (Town & Country)	100	0.117	487	\$ 4.96
9,500 lumen (Traditionaire)	100	0.117	487	\$ 4.96
9,500 lumen (Granville Acorn)	100	0.128	532	\$ 5.18
9,500 lumen (Rectilinear)	100	0.117	487	\$ 4.96
9,500 lumen (Aspen)	100	0.128	532	\$ 5.18
9,500 lumen (Holophane)	100	0.128	532	\$ 5.18
9,500 lumen (Gas Replica)	100	0.128	532	\$ 5.18
22,000 lumen (Rectilinear)	200	0.246	1,023	\$ 6.54
50,000 lumen (Rectilinear)	400	0.471	1,959	\$ 8.65

Where a street lighting fixture served overhead is to be installed on another utility's pole on which the Company does not have a contact, a monthly pole charge will be assessed.

<u>Pole Description</u>	<u>Pole Type</u>	<u>Rate/Pole</u>
<b>Wood</b>		
30 foot	W30	\$4.34
35 foot	W35	\$4.40
40 foot	W40	\$5.27

**Customer Owned and Maintained Units**

The rate for energy used for this type street lighting will be \$0.037481 per kilowatt-hour which includes the base fuel cost rate stated below. The monthly kilowatt-hour usage will be mutually agreed upon between the Company and the customer. Where the average monthly usage is less than 150 kWh per point of delivery, the customer shall pay the Company, in addition to the monthly charge, the cost of providing electric service on the basis of time and material plus overhead charges. An estimate of the cost will be submitted for approval before work is carried out.

**Base Fuel Cost**

The rates per unit shown above include \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

**Proposed Rate**

<u>Fixture Description</u>	<u>Lamp Watts</u>	<u>kW/Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
<b>Standard Fixture (Cobra Head)</b>				
<b>Mercury Vapor</b>				
7,000 lumen	175	0.193	803	\$ 4.69
10,000 lumen	250	0.275	1,144	\$ 5.96
21,000 lumen	400	0.430	1,789	\$ 8.28
<b>Metal Halide</b>				
14,000 lumen	175	0.193	803	\$ 4.69
20,500 lumen	250	0.275	1,144	\$ 5.96
36,000 lumen	400	0.430	1,789	\$ 8.28
<b>Sodium Vapor</b>				
9,500 lumen	100	0.117	487	\$ 5.64
16,000 lumen	150	0.171	711	\$ 6.29
22,000 lumen	200	0.228	948	\$ 6.90
27,500 lumen	250	0.228	948	\$ 6.90
50,000 lumen	400	0.471	1,959	\$ 9.35
<b>Decorative Fixture</b>				
<b>Mercury Vapor</b>				
7,000 lumen (Holophane)	175	0.210	874	\$ 5.95
7,000 lumen (Town & Country)	175	0.205	853	\$ 5.90
7,000 lumen (Gas Replica)	175	0.210	874	\$ 5.95
7,000 lumen (Aspen)	175	0.210	874	\$ 5.95
<b>Metal Halide</b>				
14,000 lumen (Traditionaire)	175	0.205	853	\$ 5.90
14,000 lumen (Granville Acorn)	175	0.210	874	\$ 5.95
14,000 lumen (Gas Replica)	175	0.210	874	\$ 5.95
<b>Sodium Vapor</b>				
9,500 lumen (Town & Country)	100	0.117	487	\$ 5.55
9,500 lumen (Traditionaire)	100	0.117	487	\$ 5.55
9,500 lumen (Granville Acorn)	100	0.128	532	\$ 5.80
9,500 lumen (Rectilinear)	100	0.117	487	\$ 5.55
9,500 lumen (Aspen)	100	0.128	532	\$ 5.80
9,500 lumen (Holophane)	100	0.128	532	\$ 5.80
9,500 lumen (Gas Replica)	100	0.128	532	\$ 5.80
22,000 lumen (Rectilinear)	200	0.246	1,023	\$ 7.32
50,000 lumen (Rectilinear)	400	0.471	1,959	\$ 9.68
<b><u>Pole Description</u></b>		<b><u>Pole Type</u></b>		<b><u>Rate/Pole</u></b>
<b>Wood</b>				
30 foot		W30		\$ 4.86
35 foot		W35		\$ 4.92
40 foot		W40		\$ 5.90

**Customer Owned and Maintained Units**

The rate for energy used for this type street lighting will be \$0.041936 per kilowatt-hour which includes the base fuel cost rate stated below. The monthly kilowatt-hour usage will be mutually agreed upon between the Company and the customer. Where the average monthly usage is less than 150 kWh per point of delivery, the customer shall pay the Company, in addition to the monthly charge, the cost of providing electric service on the basis of time and material plus overhead charges. An estimate of the cost will be submitted for approval before work is carried out.

**Base Fuel Cost**

The rates per unit shown above include \$0.023837 per kilowatt-hour reflecting the base cost of fuel.



**Street-lighting Service-Overhead Equivalent-Rate SE**  
**(Electric Tariff Sheet No. 69)**

**Current Rate:**

Fixture Description	<u>Lamp Watts</u>	<u>kW/Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
Decorative Fixtures				
<u>Mercury Vapor</u>				
7,000 lumen (Town & Country)	175	0.205	853	\$7.29
7,000 lumen (Holophane)	175	0.210	874	\$7.32
7,000 lumen (Gas Replica)	175	0.210	874	\$7.32
7,000 lumen (Aspen)	175	0.210	874	\$7.32
<u>Metal Halide</u>				
14,000 lumen (Traditionaire)	175	0.205	853	\$7.29
14,000 lumen (Granville Acorn)	175	0.210	874	\$7.32
14,000 lumen (Gas Replica)	175	0.210	874	\$7.32
<u>Sodium Vapor</u>				
9,500 lumen (Town & Country)	100	0.117	487	\$7.95
9,500 lumen (Holophane)	100	0.128	532	\$8.05
9,500 lumen (Rectilinear)	100	0.117	487	\$7.95
9,500 lumen (Gas Replica)	100	0.128	532	\$8.04
9,500 lumen (Aspen)	100	0.128	532	\$8.04
9,500 lumen (Traditionaire)	100	0.117	487	\$7.95
9,500 lumen (Granville Acorn)	100	0.128	532	\$8.04
22,000 lumen (Rectilinear)	200	0.246	1,023	\$11.42
50,000 lumen (Rectilinear)	400	0.471	1,959	\$15.11
50,000 lumen (Setback)	400	0.471	1,959	\$15.11

Base Fuel Cost

All kilowatt-hours shall be subject to a charge of \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

**Proposed Rate:**

Fixture Description	<u>Lamp Watts</u>	<u>kW/Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
Decorative Fixtures				
<u>Mercury Vapor</u>				
7,000 lumen (Town & Country)	175	0.205	853	\$8.16
7,000 lumen (Holophane)	175	0.210	874	\$8.19
7,000 lumen (Gas Replica)	175	0.210	874	\$8.19
7,000 lumen (Aspen)	175	0.210	874	\$8.19
<u>Metal Halide</u>				
14,000 lumen (Traditionaire)	175	0.205	853	\$8.16
14,000 lumen (Granville Acorn)	175	0.210	874	\$8.19
14,000 lumen (Gas Replica)	175	0.210	874	\$8.19
<u>Sodium Vapor</u>				
9,500 lumen (Town & Country)	100	0.117	487	\$8.89
9,500 lumen (Holophane)	100	0.128	532	\$9.01
9,500 lumen (Rectilinear)	100	0.117	487	\$8.89
9,500 lumen (Gas Replica)	100	0.128	532	\$9.00
9,500 lumen (Aspen)	100	0.128	532	\$9.00
9,500 lumen (Traditionaire)	100	0.117	487	\$8.89
9,500 lumen (Granville Acorn)	100	0.128	532	\$9.00
22,000 lumen (Rectilinear)	200	0.246	1,023	\$12.78
50,000 lumen (Rectilinear)	400	0.471	1,959	\$16.91
50,000 lumen (Setback)	400	0.471	1,959	\$16.91

Base Fuel Cost

The rates per unit shown above include \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

**Rider PPS – Premier Power Service Rider**  
**(Electric Tariff Sheet No. 70)**

**Current Rate:**

**Rate**

Each qualifying customer's individual monthly rate calculated for each customer for this service will be determined as follows:

Monthly Service Payment = Estimated Levelized Capital Cost + Estimated Expenses

Where:

Levelized Capital Cost is equal to the present value of all estimated capital related cash flows for a period corresponding to the time of engineering, design and installation of equipment through the term of the contract, adjusted to a pre-tax amount and converted to a uniform monthly payment for the term of the contract. The estimated capital cash flows shall include estimated installed cost of equipment, contingency allowances, salvage value, adjustment to reflect additional supporting investment of general plant nature, and income tax impacts.

Expenses shall equal the present value of estimated expenses associated with the support and maintenance of the generation and support equipment, adjusted to a pre-tax amount and converted to a uniform monthly payment for the term of the contract. The estimated expenses shall include administrative and general expenses, expenses for labor and materials related to operations and maintenance, third party expenses for operations and maintenance, warranties, insurance, annual costs associated with working capital, fuel inventory, depreciation, property tax, other costs related to the operation and support of the generator system installation, and income tax impacts..

The after tax cost of capital from the Company's most recent general rate case will be used to convert present values to uniform monthly payments.

**MONTHLY BILL**

Customer's monthly bill for all services under this rider will appear on their regular monthly electric bill as a line item.

**Proposed Rate:**

There are no proposed changes in this rider.

**Rider TS – Temporary Service Rider**  
**(Electric Tariff Sheet No. 71)**

**Current Rate:**

In addition to charges for service furnished under the applicable standard rate the customer will pay in advance the following charge:

Estimated unit cost of each service with supporting data to be filed with the Commission and updated annually by the utility.

**Proposed Rate:**

There are no proposed changes in this rider.

**Rider X – Line Extension Policy Rider**  
**(Electric Tariff Sheet No. 72)**

**Current Rate:**

When the estimated cost of extending the distribution lines to reach the customer's premise equals or is less than three (3) times the estimated gross annual revenue the Company will make the extension without additional guarantee by the customer over that applicable in the rate, provided the customer establishes credit in a manner satisfactory to the Company.

When the estimated cost of extending the distribution lines to reach the customer's premise exceeds three (3) times the estimated gross annual revenue, the customer may be required to guarantee, for a period of five (5) years, a monthly bill of one (1) percent of the line extension cost for residential service and two (2) percent for non-residential service.

When the term of service or credit have not been established in a manner satisfactory to the Company, the customer may be required to advance the estimated cost of the line extension in either of the above situations. When such advance is made the Company will refund, at the end of each year, for four (4) years,

twenty-five (25) percent of the revenues received in any one year up to twenty-five (25) percent of the advance.

**Proposed Rate:**

There are no proposed changes in this rider.

**Rider LM – Load Management Rider**  
**(Electric Tariff Sheet No. 73)**

**Current Rate:**

I. When a customer elects the OFF PEAK PROVISION, the monthly customer charge of the applicable Rate DS will be increased by an additional monthly charge of five dollars (\$5.00) for each installed time-of-use meter. In addition, the DEMAND provision of Rate DS shall be modified to the extent that the billing demand shall be based upon the "on peak period," as defined above.

II. For customers who meet the Company's criteria for the installation of a magnetic tape recording device for billing, and where electric service is furnished under the provisions of either Rate DS, Service at Secondary Distribution Voltage, or Rate DP, Service at Primary Distribution Voltage. When a customer elects this OFF PEAK PROVISION, the applicable monthly customer charge of Rate DS or Rate DP will be increased by an additional monthly charge of one hundred dollars (\$100.00).

**Proposed Rate:**

When a customer elects the OFF PEAK PROVISION, the monthly customer charge of the applicable Rate DS or DP will be increased by an additional monthly charge of five dollars (\$5.00) for each installed time-of-use or interval data recorder meter. In addition, the DEMAND provision of Rate DS or DP shall be modified to the extent that the billing demand shall be based upon the "on peak period," as defined above. However, in no case shall the billing demand be less than the billing demand as determined in accordance with the DEMAND provision of the applicable Rate DS or Rate DP, as modified.

**Rider AMO – Advanced Meter Opt-Out (AMO) - Residential**  
**(Electric Tariff Sheet No. 74)**

**Current Rate:**

**CHARGES**

Residential customers who elect, at any time, to opt-out of the Company's advanced metering infrastructure (AMI) system shall pay a one-time fee of \$100.00 and a recurring monthly fee of \$25.00. During the Metering Upgrade project deployment phase, if prior to an advanced meter being installed at a customer premise, any existing residential electric customer that elects to participate in this opt-out program, Duke Energy Kentucky will not charge the one-time set-up fee, providing the residential electric customer notifies the Company of such election in advance of the advanced meter being installed. Those residential customers electing to participate in this residential opt-out program will be subject to the ongoing \$25.00 per month ongoing charge. Following deployment completion, any residential customer who later elects to participate in the Opt-Out Program will be assessed the \$100 set-up fee in addition to the ongoing monthly charge.

**Proposed Rate:**

There are no proposed changes in this rider.

**Rider DSMR – Demand Side Management Rate**  
**(Electric Tariff Sheet No. 78)**

**Current Rate:**

The Demand Side Management Rate (DSMR) shall be determined in accordance with the provisions of Rider DSM, Demand Side Management Cost Recovery Rider, Sheet No. 75 of this Tariff.

The DSMR to be applied to residential customer bills is \$0.007967 per kilowatt-hour.

A Home Energy Assistance Program (HEA) charge of \$0.10 will be applied monthly to residential customer bills through December 2020.

The DSMR to be applied to non-residential distribution service customer bills is \$0.002576 per kilowatt-hour.

The DSMR to be applied for transmission service customer bills is \$0.000183 per kilowatt-hour.

**Proposed Rate:**

There are no proposed changes in this rider.

**Rider BDP – Backup Delivery Point Capacity Rider**  
**(Electric Tariff Sheet No. 79)**

**Current Rate:**

**BACKUP DELIVERY POINT (TRANSMISSION/DISTRIBUTION) CAPACITY**

The Company will normally supply service to one premise at one standard voltage at one delivery point and through one meter to a Non-Residential Customer in accordance with the provisions of the applicable rate schedule and the Electric Service Regulations. Upon customer request, Company will make available to a Non-Residential Customer additional delivery points in accordance with the rates, terms and conditions of this Rider BDP.

**NET MONTHLY BILL**

**1. Connection Fee**

The Connection Fee applies only if an additional metering point is required and will be based on customer's most applicable rate schedule.

**2. Monthly charges will be based on the unbundled distribution and/or transmission rates of the customer's most applicable rate schedule and the contracted amount of backup delivery point capacity.**

**3. The Customer shall also be responsible for the acceleration of costs, if any, that would not have otherwise been incurred by Company absent such request for additional delivery points. The terms of payment may be made initially or over a pre-determined term mutually agreeable to Company and Customers that shall not exceed the minimum term. In each request for service under this Rider, Company engineers will conduct a thorough review of the customer's request and the circuits affected by the request. The customer's capacity needs will be weighed against the capacity available on the circuit, anticipated load growth on the circuit, and any future construction plans that may be advanced by the request.**

**Proposed Rate:**

There are no proposed changes in this rider.

**Fuel Adjustment Clause - Rider FAC**  
**(Electric Tariff Sheet No. 80)**

**Current Rate:**

- (1) The monthly amount computed under each of the rate schedules to which this fuel clause is applicable shall be increased or (decreased) at a rate per kilowatt-hour of monthly consumption in accordance with the following formula:

$$\text{Fuel Cost Adjustment} = \frac{F(m)}{S(m)} - \$0.023837 \text{ per kWh}$$

Where F is the expense of fuel in the second preceding month and S is the sales in the second preceding month, as defined below:

- (2) Fuel costs (F) shall be the cost of:
- (a) Fossil fuel consumed in the Company's plants plus the cost of fuel which would have been used in plants suffering forced generation or transmission outages, but less the cost of fuel related to substitute generation, plus
  - (b) The actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in paragraph (c) of this subsection, but excluding the cost of fuel related to purchases to substitute for the forced outages; plus
  - (c) The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis. Included therein are such costs as the charges for economy energy purchases and the charges as a result of scheduled outage, all such

kinds of energy being purchased by the Company to substitute for its own higher cost energy, and less

- (d) The cost of fossil fuel recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.
- (e) All fuel costs shall be based on a weighted-average inventory costing. The cost of fossil fuel shall include no items other than the invoice price of fuel less any cash or other discounts. The invoice price of fuel includes the cost of fuel itself and necessary charges for transportation of fuel from the point of acquisition to the unloading point, as listed in Account 151 of the FERC Uniform System of Accounts for Public Utilities and Licensees.
- (f) As used herein, the term "forced outages" means all non-scheduled losses of generation or transmission which require substitute power for a continuous period in excess of six (6) hours. Where forced outages are not as a result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection, or acts of the public enemy, then the Company may, upon proper showing, with the approval of the Commission, include the fuel cost of substitute energy in the adjustment.

(3) Sales (S) shall be determined in kilowatt-hours as follows:

Add:

- (a) net generation
- (b) purchases
- (c) interchange in

Subtract:

- (d) inter-system sales including economy energy and other energy sold on an economic dispatch basis
- (e) total system losses

**Proposed Rate:**

(1) The monthly amount computed under each of the rate schedules to which this fuel clause is applicable shall be increased or (decreased) at a rate per kilowatt-hour of monthly consumption in accordance with the following formula:

$$\text{Fuel Cost Adjustment} = \frac{F(m)}{S(m)} - \$0.023837 \text{ per kWh}$$

Where F is the expense of fuel in the second preceding month and S is the sales in the second preceding month, as defined below:

(2) Fuel costs (F) shall be the cost of:

(a) Fossil fuel consumed in the Company's plants plus the cost of fuel which would have been used in plants suffering forced generation or transmission outages, but less the cost of fuel related to substitute generation, plus

(b) The actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in paragraph (c) of this subsection, but excluding the cost of fuel related to purchases to substitute for the forced outages; plus

(c) The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis. Included therein are such costs as the charges for economy energy purchases and the charges as a result of scheduled outage, all such kinds of energy being purchased by the Company to substitute for its own higher cost energy, and less

(d) The cost of fossil fuel recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.

(e) The fuel-related charges and credits charged to the Company by a Regional Transmission Organization.

(f) All fuel costs shall be based on a weighted-average inventory costing. The cost of fossil fuel shall include no items other than the invoice price of fuel less any cash or other discounts. The invoice price of fuel includes the cost of fuel itself and necessary charges for transportation of fuel from the point of

acquisition to the unloading point, as listed in Account 151 of the FERC Uniform System of Accounts for Public Utilities and Licensees.

(g) As used herein, the term “forced outages” means all non-scheduled losses of generation or transmission which require substitute power for a continuous period in excess of six (6) hours. Where forced outages are not as a result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection, or acts of the public enemy, then the Company may, upon proper showing, with the approval of the Commission, include the fuel cost of substitute energy in the adjustment.

(3) Sales (S) shall be determined in kilowatt-hours as follows:

Add:

- (a) net generation
- (b) purchases
- (c) interchange in

Subtract:

- (d) inter-system sales including economy energy and other energy sold on an economic dispatch basis
- (e) total system losses

**Rider PSM – Off-System Power Sales and Emission Allowance Sales Profit Sharing Mechanism**  
**(Electric Tariff Sheet No. 82)**

**Current Rate:**

<b><u>Rate Group</u></b>	<b><u>Rate</u></b> <b><u>(\$/ kWh)</u></b>
Rate RS, Residential Service	0.000456
Rate DS, Service at Secondary Distribution Voltage	0.000456
Rate DP, Service at Primary Distribution Voltage	0.000456
Rate DT, Time-of-Day Rate for Service at Distribution Voltage	0.000456
Rate EH, Optional Rate for Electric Space Heating	0.000456
Rate GS-FL, General Service Rate for Small Fixed Loads	0.000456
Rate SP, Seasonal Sports Service	0.000456
Rate SL, Street Lighting Service	0.000456
Rate TL, Traffic Lighting Service	0.000456
Rate UOLS, Unmetered Outdoor Lighting	0.000456
Rate OL, Outdoor Lighting Service	0.000456
Rate NSU, Street Lighting Service for Non-Standard Units	0.000456
Rate NSP, Private Outdoor Lighting Service for Non-Standard Units	0.000456
Rate SC, Street Lighting Service – Customer Owned	0.000456
Rate SE, Street Lighting Service – Overhead Equivalent	0.000456
Rate TT, Time-of-Day Rate for Service at Transmission Voltage	0.000456
Other	0.000456

Rider PSM credits, reductions to bills, are shown as positive numbers without parentheses. Rider PSM charges, increases to bills, are shown in parentheses.

**PROFIT SHARING RIDER FACTORS**

The Applicable energy charges for electric service shall be increased or decreased to the nearest \$0.000001 per kWh to reflect the sharing of profits on off-system power sales and ancillary services, the net profits on sales of emission allowances and net margins on capacity transactions related to the acquisition of 100% of East Bend Unit 2.

The Company will compute its profits on off-system power sales and ancillary services, profits on emission allowance sales, and net margins on capacity transactions related to the acquisition of 100% of East Bend Unit 2 in the following manner:

$$\text{Rider PSM Factor} = ((P + A) + E + C + R)/S$$

where:

P = Eligible profits from off-system power sales for applicable month subject to sharing provisions established by the Commission in its Order in Case No. 2003-00252, dated December 5, 2003.

A = All net profits related to its provision of ancillary services in markets administered by PJM per the Commission's Order in Case No. 2008-00489, dated January 30, 2009.

The first \$1 million in annual profits from off-system sales and ancillary services will be allocated to ratepayers, with any profits in excess of \$1 million split 75:25, with ratepayers receiving 75 percent and shareholders receiving 25 percent per the Commission Order in Case No. 2010-00203, dated December 22, 2010. After December 31st of each year, the sharing mechanism will be reset for off-system power sales. Each month the sharing mechanism will be reset for the ancillary service profits.

E = All net profits on sales of emission allowances are credited to customers per the Commission's Order in Case No. 2006-00172, dated December 21, 2006.

C = Capacity revenue received from PJM associated with DP&L's share of East Bend capacity that DP&L has committed in PJM's base residual auction ("BRA") through May 31, 2018, less the cost incurred by Duke Energy Kentucky to procure sufficient capacity to meet its obligations as a Fixed Resource Requirement entity under the Reliability Assurance Agreement with PJM per the Commission's Order in Case No. 2014-00201, dated December 4, 2014.

The net of capacity revenue received from PJM and the capacity cost incurred by Duke Energy Kentucky will be allocated to ratepayers, with ratepayers receiving 75 percent and shareholders receiving 25 percent.

R = Reconciliation of prior period Rider PSM actual revenue to amount calculated for the period.

S = Current month sales in kWh used in the current month Rider FAC calculation.

**Proposed Rate:**

<b><u>Rate Group</u></b>	<b><u>Rate</u></b> <b><u>(\$/ kWh)</u></b>
Rate RS, Residential Service	0.000456
Rate DS, Service at Secondary Distribution Voltage	0.000456
Rate DP, Service at Primary Distribution Voltage	0.000456
Rate DT, Time-of-Day Rate for Service at Distribution Voltage	0.000456
Rate EH, Optional Rate for Electric Space Heating	0.000456
Rate GS-FL, General Service Rate for Small Fixed Loads	0.000456
Rate SP, Seasonal Sports Service	0.000456
Rate SL, Street Lighting Service	0.000456
Rate TL, Traffic Lighting Service	0.000456
Rate UOLS, Unmetered Outdoor Lighting	0.000456
Rate NSU, Street Lighting Service for Non-Standard Units	0.000456
Rate SC, Street Lighting Service – Customer Owned	0.000456
Rate SE, Street Lighting Service – Overhead Equivalent	0.000456
Rate LED, LED Street Lighting Service	0.000456
Rate TT, Time-of-Day Rate for Service at Transmission Voltage	0.000456
Other	0.000456

Rider PSM credits, reductions to bills, are shown as positive numbers without parentheses. Rider PSM charges, increases to bills, are shown in parentheses.

**PROFIT SHARING RIDER FACTORS**

On a quarterly basis, the applicable energy charges for electric service shall be increased or decreased to the nearest \$0.000001 per kWh to reflect the sharing of net proceeds as outlined in the formula below.

$$\text{Rider PSM Factor} = (\text{OSS} + \text{NF} + \text{CAP} + \text{REC} + \text{R}) / \text{S} \times 0.90$$

where:

OSS = Net proceeds from off-system power sales.

NF = Net proceeds from non-fuel related Regional Transmission Organization charges and credits not recovered via other mechanisms.

- CAP = Net proceeds from: PJM charges and credits as provided for in the Commission's Order in Case No. 2014-00201, dated December 4, 2014; capacity sales; capacity purchases; capacity performance credits; and capacity performance assessments.
- REC = Net proceeds from the sales of renewable energy credits.
- R = Reconciliation of prior period Rider PSM actual revenue to amount calculated for the period.
- S = Current period sales in kWh as used in the Rider FAC calculation.

**Rider GP – Duke Energy's GoGREEN Kentucky  
Green Power / Carbon Offset Rider  
(Electric Tariff Sheet No. 88)**

**Current Rate:**

**NET MONTHLY BILL**

Customers who participate under this rider will be billed for electric service under all applicable tariffs including all applicable riders.

Green Power purchased under this rider, will be billed at the applicable Green Power rate times the number of 100 kWh blocks the customer has agreed to purchase per month.

The Green Power rate shall be \$1.00 per 100 kWh block with a minimum monthly purchase of two 100 kWh blocks.

**Proposed Rate:**

There are no proposed changes in this rider.

**Rider NM – Net Metering  
(Electric Tariff Sheet No. 89)**

**Current Rate:**

**AVAILABILITY**

Net Metering is available to eligible customer-generators in the Company's service territory, upon request, and on a first-come, first-served basis up to a cumulative capacity of 1% of the Company's single hour peak load in Kentucky during the previous year.

**Proposed Rate:**

There are no proposed changes in this rider.

**Bad Check Charge  
(Electric Tariff Sheet No. 90)**

**Current Rate:**

The Company may charge and collect a fee of \$11.00 to cover the cost of handling an unsecured check, where a customer tenders in payment of an account a check which upon deposit by the Company is returned as unpaid by the bank for any reason.

**Proposed Rate:**

There are no proposed changes in this rider.

**Charge for Reconnection of Service  
(Electric Tariff Sheet No. 91)**

**Current Rate:**

- A. The reconnection charge for service which has been disconnected due to enforcement of Rule 3 shall be twenty-five dollars (\$25.00).
- B. The reconnection charge for service which has been disconnected within the preceding twelve months at the request of the customer shall be twenty-five dollars (\$25.00).
- C. If service is discontinued because of fraudulent use thereof, the Company may charge and collect in addition to the reconnection charge of twenty-five dollars (\$25.00) the expense incurred by the Company by reason of such fraudulent use, plus an estimated bill for electricity used, prior to the reconnection of service.



- D. If both the gas and electric services are reconnected at one time, the total charge shall not exceed thirty-eight dollars (\$38.00).
- E. Where electric service was disconnected at the pole because the Company was unable to gain access to the meter, the reconnection charge shall be sixty-five dollars (\$65.00). If the gas service is also reconnected the charge shall be ninety dollars (\$90.00).
- F. If the Company receives notice after 2:30 p.m. of a customer's desire for same day reinstatement of service and if the reconnection cannot be performed during normal business hours, the after hour reconnection charge for connection shall be an additional twenty-five dollars (\$25.00). Customers will be notified of the additional \$25.00 charge for reconnection at the meter or at the pole at the time they request same day service.
- G. If a Company employee, whose original purpose was to disconnect the service, has provided the customer a means to avoid disconnection, service which otherwise would have been disconnected shall remain intact, and no reconnection charge shall be assessed. However, a collection charge of fifteen dollars (\$15.00) may be assessed, but only if a Company employee actually makes a field visit to the customer's premises.

**Proposed Rate:**

- A. The reconnection charge for service which has been disconnected due to enforcement of Rule 3 shall be twenty-five dollars (\$25.00) for reconnections that can be accomplished remotely or seventy-five dollars (\$75.00) for reconnections that cannot be accomplished remotely.
- B. The reconnection charge for service which has been disconnected within the preceding twelve months at the request of the customer shall be twenty-five dollars (\$25.00) for reconnections that can be accomplished remotely or seventy-five dollars (\$75.00) for reconnections that cannot be accomplished remotely.
- C. If service is discontinued because of fraudulent use thereof, the Company may charge and collect in addition to the reconnection charge of twenty-five dollars (\$25.00) for reconnections that can be accomplished remotely or seventy-five dollars (\$75.00) for reconnections that cannot be accomplished remotely, the expense incurred by the Company by reason of such fraudulent use, plus an estimated bill for electricity used, prior to the reconnection of service.
- D. If both the gas and electric services are reconnected at one time, the total charge shall not exceed eighty-eight dollars (\$88.00).
- E. Where electric service was disconnected at the pole because the Company was unable to gain access to the meter, the reconnection charge shall be one hundred twenty-five dollars (\$125.00). If the gas service is also reconnected the charge shall be one hundred fifty dollars (\$150.00).
- F. If the Company receives notice after 2:30 p.m. of a customer's desire for same day reinstatement of service and if the reconnection cannot be performed during normal business hours, and the reconnection cannot be performed remotely, the after hour reconnection charge for connection shall be an additional twenty-five dollars (\$25.00). Customers will be notified of the additional \$25.00 charge for reconnection at the meter or at the pole at the time they request same day service.
- G. If a Company employee, whose original purpose was to disconnect the service, has provided the customer a means to avoid disconnection, service which otherwise would have been disconnected shall remain intact, and no reconnection charge shall be assessed. However, a collection charge of fifty dollars (\$50.00) may be assessed, but only if a Company employee actually makes a field visit to the customer's premises.

**Rate for Pole Attachments of Cable Television Systems - Rate CATV**  
**(This Schedule if Renamed as Rate DPA – Distribution Pole Attachments**  
**(Electric Tariff Sheet No. 92)**

**Current Rate:**

The following annual rental shall be charged for the use of each of the Company's poles:

- Two-user pole: \$4.60 annual rental
- Three-user pole: \$4.00 annual rental

**Proposed Rate:**

The following annual rental shall be charged for the use of each of the Company's poles:

- Two-user pole: \$6.35 annual rate per foot

Three-user pole: \$5.31 annual rate per foot

**Cogeneration and Small Power Production Sale and Purchase Tariff-100 kW or Less**  
**(Electric Tariff Sheet No. 93)**

**Current Rate:**

Rates for Purchases from qualifying facilities:

Purchase Rate shall be \$0.03078/kWh for all kilowatt-hours delivered.

**Proposed Rate:**

Rates for Purchases from qualifying facilities:

Energy Purchase Rate shall be \$0.027645/kWh for all kilowatt-hours delivered.

Capacity Purchase Rate shall be \$3.90/kW-month for eligible capacity utilized by Company and approved by PJM in Company's Fixed Resource Requirements (FRR) plan.

**Cogeneration and Small Power Production Sale and Purchase Tariff-Greater Than 100 kW**  
**(Electric Tariff Sheet No. 94)**

**Current Rate:**

The Purchase Rate for all kilowatt-hours delivered shall be the PJM Real-Time Locational Marginal Price for power at the DEK Aggregate price node, inclusive of the energy, congestion and losses charges, for each hour of the billing month.

**Proposed Rate:**

The Energy Purchase Rate for all kilowatt-hours delivered shall be the PJM Real-Time Locational Marginal Price for power at the DEK Aggregate price node, inclusive of the energy, congestion and losses charges, for each hour of the billing month.

Capacity Purchase Rate shall be \$3.90/kW-month for eligible capacity utilized by Company and approved by PJM in Company's Fixed Resource Requirements (FRR) plan.

**Local Franchise Fee**  
**(Electric Tariff Sheet No. 95)**

**Current Rate:**

There shall be added to the customer's bill, listed as a separate item, an amount equal to the fee now or hereafter imposed by local legislative authorities, whether by ordinance, franchise or other means, which fee is based on the gross receipts collected by the Company from the sale of electricity to customers within the boundaries of the particular legislative authority. Such amount shall be added exclusively to bills of customers receiving service within the territorial limits of the authority imposing the fee.

Where more than one such fee is imposed, each of the charges applicable to each customer shall be added to the customer's bill and listed separately.

Where the local legislative authority imposes a flat, fixed amount on the Company, the fee applied to the bills of customers receiving service within the territorial boundaries of that authority, shall be in the form of a flat dollar amount.

The amount of such fee added to the customer's bill shall be determined in accordance with the terms of the ordinance, franchise or other directive agreed to by the Company.

**Proposed Rate:**

There are no proposed changes to this rate.

**Underground Residential Distribution Policy-Rate UDP-R**  
**(Electric Tariff Sheet No. 96)**

**Current Rate:**

Single Family Houses.

- A. \$2.15 per front foot for all primary extensions. Primary extension on private property will be charged \$2.15 per linear trench foot; and
- B. An additional \$2.00 per linear trench foot shall be charged where extremely rocky conditions are encountered, such conditions being defined as limestone or other hard

stratified material in a continuous volume of at least one cubic yard or more which cannot be removed using ordinary excavation equipment.

**Multi-Family Units.**

There shall be no charge except where extremely rocky conditions are encountered, then the \$2.00 per linear trench foot, as stated and defined above, shall be charged.

**Proposed Rate:**

**Single Family Houses.**

- A. \$2.15 per front foot for all primary extensions. Primary extension on private property will be charged \$2.15 per linear trench foot; and
- B. An additional \$2.00 per linear trench foot shall be charged where extremely rocky conditions are encountered, such conditions being defined as limestone or other hard stratified material in a continuous volume of at least one cubic yard or more which cannot be removed using ordinary excavation equipment.

**Multi-Family Units.**

There shall be no charge except where extremely rocky conditions are encountered, then the \$2.00 per linear trench foot, as stated and defined above, shall be charged.

**Targeted Underground for Service Improvement**

Notwithstanding the above charges and upon Kentucky Public Service Commission approval, Company will waive above charges, maintain, and take ownership of customer service lines and equipment (curb, property line, or service lateral to the meter base) to and including the electric meter. This provision applies only to Company designated installations identified to improve the resiliency of service to the customer.

**General Underground Distribution Policy-Rate UDP-G**  
**(Electric Tariff Sheet No. 97)**

**Current Rate:**

The charges shall be the difference between the Company's estimated cost to provide an underground system and the Company's estimated cost to provide an overhead system. In addition to the differential charge, the following provisions are applicable:

**Single Family Houses or Multi-Family Units.**

The customer may be required to provide the necessary trenching, backfilling, conduit system (if required) and transformer pads in place to Company's specifications.

**Commercial and Industrial Units.**

The customer shall:

- a) Provide the necessary trenching and backfilling;
- b) Furnish, install (concrete, if required), own and maintain all primary and/or secondary conduit system (with spares, if required) on private property meeting applicable codes and Company's specifications; and
- c) Provide the transformer pad and secondary conductors.

**Special Situations**

In those situations where the Company considers the pad-mounted transformer installations unsuitable, the customer shall provide the vault designed to meet National Electric Code, other applicable codes, and Company specifications, the conduit to the vault area and the secondary cable to the transformer terminals. The Company shall provide the transformers, the primary vault wiring and make the secondary connection to the transformer terminals.

In large multiple cable installations, the customer shall provide the cable, provide and install the step bus mounted in the vault, and make necessary cable connections to the step bus to the Company's specifications. The Company shall provide and install connections from the transformer terminals to the step bus.

The customer shall extend the bus duct into the vault to the Company's specifications. The Company shall provide and install connections from the transformer terminals to the bus duct.

**Proposed Rate:**

The charges shall be the difference between the Company's estimated cost to provide an underground system and the Company's estimated cost to provide an overhead system. In addition to the differential charge, the following provisions are applicable:

**Single Family Houses or Multi-Family Units.**

The customer may be required to provide the necessary trenching, backfilling, conduit system (if required) and transformer pads in place to Company's specifications.

**Commercial and Industrial Units.**

The customer shall:

- a) Provide the necessary trenching and backfilling;
- b) Furnish, install (concrete, if required), own and maintain all primary and/or secondary conduit system (with spares, if required) on private property meeting applicable codes and Company's specifications; and
- c) Provide the transformer pad and secondary conductors.

**Special Situations**

In those situations where the Company considers the pad-mounted transformer installations unsuitable, the customer shall provide the vault designed to meet National Electric Code, other applicable codes, and Company specifications, the conduit to the vault area and the secondary cable to the transformer terminals. The Company shall provide the transformers, the primary vault wiring and make the secondary connection to the transformer terminals.

In large multiple cable installations, the customer shall provide the cable, provide and install the step bus mounted in the vault, and make necessary cable connections to the step bus to the Company's specifications. The Company shall provide and install connections from the transformer terminals to the step bus.

The customer shall extend the bus duct into the vault to the Company's specifications. The Company shall provide and install connections from the transformer terminals to the bus duct.

**Targeted Underground for Service Improvement**

Notwithstanding the above charges and upon Kentucky Public Service Commission approval, Company will waive above charges, maintain, and take ownership of customer service lines and equipment (curb, property line, or service lateral to the meter base) to and including the electric meter. This provision applies only to Company designated installations identified to improve the resiliency of service to the customer.

**Real Time Pricing Program- Rate RTP**  
**(Electric Tariff Sheet No. 99)**

**Current Rate:****BASELINE CHARGE**

The Baseline Charge is independent of Customer's currently monthly usage, and is designed to achieve bill neutrality with the Customer's standard offer tariff if no change in electricity usage pattern occurs (less applicable program charges). The Baseline Charge is calculated at the end of the billing period and changes each billing period to maintain bill neutrality for a Customer's CBL.

The Baseline Charge will be calculated as follows:

$$BC = (\text{Standard Bill @ CBL})$$

Where:

$$BC = \text{Baseline Charge}$$

Standard Bill @ CBL = Customer's bill for a specific month on the applicable Rate Schedule including applicable Standard Contract Riders using the CBL to establish the applicable billing determinants.

The CBL shall be adjusted to reflect applicable metering adjustments under the Rate Schedule. All applicable riders shall be excluded from the calculation of the Baseline Charge.

**PRICE QUOTES**

The Company will send to Customer, within two hours after the wholesale prices are published by PJM each day, Price Quotes to be charged the next day. Such Price Quotes shall include the applicable Commodity Charge, the Energy Delivery Charge and the Ancillary Services Charge.

The Company may send more than one-day-ahead Price Quotes for weekends and holidays identified in Company's tariffs. The Company may revise these prices the day before they become effective.

The Company is not responsible for failure of Customer to receive and act upon the Price Quotes. It is Customer's responsibility to inform Company of any failure to receive the Price Quotes the day before they become effective.

**COMMODITY CHARGE**

The Commodity Charge is a charge for generation. The applicable hourly Commodity Charge (Credit) shall be applied on an hour by hour basis to Customer's incremental (decremental) usage from the CBL.

Charge (Credit) For Each kW Per Hour From The CBL:

$$\text{For kWh above the CBL, } CCT = MVGt \times LAF$$

For kWht below the CBLt,  $CCt = MVGt \times 80\% \times LAF$

Where:

- LAF = loss adjustment factor
- = 1.0530 for Rate TS
- = 1.0800 for Rate DP
- = 1.1100 for Rate DS

MVGt = Market Value Of Generation As Determined By Company for hour t

The MVGt will be based on the expected market price of capacity and energy for the next day. The expected market price shall be the PJM Real-Time Total Locational Marginal Price for power at the DEK Aggregate price node, inclusive of the energy, congestion and losses charges, for each hour.

The kW per hour incremental or decremental usage from the CBL shall be adjusted to reflect applicable metering adjustments under the standard Rate Schedule.

**ENERGY DELIVER CHARGE**

Charge (Credit) For Each kW Per Hour From The CBL

- Secondary Service .....\$0.006053 per kW Per Hour
- Primary Service ..... \$0.005540 per kW Per Hour
- Transmission Service ..... \$0.002008 per kW Per Hour

**ANCILLARY SERVICES CHARGE**

Charge (Credit) For Each kW Per Hour From The CBL

- Secondary Delivery.....\$0.000760 per kW Per Hour
- Primary Delivery..... \$0.000740 per kW Per Hour
- Transmission Delivery .....\$0.000721 per kW Per Hour

**PROGRAM CHARGE**

Company will provide Internet based communication software to be used to provide Customer with the Price Quotes. Customer will be responsible for providing its own Internet access. A charge of \$183.00 per billing period per site shall be added to Customer's bill to cover the additional billing, administrative, and cost of communicating the hourly Price Quotes associated with the RTP Program.

**Proposed Rate:**

**BASELINE CHARGE**

The Baseline Charge is independent of Customer's currently monthly usage, and is designed to achieve bill neutrality with the Customer's standard offer tariff if no change in electricity usage pattern occurs (less applicable program charges). The Baseline Charge is calculated at the end of the billing period and changes each billing period to maintain bill neutrality for a Customer's CBL.

The Baseline Charge will be calculated as follows:

$$BC = (\text{Standard Bill @ CBL})$$

Where:

$$BC = \text{Baseline Charge}$$

Standard Bill @ CBL = Customer's bill for a specific month on the applicable Rate Schedule including applicable Standard Contract Riders using the CBL to establish the applicable billing determinants.

The CBL shall be adjusted to reflect applicable metering adjustments under the Rate Schedule. All applicable riders shall be excluded from the calculation of the Baseline Charge.

**PRICE QUOTES**

The Company will send to Customer, within two hours after the wholesale prices are published by PJM each day, Price Quotes to be charged the next day. Such Price Quotes shall include the applicable Commodity Charge, the Energy Delivery Charge and the Ancillary Services Charge.

The Company may send more than one-day-ahead Price Quotes for weekends and holidays identified in Company's tariffs. The Company may revise these prices the day before they become effective.

The Company is not responsible for failure of Customer to receive and act upon the Price Quotes. It is Customer's responsibility to inform Company of any failure to receive the Price Quotes the day before they become effective.

**COMMODITY CHARGE**

The Commodity Charge is a charge for generation. The applicable hourly Commodity Charge (Credit) shall be applied on an hour by hour basis to Customer's incremental (decremental) usage from the CBL.

Charge (Credit) For Each kW Per Hour From The CBL:

- For kWht above the CBLt,  $CCt = MVGt \times LAF$
- For kWht below the CBLt,  $CCt = MVGt \times 80\% \times LAF$

Where:

- LAF = loss adjustment factor
- = 1.0530 for Rate TT
- = 1.0800 for Rate DP and Rate DT
- = 1.1100 for Rate DS

MVGt = Market Value Of Generation As Determined By Company for hour t

The MVGt will be based on the expected market price of capacity and energy for the next day. The expected market price shall be the PJM Day-Ahead Total Locational Marginal Price for power at the DEK Aggregate price node, inclusive of the energy, congestion and losses charges, for each hour.

The kW per hour incremental or decremental usage from the CBL shall be adjusted to reflect applicable metering adjustments under the standard Rate Schedule.

**ENERGY DELIVER CHARGE**

Charge (Credit) For Each kW Per Hour From The CBL

Secondary Service .....	\$0.015412 per kW Per Hour
Primary Service .....	\$0.012471 per kW Per Hour
Transmission Service .....	\$0.006472 per kW Per Hour

**PROGRAM CHARGE**

Company will provide Internet based communication software to be used to provide Customer with the Price Quotes. Customer will be responsible for providing its own Internet access. A charge of \$183.00 per billing period per site shall be added to Customer's bill to cover the additional billing, administrative, and cost of communicating the hourly Price Quotes associated with the RTP Program.

**Meter Data Charges-Rate MDC**

**(This Schedule Renamed as Meter Data Charges for Enhanced Usage Data Services-Rate MDC)**  
**(Electric Tariff Sheet No. 101)**

**Current Rate:**

Electronic monthly interval data with graphical capability  
 accessed via the Internet (En-Focus™) \$20.00 per month

**Proposed Rate:**

Electronic monthly interval data with graphical capability  
 accessed via the Internet with (EPO™) \$20.00 per month

Duke Energy Kentucky proposes the following new rate and rider schedules: Rate LED, LED Outdoor Lighting, Rider DCI, Distribution Capital Investment Rider, Rider FTR, FERC Transmission Cost Reconciliation Rider, and Rider ESM, Environmental Surcharge Mechanism. As indicated above, the following schedules are proposed to be eliminated: Rate RTP-M (Real Time Pricing – Market Based Pricing), Rate OL (Outdoor Lighting Service), and Rate NSP (Private Outdoor Lighting for Non-Standard Units).

**Rate LED – LED Outdoor Area Lighting Rate**

**(Electric Tariff Sheet No. 64)**

**Proposed Rate:**

**NET MONTHLY BILL**

Computed in accordance with the following charges:

1. Base Rate  
 All kWh \$0.041936 per kWh

The rate shown above includes a charge of \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:

- Sheet No. 76, Rider ESM, Environmental Surcharge Mechanism Rider
- Sheet No. 80, Rider FAC, Fuel Adjustment Clause
- Sheet No. 82, Rider PSM, Profit Sharing Mechanism
- Sheet No. 125, Rider DCI, Distribution Capital Investment Rider
- Sheet No. 126, Rider FTR, FERC Transmission Cost Reconciliation Rider

3. Monthly Maintenance, Fixture, and Pole Charges:

I. Fixtures				Per Unit Per Month		
Billing Type	Description	Initial Lumens	Lamp Wattage	Monthly kWh	Fixture	Maintenance
LF-LED-50W-SL-BK-MW	50W Standard LED-BLACK	4,521	50	17	\$5.44	\$4.38
LF-LED-70W-SL-BK-MW	70W Standard LED-BLACK	6,261	70	24	\$5.43	\$4.38
LF-LED-110W-SL-BK-MW	110W Standard LED-BLACK	9,336	110	38	\$6.16	\$4.38
LF-LED-150W-SL-BK-MW	150W Standard LED-BLACK	12,642	150	52	\$8.16	\$4.38
LF-LED-220W-SL-BK-MW	220W Standard LED-BLACK	18,641	220	76	\$9.25	\$5.34
LF-LED-280W-SL-BK-MW	280W Standard LED-BLACK	24,191	280	97	\$11.38	\$5.34
LF-LED-50W-DA-BK-MW	50W Deluxe Acorn LED-BLACK	5,147	50	17	\$15.87	\$4.38
LF-LED-50W-AC-BK-MW	50W Acorn LED-BLACK	5,147	50	17	\$14.30	\$4.38
LF-LED-50W-MB-BK-MW	50W Mini Bell LED-BLACK	4,500	50	17	\$13.48	\$4.38
LF-LED-70W-BE-BK-MW	70W Bell LED-BLACK	5,508	70	24	\$17.17	\$4.38
LF-LED-50W-TR-BK-MW	50W Traditional LED-BLACK	3,230	50	17	\$10.36	\$4.38
LF-LED-50W-OT-BK-MW	50W Open Traditional LED-BLACK	3,230	50	17	\$10.36	\$4.38
LF-LED-50W-EN-BK-MW	50W Enterprise LED-BLACK	3,880	50	17	\$13.93	\$4.38
LF-LED-70W-ODA-BK-MW	70W LED Open Deluxe Acorn	6,500	70	24	\$15.48	\$4.38
LF-LED-150W-TD-BK-MW	150W LED Teardrop	12,500	150	52	\$20.78	\$4.38
LF-LED-50W-TDP-BK-MW	50W LED Teardrop Pedestrian	4,500	50	17	\$16.86	\$4.38
220W LED SHOEBOX	220W LED Shoebox	18,500	220	76	\$14.39	\$5.34
LF-LED-50W-SL-BK-MW	LED 50W 4521 LUMENS STANDARD LED BLACK TYPE III 4000K	4,521	50	17	\$5.44	\$4.38
LF-LED-70W-SL-BK-MW	LED 70W 6261 LUMENS STANDARD LED BLACK TYPE III 4000K	6,261	70	24	\$5.43	\$4.38
LF-LED-110W-SL-BK-MW	LED 110W 9336 LUMENS STANDARD LED BLACK TYPE III 4000K	9,336	110	38	\$6.16	\$4.38
LF-LED-150W-SL-BK-MW	LED 150W 12642 LUMENS STANDARD LED BLACK TYPE III 4000K	12,642	150	52	\$8.16	\$4.38
LF-LED-150W-SL-IV-BK-MW	LED 150W 13156 LUMENS STANDARD LED TYPE IV BLACK 4000K	13,156	150	52	\$8.16	\$4.38
LF-LED-220W-SL-BK-MW	LED 220W 18642 LUMENS STANDARD LED BLACK TYPE III 4000K	18,642	220	76	\$9.25	\$5.34
LF-LED-280W-SL-BK-MW	LED 280W 24191 LUMENS STANDARD LED BLACK TYPE III 4000K	24,191	280	97	\$11.38	\$5.34
LF-LED-50W-DA-BK-MW	LED 50W DELUXE ACORN BLACK TYPE III 4000K	5,147	50	17	\$15.87	\$4.38
LF-LED-70W-ODA-BK-MW	LED 70W OPEN DELUXE ACORN BLACK TYPE III 4000K	6,500	70	24	\$15.48	\$4.38
LF-LED-50W-AC-BK-MW	LED 50W ACORN BLACK TYPE III 4000K	5,147	50	17	\$14.30	\$4.38
LF-LED-50W-MB-BK-MW	LED 50W MINI BELL LED BLACK TYPE III 4000K MIDWEST	4,500	50	17	\$13.48	\$4.38
LF-LED-70W-BE-BK-MW	LED 70W 5508 LUMENS SANIBELL BLACK TYPE III 4000K	5,508	70	24	\$17.17	\$4.38
LF-LED-50W-TR-BK-MW	LED 50W TRADITIONAL BLACK TYPE III 4000K	3,303	50	17	\$10.36	\$4.38
LF-LED-50W-OT-BK-MW	LED 50W OPEN TRADITIONAL BLACK TYPE III 4000K	3,230	50	17	\$10.36	\$4.38
LF-LED-50W-EN-BK-MW	LED 50W ENTERPRISE BLACK TYPE III 4000K	3,880	50	17	\$13.93	\$4.38
LF-LED-150W-TD-BK-MW	LED 150W LARGE TEARDROP BLACK TYPE III 4000K	12,500	150	52	\$20.78	\$4.38
LF-LED-50W-TDP-BK-MW	LED 50W TEARDROP PEDESTRIAN BLACK TYPE III 4000K	4,500	50	17	\$16.86	\$4.38
LF-LED-220W-SB-BK-MW	LED 220W SHOEBOX BLACK TYPE IV 4000K	18,500	220	76	\$14.39	\$5.34
LF-LED-150W-BE-BK-MW	150W Sanibel	39,000	150	52	\$17.17	\$4.38
LF-LED-420W-SB-BK-MW	420W LED Shoebox	39,078	420	146	\$21.47	\$5.34
LF-LED-50W-NB-GY-MW	50W Neighborhood	5,000	50	17	\$4.43	\$4.38
LF-LED-50W-NBL-GY-MW	50W Neighborhood with Lens	5,000	50	17	\$4.62	\$4.38

II. Poles		
Billing Type	Description	Charge per Month per Unit
LP-12-C-PT-AL-AB-TT-BK-MW	12' C-Post Top- Anchor Base-Black	\$10.68
LP-25-C-DV-AL-AB-TT-BK-MW	25' C-Davit Bracket- Anchor Base-Black	\$28.10
LP-25-C-BH-AL-AB-TT-BK-MW	25' C-Boston Harbor Bracket- Anchor Base-Black	\$28.40
LP-12-E-AL-AB-TT-BK-MW	12' E-AL - Anchor Base-Black	\$10.68
15310-40FTALEMBOLE	35' AL-Side Mounted-Direct Buried Pole	\$18.08
15320-30FTALABOLE	30' AL-Side Mounted-Anchor Base	\$13.93
15320-35FTALABOLE	35' AL-Side Mounted-Anchor Base	\$13.55
15320-40FTALABOLE	40' AL-Side Mounted-Anchor Base	\$16.76
POLE-30-7	30' Class 7 Wood Pole	\$6.62
POLE-35-5	35' Class 5 Wood Pole	\$7.20
POLE-40-4	40' Class 4 Wood Pole	\$10.84
POLE-45-4	45' Class 4 Wood Pole	\$11.24
15210-20BRZSTLOLE	20' Galleria Anchor Based Pole	\$9.55
15210-30BRZSTLOLE	30' Galleria Anchor Based Pole	\$11.30
15210-35BRZSTLOLE	35' Galleria Anchor Based Pole	\$32.49
LP-12-A-AL-AB-TT-BK-MW	MW-Light Pole-12' MH- Style A-Aluminum-Anchor Base-Top Tenon-Black	\$6.47
LP-12-A-AL-DB-TT-BK-MW	MW-Light Pole-Post Top-12' MH- Style A-Alum-Direct Buried-Top Tenon-Black	\$5.54
LP-15-A-AL-AB-TT-BK-MW	Light Pole-15' MH-Style A-Aluminum-Anchor Base-Top Tenon-Black	\$6.66
LP-15-A-AL-DB-TT-BK-MW	Light Pole-15' MH-Style A-Aluminum-Direct Buried-Top Tenon-Black	\$5.77
LP-20-A-AL-AB-TT-BK-MW	Light Pole-20' MH-Style A-Aluminum-Anchor Base-Top Tenon-Black	\$6.99
LP-20-A-AL-DB-TT-BK-MW	Light Pole-20' MH-Style A-Aluminum-Direct Buried-Top Tenon-Black	\$10.71
LP-25-A-AL-AB-TT-BK-MW	Light Pole-25' MH-Style A-Aluminum-Anchor Base-Top Tenon-Black	\$8.28
LP-25-A-AL-DB-TT-BK-MW	Light Pole-25' MH-Style A-Aluminum-Direct Buried-Top Tenon-Black	\$11.93
LP-30-A-AL-AB-TT-BK-MW	Light Pole-30' MH-Style A-Aluminum-Anchor Base-Top Tenon-Black	\$9.79
LP-30-A-AL-DB-TT-BK-MW	Light Pole-30' MH-Style A-Aluminum-Direct Buried-Top Tenon-Black	\$13.28
LP-35-A-AL-AB-TT-BK-MW	Light Pole-35' MH-Style A-Aluminum-Anchor Base-Top Tenon-Black	\$11.30
LP-35-A-AL-DB-TT-BK-MW	Light Pole-35' MH-Style A-Aluminum-Direct Buried-Top Tenon-Black	\$14.35
LP-12-B-AL-AB-TT-GN-MW	MW-Light Pole-12' MH- Style B Aluminum Anchor Base-Top Tenon Black Pri	\$7.89
LP-12-C-PT-AL-AB-TT-BK-MW	MW-Light Pole-12' MH-Style C-Post Top-Alum-Anchor Base-TT-Black Pri	\$10.68
LP-16-C-DV-AL-AB-TT-GN-MW	MW-LT Pole-16' MH-Style C-Davit Bracket-Alum-Anchor Base-TT-Black	\$14.29
LP-25-C-DV-AL-AB-TT-BK-MW	MW-Light Pole-25' MH-Style C-Davit Bracket-Alum-Anchor Base-TT-Black Pri	\$28.10
LP-16-C-BH-AL-AB-TT-GN-MW	MW-LT Pole-16' MH-Style C-Boston Harbor Bracket-AL-AB-TT-Black Pri	\$11.46
LP-25-C-BH-AL-AB-TT-BK-MW	MW-LT Pole-25' MH-Style C-Boston Harbor Bracket-AL-AB-TT-Black Pri	\$28.40
LP-12-D-AL-AB-TT-GN-MW	MW-LT Pole 12 Ft MH Style D Alum Breakaway Anchor Base TT Black Pri	\$10.57
LP-12-E-AL-AB-TT-BK-MW	MW-Light Pole-12' MH-Style E-Alum-Anchor Base-Top Tenon-Black	\$10.68
LP-12-F-AL-AB-TT-GN-MW	MW-Light Pole-12' MH-Style F-Alum-Anchor Base-Top Tenon-Black Prie	\$11.44
15210-20BRZSTLOLE	MW-15210-Galleria Anchor Base-20FT Bronze Steel-OLE	\$9.55
15210-30BRZSTLOLE	MW-15210-Galleria Anchor Base-30FT Bronze Steel-OLE	\$11.30
15210-35BRZSTLOLE	MW-15210-Galleria Anchor Base-35FT Bronze Steel-OLE	\$32.49
15310-40FTALEMBOLE	MW-15310-35FT MH Aluminum Direct Embedded Pole-OLE	\$18.08
15320-30FTALABOLE	MW-15320-30FT Mounting Height Aluminum Achor Base Pole-OLE	\$13.93
15320-35FTALABOLE	MW-15320-35FT Mounting Height Aluminum Achor Base Pole-OLE	\$13.55
15320-40FTALABOLE	MW-15320-40FT Mounting Height Aluminum Achor Base Pole-OLE	\$16.76
POLE-30-7	MW-POLE-30-7	\$6.62
POLE-35-5	MW-POLE-35-5	\$7.20
POLE-40-4	MW-POLE-40-4	\$10.84
POLE-45-4	MW-POLE-45-4	\$11.24



**Proposed Rider ESM – Environmental Surcharge Mechanism**  
**(Electric Tariff Sheet No. 76)**

**Proposed Rate:**

INITIAL FACTOR VALUES

MESF =	0.00000%
BESF =	0.00000%

**Proposed Rider DCI – Distribution Capital Investment Rider**  
**(Electric Tariff Sheet No. 125)**

**Proposed Rate:**

CHARGES

The applicable energy or demand charge for electric service shall be increased or decreased to the nearest \$0.000001 per kWh or \$0.01 per kW to recover the revenue requirement associated with incremental distribution capital costs incurred by the Company. This Rider shall be adjusted periodically to recover amounts authorized by the Commission.

Rate Group	Rate (\$ / kWh)
Rate RS, Residential Service	0.000000
Rate EH, Optional Rate for Electric Space Heating	0.000000
Rate GS-FL, Optional General Service Rate for Small Fixed Loads	0.000000
Rate SP, Seasonal Sports Service	0.000000
Rate SL, Street Lighting Service	0.000000
Rate TL, Traffic Lighting Service	0.000000
Rate UOLS, Unmetered Outdoor Lighting	0.000000
Rate NSU, Street Lighting Service for Non-Standard Units	0.000000
Rate SC, Street Lighting Service – Customer Owned	0.000000
Rate SE, Street Lighting Service – Overhead Equivalent	0.000000
Rate LED, LED Outdoor Lighting Electric Service	0.000000
	(\$ / kW)
Rate DS, Service at Secondary Distribution Voltage	0.00
Rate DP, Service at Primary Distribution Voltage	0.00
Rate DT, Time-of-Day Rate for Service at Distribution Voltage – Primary	0.00
Rate DT, Time-of-Day Rate for Service at Distribution Voltage – Secondary	0.00

**Proposed Rider FTR – FERC Transmission Cost Reconciliation Rider**  
**(Electric Tariff Sheet No. 126)**

**Proposed Rate:**

RIDER FTR FACTORS

Rate Group	Rate (\$ / kWh)
Rate RS, Residential Service	0.000000
Rate DS, Service at Secondary Distribution Voltage	0.000000
Rate DP, Service at Primary Distribution Voltage	0.000000
Rate DT, Time-of-Day Rate for Service at Distribution Voltage	0.000000
Rate EH, Optional Rate for Electric Space Heating	0.000000
Rate GS-FL, General Service Rate for Small Fixed Loads	0.000000
Rate SP, Seasonal Sports Service	0.000000
Rate SL, Street Lighting Service	0.000000
Rate TL, Traffic Lighting Service	0.000000
Rate UOLS, Unmetered Outdoor Lighting	0.000000
Rate NSU, Street Lighting Service for Non-Standard Units	0.000000
Rate SC, Street Lighting Service – Customer Owned	0.000000
Rate SE, Street Lighting Service – Overhead Equivalent	0.000000
Rate LED, LED Street Lighting Service	0.000000
Rate TT, Time-of-Day Rate for Service at Transmission Voltage	0.000000
Other	0.000000

In addition, Duke Energy Kentucky proposes to change text of the following tariffs: Sheet No. 24 Service Regulations Section V – Metering, Sheet No. 25 Service Regulations Section VI – Billing and Payment, Sheet No. 98 Electricity Emergency Procedures for Long-Term Fuel Shortages, and Sheet No. 100 Emergency Electric Procedures.

The foregoing rates reflect a proposed increase in electric revenues of approximately \$48,646,213 or 14.96% over current total electric revenues to Duke Energy Kentucky. The estimated amount of increase per customer class is as follows:

Rate RS – Residential Service:	\$22,855,269 or 17.36%;
Rate DS – Service at Distribution Voltage:	\$13,198,789 or 14.30%;
Rate DT-Time-of-Day Rate for Service at Distribution Voltage:	\$10,516,009 or 13.31%;
Rate EH– Optional Rate for Electric Space Heating:	\$91,708 or 14.23%;
Rate SP- Seasonal Sports Service:	\$3,343 or 11.41%;
Rate GS-FL-General Service Rate for Small Fixed Loads:	\$86,768 or 14.38%;
Rate DP-Service at Primary Distribution Voltage:	\$167,667 or 17.57%;
Rate TT, Time-of-Day Rate for Service at Transmission Voltage:	\$1,416,419 or 11.12%;
Rate SL-Street Lighting Service:	\$159,847 or 11.87%;
Rate TL-Traffic Lighting Service:	\$8,413 or 11.75%;
Rate UOLS-Unmetered Outdoor Lighting Electric Service:	\$24,006 or 11.71%;
Rate NSU-Street Lighting Service for Non-Standard Units:	\$7,352 or 11.86%;
Rate SC-Street Lighting Service-Customer Owned	\$435 or 11.72%;
Rate SE-Street Lighting Service-Overhead Equivalent:	\$22,650 or 11.85%;
Bad Check Charge	\$0 or 0.0%;
Charge for Reconnection of Service (electric only):	\$0 or 0.0%;
Rate DPA-Rate for Distribution Pole Attachments:	\$60,176 or 35.0%;
Local Franchise Fee:	\$0 or 0.0%;
Rate UDP-R: Underground Residential Distribution Policy:	\$0 or 0.0%;
Rate UDP-G-General Underground Distribution Policy:	\$0 or 0.0%;
Rate RTP-Experimental Real Time Pricing Program:	\$87,538 or 14.87%;
(subset of other schedules)	
Rate MDC-Meter Data Charges:	\$0 or 0.0%.

The average monthly bill for each customer class to which the proposed rates will apply will increase approximately as follows (Average kWh/Bill; Monthly \$ Increase; Percent Increase):

Rate RS – Residential Service:	967; \$14.89; 17.4%
Rate DS – Service at Distribution Voltage:	7,096; \$97.62; 14.8%
Rate DT-Time-of-Day Rate for Service at Distribution Voltage:	533,215; \$4,860.99; 13.3%
Rate EH– Optional Rate for Electric Space Heating:	19,568; \$184.10; 14.4%
Rate SP- Seasonal Sports Service:	1,497; \$18.57; 11.4%
Rate GS-FL-General Service Rate for Small Fixed Loads:	601; \$8.31; 14.4%
Rate DP-Service at Primary Distribution Voltage:	109,108; \$1,414.09; 17.8%
Rate TT, Time-of-Day Rate for Service at Transmission Voltage:	1,389,443; \$10,263.73; 12.2%
Rate SL-Street Lighting Service*:	78; \$1.15; 11.8%
Rate TL-Traffic Lighting Service*:	15; \$0.09; 12.0%
Rate UOLS-Unmetered Outdoor Lighting Electric Service*:	59; \$0.27; 12.0%
Rate OL-E-Outdoor Lighting Equipment Installation:	NA; \$0; 0.0%
Rate NSU-Street Lighting Service for Non-Standard Units*:	48; \$0.88; 11.9%
Rate SC-Street Lighting Service-Customer Owned*:	47; \$0.21; 11.7%
Rate SE-Street Lighting Service-Overhead Equivalent*:	60; \$0.92; 11.9%
Bad Check Charge	NA; \$0; 0.0%
Charge for Reconnection of Service (electric only):	NA; \$0; 0.0%
Rate DPA-Rate for Distribution Pole Attachments:	NA; \$1.53; 35.0%
Rate RTP-Experimental Real Time Pricing Program:	209,128; \$1,042.12; 14.8%
Rate MDC-Meter Data Charges:	NA; \$0; 0.0%

\*For lighting schedules, values represent average monthly kWh usage per fixture.

The rates contained in this notice are the rates proposed by Duke Energy Kentucky; however, the Kentucky Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such action may result in rates for consumers other than the rates in this notice.

Any corporation, association, body politic or person with a substantial interest in the matter may, by written request within thirty (30) days after publication of this notice of the proposed rate changes, request leave to intervene; intervention may be granted beyond the thirty (30) day period for good cause shown. Such motion shall be submitted to the Kentucky Public Service Commission, P. O. Box 615, 211 Sower Boulevard, Frankfort, Kentucky 40602-0615, and shall set forth the grounds for the request including the status and interest of the party. If the Commission does not receive a written request for intervention within thirty (30) days of the initial publication the Commission may take final action on the application.

Intervenors may obtain copies of the application and other filings made by the Company by contacting Ms. Minna Rolfes-Adkins at 139 East Fourth Street, Cincinnati, Ohio 45202 or by telephone at (513) 287-4356. A copy of the application and other filings made by the Company is available for public inspection through the Commission's website at <http://psc.ky.gov>, at the Commission's office at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 am. To 4:30 p.m., and at the following Company offices: 4580 Olympic Boulevard, Erlanger, Kentucky 41018. Comments regarding the application may be submitted to the Public Service Commission through its website, or by mail at the following Commission address.

For further information contact:

PUBLIC SERVICE COMMISSION  
COMMONWEALTH OF KENTUCKY  
P. O. BOX 615  
211 SOWER BOULEVARD  
FRANKFORT, KENTUCKY 40602-0615  
(502) 564-3940

DUKE ENERGY KENTUCKY  
4580 OLYMPIC BOULEVARD  
ERLANGER, KENTUCKY 41018  
(513) 287-4315

**NOTICE**

Duke Energy Kentucky, Inc. (“Duke Energy Kentucky” or “Company”) hereby gives notice that, in an application to be filed no sooner than September 1, 2017, Duke Energy Kentucky will be seeking approval by the Public Service Commission, Frankfort, Kentucky of an adjustment of electric rates and charges proposed to become effective on and after October 1, 2017. The Commission has docketed this proceeding as Case No. 2017-00321.

The proposed electric rates are applicable to the following communities:

Alexandria	Elsmere	Ludlow
Bellevue	Erlanger	Melbourne
Boone County	Fairview	Newport
Bromley	Florence	Park Hills
Campbell County	Fort Mitchell	Pendleton County
Cold Spring	Fort Thomas	Ryland Heights
Covington	Fort Wright	Silver Grove
Crescent Park	Grant County	Southgate
Crescent Springs	Highland Heights	Taylor Mill
Crestview	Independence	Union
Crestview Hills	Kenton County	Villa Hills
Crittenden	Kenton Vale	Walton
Dayton	Lakeside Park	Wilder
Dry Ridge	Latonia Lakes	Woodlawn
Edgewood		

**DUKE ENERGY KENTUCKY CURRENT AND PROPOSED ELECTRIC RATES**

**Residential Service - Rate RS**  
**(Electric Tariff Sheet No. 30)**

**Current Rate**

Customer Charge	\$4.50 per month
Energy Charge	
All kilowatt-hours	7.5456¢ per kWh

**Proposed Rate**

Customer Charge	\$11.22 per month
Energy Charge	
All kilowatt-hours	8.3908¢ per kWh

**Service at Secondary Distribution Voltage-Rate DS**  
**(Electric Tariff Sheet No. 40)**

**Current Rate**

Customer Charge per month	
Single Phase Service	\$ 7.50 per month
Three Phase Service	\$15.00 per month
Demand Charge	
First 15 kilowatts	\$ 0.00 per kW
Additional kilowatts	\$ 7.75 per kW
Energy Charge	
First 6,000 kWh	8.1645¢ per kWh
Next 300 kWh/kW	5.0119¢ per kWh
Additional kWh	4.1043¢ per kWh

**Proposed Rate**

Customer Charge per month	
Single Phase Service	\$ 17.14 per month
Three Phase Service	\$34.28 per month
Demand Charge	

First 15 kilowatts	\$ 0.00 per kW
Additional kilowatts	\$ 8.73 per kW
<b>Energy Charge</b>	
First 6,000 kWh	9.1917¢ per kWh
Next 300 kWh/kW	5.6425¢ per kWh
Additional kWh	4.6204¢ per kWh

**Time-of-Day Rate for Service at Distribution Voltage-Rate DT**  
**(Electric Tariff Sheet No. 41)**

**Current Rate**

<b>Customer Charge</b>	
Single Phase	\$7.50 per month
Three Phase	\$15.00 per month
Primary Voltage Service	\$100.00 per month
<b>Demand Charge</b>	
Summer	
On Peak kW	\$ 12.75 per kW
Off Peak kW	\$ 1.15 per kW
Winter	
On Peak kW	\$ 12.07 per kW
Off Peak kW	\$ 1.15 per kW
<b>Energy Charge</b>	
Summer	
On Peak kWh	4.4195¢ per kWh
Off Peak kWh	3.6195¢ per kWh
Winter	
On Peak kWh	4.2195¢ per kWh
Off Peak kWh	3.6195¢ per kWh
<b>Metering</b>	
First 1,000 kW of On Peak billing demand at	\$ 0.65 per kW.
Additional kW of On Peak billing demand at	\$ 0.50 per kW.

**Proposed Rate**

<b>Base Rate</b>	
<b>Customer Charge</b>	
Single Phase	\$ 200.00 per month
Three Phase	\$ 400.00 per month
Primary Voltage Service	\$ 465.00 per month
<b>Demand Charge</b>	
Summer	
On Peak kW	\$ 14.39 per kW
Off Peak kW	\$ 1.30 per kW
Winter	
On Peak kW	\$ 13.62 per kW
Off Peak kW	\$ 1.30 per kW
<b>Energy Charge</b>	
Summer	
On Peak kWh	4.9875¢ per kWh
Off Peak kWh	4.0844¢ per kWh
Winter	
On Peak kWh	4.7612¢ per kWh
Off Peak kWh	4.0844¢ per kWh
<b>Metering</b>	
First 1,000 kW of On Peak billing demand at	\$ 0.73 per kW.
Additional kW of On Peak billing demand at	\$ 0.56 per kW.

**Optional Rate for Electric Space Heating-Rate EH**  
**(Electric Tariff Sheet No. 42)**

**Current Rate**

A. Winter Period

Customer Charge

Single Phase Service	\$ 7.50 per month
Three Phase Service	\$ 15.00 per month
Primary Voltage Service	\$100.00 per month

Demand Charge

All kW	\$ 0.00 per kW
--------	----------------

Energy Charge

All kWh	6.1524¢ per kWh
---------	-----------------

**Proposed Rate**

A. Winter Period

Customer Charge

Single Phase Service	\$ 17.14 per month
Three Phase Service	\$ 34.28 per month
Primary Voltage Service	\$118.78 per month

Demand Charge

All kW	\$ 0.00 per kW
--------	----------------

Energy Charge

All kWh	6.9947¢ per kWh
---------	-----------------

**Seasonal Sports Service-Rate SP**  
**(Electric Tariff Sheet No. 43)**

**Current Rate**

Customer Charge	\$7.50 per month
Energy Charge	10.0598¢ per kWh

A charge of \$25.00 is applicable to each season to cover in part the cost of reconnection of service.

**Proposed Rate**

Customer Charge	\$17.14 per month
Energy Charge	10.6568¢ per kWh

A charge of \$25.00 is applicable to each season to cover in part the cost of reconnection of service.

**Optional Unmetered General Service Rate**  
**For Small Fixed Loads - Rate GS-FL**  
**(Electric Tariff Sheet No. 44)**

**Current Rate**

For loads based on a range of 540 to 720 hours

use per month of the rated capacity of the  
 connected equipment 8.0723¢ per kWh

For loads of less than 540 hours use per month of  
 the rated capacity of the connected equipment 9.2947 per kWh

Minimum: \$3.00 per Fixed Load Location per month.

**Proposed Rate**

For loads based on a range of 540 to 720 hours  
 use per month of the rated capacity of the  
 connected equipment 9.2698¢ per kWh

For loads of less than 540 hours use per month of  
 the rated capacity of the connected equipment 10.6767¢ per kWh

Minimum: \$3.14 per Fixed Load Location per month.

**Service at Primary Distribution Voltage Applicability-Rate DP**  
**(Electric Tariff Sheet No. 45)**

**Current Rate**

Customer Charge per month	
Primary Voltage Service (12.5 or 34.5 kV)	\$100.00 per month
Demand Charge	
All kilowatt	\$ 7.08 per kW
Energy Charge	
First 300 kWh/kW	5.1068¢ per kWh
Additional kWh	4.3198¢ per kWh

**Proposed Rate**

Customer Charge per month	
Primary Voltage Service (12.5 or 34.5 kV)	\$118.78 per month
Demand Charge	
All kilowatts	\$ 8.40 per kW
Energy Charge	
First 300 kWh	6.0595¢ per kWh
Additional kWh	5.1267¢ per kWh

**Time-of-Day Rate for Service at Transmission Voltage-Rate TT**  
**(Electric Tariff Sheet No. 51)**

**Current Rate**

Customer Charge per month	\$500.00 per month
Demand Charge	
Summer	
On Peak kW	\$ 7.60 per kW
Off Peak kW	\$ 1.15 per kW
Winter	
On Peak kW	\$ 6.24 per kW
Off Peak kW	\$ 1.15 per kW
Energy Charge	
All kWh	4.2648¢ per kWh

**Proposed Rate**

Customer Charge per month	\$500.00 per month
Demand Charge	
Summer	
On Peak kW	\$ 8.46 per kW
Off Peak kW	\$ 1.28 per kW
Winter	
On Peak kW	\$ 6.95 per kW
Off Peak kW	\$ 1.28 per kW
Energy Charge	
Summer	
On Peak kWh	5.4454¢ per kWh
Off Peak kWh	4.4594¢ per kWh
Winter	
On Peak kWh	5.1983¢ per kWh
Off Peak kWh	4.4594¢ per kWh

**Rider GSS – Generation Support Service  
(Electric Tariff Sheet No. 58)**

**Current Rate**

1. Administrative Charge  
The Administrative Charge shall be \$50 plus the appropriate Customer Charge.
2. Monthly Distribution Reservation Charge
  - a. Rate DS - Secondary Distribution Service \$2.6853 per kW
  - b. Rate DT – Distribution Service \$2.4735 per kW
  - c. Rate DP – Primary Distribution Service \$2.7781 per kW
  - d. Rate TT – Transmission Service \$0.0000 per kVA
3. Monthly Transmission Reservation Charge
  - a. Rate DS - Secondary Distribution Service \$1.3094 per kW
  - b. Rate DT – Distribution Service \$1.3047 per kW
  - c. Rate DP – Primary Distribution Service \$1.8493 per kW
  - d. Rate TT – Transmission Service \$1.2861 per kVA
4. Monthly Ancillary Services Reservation Charge
  - a. Rate DS, - Secondary Distribution Service \$0.5240 per kW
  - b. Rate DT – Distribution Service \$0.5240 per kW
  - c. Rate DP – Primary Distribution Service \$0.5240 per kW
  - d. Rate TT – Transmission Service \$0.4550 per kVA

**Proposed Rate**

1. Administrative Charge  
The Administrative Charge shall be \$50 plus the appropriate Customer Charge.
2. Monthly Reservation Charge
  - e. Rate DS - Secondary Distribution Service \$4.8466 per kW
  - f. Rate DT – Distribution Service \$5.9992 per kW
  - g. Rate DP – Primary Distribution Service \$6.1484 per kW
  - h. Rate TT – Transmission Service \$2.9666 per kW

**Real Time Pricing –Market –Based Pricing- Rate RTP-M  
(Electric Tariff Sheet No. 59)**

**Current Rate**

Secondary Services..... \$15.00 per month  
Primary Service.....\$100.00 per month  
Transmission Service.....\$500.00 per month

**Energy Delivery Charge**

Charge For Each kW Per Hour:

Secondary Service .....\$0.006053 per kW Per Hour  
Primary Service..... \$0.005540 per kW Per Hour  
Transmission Service.....\$0.002008 per kW Per Hour

Ancillary Services Charge shall be applied on an hour by hour basis.

Charge For Each kW Per Hour:

Secondary Delivery .....\$0.000760 per kW Per Hour  
Primary Delivery .....\$0.000740 per kW Per Hour  
Transmission Delivery ....\$0.000721 per kW Per Hour

**Proposed Rate**

CANCELLED & WITHDRAWN



**Street Lighting Service-Rate SL**  
**(Electric Tariff Sheet No. 60)**

**Current Rate**

<b><u>OVERHEAD DISTRIBUTION AREA</u></b>	<b><u>Lamp</u></b>	<b><u>Watts</u></b>	<b><u>kW/Unit</u></b>	<b><u>Annual</u></b>	<b><u>Rate/Unit</u></b>
Fixture Description				<b><u>- kWh</u></b>	
Standard Fixture (Cobra Head)					
Mercury Vapor					
7,000 lumen	175	0.193	803		\$ 7.11
7,000 lumen (Open Refractor)	175	0.205	853		\$ 5.94
10,000 lumen	250	0.275	1,144		\$ 8.21
21,000 lumen	400	0.430	1,789		\$ 10.99
Metal Halide					
14,000 lumen	175	0.193	803		\$ 7.11
20,500 lumen	250	0.275	1,144		\$ 8.21
36,000 lumen	400	0.430	1,789		\$ 10.99
Sodium Vapor					
9,500 lumen	100	0.117	487		\$ 7.87
9,500 lumen (Open Refractor)	100	0.117	487		\$ 5.91
16,000 lumen	150	0.171	711		\$ 8.58
22,000 lumen	200	0.228	948		\$ 11.13
27,500 lumen	250	0.275	948		\$ 11.13
50,000 lumen	400	0.471	1,959		\$ 14.95
Decorative Fixtures					
Sodium Vapor					
9,500 lumen (Rectilinear)	100	0.117	487		\$9.78
22,000 lumen (Rectilinear)	200	0.246	1,023		\$12.09
50,000 lumen (Rectilinear)	400	0.471	1,959		\$16.00
50,000 lumen (Setback)	400	0.471	1,959		\$23.79

Where a street lighting fixture served overhead is to be installed on another utility's pole on which the Company does not have a contact, a monthly pole charge will be assessed.

**Spans of Secondary Wiring:**

For each increment of 50 feet of secondary wiring beyond the first 150 feet from the pole, the following price per month shall be added to the price per month per street lighting unit: \$0.52.

<b><u>UNDERGROUND DISTRIBUTION</u></b>	<b><u>Lamp</u></b>	<b><u>Watts</u></b>	<b><u>kW/Unit</u></b>	<b><u>Annual</u></b>	<b><u>Rate/Unit</u></b>
AREA				<b><u>kWh</u></b>	
Fixture Description					
Standard Fixture (Cobra Head)					
Mercury Vapor					
7,000 lumen	175	0.210	874		\$7.24
7,000 lumen (Open Refractor)	175	0.205	853		\$ 5.94
10,000 lumen	250	0.292	1,215		\$ 8.36
21,000 lumen	400	0.460	1,914		\$ 11.25
Metal Halide					
14,000 lumen	175	0.210	874		\$ 7.24
20,500 lumen	250	0.292	1,215		\$ 8.36
36,000 lumen	400	0.460	1,914		\$11.25
Sodium Vapor					
9,500 lumen	100	0.117	487		\$ 7.87
9,500 lumen (Open Refractor)	100	0.117	487		\$ 5.99
16,000 lumen	150	0.171	711		\$ 8.55
22,000 lumen	200	0.228	948		\$ 11.13
50,000 lumen	400	0.471	1,959		\$ 14.95

Decorative Fixtures					
Mercury Vapor					
7,000 lumen (Town & Country)	175	0.205	853		\$ 7.48
7,000 lumen (Holophane)	175	0.210	874		\$ 9.40
7,000 lumen (Gas Replica)	175	0.210	874		\$21.48
7,000 lumen (Granville)	175	0.205	853		\$7.56
7,000 lumen (Aspen)	175	0.210	874		\$13.61
Metal Halide					
14,000 lumen (Traditionaire)	175	0.205	853		\$7.48
14,000 lumen (Granville Acorn)	175	0.210	874		\$13.61
14,000 lumen (Gas Replica)	175	0.210	874		\$21.57
Sodium Vapor					
9,500 lumen (Town & Country)	100	0.117	487		\$10.93
9,500 lumen (Holophane)	100	0.128	532		\$11.84
9,500 lumen (Rectilinear)	100	0.117	487		\$ 8.83
9,500 lumen (Gas Replica)	100	0.128	532		\$ 22.26
9,500 lumen (Aspen)	100	0.128	532		\$ 13.79
9,500 lumen (Traditionaire)	100	0.117	487		\$ 10.93
9,500 lumen (Granville Acorn)	100	0.128	532		\$ 13.79
22,000 lumen (Rectilinear)	200	0.246	1,023		\$ 12.15
50,000 lumen (Rectilinear)	400	0.471	1,959		\$16.06
50,000 lumen (Setback)	400	0.471	1,959		\$23.79

**POLE CHARGES**

Pole Description	<u>Pole Type</u>	<u>Rate/Pole</u>
Wood		
17 foot (Wood Laminated) (a)	W17	\$ 4.40
30 foot	W30	\$ 4.34
35 foot	W35	\$ 4.40
40 foot	W40	\$ 5.27
Aluminum		
12 foot (decorative)	A12	\$11.97
28 foot	A28	\$ 6.94
28 foot (heavy duty)	A28H	\$ 7.01
30 foot (anchor base)	A30	\$13.86
Fiberglass		
17 foot	F17	\$ 4.40
12 foot (decorative)	F12	\$12.87
30 foot (bronze)	F30	\$ 8.38
35 foot (bronze)	F35	\$ 8.60
Steel		
27 foot (11 gauge)	S27	\$ 11.31
27 foot (3 gauge)	S27H	\$17.05

**Spans of Secondary Wiring:**

For each increment of 25 feet of secondary wiring beyond the first 25 feet from the pole, the following price per month shall be added to the price per month per street lighting unit: \$0.75.

**Base Fuel Cost**

All kilowatt-hours shall be subject to a charge of \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

**Proposed Rate**

**OVERHEAD DISTRIBUTION AREA**

Fixture Description	<u>Lamp Watts</u>	<u>kW/Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
Standard Fixture (Cobra Head)				
Mercury Vapor				
7,000 lumen	175	0.193	803	\$ 7.96

7,000 lumen (Open Refractor)	175	0.205	853	\$ 6.65
10,000 lumen	250	0.275	1,144	\$ 9.19
21,000 lumen	400	0.430	1,789	\$ 12.30
Metal Halide				
14,000 lumen	175	0.193	803	\$ 7.96
20,500 lumen	250	0.275	1,144	\$ 9.19
36,000 lumen	400	0.430	1,789	\$ 12.30
Sodium Vapor				
9,500 lumen	100	0.117	487	\$ 8.81
9,500 lumen (Open Refractor)	100	0.117	487	\$ 6.61
16,000 lumen	150	0.171	711	\$ 9.60
22,000 lumen	200	0.228	948	\$ 12.45
27,500 lumen	250	0.275	948	\$ 12.45
50,000 lumen	400	0.471	1,959	\$ 16.73
Decorative Fixtures				
Sodium Vapor				
9,500 lumen (Rectilinear)	100	0.117	487	\$ 10.94
22,000 lumen (Rectilinear)	200	0.246	1,023	\$ 13.53
50,000 lumen (Rectilinear)	400	0.471	1,959	\$ 17.90
50,000 lumen (Setback)	400	0.471	1,959	\$ 26.62

Where a street lighting fixture served overhead is to be installed on another utility's pole on which the Company does not have a contact, a monthly pole charge will be assessed.

Spans of Secondary Wiring:

For each increment of 50 feet of secondary wiring beyond the first 150 feet from the pole, the following price per month shall be added to the price per month per street lighting unit: \$0.58.

<u>AREA</u>	<u>Lamp</u> <u>Watts</u>	<u>kW/Unit</u>	<u>Annual</u> <u>kWh</u>	<u>Rate/Unit</u>
<u>UNDERGROUND DISTRIBUTION</u>				
Fixture Description				
Standard Fixture (Cobra Head)				
Mercury Vapor				
7,000 lumen	175	0.210	874	\$ 8.10
7,000 lumen (Open Refractor)	175	0.205	853	\$ 6.65
10,000 lumen	250	0.292	1,215	\$ 9.35
21,000 lumen	400	0.460	1,914	\$ 12.59
Metal Halide				
14,000 lumen	175	0.210	874	\$ 8.10
20,500 lumen	250	0.292	1,215	\$ 9.35
36,000 lumen	400	0.460	1,914	\$ 12.59
Sodium Vapor				
9,500 lumen	100	0.117	487	\$ 8.81
9,500 lumen (Open Refractor)	100	0.117	487	\$ 6.70
16,000 lumen	150	0.171	711	\$ 9.57
22,000 lumen	200	0.228	948	\$ 12.45
50,000 lumen	400	0.471	1,959	\$ 16.73
Decorative Fixtures				
Mercury Vapor				
7,000 lumen (Town & Country)	175	0.205	853	\$ 8.37
7,000 lumen (Holophane)	175	0.210	874	\$ 10.52
7,000 lumen (Gas Replica)	175	0.210	874	\$ 24.04
7,000 lumen (Granville)	175	0.205	853	\$ 8.46
7,000 lumen (Aspen)	175	0.210	874	\$ 15.23
Metal Halide				
14,000 lumen (Traditionaire)	175	0.205	853	\$ 8.37
14,000 lumen (Granville Acorn)	175	0.210	874	\$ 15.23
14,000 lumen (Gas Replica)	175	0.210	874	\$ 24.13

Sodium Vapor				
9,500 lumen (Town & Country)	100	0.117	487	\$ 12.23
9,500 lumen (Holophane)	100	0.128	532	\$ 13.25
9,500 lumen (Rectilinear)	100	0.117	487	\$ 9.88
9,500 lumen (Gas Replica)	100	0.128	532	\$ 24.91
9,500 lumen (Aspen)	100	0.128	532	\$ 15.43
9,500 lumen (Traditionaire)	100	0.117	487	\$ 12.23
9,500 lumen (Granville Acom)	100	0.128	532	\$ 15.43
22,000 lumen (Rectilinear)	200	0.246	1,023	\$ 13.59
50,000 lumen (Rectilinear)	400	0.471	1,959	\$ 17.97
50,000 lumen (Setback)	400	0.471	1,959	\$ 26.62

**POLE CHARGES**

<u>Pole Description</u>	<u>Pole Type</u>	<u>Rate/Pole</u>
Wood		
17 foot (Wood Laminated) (a)	W17	\$ 4.92
30 foot	W30	\$ 4.86
35 foot	W35	\$ 4.92
40 foot	W40	\$ 5.90
Aluminum		
12 foot (decorative)	A12	\$ 13.39
28 foot	A28	\$ 7.76
28 foot (heavy duty)	A28H	\$ 7.84
30 foot (anchor base)	A30	\$ 15.51
Fiberglass		
17 foot	F17	\$ 4.92
12 foot (decorative)	F12	\$ 14.40
30 foot (bronze)	F30	\$ 9.38
35 foot (bronze)	F35	\$ 9.62
Steel		
27 foot (11 gauge)	S27	\$ 12.65
27 foot (3 gauge)	S27H	\$ 19.08

**Spans of Secondary Wiring:**

For each increment of 25 feet of secondary wiring beyond the first 25 feet from the pole, the following price per month shall be added to the price per month per street lighting unit: \$0.84.

**Base Fuel Cost**

The rates per unit shown above include a charge of \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

**Traffic Lighting Service -Rate TL**  
**(Electric Tariff Sheet No. 61)**

**Current Rate**

Where the Company supplies energy only, all kilowatt-hours shall be billed at 3.8066 cents per kilowatt hour;

Where the Company supplies energy from a separately metered source and the Company has agreed to provide limited maintenance for traffic signal equipment, all kilowatt-hours shall be billed at 2.1078 cents per kilowatt-hour.

Where the Company supplies energy and has agreed to provide limited maintenance for traffic signal equipment, all kilowatt-hours shall be billed at 5.9145 cents per kilowatt-hour.

**Proposed Rate**

Where the Company supplies energy only, all kilowatt-hours shall be billed at 4.2590 cents per kilowatt-hour;

Where the Company supplies energy from a separately metered source and the Company has agreed to provide limited maintenance for traffic signal equipment, all kilowatt-hours shall be billed at 2.3583 cents per kilowatt-hour.

Where the Company supplies energy and has agreed to provide limited maintenance for traffic signal equipment, all kilowatt-hours shall be billed at 6.6174 cents per kilowatt-hour.

**Unmetered Outdoor Lighting Electric Service-Rate UOLS**  
**(Electric Tariff Sheet No. 62)**

<b><u>Current Rate</u></b>	
All kWh	3.7481 ¢ per kWh
<b><u>Proposed Rate</u></b>	
All kWh	4.1936¢ per kWh

**Outdoor Lighting Equipment Installation- Rate OL-E**  
**(Electric Tariff Sheet No. 63)**

**Current Rate**  
The System Charge is determined by applying the current Levelized Fixed Charge Rate (LFCR), to the Company's cost of purchasing and installing the System.

**Proposed Rate**  
There are no changes to this tariff schedule.

**Outdoor Lighting Service- Rate OL**  
**(Electric Tariff Sheet No. 65)**

<b><u>Current Rate</u></b>	<b><u>Lamp</u></b>	<b><u>kW/</u></b>	<b><u>Annual</u></b>	
	<b><u>Watts</u></b>	<b><u>Luminaire</u></b>	<b><u>kWh</u></b>	<b><u>Rate/Unit</u></b>
<b>Standard Fixtures (Cobra Head)</b>				
<b>Mercury Vapor</b>				
7,000 lumen (Open Refractor)	175	0.205	853	\$ 8.73
7,000 lumen	175	0.210	874	\$11.17
10,000 lumen	250	0.292	1,215	\$13.04
21,000 lumen	400	0.460	1,914	\$16.75
<b>Metal Halide</b>				
14,000 lumen	175	0.210	874	\$11.17
20,500 lumen	250	0.307	1,215	\$13.06
36,000 lumen	400	0.460	1,914	\$16.75
<b>Sodium Vapor</b>				
9,500 lumen (Open Refractor)	100	0.117	487	\$ 7.68
9,500 lumen	100	0.117	487	\$ 9.99
16,000 lumen	150	0.171	711	\$ 11.27
22,000 lumen	200	0.228	948	\$ 12.47
27,500 lumen	200	0.228	948	\$ 12.47
50,000 lumen	400	0.471	1,959	\$ 14.53
<b>Decorative Fixtures (a)</b>				
<b>Mercury Vapor</b>				
7,000 lumen (Town & Country)	175	0.205	853	\$ 13.38
7,000 lumen (Holophane)	175	0.210	874	\$17.24
7,000 lumen (Gas Replica)	175	0.210	874	\$41.66
7,000 lumen (Aspen)	175	0.210	874	\$25.77
<b>Sodium Vapor</b>				
9,500 lumen (Town & Country)	100	0.117	487	\$21.10
9,500 lumen (Holophane)	100	0.128	532	\$22.86
9,500 lumen (Rectilinear)	100	0.117	487	\$18.79
9,500 lumen (Gas Replica)	100	0.128	532	\$43.94
9,500 lumen (Aspen)	100	0.128	532	\$26.63
9,500 lumen (Traditionaire)	100	0.117	487	\$21.10
9,500 lumen (Granville Acorn)	100	0.128	532	\$26.63

22,000 lumen (Rectilinear)	200	0.246	1,023	\$22.37
50,000 lumen (Rectilinear)	400	0.471	1,959	\$28.38
50,000 lumen (Setback)	400	0.471	1,959	\$44.15

**B. Flood lighting units served in overhead distribution areas (FL):**

<b>Mercury Vapor</b>				
21,000 lumen	400	0.460	1,914	\$16.76
<b>Metal Halide</b>				
20,500 lumen	250	0.307	1,215	\$13.04
36,000 lumen	400	0.460	1,914	\$16.76
<b>Sodium Vapor</b>				
22,000 lumen	200	0.246	1,023	\$ 12.38
30,000 lumen	250	0.312	1,023	\$ 12.38
50,000 lumen	400	0.480	1,997	\$ 15.35

**Proposed Rate**

CANCELLED & WITHDRAWN

**Street Lighting Service for Non-Standard Units -Rate NSU**  
**(Electric Tariff Sheet No. 66)**

**Current Rate**

Company owned

	<u>Lamp</u> <u>Watts</u>	<u>kW/Unit</u>	<u>Annual</u> <u>kW/unit</u>	<u>Rate/Unit</u>
Boulevard units served underground				
a. 2,500 lumen Incandescent – Series	148	0.148	616	\$ 9.22
b. 2,500 lumen Incandescent – Multiple	189	0.189	786	\$ 7.16
Holophane Decorative fixture on 17 foot fiberglass pole served underground with direct buried cable				
a. 10,000 lumen Mercury Vapor	250	0.292	1,215	\$16.79
The cable span charge of \$.75 per each increment of 25 feet of secondary wiring shall be added to the Rate/unit charge for each increment of secondary wiring beyond the first 25 feet from the pole base.				
Street light units served overhead distribution				
a. 2,500 lumen Incandescent	189	0.189	786	\$ 7.10
b. 2,500 lumen Mercury Vapor	100	0.109	453	\$ 6.72
c. 21,000 lumen Mercury Vapor	400	0.460	1,914	\$ 10.66

Customer owned

Steel boulevard units served underground with limited maintenance by Company				
a. 2,500 lumen Incandescent – Series	148	0.148	616	\$5.44
b. 2,500 lumen Incandescent – Multiple	189	0.189	786	\$6.92

Base Fuel Cost

The rates per unit shown above include \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

**Proposed Rate**

Company owned

	<u>Lamp</u> <u>Watts</u>	<u>kW</u> <u>Unit</u>	<u>Annual</u> <u>kW</u>	<u>Rate/Unit</u>
Boulevard units served underground				
a. 2,500 lumen Incandescent – Series	148	0.148	616	\$ 10.32
b. 2,500 lumen Incandescent – Multiple	189	0.189	786	\$ 8.01
Holophane Decorative fixture on 17 foot fiberglass pole served underground with direct buried cable				
a. 10,000 lumen Mercury Vapor	250	0.292	1,215	\$18.79

The cable span charge of \$.84 per each increment of 25 feet of secondary wiring shall be added to the Rate/unit charge for each increment of secondary wiring beyond the first 25 feet from the pole base.

Street light units served overhead distribution

a.	2,500 lumen Incandescent	189	0.189	786	\$ 7.94
b.	2,500 lumen Mercury Vapor	100	0.109	453	\$ 7.52
c.	21,000 lumen Mercury Vapor	400	0.460	1,914	\$ 11.93

Customer owned

Steel boulevard units served underground with limited maintenance by Company

a.	2,500 lumen Incandescent – Series	148	0.148	616	\$ 6.09
b.	2,500 lumen Incandescent – Multiple	189	0.189	786	\$ 7.74

Base Fuel Cost

The rates per unit shown above include \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

**Private Outdoor Lighting for Non-Standard Units-Rate NSP**  
**(Electric Tariff Sheet No. 67)**

**Current Rate**

Private outdoor lighting units:

The following monthly charge will be assessed for existing facilities, but this unit will not be available to any new customers after May 15, 1973:

	<u>Lamp Watt</u>	<u>kW Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
2,500 lumen Mercury, Open Refractor . . . . .	100	0.115	478	\$ 7.79
2,500 lumen Mercury, Enclosed Refractor. . . . .	100	0.115	478	\$ 10.66

Outdoor lighting units served in underground residential distribution areas:

The following monthly charge will be assessed for existing fixtures which include lamp and luminaire, controlled automatically, with an underground service wire not to exceed 35 feet from the service point, but these units will not be available to new customers after May 5, 1992:

	<u>Lamp Watt</u>	<u>kW/Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
7,000 lumens Mercury, Mounted on a 17-foot Fiberglass Pole . . . . .	175	0.205	853	\$14.54
7,000 lumen Mercury, Mounted on a 17-foot Wood Laminated Pole (a). . . . .	175	0.205	853	\$14.54
7,000 lumen Mercury, Mounted on a 30-foot Wood Pole. . . . .	175	0.205	853	\$13.44
9,500 lumen Sodium Vapor, TC 100 R. . . . .	100	0.117	487	\$ 11.22

(a) Note: New or replacement poles are not available.

Flood lighting units served in overhead distribution areas:

The following monthly charge will be assessed for each existing fixture, which includes lamp and luminaire, controlled automatically, mounted on a utility pole, as specified by the Company, with a span of wire not to exceed 120 feet, but these units will not be available after May 5, 1992:

	<u>Lamp Watts</u>	<u>kW/Fixture</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
52,000 lumen Mercury (35-foot Wood Pole) . . . . .	1,000	1.102	4,584	\$28.55
52,000 lumen Mercury (50-foot Wood Pole) . . . . .	1,000	1.102	4,584	\$32.16
50,000 lumen Sodium Vapor. . . . .	400	0.471	1,959	\$19.79

Base Fuel Cost

All kilowatt-hours shall be subject to a charge of \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

**Proposed Rate**

CANCELLED & WITHDRAWN

**Street Lighting Service-Customer Owned - Rate SC**  
**(Electric Tariff Sheet No. 68)**

**Current Rate**

<u>Fixture Description</u>	<u>Lamp Watts</u>	<u>kW/Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
<b>Standard Fixture (Cobra Head)</b>				
<b>Mercury Vapor</b>				
7,000 lumen	175	0.193	803	\$ 4.19
10,000 lumen	250	0.275	1,144	\$ 5.33
21,000 lumen	400	0.430	1,789	\$ 7.40
<b>Metal Halide</b>				
14,000 lumen	175	0.193	803	\$ 4.19
20,500 lumen	250	0.275	1,144	\$ 5.33
36,000 lumen	400	0.430	1,789	\$ 7.40
<b>Sodium Vapor</b>				
9,500 lumen	100	0.117	487	\$ 5.04
16,000 lumen	150	0.171	711	\$ 5.62
22,000 lumen	200	0.228	948	\$ 6.17
27,500 lumen	250	0.228	948	\$ 6.17
50,000 lumen	400	0.471	1,959	\$ 8.36
<b>Decorative Fixture</b>				
<b>Mercury Vapor</b>				
7,000 lumen (Holophane)	175	0.210	874	\$ 5.32
7,000 lumen (Town & Country)	175	0.205	853	\$ 5.27
7,000 lumen (Gas Replica)	175	0.210	874	\$ 5.32
7,000 lumen (Aspen)	175	0.210	874	\$ 5.32
<b>Metal Halide</b>				
14,000 lumen (Traditionaire)	175	0.205	853	\$ 5.27
14,000 lumen (Granville Acorn)	175	0.210	874	\$ 5.32
14,000 lumen (Gas Replica)	175	0.210	874	\$ 5.32
<b>Sodium Vapor</b>				
9,500 lumen (Town & Country)	100	0.117	487	\$ 4.96
9,500 lumen (Traditionaire)	100	0.117	487	\$ 4.96
9,500 lumen (Granville Acorn)	100	0.128	532	\$ 5.18
9,500 lumen (Rectilinear)	100	0.117	487	\$ 4.96
9,500 lumen (Aspen)	100	0.128	532	\$ 5.18
9,500 lumen (Holophane)	100	0.128	532	\$ 5.18
9,500 lumen (Gas Replica)	100	0.128	532	\$ 5.18
22,000 lumen (Rectilinear)	200	0.246	1,023	\$ 6.54
50,000 lumen (Rectilinear)	400	0.471	1,959	\$ 8.65

Where a street lighting fixture served overhead is to be installed on another utility's pole on which the Company does not have a contact, a monthly pole charge will be assessed.

<u>Pole Description</u>	<u>Pole Type</u>	<u>Rate/Pole</u>
<b>Wood</b>		
30 foot	W30	\$4.34
35 foot	W35	\$4.40
40 foot	W40	\$5.27

**Customer Owned and Maintained Units**

The rate for energy used for this type street lighting will be \$0.037481 per kilowatt-hour which includes the base fuel cost rate stated below. The monthly kilowatt-hour usage will be mutually agreed upon between the Company and the customer. Where the average monthly usage is less than 150 kWh per point of delivery, the customer shall pay the Company, in addition to the monthly charge, the cost of providing electric service on the basis of time and material plus overhead charges. An estimate of the cost will be submitted for approval before work is carried out.

Base Fuel Cost



The rates per unit shown above include \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

**Proposed Rate**

<u>Fixture Description</u>	<u>Lamp Watts</u>	<u>kW/Unit</u>	<u>Annual kWh</u>	<u>Rate/Unit</u>
<b>Standard Fixture (Cobra Head)</b>				
<b>Mercury Vapor</b>				
7,000 lumen	175	0.193	803	\$ 4.69
10,000 lumen	250	0.275	1,144	\$ 5.96
21,000 lumen	400	0.430	1,789	\$ 8.28
<b>Metal Halide</b>				
14,000 lumen	175	0.193	803	\$ 4.69
20,500 lumen	250	0.275	1,144	\$ 5.96
36,000 lumen	400	0.430	1,789	\$ 8.28
<b>Sodium Vapor</b>				
9,500 lumen	100	0.117	487	\$ 5.64
16,000 lumen	150	0.171	711	\$ 6.29
22,000 lumen	200	0.228	948	\$ 6.90
27,500 lumen	250	0.228	948	\$ 6.90
50,000 lumen	400	0.471	1,959	\$ 9.35
<b>Decorative Fixture</b>				
<b>Mercury Vapor</b>				
7,000 lumen (Holophane)	175	0.210	874	\$ 5.95
7,000 lumen (Town & Country)	175	0.205	853	\$ 5.90
7,000 lumen (Gas Replica)	175	0.210	874	\$ 5.95
7,000 lumen (Aspen)	175	0.210	874	\$ 5.95
<b>Metal Halide</b>				
14,000 lumen (Traditionaire)	175	0.205	853	\$ 5.90
14,000 lumen (Granville Acorn)	175	0.210	874	\$ 5.95
14,000 lumen (Gas Replica)	175	0.210	874	\$ 5.95
<b>Sodium Vapor</b>				
9,500 lumen (Town & Country)	100	0.117	487	\$ 5.55
9,500 lumen (Traditionaire)	100	0.117	487	\$ 5.55
9,500 lumen (Granville Acorn)	100	0.128	532	\$ 5.80
9,500 lumen (Rectilinear)	100	0.117	487	\$ 5.55
9,500 lumen (Aspen)	100	0.128	532	\$ 5.80
9,500 lumen (Holophane)	100	0.128	532	\$ 5.80
9,500 lumen (Gas Replica)	100	0.128	532	\$ 5.80
22,000 lumen (Rectilinear)	200	0.246	1,023	\$ 7.32
50,000 lumen (Rectilinear)	400	0.471	1,959	\$ 9.68
<u>Pole Description</u>		<u>Pole Type</u>		<u>Rate/Pole</u>
<b>Wood</b>				
30 foot		W30		\$ 4.86
35 foot		W35		\$ 4.92
40 foot		W40		\$ 5.90

**Customer Owned and Maintained Units**

The rate for energy used for this type street lighting will be \$0.041936 per kilowatt-hour which includes the base fuel cost rate stated below. The monthly kilowatt-hour usage will be mutually agreed upon between the Company and the customer. Where the average monthly usage is less than 150 kWh per point of delivery, the customer shall pay the Company, in addition to the monthly charge, the cost of providing electric service on the basis of time and material plus overhead charges. An estimate of the cost will be submitted for approval before work is carried out.

**Base Fuel Cost**

The rates per unit shown above include \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

**Street-lighting Service-Overhead Equivalent-Rate SE**  
**(Electric Tariff Sheet No. 69)**

**Current Rate:**

Fixture Description	Lamp Watts	kW/Unit	Annual kWh	Rate/Unit
Decorative Fixtures				
<u>Mercury Vapor</u>				
7,000 lumen (Town & Country)	175	0.205	853	\$7.29
7,000 lumen (Holophane)	175	0.210	874	\$7.32
7,000 lumen (Gas Replica)	175	0.210	874	\$7.32
7,000 lumen (Aspen)	175	0.210	874	\$7.32
<u>Metal Halide</u>				
14,000 lumen (Traditionaire)	175	0.205	853	\$7.29
14,000 lumen (Granville Acorn)	175	0.210	874	\$7.32
14,000 lumen (Gas Replica)	175	0.210	874	\$7.32
<u>Sodium Vapor</u>				
9,500 lumen (Town & Country)	100	0.117	487	\$7.95
9,500 lumen (Holophane)	100	0.128	532	\$8.05
9,500 lumen (Rectilinear)	100	0.117	487	\$7.95
9,500 lumen (Gas Replica)	100	0.128	532	\$8.04
9,500 lumen (Aspen)	100	0.128	532	\$8.04
9,500 lumen (Traditionaire)	100	0.117	487	\$7.95
9,500 lumen (Granville Acorn)	100	0.128	532	\$8.04
22,000 lumen (Rectilinear)	200	0.246	1,023	\$11.42
50,000 lumen (Rectilinear)	400	0.471	1,959	\$15.11
50,000 lumen (Setback)	400	0.471	1,959	\$15.11

**Base Fuel Cost**

All kilowatt-hours shall be subject to a charge of \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

**Proposed Rate:**

Fixture Description	Lamp Watts	kW/Unit	Annual kWh	Rate/Unit
Decorative Fixtures				
<u>Mercury Vapor</u>				
7,000 lumen (Town & Country)	175	0.205	853	\$8.16
7,000 lumen (Holophane)	175	0.210	874	\$8.19
7,000 lumen (Gas Replica)	175	0.210	874	\$8.19
7,000 lumen (Aspen)	175	0.210	874	\$8.19
<u>Metal Halide</u>				
14,000 lumen (Traditionaire)	175	0.205	853	\$8.16
14,000 lumen (Granville Acorn)	175	0.210	874	\$8.19
14,000 lumen (Gas Replica)	175	0.210	874	\$8.19
<u>Sodium Vapor</u>				
9,500 lumen (Town & Country)	100	0.117	487	\$8.89
9,500 lumen (Holophane)	100	0.128	532	\$9.01
9,500 lumen (Rectilinear)	100	0.117	487	\$8.89
9,500 lumen (Gas Replica)	100	0.128	532	\$9.00
9,500 lumen (Aspen)	100	0.128	532	\$9.00
9,500 lumen (Traditionaire)	100	0.117	487	\$8.89
9,500 lumen (Granville Acorn)	100	0.128	532	\$9.00
22,000 lumen (Rectilinear)	200	0.246	1,023	\$12.78
50,000 lumen (Rectilinear)	400	0.471	1,959	\$16.91
50,000 lumen (Setback)	400	0.471	1,959	\$16.91

**Base Fuel Cost**

The rates per unit shown above include \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

**Rider PPS – Premier Power Service Rider**  
**(Electric Tariff Sheet No. 70)**

**Current Rate:**

**Rate**

Each qualifying customer's individual monthly rate calculated for each customer for this service will be determined as follows:

Monthly Service Payment = Estimated Levelized Capital Cost + Estimated Expenses

Where:

Levelized Capital Cost is equal to the present value of all estimated capital related cash flows for a period corresponding to the time of engineering, design and installation of equipment through the term of the contract, adjusted to a pre-tax amount and converted to a uniform monthly payment for the term of the contract. The estimated capital cash flows shall include estimated installed cost of equipment, contingency allowances, salvage value, adjustment to reflect additional supporting investment of general plant nature, and income tax impacts.

Expenses shall equal the present value of estimated expenses associated with the support and maintenance of the generation and support equipment, adjusted to a pre-tax amount and converted to a uniform monthly payment for the term of the contract. The estimated expenses shall include administrative and general expenses, expenses for labor and materials related to operations and maintenance, third party expenses for operations and maintenance, warranties, insurance, annual costs associated with working capital, fuel inventory, depreciation, property tax, other costs related to the operation and support of the generator system installation, and income tax impacts..

The after tax cost of capital from the Company's most recent general rate case will be used to convert present values to uniform monthly payments.

**MONTHLY BILL**

Customer's monthly bill for all services under this rider will appear on their regular monthly electric bill as a line item.

**Proposed Rate:**

There are no proposed changes in this rider.

**Rider TS – Temporary Service Rider**  
**(Electric Tariff Sheet No. 71)**

**Current Rate:**

In addition to charges for service furnished under the applicable standard rate the customer will pay in advance the following charge:

Estimated unit cost of each service with supporting data to be filed with the Commission and updated annually by the utility.

**Proposed Rate:**

There are no proposed changes in this rider.

**Rider X – Line Extension Policy Rider**  
**(Electric Tariff Sheet No. 72)**

**Current Rate:**

When the estimated cost of extending the distribution lines to reach the customer's premise equals or is less than three (3) times the estimated gross annual revenue the Company will make the extension without additional guarantee by the customer over that applicable in the rate, provided the customer establishes credit in a manner satisfactory to the Company.

When the estimated cost of extending the distribution lines to reach the customer's premise exceeds three (3) times the estimated gross annual revenue, the customer may be required to guarantee, for a period of five (5) years, a monthly bill of one (1) percent of the line extension cost for residential service and two (2) percent for non-residential service.

When the term of service or credit have not been established in a manner satisfactory to the Company, the customer may be required to advance the estimated cost of the line extension in either of the above situations. When such advance is made the Company will refund, at the end of each year, for four (4) years,

twenty-five (25) percent of the revenues received in any one year up to twenty-five (25) percent of the advance.

**Proposed Rate:**

There are no proposed changes in this rider.

**Rider LM – Load Management Rider**  
**(Electric Tariff Sheet No. 73)**

**Current Rate:**

I. When a customer elects the OFF PEAK PROVISION, the monthly customer charge of the applicable Rate DS will be increased by an additional monthly charge of five dollars (\$5.00) for each installed time-of-use meter. In addition, the DEMAND provision of Rate DS shall be modified to the extent that the billing demand shall be based upon the "on peak period," as defined above.

II. For customers who meet the Company's criteria for the installation of a magnetic tape recording device for billing, and where electric service is furnished under the provisions of either Rate DS, Service at Secondary Distribution Voltage, or Rate DP, Service at Primary Distribution Voltage. When a customer elects this OFF PEAK PROVISION, the applicable monthly customer charge of Rate DS or Rate DP will be increased by an additional monthly charge of one hundred dollars (\$100.00).

**Proposed Rate:**

When a customer elects the OFF PEAK PROVISION, the monthly customer charge of the applicable Rate DS or DP will be increased by an additional monthly charge of five dollars (\$5.00) for each installed time-of-use or interval data recorder meter. In addition, the DEMAND provision of Rate DS or DP shall be modified to the extent that the billing demand shall be based upon the "on peak period," as defined above. However, in no case shall the billing demand be less than the billing demand as determined in accordance with the DEMAND provision of the applicable Rate DS or Rate DP, as modified.

**Rider AMO – Advanced Meter Opt-Out (AMO) - Residential**  
**(Electric Tariff Sheet No. 74)**

**Current Rate:**

**CHARGES**

Residential customers who elect, at any time, to opt-out of the Company's advanced metering infrastructure (AMI) system shall pay a one-time fee of \$100.00 and a recurring monthly fee of \$25.00. During the Metering Upgrade project deployment phase, if prior to an advanced meter being installed at a customer premise, any existing residential electric customer that elects to participate in this opt-out program, Duke Energy Kentucky will not charge the one-time set-up fee, providing the residential electric customer notifies the Company of such election in advance of the advanced meter being installed. Those residential customers electing to participate in this residential opt-out program will be subject to the ongoing \$25.00 per month ongoing charge. Following deployment completion, any residential customer who later elects to participate in the Opt-Out Program will be assessed the \$100 set-up fee in addition to the ongoing monthly charge.

**Proposed Rate:**

There are no proposed changes in this rider.

**Rider DSMR – Demand Side Management Rate**  
**(Electric Tariff Sheet No. 78)**

**Current Rate:**

The Demand Side Management Rate (DSMR) shall be determined in accordance with the provisions of Rider DSM, Demand Side Management Cost Recovery Rider, Sheet No. 75 of this Tariff.

The DSMR to be applied to residential customer bills is \$0.007967 per kilowatt-hour.

A Home Energy Assistance Program (HEA) charge of \$0.10 will be applied monthly to residential customer bills through December 2020.

The DSMR to be applied to non-residential distribution service customer bills is \$0.002576 per kilowatt-hour.

The DSMR to be applied for transmission service customer bills is \$0.000183 per kilowatt-hour.

**Proposed Rate:**

There are no proposed changes in this rider.

**Rider BDP – Backup Delivery Point Capacity Rider**  
**(Electric Tariff Sheet No. 79)**

**Current Rate:**

**BACKUP DELIVERY POINT (TRANSMISSION/DISTRIBUTION) CAPACITY**

The Company will normally supply service to one premise at one standard voltage at one delivery point and through one meter to a Non-Residential Customer in accordance with the provisions of the applicable rate schedule and the Electric Service Regulations. Upon customer request, Company will make available to a Non-Residential Customer additional delivery points in accordance with the rates, terms and conditions of this Rider BDP.

**NET MONTHLY BILL**

**1. Connection Fee**

The Connection Fee applies only if an additional metering point is required and will be based on customer's most applicable rate schedule.

**2. Monthly charges will be based on the unbundled distribution and/or transmission rates of the customer's most applicable rate schedule and the contracted amount of backup delivery point capacity.**

**3. The Customer shall also be responsible for the acceleration of costs, if any, that would not have otherwise been incurred by Company absent such request for additional delivery points. The terms of payment may be made initially or over a pre-determined term mutually agreeable to Company and Customers that shall not exceed the minimum term. In each request for service under this Rider, Company engineers will conduct a thorough review of the customer's request and the circuits affected by the request. The customer's capacity needs will be weighed against the capacity available on the circuit, anticipated load growth on the circuit, and any future construction plans that may be advanced by the request.**

**Proposed Rate:**

There are no proposed changes in this rider.

**Fuel Adjustment Clause - Rider FAC**  
**(Electric Tariff Sheet No. 80)**

**Current Rate:**

- (1) The monthly amount computed under each of the rate schedules to which this fuel clause is applicable shall be increased or (decreased) at a rate per kilowatt-hour of monthly consumption in accordance with the following formula:

$$\text{Fuel Cost Adjustment} = \frac{F(m)}{S(m)} - \$0.023837 \text{ per kWh}$$

Where F is the expense of fuel in the second preceding month and S is the sales in the second preceding month, as defined below:

- (2) Fuel costs (F) shall be the cost of:
- (a) Fossil fuel consumed in the Company's plants plus the cost of fuel which would have been used in plants suffering forced generation or transmission outages, but less the cost of fuel related to substitute generation, plus
  - (b) The actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in paragraph (c) of this subsection, but excluding the cost of fuel related to purchases to substitute for the forced outages; plus
  - (c) The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis. Included therein are such costs as the charges for economy energy purchases and the charges as a result of scheduled outage, all such

kinds of energy being purchased by the Company to substitute for its own higher cost energy, and less

- (d) The cost of fossil fuel recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.
- (e) All fuel costs shall be based on a weighted-average inventory costing. The cost of fossil fuel shall include no items other than the invoice price of fuel less any cash or other discounts. The invoice price of fuel includes the cost of fuel itself and necessary charges for transportation of fuel from the point of acquisition to the unloading point, as listed in Account 151 of the FERC Uniform System of Accounts for Public Utilities and Licensees.
- (f) As used herein, the term "forced outages" means all non-scheduled losses of generation or transmission which require substitute power for a continuous period in excess of six (6) hours. Where forced outages are not as a result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection, or acts of the public enemy, then the Company may, upon proper showing, with the approval of the Commission, include the fuel cost of substitute energy in the adjustment.

(3) Sales (S) shall be determined in kilowatt-hours as follows:

Add:

- (a) net generation
- (b) purchases
- (c) interchange in

Subtract:

- (d) inter-system sales including economy energy and other energy sold on an economic dispatch basis
- (e) total system losses

**Proposed Rate:**

(1) The monthly amount computed under each of the rate schedules to which this fuel clause is applicable shall be increased or (decreased) at a rate per kilowatt-hour of monthly consumption in accordance with the following formula:

$$\text{Fuel Cost Adjustment} = \frac{F(m)}{S(m)} - \$0.023837 \text{ per kWh}$$

Where F is the expense of fuel in the second preceding month and S is the sales in the second preceding month, as defined below:

- (2) Fuel costs (F) shall be the cost of:
  - (a) Fossil fuel consumed in the Company's plants plus the cost of fuel which would have been used in plants suffering forced generation or transmission outages, but less the cost of fuel related to substitute generation, plus
  - (b) The actual identifiable fossil and nuclear fuel costs associated with energy purchased for reasons other than identified in paragraph (c) of this subsection, but excluding the cost of fuel related to purchases to substitute for the forced outages; plus
  - (c) The net energy cost of energy purchases, exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis. Included therein are such costs as the charges for economy energy purchases and the charges as a result of scheduled outage, all such kinds of energy being purchased by the Company to substitute for its own higher cost energy, and less
  - (d) The cost of fossil fuel recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.
  - (e) The fuel-related charges and credits charged to the Company by a Regional Transmission Organization.
  - (f) All fuel costs shall be based on a weighted-average inventory costing. The cost of fossil fuel shall include no items other than the invoice price of fuel less any cash or other discounts. The invoice price of fuel includes the cost of fuel itself and necessary charges for transportation of fuel from the point of

acquisition to the unloading point, as listed in Account 151 of the FERC Uniform System of Accounts for Public Utilities and Licensees.

(g) As used herein, the term “forced outages” means all non-scheduled losses of generation or transmission which require substitute power for a continuous period in excess of six (6) hours. Where forced outages are not as a result of faulty equipment, faulty manufacture, faulty design, faulty installations, faulty operation, or faulty maintenance, but are Acts of God, riot, insurrection, or acts of the public enemy, then the Company may, upon proper showing, with the approval of the Commission, include the fuel cost of substitute energy in the adjustment.

(3) Sales (S) shall be determined in kilowatt-hours as follows:

Add:

- (a) net generation
- (b) purchases
- (c) interchange in

Subtract:

- (d) inter-system sales including economy energy and other energy sold on an economic dispatch basis
- (e) total system losses

**Rider PSM – Off-System Power Sales and Emission Allowance Sales Profit Sharing Mechanism**  
**(Electric Tariff Sheet No. 82)**

**Current Rate:**

<b><u>Rate Group</u></b>	<b><u>Rate</u></b> <b><u>(\$/ kWh)</u></b>
Rate RS, Residential Service	0.000456
Rate DS, Service at Secondary Distribution Voltage	0.000456
Rate DP, Service at Primary Distribution Voltage	0.000456
Rate DT, Time-of-Day Rate for Service at Distribution Voltage	0.000456
Rate EH, Optional Rate for Electric Space Heating	0.000456
Rate GS-FL, General Service Rate for Small Fixed Loads	0.000456
Rate SP, Seasonal Sports Service	0.000456
Rate SL, Street Lighting Service	0.000456
Rate TL, Traffic Lighting Service	0.000456
Rate UOLS, Unmetered Outdoor Lighting	0.000456
Rate OL, Outdoor Lighting Service	0.000456
Rate NSU, Street Lighting Service for Non-Standard Units	0.000456
Rate NSP, Private Outdoor Lighting Service for Non-Standard Units	0.000456
Rate SC, Street Lighting Service -- Customer Owned	0.000456
Rate SE, Street Lighting Service -- Overhead Equivalent	0.000456
Rate TT, Time-of-Day Rate for Service at Transmission Voltage	0.000456
Other	0.000456

Rider PSM credits, reductions to bills, are shown as positive numbers without parentheses. Rider PSM charges, increases to bills, are shown in parentheses.

**PROFIT SHARING RIDER FACTORS**

The Applicable energy charges for electric service shall be increased or decreased to the nearest \$0.000001 per kWh to reflect the sharing of profits on off-system power sales and ancillary services, the net profits on sales of emission allowances and net margins on capacity transactions related to the acquisition of 100% of East Bend Unit 2.

The Company will compute its profits on off-system power sales and ancillary services, profits on emission allowance sales, and net margins on capacity transactions related to the acquisition of 100% of East Bend Unit 2 in the following manner:

$$\text{Rider PSM Factor} = ((P + A) + E + C + R)/S$$

where:

P = Eligible profits from off-system power sales for applicable month subject to sharing provisions established by the Commission in its Order in Case No. 2003-00252, dated December 5, 2003.

A = All net profits related to its provision of ancillary services in markets administered by PJM per the Commission's Order in Case No. 2008-00489, dated January 30, 2009.

The first \$1 million in annual profits from off-system sales and ancillary services will be allocated to ratepayers, with any profits in excess of \$1 million split 75:25, with ratepayers receiving 75 percent and shareholders receiving 25 percent per the Commission Order in Case No. 2010-00203, dated December 22, 2010. After December 31st of each year, the sharing mechanism will be reset for off-system power sales. Each month the sharing mechanism will be reset for the ancillary service profits.

E = All net profits on sales of emission allowances are credited to customers per the Commission's Order in Case No. 2006-00172, dated December 21, 2006.

C = Capacity revenue received from PJM associated with DP&L's share of East Bend capacity that DP&L has committed in PJM's base residual auction ("BRA") through May 31, 2018, less the cost incurred by Duke Energy Kentucky to procure sufficient capacity to meet its obligations as a Fixed Resource Requirement entity under the Reliability Assurance Agreement with PJM per the Commission's Order in Case No. 2014-00201, dated December 4, 2014.

The net of capacity revenue received from PJM and the capacity cost incurred by Duke Energy Kentucky will be allocated to ratepayers, with ratepayers receiving 75 percent and shareholders receiving 25 percent.

R = Reconciliation of prior period Rider PSM actual revenue to amount calculated for the period.

S = Current month sales in kWh used in the current month Rider FAC calculation.

**Proposed Rate:**

<b><u>Rate Group</u></b>	<b><u>Rate</u></b> (\$/ kWh)
Rate RS, Residential Service	0.000456
Rate DS, Service at Secondary Distribution Voltage	0.000456
Rate DP, Service at Primary Distribution Voltage	0.000456
Rate DT, Time-of-Day Rate for Service at Distribution Voltage	0.000456
Rate EH, Optional Rate for Electric Space Heating	0.000456
Rate GS-FL, General Service Rate for Small Fixed Loads	0.000456
Rate SP, Seasonal Sports Service	0.000456
Rate SL, Street Lighting Service	0.000456
Rate TL, Traffic Lighting Service	0.000456
Rate UOLS, Unmetered Outdoor Lighting	0.000456
Rate NSU, Street Lighting Service for Non-Standard Units	0.000456
Rate SC, Street Lighting Service – Customer Owned	0.000456
Rate SE, Street Lighting Service – Overhead Equivalent	0.000456
Rate LED, LED Street Lighting Service	0.000456
Rate TT, Time-of-Day Rate for Service at Transmission Voltage	0.000456
Other	0.000456

Rider PSM credits, reductions to bills, are shown as positive numbers without parentheses. Rider PSM charges, increases to bills, are shown in parentheses.

**PROFIT SHARING RIDER FACTORS**

On a quarterly basis, the applicable energy charges for electric service shall be increased or decreased to the nearest \$0.000001 per kWh to reflect the sharing of net proceeds as outlined in the formula below.

$$\text{Rider PSM Factor} = (\text{OSS} + \text{NF} + \text{CAP} + \text{REC} + \text{R}) / \text{S} \times 0.90$$

where:

OSS = Net proceeds from off-system power sales.

NF = Net proceeds from non-fuel related Regional Transmission Organization charges and credits not recovered via other mechanisms.



- CAP = Net proceeds from: PJM charges and credits as provided for in the Commission's Order in Case No. 2014-00201, dated December 4, 2014; capacity sales; capacity purchases; capacity performance credits; and capacity performance assessments.
- REC = Net proceeds from the sales of renewable energy credits.
- R = Reconciliation of prior period Rider PSM actual revenue to amount calculated for the period.
- S = Current period sales in kWh as used in the Rider FAC calculation.

**Rider GP – Duke Energy's GoGREEN Kentucky  
Green Power / Carbon Offset Rider  
(Electric Tariff Sheet No. 88)**

**Current Rate:**

**NET MONTHLY BILL**

Customers who participate under this rider will be billed for electric service under all applicable tariffs including all applicable riders.

Green Power purchased under this rider, will be billed at the applicable Green Power rate times the number of 100 kWh blocks the customer has agreed to purchase per month.

The Green Power rate shall be \$1.00 per 100 kWh block with a minimum monthly purchase of two 100 kWh blocks.

**Proposed Rate:**

There are no proposed changes in this rider.

**Rider NM – Net Metering  
(Electric Tariff Sheet No. 89)**

**Current Rate:**

**AVAILABILITY**

Net Metering is available to eligible customer-generators in the Company's service territory, upon request, and on a first-come, first-served basis up to a cumulative capacity of 1% of the Company's single hour peak load in Kentucky during the previous year.

**Proposed Rate:**

There are no proposed changes in this rider.

**Bad Check Charge  
(Electric Tariff Sheet No. 90)**

**Current Rate:**

The Company may charge and collect a fee of \$11.00 to cover the cost of handling an unsecured check, where a customer tenders in payment of an account a check which upon deposit by the Company is returned as unpaid by the bank for any reason.

**Proposed Rate:**

There are no proposed changes in this rider.

**Charge for Reconnection of Service  
(Electric Tariff Sheet No. 91)**

**Current Rate:**

- A. The reconnection charge for service which has been disconnected due to enforcement of Rule 3 shall be twenty-five dollars (\$25.00).
- B. The reconnection charge for service which has been disconnected within the preceding twelve months at the request of the customer shall be twenty-five dollars (\$25.00).
- C. If service is discontinued because of fraudulent use thereof, the Company may charge and collect in addition to the reconnection charge of twenty-five dollars (\$25.00) the expense incurred by the Company by reason of such fraudulent use, plus an estimated bill for electricity used, prior to the reconnection of service.

- D. If both the gas and electric services are reconnected at one time, the total charge shall not exceed thirty-eight dollars (\$38.00).
- E. Where electric service was disconnected at the pole because the Company was unable to gain access to the meter, the reconnection charge shall be sixty-five dollars (\$65.00). If the gas service is also reconnected the charge shall be ninety dollars (\$90.00).
- F. If the Company receives notice after 2:30 p.m. of a customer's desire for same day reinstatement of service and if the reconnection cannot be performed during normal business hours, the after hour reconnection charge for connection shall be an additional twenty-five dollars (\$25.00). Customers will be notified of the additional \$25.00 charge for reconnection at the meter or at the pole at the time they request same day service.
- G. If a Company employee, whose original purpose was to disconnect the service, has provided the customer a means to avoid disconnection, service which otherwise would have been disconnected shall remain intact, and no reconnection charge shall be assessed. However, a collection charge of fifteen dollars (\$15.00) may be assessed, but only if a Company employee actually makes a field visit to the customer's premises.

**Proposed Rate:**

- A. The reconnection charge for service which has been disconnected due to enforcement of Rule 3 shall be twenty-five dollars (\$25.00) for reconnections that can be accomplished remotely or seventy-five dollars (\$75.00) for reconnections that cannot be accomplished remotely.
- B. The reconnection charge for service which has been disconnected within the preceding twelve months at the request of the customer shall be twenty-five dollars (\$25.00) for reconnections that can be accomplished remotely or seventy-five dollars (\$75.00) for reconnections that cannot be accomplished remotely.
- C. If service is discontinued because of fraudulent use thereof, the Company may charge and collect in addition to the reconnection charge of twenty-five dollars (\$25.00) for reconnections that can be accomplished remotely or seventy-five dollars (\$75.00) for reconnections that cannot be accomplished remotely, the expense incurred by the Company by reason of such fraudulent use, plus an estimated bill for electricity used, prior to the reconnection of service.
- D. If both the gas and electric services are reconnected at one time, the total charge shall not exceed eighty-eight dollars (\$88.00).
- E. Where electric service was disconnected at the pole because the Company was unable to gain access to the meter, the reconnection charge shall be one hundred twenty-five dollars (\$125.00). If the gas service is also reconnected the charge shall be one hundred fifty dollars (\$150.00).
- F. If the Company receives notice after 2:30 p.m. of a customer's desire for same day reinstatement of service and if the reconnection cannot be performed during normal business hours, and the reconnection cannot be performed remotely, the after hour reconnection charge for connection shall be an additional twenty-five dollars (\$25.00). Customers will be notified of the additional \$25.00 charge for reconnection at the meter or at the pole at the time they request same day service.
- G. If a Company employee, whose original purpose was to disconnect the service, has provided the customer a means to avoid disconnection, service which otherwise would have been disconnected shall remain intact, and no reconnection charge shall be assessed. However, a collection charge of fifty dollars (\$50.00) may be assessed, but only if a Company employee actually makes a field visit to the customer's premises.

**Rate for Pole Attachments of Cable Television Systems - Rate CATV**  
**(This Schedule if Renamed as Rate DPA – Distribution Pole Attachments**  
**(Electric Tariff Sheet No. 92)**

**Current Rate:**

The following annual rental shall be charged for the use of each of the Company's poles:

- Two-user pole: \$4.60 annual rental
- Three-user pole: \$4.00 annual rental

**Proposed Rate:**

The following annual rental shall be charged for the use of each of the Company's poles:

- Two-user pole: \$6.35 annual rate per foot

Three-user pole: \$5.31 annual rate per foot

**Cogeneration and Small Power Production Sale and Purchase Tariff-100 kW or Less**  
**(Electric Tariff Sheet No. 93)**

**Current Rate:**

Rates for Purchases from qualifying facilities:

Purchase Rate shall be \$0.03078/kWh for all kilowatt-hours delivered.

**Proposed Rate:**

Rates for Purchases from qualifying facilities:

Energy Purchase Rate shall be \$0.027645/kWh for all kilowatt-hours delivered.

Capacity Purchase Rate shall be \$3.90/kW-month for eligible capacity utilized by Company and approved by PJM in Company's Fixed Resource Requirements (FRR) plan.

**Cogeneration and Small Power Production Sale and Purchase Tariff-Greater Than 100 kW**  
**(Electric Tariff Sheet No. 94)**

**Current Rate:**

The Purchase Rate for all kilowatt-hours delivered shall be the PJM Real-Time Locational Marginal Price for power at the DEK Aggregate price node, inclusive of the energy, congestion and losses charges, for each hour of the billing month.

**Proposed Rate:**

The Energy Purchase Rate for all kilowatt-hours delivered shall be the PJM Real-Time Locational Marginal Price for power at the DEK Aggregate price node, inclusive of the energy, congestion and losses charges, for each hour of the billing month.

Capacity Purchase Rate shall be \$3.90/kW-month for eligible capacity utilized by Company and approved by PJM in Company's Fixed Resource Requirements (FRR) plan.

**Local Franchise Fee**  
**(Electric Tariff Sheet No. 95)**

**Current Rate:**

There shall be added to the customer's bill, listed as a separate item, an amount equal to the fee now or hereafter imposed by local legislative authorities, whether by ordinance, franchise or other means, which fee is based on the gross receipts collected by the Company from the sale of electricity to customers within the boundaries of the particular legislative authority. Such amount shall be added exclusively to bills of customers receiving service within the territorial limits of the authority imposing the fee.

Where more than one such fee is imposed, each of the charges applicable to each customer shall be added to the customer's bill and listed separately.

Where the local legislative authority imposes a flat, fixed amount on the Company, the fee applied to the bills of customers receiving service within the territorial boundaries of that authority, shall be in the form of a flat dollar amount.

The amount of such fee added to the customer's bill shall be determined in accordance with the terms of the ordinance, franchise or other directive agreed to by the Company.

**Proposed Rate:**

There are no proposed changes to this rate.

**Underground Residential Distribution Policy-Rate UDP-R**  
**(Electric Tariff Sheet No. 96)**

**Current Rate:**

Single Family Houses.

- A. \$2.15 per front foot for all primary extensions. Primary extension on private property will be charged \$2.15 per linear trench foot; and
- B. An additional \$2.00 per linear trench foot shall be charged where extremely rocky conditions are encountered, such conditions being defined as limestone or other hard

stratified material in a continuous volume of at least one cubic yard or more which cannot be removed using ordinary excavation equipment.

**Multi-Family Units.**

There shall be no charge except where extremely rocky conditions are encountered, then the \$2.00 per linear trench foot, as stated and defined above, shall be charged.

**Proposed Rate:**

**Single Family Houses.**

- A. \$2.15 per front foot for all primary extensions. Primary extension on private property will be charged \$2.15 per linear trench foot; and
- B. An additional \$2.00 per linear trench foot shall be charged where extremely rocky conditions are encountered, such conditions being defined as limestone or other hard stratified material in a continuous volume of at least one cubic yard or more which cannot be removed using ordinary excavation equipment.

**Multi-Family Units.**

There shall be no charge except where extremely rocky conditions are encountered, then the \$2.00 per linear trench foot, as stated and defined above, shall be charged.

**Targeted Underground for Service Improvement**

Notwithstanding the above charges and upon Kentucky Public Service Commission approval, Company will waive above charges, maintain, and take ownership of customer service lines and equipment (curb, property line, or service lateral to the meter base) to and including the electric meter. This provision applies only to Company designated installations identified to improve the resiliency of service to the customer.

**General Underground Distribution Policy-Rate UDP-G**  
**(Electric Tariff Sheet No. 97)**

**Current Rate:**

The charges shall be the difference between the Company's estimated cost to provide an underground system and the Company's estimated cost to provide an overhead system. In addition to the differential charge, the following provisions are applicable:

**Single Family Houses or Multi-Family Units.**

The customer may be required to provide the necessary trenching, backfilling, conduit system (if required) and transformer pads in place to Company's specifications.

**Commercial and Industrial Units.**

The customer shall:

- a) Provide the necessary trenching and backfilling;
- b) Furnish, install (concrete, if required), own and maintain all primary and/or secondary conduit system (with spares, if required) on private property meeting applicable codes and Company's specifications; and
- c) Provide the transformer pad and secondary conductors.

**Special Situations**

In those situations where the Company considers the pad-mounted transformer installations unsuitable, the customer shall provide the vault designed to meet National Electric Code, other applicable codes, and Company specifications, the conduit to the vault area and the secondary cable to the transformer terminals. The Company shall provide the transformers, the primary vault wiring and make the secondary connection to the transformer terminals.

In large multiple cable installations, the customer shall provide the cable, provide and install the step bus mounted in the vault, and make necessary cable connections to the step bus to the Company's specifications. The Company shall provide and install connections from the transformer terminals to the step bus.

The customer shall extend the bus duct into the vault to the Company's specifications. The Company shall provide and install connections from the transformer terminals to the bus duct.

**Proposed Rate:**

The charges shall be the difference between the Company's estimated cost to provide an underground system and the Company's estimated cost to provide an overhead system. In addition to the differential charge, the following provisions are applicable:

**Single Family Houses or Multi-Family Units.**

The customer may be required to provide the necessary trenching, backfilling, conduit system (if required) and transformer pads in place to Company's specifications.

**Commercial and Industrial Units.**

The customer shall:

- a) Provide the necessary trenching and backfilling;
- b) Furnish, install (concrete, if required), own and maintain all primary and/or secondary conduit system (with spares, if required) on private property meeting applicable codes and Company's specifications; and
- c) Provide the transformer pad and secondary conductors.

**Special Situations**

In those situations where the Company considers the pad-mounted transformer installations unsuitable, the customer shall provide the vault designed to meet National Electric Code, other applicable codes, and Company specifications, the conduit to the vault area and the secondary cable to the transformer terminals. The Company shall provide the transformers, the primary vault wiring and make the secondary connection to the transformer terminals.

In large multiple cable installations, the customer shall provide the cable, provide and install the step bus mounted in the vault, and make necessary cable connections to the step bus to the Company's specifications. The Company shall provide and install connections from the transformer terminals to the step bus.

The customer shall extend the bus duct into the vault to the Company's specifications. The Company shall provide and install connections from the transformer terminals to the bus duct.

**Targeted Underground for Service Improvement**

Notwithstanding the above charges and upon Kentucky Public Service Commission approval, Company will waive above charges, maintain, and take ownership of customer service lines and equipment (curb, property line, or service lateral to the meter base) to and including the electric meter. This provision applies only to Company designated installations identified to improve the resiliency of service to the customer.

**Real Time Pricing Program- Rate RTP**  
**(Electric Tariff Sheet No. 99)**

**Current Rate:**

**BASELINE CHARGE**

The Baseline Charge is independent of Customer's currently monthly usage, and is designed to achieve bill neutrality with the Customer's standard offer tariff if no change in electricity usage pattern occurs (less applicable program charges). The Baseline Charge is calculated at the end of the billing period and changes each billing period to maintain bill neutrality for a Customer's CBL.

The Baseline Charge will be calculated as follows:

$$BC = (\text{Standard Bill @ CBL})$$

Where:

$$BC = \text{Baseline Charge}$$

Standard Bill @ CBL = Customer's bill for a specific month on the applicable Rate Schedule including applicable Standard Contract Riders using the CBL to establish the applicable billing determinants.

The CBL shall be adjusted to reflect applicable metering adjustments under the Rate Schedule. All applicable riders shall be excluded from the calculation of the Baseline Charge.

**PRICE QUOTES**

The Company will send to Customer, within two hours after the wholesale prices are published by PJM each day, Price Quotes to be charged the next day. Such Price Quotes shall include the applicable Commodity Charge, the Energy Delivery Charge and the Ancillary Services Charge.

The Company may send more than one-day-ahead Price Quotes for weekends and holidays identified in Company's tariffs. The Company may revise these prices the day before they become effective.

The Company is not responsible for failure of Customer to receive and act upon the Price Quotes. It is Customer's responsibility to inform Company of any failure to receive the Price Quotes the day before they become effective.

**COMMODITY CHARGE**

The Commodity Charge is a charge for generation. The applicable hourly Commodity Charge (Credit) shall be applied on an hour by hour basis to Customer's incremental (decremental) usage from the CBL.

Charge (Credit) For Each kW Per Hour From The CBL:

$$\text{For kWh above the CBLt, } CCt = MVGt \times LAF$$

For kWht below the CBLt,  $CCt = MVGt \times 80\% \times LAF$   
 Where:

LAF = loss adjustment factor  
 = 1.0530 for Rate TS  
 = 1.0800 for Rate DP  
 = 1.1100 for Rate DS

MVGt = Market Value Of Generation As Determined By Company for hour t

The MVGt will be based on the expected market price of capacity and energy for the next day. The expected market price shall be the PJM Real-Time Total Locational Marginal Price for power at the DEK Aggregate price node, inclusive of the energy, congestion and losses charges, for each hour.

The kW per hour incremental or decremental usage from the CBL shall be adjusted to reflect applicable metering adjustments under the standard Rate Schedule.

**ENERGY DELIVER CHARGE**

Charge (Credit) For Each kW Per Hour From The CBL

Secondary Service .....\$0.006053 per kW Per Hour  
 Primary Service ..... \$0.005540 per kW Per Hour  
 Transmission Service ..... \$0.002008 per kW Per Hour

**ANCILLARY SERVICES CHARGE**

Charge (Credit) For Each kW Per Hour From The CBL

Secondary Delivery.....\$0.000760 per kW Per Hour  
 Primary Delivery..... \$0.000740 per kW Per Hour  
 Transmission Delivery .....\$0.000721 per kW Per Hour

**PROGRAM CHARGE**

Company will provide Internet based communication software to be used to provide Customer with the Price Quotes. Customer will be responsible for providing its own Internet access. A charge of \$183.00 per billing period per site shall be added to Customer's bill to cover the additional billing, administrative, and cost of communicating the hourly Price Quotes associated with the RTP Program.

**Proposed Rate:**

**BASELINE CHARGE**

The Baseline Charge is independent of Customer's currently monthly usage, and is designed to achieve bill neutrality with the Customer's standard offer tariff if no change in electricity usage pattern occurs (less applicable program charges). The Baseline Charge is calculated at the end of the billing period and changes each billing period to maintain bill neutrality for a Customer's CBL.

The Baseline Charge will be calculated as follows:

$BC = (\text{Standard Bill @ CBL})$

Where:

BC = Baseline Charge

Standard Bill @ CBL = Customer's bill for a specific month on the applicable Rate Schedule including applicable Standard Contract Riders using the CBL to establish the applicable billing determinants.

The CBL shall be adjusted to reflect applicable metering adjustments under the Rate Schedule. All applicable riders shall be excluded from the calculation of the Baseline Charge.

**PRICE QUOTES**

The Company will send to Customer, within two hours after the wholesale prices are published by PJM each day, Price Quotes to be charged the next day. Such Price Quotes shall include the applicable Commodity Charge, the Energy Delivery Charge and the Ancillary Services Charge.

The Company may send more than one-day-ahead Price Quotes for weekends and holidays identified in Company's tariffs. The Company may revise these prices the day before they become effective.

The Company is not responsible for failure of Customer to receive and act upon the Price Quotes. It is Customer's responsibility to inform Company of any failure to receive the Price Quotes the day before they become effective.

**COMMODITY CHARGE**

The Commodity Charge is a charge for generation. The applicable hourly Commodity Charge (Credit) shall be applied on an hour by hour basis to Customer's incremental (decremental) usage from the CBL.

Charge (Credit) For Each kW Per Hour From The CBL:

For kWht above the CBLt,  $CCt = MVGt \times LAF$   
 For kWht below the CBLt,  $CCt = MVGt \times 80\% \times LAF$

Where:

LAF = loss adjustment factor  
 = 1.0530 for Rate TT  
 = 1.0800 for Rate DP and Rate DT  
 = 1.1100 for Rate DS

MVGt = Market Value Of Generation As Determined By Company for hour t

The MVGt will be based on the expected market price of capacity and energy for the next day. The expected market price shall be the PJM Day-Ahead Total Locational Marginal Price for power at the DEK Aggregate price node, inclusive of the energy, congestion and losses charges, for each hour.

The kW per hour incremental or decremental usage from the CBL shall be adjusted to reflect applicable metering adjustments under the standard Rate Schedule.

**ENERGY DELIVER CHARGE**

Charge (Credit) For Each kW Per Hour From The CBL	
Secondary Service .....	\$0.015412 per kW Per Hour
Primary Service .....	\$0.012471 per kW Per Hour
Transmission Service .....	\$0.006472 per kW Per Hour

**PROGRAM CHARGE**

Company will provide Internet based communication software to be used to provide Customer with the Price Quotes. Customer will be responsible for providing its own Internet access. A charge of \$183.00 per billing period per site shall be added to Customer's bill to cover the additional billing, administrative, and cost of communicating the hourly Price Quotes associated with the RTP Program.

**Meter Data Charges-Rate MDC**

**(This Schedule Renamed as Meter Data Charges for Enhanced Usage Data Services-Rate MDC)**  
**(Electric Tariff Sheet No. 101)**

**Current Rate:**

Electronic monthly interval data with graphical capability  
 accessed via the Internet (En-Focus™) \$20.00 per month

**Proposed Rate:**

Electronic monthly interval data with graphical capability  
 accessed via the Internet with (EPO™) \$20.00 per month

Duke Energy Kentucky proposes the following new rate and rider schedules: Rate LED, LED Outdoor Lighting, Rider DCI, Distribution Capital Investment Rider, Rider FTR, FERC Transmission Cost Reconciliation Rider, and Rider ESM, Environmental Surcharge Mechanism. As indicated above, the following schedules are proposed to be eliminated: Rate RTP-M (Real Time Pricing – Market Based Pricing), Rate OL (Outdoor Lighting Service), and Rate NSP (Private Outdoor Lighting for Non-Standard Units).

**Rate LED – LED Outdoor Area Lighting Rate**  
**(Electric Tariff Sheet No. 64)**

**Proposed Rate:**

**NET MONTHLY BILL**

Computed in accordance with the following charges:

1. Base Rate  
 All kWh \$0.041936 per kWh

The rate shown above includes a charge of \$0.023837 per kilowatt-hour reflecting the base cost of fuel.

2. Applicable Riders

The following riders are applicable pursuant to the specific terms contained within each rider:

- Sheet No. 76, Rider ESM, Environmental Surcharge Mechanism Rider
- Sheet No. 80, Rider FAC, Fuel Adjustment Clause
- Sheet No. 82, Rider PSM, Profit Sharing Mechanism
- Sheet No. 125, Rider DCI, Distribution Capital Investment Rider
- Sheet No. 126, Rider FTR, FERC Transmission Cost Reconciliation Rider

3. Monthly Maintenance, Fixture, and Pole Charges:

I. Fixtures				Per Unit Per Month		
Billing Type	Description	Initial Lumens	Lamp Wattage	Monthly kWh	Fixture	Maintenance
LF-LED-50W-SL-BK-MW	50W Standard LED-BLACK	4,521	50	17	\$5.44	\$4.38
LF-LED-70W-SL-BK-MW	70W Standard LED-BLACK	6,261	70	24	\$5.43	\$4.38
LF-LED-110W-SL-BK-MW	110W Standard LED-BLACK	9,336	110	38	\$6.16	\$4.38
LF-LED-150W-SL-BK-MW	150W Standard LED-BLACK	12,642	150	52	\$8.16	\$4.38
LF-LED-220W-SL-BK-MW	220W Standard LED-BLACK	18,641	220	76	\$9.25	\$5.34
LF-LED-280W-SL-BK-MW	280W Standard LED-BLACK	24,191	280	97	\$11.38	\$5.34
LF-LED-50W-DA-BK-MW	50W Deluxe Acorn LED-BLACK	5,147	50	17	\$15.87	\$4.38
LF-LED-50W-AC-BK-MW	50W Acorn LED-BLACK	5,147	50	17	\$14.30	\$4.38
LF-LED-50W-MB-BK-MW	50W Mini Bell LED-BLACK	4,500	50	17	\$13.48	\$4.38
LF-LED-70W-BE-BK-MW	70W Bell LED-BLACK	5,508	70	24	\$17.17	\$4.38
LF-LED-50W-TR-BK-MW	50W Traditional LED-BLACK	3,230	50	17	\$10.36	\$4.38
LF-LED-50W-OT-BK-MW	50W Open Traditional LED-BLACK	3,230	50	17	\$10.36	\$4.38
LF-LED-50W-EN-BK-MW	50W Enterprise LED-BLACK	3,880	50	17	\$13.93	\$4.38
LF-LED-70W-ODA-BK-MW	70W LED Open Deluxe Acorn	6,500	70	24	\$15.48	\$4.38
LF-LED-150W-TD-BK-MW	150W LED Teardrop	12,500	150	52	\$20.78	\$4.38
LF-LED-50W-TDP-BK-MW	50W LED Teardrop Pedestrian	4,500	50	17	\$16.86	\$4.38
220W LED SHOEBOX	220W LED Shoebox	18,500	220	76	\$14.39	\$5.34
LF-LED-50W-SL-BK-MW	LED 50W 4521 LUMENS STANDARD LED BLACK TYPE III 4000K	4,521	50	17	\$5.44	\$4.38
LF-LED-70W-SL-BK-MW	LED 70W 6261 LUMENS STANDARD LED BLACK TYPE III 4000K	6,261	70	24	\$5.43	\$4.38
LF-LED-110W-SL-BK-MW	LED 110W 9336 LUMENS STANDARD LED BLACK TYPE III 4000K	9,336	110	38	\$6.16	\$4.38
LF-LED-150W-SL-BK-MW	LED 150W 12642 LUMENS STANDARD LED BLACK TYPE III 4000K	12,642	150	52	\$8.16	\$4.38
LF-LED-150W-SL-IV-BK-MW	LED 150W 13156 LUMENS STANDARD LED TYPE IV BLACK 4000K	13,156	150	52	\$8.16	\$4.38
LF-LED-220W-SL-BK-MW	LED 220W 18642 LUMENS STANDARD LED BLACK TYPE III 4000K	18,642	220	76	\$9.25	\$5.34
LF-LED-280W-SL-BK-MW	LED 280W 24191 LUMENS STANDARD LED BLACK TYPE III 4000K	24,191	280	97	\$11.38	\$5.34
LF-LED-50W-DA-BK-MW	LED 50W DELUXE ACORN BLACK TYPE III 4000K	5,147	50	17	\$15.87	\$4.38
LF-LED-70W-ODA-BK-MW	LED 70W OPEN DELUXE ACORN BLACK TYPE III 4000K	6,500	70	24	\$15.48	\$4.38
LF-LED-50W-AC-BK-MW	LED 50W ACORN BLACK TYPE III 4000K	5,147	50	17	\$14.30	\$4.38
LF-LED-50W-MB-BK-MW	LED 50W MINI BELL LED BLACK TYPE III 4000K MIDWEST	4,500	50	17	\$13.48	\$4.38
LF-LED-70W-BE-BK-MW	LED 70W 5508 LUMENS SANIBELL BLACK TYPE III 4000K	5,508	70	24	\$17.17	\$4.38
LF-LED-50W-TR-BK-MW	LED 50W TRADITIONAL BLACK TYPE III 4000K	3,303	50	17	\$10.36	\$4.38
LF-LED-50W-OT-BK-MW	LED 50W OPEN TRADITIONAL BLACK TYPE III 4000K	3,230	50	17	\$10.36	\$4.38
LF-LED-50W-EN-BK-MW	LED 50W ENTERPRISE BLACK TYPE III 4000K	3,880	50	17	\$13.93	\$4.38
LF-LED-150W-TD-BK-MW	LED 150W LARGE TEARDROP BLACK TYPE III 4000K	12,500	150	52	\$20.78	\$4.38
LF-LED-50W-TDP-BK-MW	LED 50W TEARDROP PEDESTRIAN BLACK TYPE III 4000K	4,500	50	17	\$16.86	\$4.38
LF-LED-220W-SB-BK-MW	LED 220W SHOEBOX BLACK TYPE IV 4000K	18,500	220	76	\$14.39	\$5.34
LF-LED-150W-BE-BK-MW	150W Sanibel	39,000	150	52	\$17.17	\$4.38
LF-LED-420W-SB-BK-MW	420W LED Shoebox	39,078	420	146	\$21.47	\$5.34
LF-LED-50W-NB-GY-MW	50W Neighborhood	5,000	50	17	\$4.43	\$4.38
LF-LED-50W-NBL-GY-MW	50W Neighborhood with Lens	5,000	50	17	\$4.62	\$4.38



II. Poles		
Billing Type	Description	Charge per Month per Unit
LP-12-C-PT-AL-AB-TT-BK-MW	12' C-Post Top-Anchor Base-Black	\$10.68
LP-25-C-DV-AL-AB-TT-BK-MW	25' C-Davit Bracket-Anchor Base-Black	\$28.10
LP-25-C-BH-AL-AB-TT-BK-MW	25' C-Boston Harbor Bracket-Anchor Base-Black	\$28.40
LP-12-E-AL-AB-TT-BK-MW	12' E-AL-Anchor Base-Black	\$10.68
15310-40FTALEMB-OLE	35' AL-Side Mounted-Direct Buried Pole	\$18.08
15320-30FTALAB-OLE	30' AL-Side Mounted-Anchor Base	\$13.93
15330-35FTALAB-OLE	35' AL-Side Mounted-Anchor Base	\$13.55
15320-40FTALAB-OLE	40' AL-Side Mounted-Anchor Base	\$16.76
POLE-30-7	30' Class 7 Wood Pole	\$6.62
POLE-35-5	35' Class 5 Wood Pole	\$7.20
POLE-40-4	40' Class 4 Wood Pole	\$10.84
POLE-45-4	45' Class 4 Wood Pole	\$11.24
15210-20BRZSTL-OLE	20' Galleria Anchor Based Pole	\$9.55
15210-30BRZSTL-OLE	30' Galleria Anchor Based Pole	\$11.30
15210-35BRZSTL-OLE	35' Galleria Anchor Based Pole	\$32.49
LP-12-A-AL-AB-TT-BK-MW	MW-Light Pole-12' MH-Style A-Aluminum-Anchor Base-Top Tenon-Black	\$6.47
LP-12-A-AL-DB-TT-BK-MW	MW-Light Pole-Post Top-12' MH-Style A-Alum-Direct Buried-Top Tenon-Black	\$5.54
LP-15-A-AL-AB-TT-BK-MW	Light Pole-15' MH-Style A-Aluminum-Anchor Base-Top Tenon-Black	\$6.66
LP-15-A-AL-DB-TT-BK-MW	Light Pole-15' MH-Style A-Aluminum-Direct Buried-Top Tenon-Black	\$5.77
LP-20-A-AL-AB-TT-BK-MW	Light Pole-20' MH-Style A-Aluminum-Anchor Base-Top Tenon-Black	\$6.99
LP-20-A-AL-DB-TT-BK-MW	Light Pole-20' MH-Style A-Aluminum-Direct Buried-Top Tenon-Black	\$10.71
LP-25-A-AL-AB-TT-BK-MW	Light Pole-25' MH-Style A-Aluminum-Anchor Base-Top Tenon-Black	\$8.28
LP-25-A-AL-DB-TT-BK-MW	Light Pole-25' MH-Style A-Aluminum-Direct Buried-Top Tenon-Black	\$11.93
LP-30-A-AL-AB-TT-BK-MW	Light Pole-30' MH-Style A-Aluminum-Anchor Base-Top Tenon-Black	\$9.79
LP-30-A-AL-DB-TT-BK-MW	Light Pole-30' MH-Style A-Aluminum-Direct Buried-Top Tenon-Black	\$13.28
LP-35-A-AL-AB-TT-BK-MW	Light Pole-35' MH-Style A-Aluminum-Anchor Base-Top Tenon-Black	\$11.30
LP-35-A-AL-DB-TT-BK-MW	Light Pole-35' MH-Style A-Aluminum-Direct Buried-Top Tenon-Black	\$14.35
LP-12-B-AL-AB-TT-GN-MW	MW-Light Pole-12' MH-Style B Aluminum Anchor Base-Top Tenon Black Pri	\$7.89
LP-12-C-PT-AL-AB-TT-BK-MW	MW-Light Pole-12' MH-Style C-Post Top-Alum-Anchor Base-TT-Black Pri	\$10.68
LP-16-C-DV-AL-AB-TT-GN-MW	MW-LT Pole-16' MH-Style C-Davit Bracket-Alum-Anchor Base-TT-Black	\$14.29
LP-25-C-DV-AL-AB-TT-BK-MW	MW-Light Pole-25' MH-Style C-Davit Bracket-Alum-Anchor Base-TT-Black Pri	\$28.10
LP-16-C-BH-AL-AB-TT-GN-MW	MW-LT Pole-16' MH-Style C-Boston Harbor Bracket-AL-AB-TT-Black Pri	\$21.46
LP-25-C-BH-AL-AB-TT-BK-MW	MW-LT Pole-25' MH-Style C-Boston Harbor Bracket-AL-AB-TT-Black Pri	\$28.40
LP-12-D-AL-AB-TT-GN-MW	MW-LT Pole 12 Ft MH Style D Alum Breakaway Anchor Base TT Black Pri	\$10.57
LP-12-E-AL-AB-TT-BK-MW	MW-Light Pole-12' MH-Style E-Alum-Anchor Base-Top Tenon-Black	\$10.68
LP-12-F-AL-AB-TT-GN-MW	MW-Light Pole-12' MH-Style F-Alum-Anchor Base-Top Tenon-Black Pri	\$11.44
15210-20BRZSTL-OLE	MW-15210-Galleria Anchor Base-20FT Bronze Steel-OLE	\$9.55
15210-30BRZSTL-OLE	MW-15210-Galleria Anchor Base-30FT Bronze Steel-OLE	\$11.30
15210-35BRZSTL-OLE	MW-15210-Galleria Anchor Base-35FT Bronze Steel-OLE	\$32.49
15310-40FTALEMB-OLE	MW-15310-35FT MH Aluminum Direct Embedded Pole-OLE	\$18.08
15320-30FTALAB-OLE	MW-15320-30FT Mounting Height Aluminum Achor Base Pole-OLE	\$13.93
15320-35FTALAB-OLE	MW-15320-35FT Mounting Height Aluminum Achor Base Pole-OLE	\$13.55
15320-40FTALAB-OLE	MW-15320-40FT Mounting Height Aluminum Achor Base Pole-OLE	\$16.76
POLE-30-7	MW-POLE-30-7	\$6.62
POLE-35-5	MW-POLE-35-5	\$7.20
POLE-40-4	MW-POLE-40-4	\$10.84
POLE-45-4	MW-POLE-45-4	\$11.24

**Proposed Rider ESM – Environmental Surcharge Mechanism**  
**(Electric Tariff Sheet No. 76)**

**Proposed Rate:**

INITIAL FACTOR VALUES

MESF =	0.00000%
BESF =	0.00000%

**Proposed Rider DCI – Distribution Capital Investment Rider**  
**(Electric Tariff Sheet No. 125)**

**Proposed Rate:**

CHARGES

The applicable energy or demand charge for electric service shall be increased or decreased to the nearest \$0.000001 per kWh or \$0.01 per kW to recover the revenue requirement associated with incremental distribution capital costs incurred by the Company. This Rider shall be adjusted periodically to recover amounts authorized by the Commission.

Rate Group	Rate (\$ / kWh)
Rate RS, Residential Service	0.000000
Rate EH, Optional Rate for Electric Space Heating	0.000000
Rate GS-FL, Optional General Service Rate for Small Fixed Loads	0.000000
Rate SP, Seasonal Sports Service	0.000000
Rate SL, Street Lighting Service	0.000000
Rate TL, Traffic Lighting Service	0.000000
Rate UOLS, Unmetered Outdoor Lighting	0.000000
Rate NSU, Street Lighting Service for Non-Standard Units	0.000000
Rate SC, Street Lighting Service – Customer Owned	0.000000
Rate SE, Street Lighting Service – Overhead Equivalent	0.000000
Rate LED, LED Outdoor Lighting Electric Service	0.000000
	(\$ / kW)
Rate DS, Service at Secondary Distribution Voltage	0.00
Rate DP, Service at Primary Distribution Voltage	0.00
Rate DT, Time-of-Day Rate for Service at Distribution Voltage – Primary	0.00
Rate DT, Time-of-Day Rate for Service at Distribution Voltage – Secondary	0.00

**Proposed Rider FTR – FERC Transmission Cost Reconciliation Rider**  
**(Electric Tariff Sheet No. 126)**

**Proposed Rate:**

RIDER FTR FACTORS

Rate Group	Rate (\$ / kWh)
Rate RS, Residential Service	0.000000
Rate DS, Service at Secondary Distribution Voltage	0.000000
Rate DP, Service at Primary Distribution Voltage	0.000000
Rate DT, Time-of-Day Rate for Service at Distribution Voltage	0.000000
Rate EH, Optional Rate for Electric Space Heating	0.000000
Rate GS-FL, General Service Rate for Small Fixed Loads	0.000000
Rate SP, Seasonal Sports Service	0.000000
Rate SL, Street Lighting Service	0.000000
Rate TL, Traffic Lighting Service	0.000000
Rate UOLS, Unmetered Outdoor Lighting	0.000000
Rate NSU, Street Lighting Service for Non-Standard Units	0.000000
Rate SC, Street Lighting Service – Customer Owned	0.000000
Rate SE, Street Lighting Service – Overhead Equivalent	0.000000
Rate LED, LED Street Lighting Service	0.000000
Rate TT, Time-of-Day Rate for Service at Transmission Voltage	0.000000
Other	0.000000

In addition, Duke Energy Kentucky proposes to change text of the following tariffs: Sheet No. 24 Service Regulations Section V – Metering, Sheet No. 25 Service Regulations Section VI – Billing and Payment, Sheet No. 98 Electricity Emergency Procedures for Long-Term Fuel Shortages, and Sheet No. 100 Emergency Electric Procedures.

The foregoing rates reflect a proposed increase in electric revenues of approximately \$48,646,213 or 14.96% over current total electric revenues to Duke Energy Kentucky. The estimated amount of increase per customer class is as follows:

Rate RS – Residential Service:	\$22,855,269 or 17.36%;
Rate DS – Service at Distribution Voltage:	\$13,198,789 or 14.30%;
Rate DT-Time-of-Day Rate for Service at Distribution Voltage:	\$10,516,009 or 13.31%;
Rate EH- Optional Rate for Electric Space Heating:	\$91,708 or 14.23%;
Rate SP- Seasonal Sports Service:	\$3,343 or 11.41%;
Rate GS-FL-General Service Rate for Small Fixed Loads:	\$86,768 or 14.38%;
Rate DP-Service at Primary Distribution Voltage:	\$167,667 or 17.57%;
Rate TT, Time-of-Day Rate for Service at Transmission Voltage:	\$1,416,419 or 11.12%;
Rate SL-Street Lighting Service:	\$159,847 or 11.87%;
Rate TL-Traffic Lighting Service:	\$8,413 or 11.75%;
Rate UOLS-Unmetered Outdoor Lighting Electric Service:	\$24,006 or 11.71%;
Rate NSU-Street Lighting Service for Non-Standard Units:	\$7,352 or 11.86%;
Rate SC-Street Lighting Service-Customer Owned	\$435 or 11.72%;
Rate SE-Street Lighting Service-Overhead Equivalent:	\$22,650 or 11.85%;
Bad Check Charge	\$0 or 0.0%;
Charge for Reconnection of Service (electric only):	\$0 or 0.0%;
Rate DPA-Rate for Distribution Pole Attachments:	\$60,176 or 35.0%;
Local Franchise Fee:	\$0 or 0.0%;
Rate UDP-R: Underground Residential Distribution Policy:	\$0 or 0.0%;
Rate UDP-G-General Underground Distribution Policy:	\$0 or 0.0%;
Rate RTP-Experimental Real Time Pricing Program:	\$87,538 or 14.87%;
(subset of other schedules)	
Rate MDC-Meter Data Charges:	\$0 or 0.0%.

The average monthly bill for each customer class to which the proposed rates will apply will increase approximately as follows (Average kWh/Bill; Monthly \$ Increase; Percent Increase):

Rate RS – Residential Service:	967; \$14.89; 17.4%
Rate DS – Service at Distribution Voltage:	7,096; \$97.62; 14.8%
Rate DT-Time-of-Day Rate for Service at Distribution Voltage:	533,215; \$4,860.99; 13.3%
Rate EH- Optional Rate for Electric Space Heating:	19,568; \$184.10; 14.4%
Rate SP- Seasonal Sports Service:	1,497; \$18.57; 11.4%
Rate GS-FL-General Service Rate for Small Fixed Loads:	601; \$8.31; 14.4%
Rate DP-Service at Primary Distribution Voltage:	109,108; \$1,414.09; 17.8%
Rate TT, Time-of-Day Rate for Service at Transmission Voltage:	1,389,443; \$10,263.73; 12.2%
Rate SL-Street Lighting Service*:	78; \$1.15; 11.8%
Rate TL-Traffic Lighting Service*:	15; \$0.09; 12.0%
Rate UOLS-Unmetered Outdoor Lighting Electric Service*:	59; \$0.27; 12.0%
Rate OL-E-Outdoor Lighting Equipment Installation:	NA; \$0; 0.0%
Rate NSU-Street Lighting Service for Non-Standard Units*:	48; \$0.88; 11.9%
Rate SC-Street Lighting Service-Customer Owned*:	47; \$0.21; 11.7%
Rate SE-Street Lighting Service-Overhead Equivalent*:	60; \$0.92; 11.9%
Bad Check Charge	NA; \$0; 0.0%
Charge for Reconnection of Service (electric only):	NA; \$0; 0.0%
Rate DPA-Rate for Distribution Pole Attachments:	NA; \$1.53; 35.0%
Rate RTP-Experimental Real Time Pricing Program:	209,128; \$1,042.12; 14.8%
Rate MDC-Meter Data Charges:	NA; \$0; 0.0%

\*For lighting schedules, values represent average monthly kWh usage per fixture.

The rates contained in this notice are the rates proposed by Duke Energy Kentucky; however, the Kentucky Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice. Such action may result in rates for consumers other than the rates in this notice.

Any corporation, association, body politic or person with a substantial interest in the matter may, by written request within thirty (30) days after publication of this notice of the proposed rate changes, request leave to intervene; intervention may be granted beyond the thirty (30) day period for good cause shown. Such motion shall be submitted to the Kentucky Public Service Commission, P. O. Box 615, 211 Sower Boulevard, Frankfort, Kentucky 40602-0615, and shall set forth the grounds for the request including the status and interest of the party. If the Commission does not receive a written request for intervention within thirty (30) days of the initial publication the Commission may take final action on the application.

Intervenors may obtain copies of the application and other filings made by the Company by contacting Ms. Minna Rolfes-Adkins at 139 East Fourth Street, Cincinnati, Ohio 45202 or by telephone at (513) 287-4356. A copy of the application and other filings made by the Company is available for public inspection through the Commission's website at <http://psc.ky.gov>, at the Commission's office at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 am. To 4:30 p.m., and at the following Company offices: 4580 Olympic Boulevard, Erlanger, Kentucky 41018. Comments regarding the application may be submitted to the Public Service Commission through its website, or by mail at the following Commission address.

For further information contact:

PUBLIC SERVICE COMMISSION  
COMMONWEALTH OF KENTUCKY  
P. O. BOX 615  
211 SOWER BOULEVARD  
FRANKFORT, KENTUCKY 40602-0615  
(502) 564-3940

DUKE ENERGY KENTUCKY  
4580 OLYMPIC BOULEVARD  
ERLANGER, KENTUCKY 41018  
(513) 287-4315

Duke Energy Kentucky, Inc.  
4580 Olympic Blvd.  
Erlanger, Kentucky 41018

(T)

(T)

**RIDER GP**

**DUKE ENERGY'S GoGREEN KENTUCKY  
GREEN POWER / CARBON OFFSET RIDER**

**APPLICABILITY**

Applicable to all customers who wish to purchase GoGreen units from the Company-sponsored GoGreen program and who enter a service agreement with the Company.

**DEFINITION OF GREEN POWER**

Green Power includes energy generated from renewable and/or environmentally friendly sources, including:

Wind, Solar Photovoltaic, Biomass Co-firing of Agricultural Crops, Hydro – as certified by the Low Impact Hydro Institute, Incremental Improvements in Large Scale Hydro, Coal Mine Methane, Landfill Gas, Biogas Digesters, Biomass Co-firing of All Woody Waste including mill residue, but excluding painted or treated lumber.

The GoGreen Program includes the purchase of Renewable Energy Certificates (RECs) from the sources described above.

**NET MONTHLY BILL**

Customers who participate under this rider will be billed for electric service under all applicable tariffs including all applicable riders.

Green Power purchased under this rider, will be billed at the applicable Green Power rate times the number of 100 kWh blocks the customer has agreed to purchase per month.

The Green Power rate shall be \$1.00 per 100 kWh block with a minimum monthly purchase of two 100 kWh blocks.

Issued by authority of an Order of the Kentucky Public Service Commission dated \_\_\_\_\_ in Case No. 2017-00321.

(T)

(T)

Issued: September 1, 2017

Effective: October 1, 2017

(T)

Issued by James P. Henning, President

(T)

Duke Energy Kentucky, Inc.  
4580 Olympic Blvd.  
Erlanger, Kentucky 41018

---

**TERMS AND CONDITIONS**

1. The customer shall enter into a service agreement with Company that shall specify the number of kWh blocks to be purchased monthly and the corresponding rates(s) per unit. The Customer shall give Company thirty (30) days notice prior to cancellation of participation in this rider.

2. Funds from the GOGreen Rate will be used to purchase RECs from renewable and environmentally friendly sources as described in the DEFINITION OF GREEN POWER section and for customer education, marketing, and costs of the Green Power Program.

3. Renewable Energy Certificate (REC) shall mean tradable units that represent the commodity formed by unbundling the environmental attributes of a unit of renewable or environmentally friendly energy from the underlying electricity. One REC would be equivalent to the environmental attributes of one MWH of electricity from a renewable or environmentally friendly generation source.

4. Company may obtain RECs from purchased power, company owned generation, or third party brokers purchased with funds collected from this rider.

5. Company reserves the right to terminate the Rider or revise the pricing or minimum purchase amount of the Rider after giving 60 days notice to the Kentucky Public Service Commission.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's Service Regulations, as filed with the Kentucky Public Service Commission.

Issued by authority of an Order of the Kentucky Public Service Commission dated \_\_\_\_\_ in Case No. 2017-00321.

Issued: September 1, 2017

Effective: October 1, 2017

Issued by James P. Henning, President

Duke Energy Kentucky, Inc.  
4580 Olympic Blvd.  
Erlanger, Kentucky 41018

(T)

(T)

**RIDER GP**

**DUKE ENERGY'S GoGREEN KENTUCKY  
GREEN POWER / CARBON OFFSET RIDER**

**APPLICABILITY**

Applicable to all customers who wish to purchase GoGreen units from the Company-sponsored GoGreen program and who enter a service agreement with the Company.

**DEFINITION OF GREEN POWER**

Green Power includes energy generated from renewable and/or environmentally friendly sources, including:

Wind, Solar Photovoltaic, Biomass Co-firing of Agricultural Crops, Hydro – as certified by the Low Impact Hydro Institute, Incremental Improvements in Large Scale Hydro, Coal Mine Methane, Landfill Gas, Biogas Digesters, Biomass Co-firing of All Woody Waste including mill residue, but excluding painted or treated lumber.

The GoGreen Program includes the purchase of Renewable Energy Certificates (RECs) from the sources described above.

**NET MONTHLY BILL**

Customers who participate under this rider will be billed for electric service under all applicable tariffs including all applicable riders.

Green Power purchased under this rider, will be billed at the applicable Green Power rate times the number of 100 kWh blocks the customer has agreed to purchase per month.

The Green Power rate shall be \$1.00 per 100 kWh block with a minimum monthly purchase of two 100 kWh blocks.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 14, 2012 in Case No. 2012-00455.

(T)

(T)

Issued: December 18, 2012

Effective: December 14, 2012

(T)

Issued by Julie Janson, President

(T)

Duke Energy Kentucky, Inc.  
525 5th Street, Suite 228  
Covington, Kentucky 41011

**TERMS AND CONDITIONS**

1. The customer shall enter into a service agreement with Company that shall specify the number of kWh blocks to be purchased monthly and the corresponding rates(s) per unit. The Customer shall give Company thirty (30) days notice prior to cancellation of participation in this rider.
2. Funds from the GOGreen Rate will be used to purchase RECs from renewable and environmentally friendly sources as described in the DEFINITION OF GREEN POWER section and for customer education, marketing, and costs of the Green Power Program.
3. Renewable Energy Certificate (REC) shall mean tradable units that represent the commodity formed by unbundling the environmental attributes of a unit of renewable or environmentally friendly energy from the underlying electricity. One REC would be equivalent to the environmental attributes of one MWh of electricity from a renewable or environmentally friendly generation source.
4. Company may obtain RECs from purchased power, company owned generation, or third party brokers purchased with funds collected from this rider.
5. Company reserves the right to terminate the Rider or revise the pricing or minimum purchase amount of the Rider after giving 60 days notice to the Kentucky Public Service Commission.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's Service Regulations, as filed with the Kentucky Public Service Commission.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 14, 2012 in Case No. 2012-00455.

Issued: December 18, 2012

Effective: December 14, 2012

Issued by Julie Janson, President



88

Duke Energy Kentucky, Inc.

4580 Olympic Blvd.

No. 88

Erlanger, Kentucky 41018

Cancels and Supersedes

~~Third~~Second Revised Sheet (T)

Page 1 of 2

**RIDER GP**

**DUKE ENERGY'S GoGREEN KENTUCKY  
GREEN POWER / CARBON OFFSET RIDER**

**APPLICABILITY**

Applicable to all customers who wish to purchase GoGreen units from the Company-sponsored GoGreen program and who enter a service agreement with the Company.

**DEFINITION OF GREEN POWER**

Green Power includes energy generated from renewable and/or environmentally friendly sources, including:

Wind, Solar Photovoltaic, Biomass Co-firing of Agricultural Crops, Hydro – as certified by the Low Impact Hydro Institute, Incremental Improvements in Large Scale Hydro, Coal Mine Methane, Landfill Gas, Biogas Digesters, Biomass Co-firing of All Woody Waste including mill residue, but excluding painted or treated lumber.

The GoGreen Program includes the purchase of Renewable Energy Certificates (RECs) from the sources described above.

**NET MONTHLY BILL**

Customers who participate under this rider will be billed for electric service under all applicable tariffs including all applicable riders.

Green Power purchased under this rider, will be billed at the applicable Green Power rate times the number of 100 kWh blocks the customer has agreed to purchase per month.

The Green Power rate shall be \$1.00 per 100 kWh block with a minimum monthly purchase of two 100 kWh blocks.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 14, 2012 in Case No. 2017-003212012-00455.

(T)

(T)

Issued: ~~September 1~~December 18, 2017

Effective:

October

(T)

~~1~~December 14, 2017

(T)

(T)

Issued by ~~James P. Henning~~Julie Janson, President

Duke Energy Kentucky, Inc.  
4580 Olympic Blvd.  
88  
Erlanger, Kentucky 41018

**TERMS AND CONDITIONS**

1. The customer shall enter into a service agreement with Company that shall specify the number of kWh blocks to be purchased monthly and the corresponding rates(s) per unit. The Customer shall give Company thirty (30) days notice prior to cancellation of participation in this rider.
2. Funds from the GOGreen Rate will be used to purchase RECs from renewable and environmentally friendly sources as described in the DEFINITION OF GREEN POWER section and for customer education, marketing, and costs of the Green Power Program.
3. Renewable Energy Certificate (REC) shall mean tradable units that represent the commodity formed by unbundling the environmental attributes of a unit of renewable or environmentally friendly energy from the underlying electricity. One REC would be equivalent to the environmental attributes of one MWH of electricity from a renewable or environmentally friendly generation source.
4. Company may obtain RECs from purchased power, company owned generation, or third party brokers purchased with funds collected from this rider.
5. Company reserves the right to terminate the Rider or revise the pricing or minimum purchase amount of the Rider after giving 60 days notice to the Kentucky Public Service Commission.

The supplying of, and billing for, service and all conditions applying thereto, are subject to the jurisdiction of the Kentucky Public Service Commission, and to the Company's Service Regulations, as filed with the Kentucky Public Service Commission.

Issued by authority of an Order of the Kentucky Public Service Commission dated December 14, 2012 in Case No. 2017-003212012-00455.

Issued: ~~September 1~~ December 18, 2017  
~~1~~ December 14, 2017

Effective: October

Issued by James P. Henning ~~Julie Janson~~, President

Before

KENTUCKY PUBLIC SERVICE COMMISSION

ELECTRIC CASE NO. 2017-00321

IN THE MATTER OF THE APPLICATION  
OF DUKE ENERGY KENTUCKY  
FOR AUTHORITY TO INCREASE  
ITS RATES FOR ELECTRIC SERVICE TO ALL  
JURISDICTIONAL CONSUMERS

SUPPLEMENTAL SECTION M

REVISED SCHEDULE M BASE PERIOD

SUPPLEMENTAL SECTION M  
REVENUES AT PRESENT AND PROPOSED RATES  
DUKE ENERGY KENTUCKY

Base Period: Twelve Months Ended November 30, 2017

Schedules

SUPP M	Revenues at Present and Proposed Rates
SUPP M-2.1	Base Period Revenues at Average Rates
SUPP M-2.2	Revenues at Current Rates
SUPP M-2.3	Revenues at Proposed Rates

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
REVENUES AT PRESENT AND PROPOSED RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M  
PAGE 1 OF 1  
WITNESS:  
B. L. SAILERS

LINE NO.	RATE CLASSIFICATION (A)	REVENUE AT PRESENT RATES (B) (\$)	REVENUE AT PROPOSED RATES (C) (\$)	REVENUE CHANGE (AMOUNT) (D=C-B) (\$)	% OF REVENUE CHANGE (E=D / B)
<i>RESIDENTIAL</i>					
1	RESIDENTIAL SERVICE (RS)	129,123,808	151,660,244	22,536,436	17.45%
2	TOTAL RESIDENTIAL	129,123,808	151,660,244	22,536,436	17.45%
<i>DISTRIBUTION</i>					
3	DISTRIBUTION SERVICE (DS)	91,350,197	104,407,142	13,056,945	14.29%
4	DT PRIMARY TIME OF DAY (DT-PRI)	31,328,625	35,313,794	3,985,169	12.72%
5	DT SECONDARY TIME OF DAY (DT-SEC)	46,568,917	52,959,130	6,390,213	13.72%
6	ELECTRIC SPACE HEATING (EH)	640,693	731,865	91,172	14.23%
7	SPORTS SERVICE (SP)	29,375	32,760	3,385	11.52%
8	SMALL FIXED LOADS (GSFL)	596,775	682,442	85,667	14.35%
9	PRIMARY VOLTAGE (DP)	948,402	1,114,960	166,558	17.56%
10	TOTAL DISTRIBUTION	171,462,984	195,242,093	23,779,109	13.87%
<i>TRANSMISSION</i>					
11	TIME OF DAY (TT)	12,528,693	13,922,324	1,393,631	11.12%
12	TOTAL TRANSMISSION	12,528,693	13,922,324	1,393,631	11.12%
<i>REAL TIME PRICING</i>					
13	DT PRIMARY-REAL TIME PRICING (DT-RTP PRI)	0	0	0	-
14	DT SECONDARY-REAL TIME PRICING (DT-RTP SEC)	141,597	177,120	35,523	25.09%
15	DS-REAL TIME PRICING (DS-RTP)	25,921	28,500	2,579	9.95%
16	TT-REAL TIME PRICING (TT-RTP)	414,116	462,458	48,342	11.67%
17	TOTAL REAL TIME PRICING	581,634	668,078	86,444	14.86%
<i>LIGHTING</i>					
18	STREET LIGHTING (SL)	1,346,952	1,506,798	159,846	11.87%
19	TRAFFIC LIGHTING (TL)	71,559	79,965	8,406	11.75%
20	UNMETERED OUTDOOR LIGHTING (UOLS)	202,008	225,658	23,650	11.71%
21	PRIVATE OUTDOOR LIGHTING (OL)	16,821	18,810	1,989	11.82%
22	NON STANDARD STREET LIGHTING (NSU)	62,007	69,359	7,352	11.86%
23	NON STANDARD PRIVATE LIGHTING (NSP)	1,456	1,630	174	11.95%
24	CUST OWNED STREET LIGHTING SERVICE (SC)	3,713	4,148	435	11.72%
25	OVERHEAD EQUIV STREET LIGHTING SERVICE (SE)	191,062	213,712	22,650	11.85%
26	TOTAL LIGHTING	1,895,578	2,120,080	224,502	11.84%
27	INTERDEPARTMENTAL	52,074	52,074	0	0.00%
28	SPECIAL CONTRACTS	7,713	7,713	0	0.00%
29	TOTAL RETAIL REVENUE	315,652,484	363,672,606	48,020,122	15.21%
<i>OTHER MISCELLANEOUS REVENUE</i>					
30	PJM AND TRANSMISSION	3,984,486	3,984,486	0	0.00%
31	BAD CHECK CHARGES	23,092	23,092	0	0.00%
32	RECONNECTION CHARGES	189,382	189,382	0	0.00%
33	POLE AND LINE ATTACHMENTS	117,775	117,775	0	0.00%
34	RENTS	930,344	930,344	0	0.00%
35	OTHER MISCELLANEOUS	19,330,403	19,330,403	0	0.00%
36	TOTAL MISCELLANEOUS REVENUE	24,575,482	24,575,482	0	0.00%
37	TOTAL REVENUE	340,227,966	388,248,088	48,020,122	14.11%

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
BASE PERIOD REVENUES AT CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  BASE PERIOD  FORECASTED PERIOD  
TYPE OF FILING:  ORIGINAL  UPDATED  REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.1  
PAGE 1 OF 1  
WITNESS:  
B. L. SAILERS

BASE PERIOD REVENUES AT CURRENT RATES

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS (C)	SALES (D)	TEST PERIOD	AVERAGE RATE (F=E/D)	% OF REV	FUEL COST REVENUE (H)	TEST PERIOD	% OF REV
					REVENUE LESS FUEL COST REVENUE (E)		TO TOTAL EXCLUSIVE OF FUEL COST (G)		REVENUE TOTAL (I)	
				(KWH)	(\$)	(\$/KWH)	(%)	(\$)	(\$)	(%)
1	RS	RESIDENTIAL SERV	1,525,197	1,453,752,034	127,629,351	8.7793	37.96	1,494,457	129,123,808	37.94
2	DS	DISTRIBUTION SERV	157,022	1,115,844,489	90,203,109	8.0838	26.83	1,147,088	91,350,197	26.85
3	DT-PRI	TIME OF DAY	443	492,952,443	30,821,870	6.2525	9.17	506,755	31,328,625	9.21
4	DT-SEC	TIME OF DAY	1,786	683,434,130	45,866,347	6.7112	13.64	702,570	46,568,917	13.69
5	EH	ELEC SPACE HEATING	502	9,803,357	630,615	6.4326	0.19	10,078	640,693	0.19
6	SP	SPORTS SERV	184	269,849	29,098	10.7831	0.01	277	29,375	0.01
7	GSFL	SMALL FIXED LOADS	540	6,194,943	590,407	9.5305	0.18	6,368	596,775	0.18
8	DP	PRIMARY VOLTAGE	120	13,046,582	934,990	7.1666	0.28	13,412	948,402	0.28
9	TT	TIME OF DAY	156	213,269,428	12,309,452	5.7718	3.66	219,241	12,528,693	3.68
10	DT-RTP PRI	REAL TIME PRICING	0	0	0	-	-	0	0	-
11	DT-RTP SEC	REAL TIME PRICING	24	4,131,069	141,597	3.4276	0.04	0	141,597	0.04
12	DS-RTP	REAL TIME PRICING	36	299,922	25,921	8.6426	0.01	0	25,921	0.01
13	TT-RTP	REAL TIME PRICING	24	12,915,280	414,116	3.2064	0.12	0	414,116	0.12
14	SL	STREET LIGHTING	138,477	10,839,811	1,335,809	12.3232	0.40	11,143	1,346,952	0.40
15	TL	TRAFFIC LIGHTING	94,895	1,438,465	70,080	4.8719	0.02	1,479	71,559	0.02
16	UOLS	UNMTRD OUTDR LIGHT	83,973	5,308,606	196,551	3.7025	0.06	5,457	202,008	0.06
17	OL	PRIVATE OUTDR LIGHT	1,382	138,105	16,679	12.0770	-	142	16,821	-
18	NSU	NON STD STREET LIGHT	8,364	405,021	61,591	15.2069	0.02	416	62,007	0.02
19	NSP	NON STD PRIVATE LIGHT	137	7,610	1,448	19.0276	-	8	1,456	-
20	SC	CUST OWNED STREET LIGHTING	2,064	97,596	3,613	3.7020	-	100	3,713	-
21	SE	OVR HD EQUIV STREET LIGHTING	24,744	1,476,997	189,543	12.8330	0.06	1,519	191,062	0.06
22	ID01	INTERDEPARTMENTAL	12	729,253	51,324	7.0379	0.02	750	52,074	0.02
23	IS	PJM AND TRANSMISSION	0	0	3,984,486	-	1.19	0	3,984,486	1.17
24		BAD CHECK CHARGES	0	0	23,092	-	0.01	0	23,092	0.01
25		RECONNECTION CHGS	0	0	189,382	-	0.06	0	189,382	0.06
26		POLE AND LINE ATTACHMENTS	0	0	117,775	-	0.04	0	117,775	0.03
27		RENTS	0	0	930,344	-	0.28	0	930,344	0.27
28	WS	SPECIAL CONTRACTS	132	138,735	7,570	5.4564	-	143	7,713	-
29		OTHER MISC	0	0	19,330,403	-	5.75	0	19,330,403	5.68
30	TOTAL		2,040,214	4,026,493,725	336,106,563	8.3474	100.00	4,121,403	340,227,966	100.00

NOTE: DETAIL CONTAINED ON SCHEDULES M-2.2 AND M-2.3.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.2  
PAGE 1 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS (C)	SALES (D)	MOST CURRENT RATES (J)	CURRENT REVENUE LESS FUEL COST REVENUE (K)	% OF REV TO TOTAL LESS FUEL COST REVENUE (L)	REVENUE INCR LESS FUEL COST REV (F - K) (M)	% INCR IN REV LESS FUEL COST REV (M / K) (N)	FUEL COST REVENUE (H)	CURRENT TOTAL REVENUE (K + H) (K1)	TOTAL REVENUE % INCREASE (M / K1) (O)
				(KWH)	(¢/KWH)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	(%)
<b>RESIDENTIAL</b>												
1	RS	RESIDENTIAL SERV	1,525,197	1,453,752,034	8.7793	127,629,351	100.00	22,536,436	17.7	1,494,457	129,123,808	17.5
2	<b>TOTAL RESIDENTIAL</b>		1,525,197	1,453,752,034	8.7793	127,629,351	37.97	22,536,436	17.7	1,494,457	129,123,808	17.5
<b>DISTRIBUTION</b>												
3	DS	DISTRIBUTION SERV	157,022	1,115,844,489	8.0838	90,203,109	53.35	13,056,945	14.5	1,147,088	91,350,197	14.3
4	DT-PRI	TIME OF DAY	443	492,952,443	6.2525	30,821,870	18.23	3,985,169	12.9	506,755	31,328,625	12.7
5	DT-SEC	TIME OF DAY	1,786	683,434,130	6.7112	45,866,347	27.13	6,390,213	13.9	702,570	46,568,917	13.7
6	EH	ELEC SPACE HEATING	502	9,803,357	6.4326	630,615	0.37	91,172	14.5	10,078	640,693	14.2
7	SP	SPORTS SERV	184	269,849	10.7831	29,098	0.02	3,385	11.6	277	29,375	11.5
8	GSFL	SMALL FIXED LOADS	540	6,194,943	9.5305	590,407	0.35	85,667	14.5	6,368	596,775	14.4
9	DP	PRIMARY VOLTAGE	120	13,046,582	7.1666	934,990	0.55	166,558	17.8	13,412	948,402	17.6
10	<b>TOTAL DISTRIBUTION</b>		160,597	2,321,545,793	7.2829	169,076,436	50.31	23,779,109	14.1	2,386,548	171,462,984	13.9
<b>TRANSMISSION</b>												
11	TT	TIME OF DAY	156	213,269,428	5.7718	12,309,452	100.00	1,393,631	11.3	219,241	12,528,693	11.1
12	<b>TOTAL TRANSMISSION</b>		156	213,269,428	5.7718	12,309,452	3.66	1,393,631	11.3	219,241	12,528,693	11.1
<b>REAL TIME PRICING</b>												
13	DT-RTP PRI	REAL TIME PRICING	0	0	-	0	0.00	0	0.0	0	0	0.0
14	DT-RTP SEC	REAL TIME PRICING	24	4,131,069	3.4276	141,597	24.34	35,523	25.1	0	141,597	25.1
15	DS-RTP	REAL TIME PRICING	36	299,922	8.6426	25,921	4.46	2,579	9.9	0	25,921	9.9
16	TT-RTP	REAL TIME PRICING	24	12,915,280	3.2064	414,116	71.20	48,342	11.7	0	414,116	11.7
17	<b>TOTAL REAL TIME PRICING</b>		84	17,346,271	3.3531	581,634	0.17	86,444	14.9	0	581,634	14.9
<b>LIGHTING</b>												
18	SL	STREET LIGHTING	138,477	10,839,811	12.3232	1,335,809	71.23	159,846	12.0	11,143	1,346,952	11.9
19	TL	TRAFFIC LIGHTING	94,895	1,438,465	4.8719	70,080	3.74	8,406	12.0	1,479	71,559	11.7
20	UOLS	UNMTRD OUTDR LIGHT	83,973	5,308,606	3.7025	196,551	10.48	23,650	12.0	5,457	202,008	11.7
21	OL	PRIVATE OUTDR LIGHT	1,382	138,105	12.0770	16,679	0.89	1,989	11.9	142	16,821	11.8
22	NSU	NON STD STREET LIGHT	8,364	405,021	15.2069	61,591	3.28	7,352	11.9	416	62,007	11.9
23	NSP	NON STD PRIVATE LIGHT	137	7,610	19.0276	1,448	0.08	174	12.0	8	1,456	12.0
24	SC	CUST OWNED STREET LIGHTING	2,064	97,596	3.7020	3,613	0.19	435	12.0	100	3,713	11.7
25	SE	OVR HD EQUIV STREET LIGHTING	24,744	1,476,997	12.8330	189,543	10.11	22,650	11.9	1,519	191,062	11.9
26	<b>TOTAL LIGHTING</b>		354,036	19,712,211	9.5135	1,875,314	0.56	224,502	12.0	20,264	1,895,578	11.8
<b>OTHER MISC REVENUE</b>												
27	ID01	INTERDEPARTMENTAL	12	729,253	7.0379	51,324	0.21	0	0.0	750	52,074	0.0
28		PJM AND TRANSMISSION	0	0	-	3,984,486	16.17	0	0.0	0	3,984,486	0.0
29		BAD CHECK CHARGES	0	0	-	23,092	0.09	0	0.0	0	23,092	0.0
30		RECONNECTION CHGS	0	0	-	189,382	0.77	0	0.0	0	189,382	0.0
31		POLE AND LINE ATTACHMENTS	0	0	-	117,775	0.48	0	0.0	0	117,775	0.0
32		RENTS	0	0	-	930,344	3.78	0	0.0	0	930,344	0.0
33	WS	SPECIAL CONTRACTS	132	138,735	0.055596	7,570	0.03	0	0.0	143	7,713	0.0
34		OTHER MISC	0	0	-	19,330,403	78.47	0	0.0	0	19,330,403	0.0
35	<b>TOTAL MISC REVENUE</b>		144	867,988		24,634,376	7.33	0	0.0	893	24,635,269	0.0
36	<b>TOTAL</b>		2,040,214	4,026,493,725	8.3474	336,106,563	100.00	48,020,122	14.3	4,121,403	340,227,966	14.1

NOTE: DETAIL CONTAINED ON SCHEDULES M-2.2 PAGES 2 THROUGH 22.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  BASE PERIOD  FORECASTED PERIOD  
TYPE OF FILING:  ORIGINAL  UPDATED  REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.2  
PAGE 2 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	MOST CURRENT RATES (J)	CURRENT REVENUE LESS FUEL COST REVENUE (K)	% OF REV TO TOTAL LESS FUEL COST REVENUE (L)	REVENUE INCR LESS FUEL COST REV (F - K) (M)	% INCR IN REV LESS FUEL COST REV (M / K) (N)	FUEL COST REVENUE (2) (H)	CURRENT TOTAL REVENUE (K + H) (K1)	TOTAL REVENUE % INCREASE (M / K1) (O)
				(KWH)	(\$/KWH)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	(%)
1	RS	RESIDENTIAL										
2	CUSTOMER CHARGE:											
3	BILLS		1,525,197		\$4.50	6,863,387	5.4	10,249,323	149.3		6,863,387	149.3
4	ENERGY CHARGE (3):											
5	ALL KWH			1,453,752,034	0.075456	109,694,313	85.9	12,287,113	11.2		109,694,313	11.2
6	TOTAL RATE RS EXCLUDING RIDERS		1,525,197	1,453,752,034		116,557,700	91.3	22,536,436	19.3		116,557,700	19.3
7	RIDERS:											
8	HOME ENERGY ASSISTANCE (HEA)				\$0.10	152,520	0.1	0	0.0		152,520	0.0
9	DEMAND SIDE MANAGEMENT RIDER (DSMR)				0.007967	11,582,042	9.1	0	0.0		11,582,042	0.0
10	ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)				0.000000	0	0.0	0	0.0		0	0.0
11	DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)				0.000000	0	0.0	0	0.0		0	0.0
12	FUEL ADJUSTMENT CLAUSE (FAC)				0.001028					1,494,457	1,494,457	0.0
13	FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)				0.000000	0	0.0	0	0.0		0	0.0
14	PROFIT SHARING MECHANISM (PSM)				(0.000456)	(662,911)	(0.5)	0	0.0		(662,911)	0.0
15	TOTAL RIDERS					11,071,651	8.7	0	0.0	1,494,457	12,566,108	0.0
16	TOTAL RATE RS INCLUDING RIDERS		1,525,197	1,453,752,034		127,629,351	100.0	22,536,436	17.7	1,494,457	129,123,808	17.5

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.

(2) REFLECTS FUEL ADJUSTMENT CLAUSE (FAC) OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.



DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.2  
PAGE 3 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE	CLASS / DESCRIPTION	CUSTOMER BILLS(1)	SALES	MOST CURRENT RATES	CURRENT REVENUE LESS FUEL COST REVENUE	% OF REV TO TOTAL LESS FUEL COST REVENUE	REVENUE INCR LESS FUEL COST REV (F - K)	% INCR IN REV LESS FUEL COST REV (M / K)	FUEL COST REVENUE (2)	CURRENT TOTAL REVENUE (K + H)	TOTAL REVENUE % INCREASE (M / K1)
	(A)	(B)	(C)	(D)	(J)	(K)	(L)	(M)	(N)	(H)	(K1)	(O)
				(KW/KWH)	(\$/KWH)/ (\$/KW)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	(%)
1	DS	SERVICE AT										
2		DISTRIBUTION VOLTAGE										
3		CUSTOMER CHARGE:										
4		LOAD MANAGEMENT RIDER - NON-INTERVAL	1,798		\$5.00	8,990	0.0	0	0.0		8,990	0.0
5		LOAD MANAGEMENT RIDER - INTERVAL	12		\$100.00	1,200	0.0	(1,140)	(95.0)		1,200	(95.0)
6		SINGLE PHASE	84,521		\$7.50	633,908	0.7	814,782	128.5		633,908	128.5
7		THREE PHASE	72,501		\$15.00	1,087,515	1.2	1,397,819	128.5		1,087,515	128.5
8		TOTAL CUSTOMER CHARGE	157,022			1,731,613	1.9	2,211,461	127.7		1,731,613	127.7
9		DEMAND CHARGE:										
10		FIRST 15 KW		1,388,597	\$0.00	0	0.0	0	0.0		0	0.0
11		ADDITIONAL KW		2,491,897	\$7.75	19,312,203	21.4	2,442,059	12.6		19,312,203	12.6
12		TOTAL DEMAND		3,880,494		19,312,203	21.4	2,442,059	12.6		19,312,203	12.6
13		ENERGY CHARGE (3):										
14		FIRST 6000 KWH		366,515,604	0.081645	29,924,166	33.2	3,764,849	12.6		29,924,166	12.6
15		NEXT 300KWH/KW		627,126,263	0.050119	31,430,941	34.8	3,954,658	12.6		31,430,941	12.6
16		ADDITIONAL KWH		119,801,361	0.041043	4,917,007	5.5	618,295	12.6		4,917,007	12.6
17		NON-CHURCH "CAP" RATE		1,783,161	0.241184	430,070	0.5	54,108	12.6		430,070	12.6
18		CHURCH CAP RATE		618,100	0.148065	91,519	0.1	11,515	12.6		91,519	12.6
19		TOTAL ENERGY		1,115,844,489		66,793,703	74.1	8,403,425	12.6		66,793,703	12.6
20		TOTAL RATE DS EXCLUDING RIDERS	157,022	1,115,844,489		87,837,519	97.4	13,056,945	14.9		87,837,519	14.9
21		RIDERS:										
22		DEMAND SIDE MANAGEMENT RIDER (DSMR)			0.002576	2,874,415	3.2	0	0.0		2,874,415	0.0
23		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0	0	0.0		0	0.0
24		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.00	0	0.0	0	0.0		0	0.0
25		FUEL ADJUSTMENT CLAUSE (FAC)			0.001028					1,147,088	1,147,088	0.0
26		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0	0	0.0		0	0.0
27		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(508,825)	(0.6)	0	0.0		(508,825)	0.0
28		TOTAL RIDERS				2,365,590	2.6	0	0.0	1,147,088	3,512,678	0.0
29		TOTAL RATE DS INCLUDING RIDERS	157,022	1,115,844,489		90,203,109	100.0	13,056,945	14.5	1,147,088	91,350,197	14.3

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.

(2) REFLECTS FUEL ADJUSTMENT CLAUSE OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.2  
PAGE 4 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	MOST CURRENT RATES (J)	CURRENT REVENUE LESS FUEL COST REVENUE (K)	% OF REV TO TOTAL LESS FUEL COST REVENUE (L)	REVENUE INCR LESS FUEL COST REV (F - K) (M)	% INCR IN REV LESS FUEL COST REV (M / K) (N)	FUEL COST REVENUE (2) (H)	CURRENT TOTAL REVENUE (K + H) (K1)	TOTAL REVENUE % INCREASE (M / K1) (O)
				(KWH/KWH)	(\$/KWH)/ (\$/KW)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	(%)
1		DT-PRI TIME OF DAY PRIMARY										
2		SUMMER:										
3		CUSTOMER CHARGE:										
4		PRIMARY VOLTAGE	148		\$100.00	14,800	0.0	54,020	365.0		14,800	365.0
5		TOTAL CUSTOMER CHARGE	148			14,800	0.0	54,020	365.0		14,800	365.0
6		DEMAND CHARGE:										
7		ON PEAK KW		327,270	\$12.75	4,172,693	13.5	536,722	12.9		4,172,693	0.0
8		OFF PEAK KW		16,385	\$1.15	18,843	0.1	2,458	13.0		18,843	13.0
9		SUB-TOTAL		343,655		4,191,536	13.6	539,180	12.9		4,191,536	12.9
10		PRIMARY SERV. DIS.										
11		FIRST 1000 KW		130,343	(\$0.65)	(84,723)	(0.3)	(10,427)	12.3		(84,723)	12.3
12		ADDITIONAL KW		213,311	(\$0.50)	(106,656)	(0.3)	(12,798)	12.0		(106,656)	12.0
13		TOTAL DEMAND		343,654		4,000,157	13.0	515,955	12.9		4,000,157	12.9
14		ENERGY CHARGE (3):										
15		ON PEAK KWH		49,861,512	0.044195	2,203,630	7.1	283,213	12.9		2,203,630	12.9
16		OFF PEAK KWH		126,004,348	0.036195	4,560,727	14.9	585,795	12.8		4,560,727	12.8
17		TOTAL SUMMER	148	175,865,860		10,779,314	35.0	1,438,983	13.3		10,779,314	13.3
18		WINTER:										
19		CUSTOMER CHARGE:										
20		PRIMARY VOLTAGE	295		\$100.00	29,500	0.1	107,675	365.0		29,500	365.0
21		TOTAL CUSTOMER CHARGE	295			29,500	0.1	107,675	365.0		29,500	365.0
22		DEMAND CHARGE:										
23		ON PEAK KW		603,475	\$12.07	7,283,938	23.6	935,386	12.8		7,283,938	0.0
24		OFF PEAK KW		41,090	\$1.15	47,253	0.2	6,164	13.0		47,253	13.0
25		SUB-TOTAL		644,564		7,331,191	23.8	941,550	12.8		7,331,191	12.8
26		PRIMARY SERV. DIS.										
27		FIRST 1000 KW		266,634	(\$0.65)	(173,312)	(0.6)	(21,331)	12.3		(173,312)	12.3
28		ADDITIONAL KW		377,931	(\$0.50)	(188,965)	(0.6)	(22,676)	12.0		(188,965)	12.0
29		TOTAL DEMAND		644,564		6,968,914	22.6	897,543	12.9		6,968,914	12.9
30		ENERGY CHARGE (3):										
31		ON PEAK KWH		87,022,244	0.042195	3,671,804	11.9	471,399	12.8		3,671,904	12.8
32		OFF PEAK KWH		230,064,339	0.036195	8,327,179	27.0	1,069,569	12.8		8,327,179	12.8
33		TOTAL WINTER	295	317,086,583		18,997,497	61.6	2,546,186	13.4		18,997,497	13.4
34		TOTAL RATE DT PRIMARY EXCLUDING RIDERS	443	492,952,443		29,776,811	96.6	3,985,169	13.4	0	29,776,811	13.4
35		RIDERS:										
36		DEMAND SIDE MANAGEMENT RIDER (DSMR)			0.002576	1,269,845	4.1	0	0.0		1,269,845	0.0
37		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.00	0	0.0	0	0.0		0	0.0
38		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.00	0	0.0	0	0.0		0	0.0
39		FUEL ADJUSTMENT CLAUSE (FAC)			0.001028	0	0.0	0	0.0	506,755	506,755	0.0
40		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0	0	0.0		0	0.0
41		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(224,786)	(0.7)	0	0.0		(224,786)	0.0
42		TOTAL RIDERS				1,045,059	3.4	0	0.0	506,755	1,551,814	0.0
43		TOTAL RATE DT PRIMARY INCLUDING RIDERS	443	492,952,443		30,821,870	100.0	3,985,169	12.9	506,755	31,328,625	12.7

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.2  
PAGE 5 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	MOST CURRENT RATES (J)	CURRENT REVENUE LESS FUEL COST REVENUE (K)	% OF REV TO TOTAL LESS FUEL COST REVENUE (L)	REVENUE INCR LESS FUEL COST REV (F - K) (M)	% INCR IN REV LESS FUEL COST REV (M / K) (N)	FUEL COST REVENUE (2) (H)	CURRENT TOTAL REVENUE (K + H) (K1)	TOTAL REVENUE % INCREASE (M / K1) (O)
				(KWH/KWH)	(\$/KWH)/ (\$/KW)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	(%)
1		DT-SEC TIME OF DAY SECONDARY										
2		SUMMER:										
3		CUSTOMER CHARGE:										
4		SINGLE PHASE	0		\$7.50	0	0.0	0	0.0		0	0.0
5		THREE PHASE	595		\$15.00	8,925	0.0	229,075	2566.7		8,925	2566.7
6		TOTAL CUSTOMER CHARGE	595			8,925	0.0	229,075	2566.7		8,925	2566.7
7		DEMAND CHARGE:										
8		ON PEAK KW		522,436	\$12.75	6,661,059	14.6	856,795	12.9		6,661,059	0.0
9		OFF PEAK KW		12,081	\$1.15	13,893	0.0	1,812	13.0		13,893	13.0
10		TOTAL DEMAND		534,517		6,674,952	14.6	858,607	12.9		6,674,952	12.9
11		ENERGY CHARGE (3):										
12		ON PEAK KWH		76,814,079	0.044195	3,394,798	7.4	436,304	12.9		3,394,798	12.9
13		OFF PEAK KWH		166,266,676	0.036195	6,090,412	13.3	782,272	12.8		6,090,412	12.8
14		TOTAL SUMMER	595	245,080,755		16,169,087	35.3	2,306,258	14.3		16,169,087	14.3
15		WINTER:										
16		CUSTOMER CHARGE:										
17		SINGLE PHASE	0		\$7.50	0	0.0	0	0.0		0	0.0
18		THREE PHASE	1,191		\$15.00	17,865	0.0	458,535	2566.7		17,865	2566.7
19		TOTAL CUSTOMER CHARGE	1,191			17,865	0.0	458,535	2566.7		17,865	2566.7
20		DEMAND CHARGE:										
21		ON PEAK KW		956,046	\$12.07	11,539,469	25.2	1,481,871	12.8		11,539,469	0.0
22		OFF PEAK KW		22,660	\$1.15	26,059	0.1	3,399	13.0		26,059	13.0
23		TOTAL DEMAND		978,706		11,565,528	25.3	1,485,270	12.8		11,565,528	12.8
24		ENERGY CHARGE (3):										
25		ON PEAK KWH		133,131,149	0.042195	5,617,469	12.2	721,171	12.8		5,617,469	12.8
26		OFF PEAK KWH		305,222,226	0.036195	11,047,518	24.1	1,418,979	12.8		11,047,518	12.8
27		TOTAL WINTER	1,191	438,353,375		28,248,380	61.6	4,083,955	14.5		28,248,380	14.5
28		TOTAL RATE DT SECONDARY EXCLUDING RIDERS	1,786	683,434,130		44,417,467	96.8	6,390,213	14.4		44,417,467	0.0
29		RIDERS:										
30		DEMAND SIDE MANAGEMENT RIDER (DSMR)			0.002576	1,760,526	3.9	0	0.0		1,760,526	0.0
31		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0	0	0.0		0	0.0
32		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.00	0	0.0	0	0.0		0	0.0
33		FUEL ADJUSTMENT CLAUSE (FAC)			0.001028					702,570	702,570	0.0
34		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0	0	0.0		0	0.0
35		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(311,646)	(0.7)	0	0.0		(311,646)	0.0
36		TOTAL RIDERS				1,448,880	3.2	0	0.0	702,570	2,151,450	0.0
37		TOTAL RATE DT SECONDARY INCLUDING RIDERS	1,786	683,434,130		45,866,347	100.0	6,390,213	13.9	702,570	46,568,917	13.7

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.2  
PAGE 6 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE	CLASS / DESCRIPTION	CUSTOMER BILLS(1)	SALES	MOST CURRENT RATES	CURRENT REVENUE LESS FUEL COST	% OF REV TO TOTAL LESS FUEL COST	REVENUE INCR LESS FUEL COST	% INCR IN REV LESS FUEL COST	FUEL COST REVENUE (2)	CURRENT TOTAL REVENUE	TOTAL REVENUE
	(A)	(B)	(C)	(D)	(J)	(K)	(L)	(M)	(N)	(H)	(K + H)	(M / K1)
				(KWK/KWH)	(\$/KWH)/ (\$/KW)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	(%)
1	EH	OPTIONAL RATE FOR										
2		ELEC. SPACE HEATING										
3		CUSTOMER CHARGE:										
4		SINGLE PHASE	112		\$7.50	840	0.1	1,080	128.6		840	128.6
5		THREE PHASE	390		\$15.00	5,850	1.0	7,519	128.5		5,850	128.5
6		PRIMARY VOLTAGE	0		\$100.00	0	0.0	0	0.0		0	0.0
7		TOTAL CUSTOMER CHARGE	502			6,690	1.1	8,599	128.5		6,690	128.5
8		DEMAND CHARGE:										
9		ALL KW		38,467	\$0.00	0	0.0	0	0.0		0	0.0
10		ENERGY CHARGE (3):										
11		ALL CONSUMPTION		9,803,357	0.061524	603,142	95.6	82,573	13.7		603,142	13.7
12		TOTAL RATE EH EXCLUDING RIDERS	502	9,803,357		609,832	96.7	91,172	15.0		609,832	15.0
13		RIDERS:										
14		DEMAND SIDE MANAGEMENT RIDER (DSMR)			0.002576	25,253	4.0	0	0.0		25,253	0.0
15		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0	0	0.0		0	0.0
16		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0	0	0.0		0	0.0
17		FUEL ADJUSTMENT CLAUSE (FAC)			0.001028					10,078	10,078	0.0
18		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0	0	0.0		0	0.0
19		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(4,470)	(0.7)	0	0.0		(4,470)	0.0
20		TOTAL RIDERS				20,783	3.3	0	0.0	10,078	30,861	0.0
21		TOTAL RATE EH INCLUDING RIDERS	502	9,803,357		630,615	100.0	91,172	14.5	10,078	640,693	14.2

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:   X   BASE PERIOD        FORECASTED PERIOD  
TYPE OF FILING:   X   ORIGINAL        UPDATED        REVISEC  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.2  
PAGE 7 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	MOST CURRENT RATES (J)	CURRENT REVENUE LESS FUEL COST REVENUE (K)	% OF REV TO TOTAL LESS FUEL COST REVENUE (L)	REVENUE INCR LESS FUEL COST REV (F - K) (M)	% INCR IN REV LESS FUEL COST REV (M / K) (N)	FUEL COST REVENUE (2) (H)	CURRENT TOTAL REVENUE (K + H) (K1)	TOTAL REVENUE % INCREASE (M / K1) (O)
				(KWH)	(\$/KWH)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	(%)
1	SP	SEASONAL SPORTS SERVICE										
2		MINIMUM BILLS (4)	0			0	0.0	0	0.0		0	0.0
3		CUSTOMER CHARGE	184		\$7.50	1,380	4.7	1,774	128.6		1,380	128.6
4		ENERGY CHARGE (3):										
5		ALL CONSUMPTION		269,849	0.100598	27,146	93.3	1,611	5.9		27,146	5.9
6		TOTAL RATE SP EXCLUDING RIDERS	184	269,849		28,526	98.0	3,385	11.9		28,526	11.9
7		RIDERS:										
8		DEMAND SIDE MANAGEMENT RIDER (DSMR)			0.002576	695	2.4	0	0.0		695	0.0
9		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0	0	0.0		0	0.0
10		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0	0	0.0		0	0.0
11		FUEL ADJUSTMENT CLAUSE (FAC)			0.001028					277	277	0.0
12		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0	0	0.0		0	0.0
13		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(123)	(0.4)	0	0.0		(123)	0.0
14		TOTAL RIDERS				572	2.0	0	0.0	277	849	0.0
15		TOTAL RATE SP INCLUDING RIDERS	184	269,849		29,098	100.0	3,385	11.6	277	29,375	11.5
16	GS-FL	SMALL FIXED LOADS										
17		MINIMUM BILLS	540		\$3.00	1,620	0.3	76	4.7		1,620	4.7
18		BASE RATE (3):										
19		LOAD RANGE 540 TO 720 HRS	0	12,111	0.080723	978	0.2	145	14.8		978	14.8
20		LOAD RANGE LESS THAN 540 HRS	0	6,182,832	0.092947	574,676	97.2	85,446	14.9		574,676	14.9
21		TOTAL RATE GS-FL EXCLUDING RIDERS	540	6,194,943		577,274	97.8	85,667	14.8		577,274	14.8
22		RIDERS:										
23		DEMAND SIDE MANAGEMENT RIDER (DSMR)			0.002576	15,958	2.7	0	0.0		15,958	0.0
24		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0	0	0.0		0	0.0
25		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0	0	0.0		0	0.0
26		FUEL ADJUSTMENT CLAUSE (FAC)			0.001028					6,368	6,368	0.0
27		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0	0	0.0		0	0.0
28		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(2,825)	(0.5)	0	0.0		(2,825)	0.0
29		TOTAL RIDERS				13,133	2.2	0	0.0	6,368	19,501	0.0
30		TOTAL RATE GS-FL INCLUDING RIDERS	540	6,194,943		590,407	100.0	85,667	14.5	6,368	596,775	14.4

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

(4) 1.5% OF INSTALLED TRANSFORMER AND METERING COSTS BUT NOT LESS THAN CUSTOMER CHARGE WHETHER SERVICE IS ON OR DISCONNECTED.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:   X   BASE PERIOD        FORECASTED PERIOD  
TYPE OF FILING:   X   ORIGINAL        UPDATED        REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.2  
PAGE 8 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE	CLASS / DESCRIPTION	CUSTOMER BILLS(1)	SALES	MOST CURRENT RATES	CURRENT REVENUE LESS FUEL COST REVENUE	% OF REV TO TOTAL LESS FUEL COST REVENUE	REVENUE INCR LESS FUEL COST REV	% INCR IN REV LESS FUEL COST REV	FUEL COST REVENUE (2)	CURRENT TOTAL REVENUE	TOTAL REVENUE
	(A)	(B)	(C)	(D)	(J)	(K)	(L)	(M)	(N)	(H)	(K+H)	(M/K1)
				(KWH/KWH)	(\$/KWH)/ (\$/KW)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	(%)
1	DP	SERVICE AT PRIMARY DISTRIBUTION VOLTAGE										
2												
3		CUSTOMER CHARGE:										
4		LOAD MANAGEMENT RIDER	24		\$100.00	2,400	0.3	(2,280)	(95.0)		2,400	(95.0)
5		PRIMARY VOLTAGE	120		\$100.00	12,000	1.2	2,254	18.8		12,000	18.8
6		TOTAL CUSTOMER CHARGE	120			14,400	1.5	(26)	(76.2)		14,400	(0.2)
7		DEMAND CHARGE:										
8		ALL KW		34,707	\$7.08	245,728	26.3	45,814	18.6		245,728	18.6
9		TOTAL DEMAND		34,707		245,728	26.3	45,814	18.6		245,728	18.6
10		ENERGY CHARGE (3):										
11		FIRST 300KWH/KW		10,097,570	0.051068	515,663	55.2	96,199	18.7		515,663	18.7
12		ADDITIONAL KWH		2,928,055	0.043198	126,486	13.5	23,627	18.7		126,486	18.7
13		CAP RATE KWH		20,957	0.241184	5,054	0.5	944	18.7		5,054	18.7
14		TOTAL ENERGY		13,046,582		647,203	69.2	120,770	18.7		647,203	18.7
15		TOTAL RATE DP EXCLUDING RIDERS	120	13,046,582		907,331	97.0	166,558	18.4		907,331	18.4
16		RIDERS:										
17		DEMAND SIDE MANAGEMENT RIDER (DSMR)			0.002576	33,608	3.6	0	0.0		33,608	0.0
18		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0	0	0.0		0	0.0
19		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.00	0	0.0	0	0.0		0	0.0
20		FUEL ADJUSTMENT CLAUSE (FAC)			0.001028					13,412	13,412	0.0
21		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0	0	0.0		0	0.0
22		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(5,949)	(0.6)	0	0.0		(5,949)	0.0
23		TOTAL RIDERS				27,659	3.0	0	0.0	13,412	41,071	0.0
24		TOTAL RATE DP INCLUDING RIDERS	120	13,046,582		934,990	100.0	166,558	17.8	13,412	948,402	17.6

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.  
(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.  
(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.2  
PAGE 9 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D) (KWK/KWH)	MOST CURRENT RATES (J) (\$/KWH)/ (\$/KW)	CURRENT REVENUE LESS FUEL COST REVENUE (K) (\$)	% OF REV TO TOTAL LESS FUEL COST REVENUE (L) (%)	REVENUE INCR LESS FUEL COST REV (F - K) (M) (\$)	% INCR IN REV LESS FUEL COST REV (M / K) (N) (%)	FUEL COST REVENUE (2) (H) (\$)	CURRENT TOTAL REVENUE (K + H) (K1) (\$)	TOTAL REVENUE % INCREASE (M / K1) (O) (%)
1	TT	TIME OF DAY										
2		SUMMER:										
3		CUSTOMER CHARGE	52		\$500.00	26,000	0.2	0	0.0		26,000	0.0
4		DEMAND CHARGE:										
5		ON PEAK KW		158,600	\$7.60	1,205,360	9.8	136,396	11.3		1,205,360	11.3
6		OFF PEAK KW		6,575	\$1.15	7,561	0.1	855	11.3		7,561	11.3
7		TOTAL DEMAND		165,175		1,212,921	9.9	137,251	11.3		1,212,921	11.3
8		ENERGY CHARGE (3):										
9		ON PEAK KWH		25,151,023	0.042648	1,072,641	8.7	296,933	27.7		1,072,641	27.7
10		OFF PEAK KWH		45,316,087	0.042648	1,932,640	15.7	88,186	4.6		1,932,640	4.6
11		TOTAL ENERGY		70,467,110		3,005,281	24.4	385,119	12.8		3,005,281	12.8
12		TOTAL SUMMER	52	70,467,110		4,244,202	34.5	522,370	12.3		4,244,202	12.3
13		WINTER:										
14		CUSTOMER CHARGE	104		\$500.00	52,000	0.4	0	0.0		52,000	0.0
15		DEMAND CHARGE:										
16		ON PEAK KW		315,419	\$6.24	1,968,213	16.0	223,948	11.4		1,968,213	11.4
17		OFF PEAK KW		11,328	\$1.15	13,027	0.1	1,472	11.3		13,027	11.3
18		TOTAL DEMAND		326,747		1,981,240	16.1	225,420	11.4		1,981,240	11.4
19		ENERGY CHARGE (3):										
20		ON PEAK KWH		49,796,666	0.042648	2,123,728	17.3	464,852	21.9		2,123,728	21.9
21		OFF PEAK KWH		93,005,652	0.042648	3,966,505	32.2	180,989	4.6		3,966,505	4.6
22		TOTAL ENERGY		142,802,318		6,090,233	49.5	645,841	10.6		6,090,233	10.6
23		TOTAL WINTER	104	142,802,318		8,123,473	66.0	871,261	10.7		8,123,473	10.7
24		TOTAL RATE TT EXCLUDING RIDERS	156	213,269,428		12,367,675	100.5	1,393,631	11.3		12,367,675	11.3
25		RIDERS:										
26		DEMAND SIDE MANAGEMENT RIDER (DSMR)			0.000183	39,028	0.3	0	0.0		39,028	0.0
27		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0	0	0.0		0	0.0
28		FUEL ADJUSTMENT CLAUSE (FAC)			0.001028					219,241	219,241	0.0
29		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0	0	0.0		0	0.0
30		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(97,251)	(0.8)	0	0.0		(97,251)	0.0
31		TOTAL RIDERS				(58,223)	(0.5)	0	0.0	219,241	161,018	0.0
32		TOTAL RATE TT INCLUDING RIDERS	156	213,269,428		12,309,452	100.0	1,393,631	11.3	219,241	12,528,693	11.1

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.2  
PAGE 10 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	MOST CURRENT RATES (J)	CURRENT REVENUE LESS FUEL COST REVENUE (K)	% OF REV TO TOTAL LESS FUEL COST REVENUE (L)	REVENUE INCR LESS FUEL COST REV (F - K) (M)	% INCR IN REV LESS FUEL COST REV (M / K) (N)	FUEL COST REVENUE (H)	CURRENT TOTAL REVENUE (K + H) (K1)	TOTAL REVENUE % INCREASE (M / K1) (O)
				(KWH)	(\$/KWH)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	(%)
1	DT RTP	TIME OF DAY SERVICE AT SECONDARY DISTRIBUTION VOLTAGE										
2												
3		CUSTOMER CHARGE:										
4		BILLS (Real-Time Pricing)	24		\$183.00	4,392	3.1	0	0.0		4,392	0.0
5		TOTAL CUSTOMER CHARGE				4,392	3.1	0	0.0		4,392	0.0
6		ENERGY CHARGE:										
7		ALL KWH		4,131,069	0.006053	25,005	17.7	38,663	154.6		25,005	154.6
8		ANCILLARY SERVICES		4,131,069	0.000760	3,140	2.2	(3,140)	(100.0)		3,140	(100.0)
9		COMMODITY CHARGES		4,131,069	0.024280	100,302	70.8	0	0.0	0	100,302	0.0
10		TOTAL ENERGY		4,131,069		128,447	90.7	35,523	27.7	0	128,447	27.7
11		TOTAL RATE DT RTP SECONDARY EXCLUDING RIDERS	24	4,131,069		132,839	93.8	35,523	26.7	0	132,839	26.7
12		RIDERS:										
13		DEMAND SIDE MANAGEMENT RIDER (DSMR)			0.002576	10,642	7.5	0	0.0		10,642	0.0
14		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0	0	0.0		0	0.0
15		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)		0	0.00	0	0.0	0	0.0		0	0.0
16		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0	0	0.0		0	0.0
17		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(1,884)	(1.3)	0	0.0		(1,884)	0.0
18		TOTAL RIDERS				8,758	6.2	0	0.0	0	8,758	0.0
19		TOTAL RATE DT RTP SECONDARY INCLUDING RIDERS	24	4,131,069		141,597	100.0	35,523	25.1	0	141,597	25.1

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.



DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.2  
PAGE 11 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	MOST CURRENT RATES (J)	CURRENT REVENUE LESS FUEL COST REVENUE (K)	% OF REV TO TOTAL LESS FUEL COST REVENUE (L)	REVENUE INCR LESS FUEL COST REV (F - K) (M)	% INCR IN REV LESS FUEL COST REV (M / K) (N)	FUEL COST REVENUE (H)	CURRENT TOTAL REVENUE (K + H) (K1)	TOTAL REVENUE % INCREASE (M / K1) (O)
				(KWH)	(\$/KWH)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	(%)
1	DS RTP	SERVICE AT SECONDARY DISTRIBUTION VOLTAGE										
2												
3	CUSTOMER CHARGE:											
4	BILLS (Real-Time Pricing)		36		\$183.00	6,588	25.4	0	0.0		6,588	0.0
5	TOTAL CUSTOMER CHARGE					6,588	25.4	0	0.0		6,588	0.0
6	ENERGY CHARGE:											
7	ALL KWH			299,922	0.006053	1,815	7.0	2,807	154.7		1,815	154.7
8	ANCILLARY SERVICES			299,922	0.000760	228	0.9	(228)	(100.0)		228	(100.0)
9	COMMODITY CHARGES			299,922	0.055529	16,654	64.2	0	0.0	0	16,654	0.0
10	TOTAL ENERGY			299,922		18,697	72.1	2,579	13.8	0	18,697	13.8
11	TOTAL RATE DS RTP EXCLUDING RIDERS		36	299,922		25,285	97.5	2,579	10.2	0	25,285	10.2
12	RIDERS:											
13	DEMAND SIDE MANAGEMENT RIDER (DSMR)				0.002576	773	3.0	0	0.0		773	0.0
14	ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)				0.000000	0	0.0	0	0.0		0	0.0
15	DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0	0.00	0	0.0	0	0.0		0	0.0
16	FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)				0.000000	0	0.0	0	0.0		0	0.0
17	PROFIT SHARING MECHANISM (PSM)				(0.000456)	(137)	(0.5)	0	0.0		(137)	0.0
18	TOTAL RIDERS					636	2.5	0	0.0	0	636	0.0
19	TOTAL RATE DS RTP INCLUDING RIDERS		36	299,922		25,921	100.0	2,579	9.9	0	25,921	9.9

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:   X   BASE PERIOD    FORECASTED PERIOD  
TYPE OF FILING:   X   ORIGINAL    UPDATED    REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.2  
PAGE 12 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	MOST CURRENT RATES (J)	CURRENT REVENUE LESS FUEL COST REVENUE (K)	% OF REV TO TOTAL LESS FUEL COST REVENUE (L)	REVENUE INCR LESS FUEL COST REV (F - K) (M)	% INCR IN REV LESS FUEL COST REV (M / K) (N)	FUEL COST REVENUE (H)	CURRENT TOTAL REVENUE (K + H) (K1)	TOTAL REVENUE % INCREASE (M / K1) (O)
				(KWH)	(\$/KWH)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	(%)
1	TT RTP	TIME OF DAY SERVICE AT										
2		TRANSMISSION VOLTAGE										
3	CUSTOMER CHARGE:											
4	BILLS (Real-Time Pricing)		24		\$183.00	4,392	1.1	0	0.0		4,392	0.0
5	TOTAL CUSTOMER CHARGE					4,392	1.1	0	0.0		4,392	0.0
6	ENERGY CHARGE:											
7	ALL KWH			12,915,280	0.002008	25,934	6.3	57,654	222.3		25,934	222.3
8	ANCILLARY SERVICES			12,915,280	0.000721	9,312	2.2	(9,312)	(100.0)		9,312	(100.0)
9	COMMODITY CHARGES			12,915,280	0.029268	378,004	91.3	0	0.0	0	378,004	0.0
10	TOTAL ENERGY			12,915,280		413,250	99.8	48,342	11.7	0	413,250	11.7
11	TOTAL RATE TT RTP EXCLUDING RIDERS		24	12,915,280		417,642	100.9	48,342	11.6	0	417,642	11.6
12	RIDERS:											
13	DEMAND SIDE MANAGEMENT RIDER (DSMR)				0.000183	2,363	0.6	0	0.0		2,363	0.0
14	ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)				0.000000	0	0.0	0	0.0		0	0.0
15	FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)				0.000000	0	0.0	0	0.0		0	0.0
16	PROFIT SHARING MECHANISM (PSM)				(0.000456)	(5,889)	(1.5)	0	0.0		(5,889)	0.0
17	TOTAL RIDERS					(3,526)	(0.9)	0	0.0	0	(3,526)	0.0
18	TOTAL RATE TT RTP INCLUDING RIDERS		24	12,915,280		414,116	100.0	48,342	11.7	0	414,116	11.7

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.2  
PAGE 13 OF 22  
WITNESS RESPONSIBLE:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D) (KWH)	MOST CURRENT RATES(1A) (J) (\$/UNIT)	CURRENT REVENUE LESS FUEL COST REVENUE (K) (\$)	% OF REV TO TOTAL LESS FUEL COST REVENUE (L) (%)	REVENUE INCR LESS FUEL COST REV (F - K) (M) (\$)	% INCR IN REV LESS FUEL COST REV (M / K) (N) (%)	FUEL COST REVENUE (2) (H) (\$)	CURRENT TOTAL REVENUE (K + H) (K1) (\$)	TOTAL REVENUE % INCREASE (M / K1) (O) (%)
1	SL	STREET LIGHTING – CO OWNED & MAINTAINED										
2	OVERHEAD DISTRIBUTION:											
3	MERCURY VAPOR :											
4	7,000 LUMEN		67,685	4,529,255	7.11	481,240	36.0	57,533	12.0	4,657	485,897	11.8
5	7,000 LUMEN (OPEN)		61	4,336	5.94	362	0.0	44	12.2	4	366	12.0
6	7,000 LUMEN (4)		36	2,409	11.45	412	0.0	50	12.1	2	414	12.1
7	7,000 LUMEN (5)		560	37,473	11.51	6,446	0.5	767	11.9	39	6,485	11.8
8	7,000 LUMEN (6)		119	7,963	12.38	1,473	0.1	176	11.9	8	1,481	11.9
9	7,000 LUMEN (8A)		132	8,833	14.12	1,864	0.1	222	11.9	9	1,873	11.9
10	10,000 LUMEN		2,189	208,638	8.21	18,054	1.4	2,155	11.9	216	18,270	11.8
11	10,000 LUMEN (5)		7	667	12.61	88	0.0	11	12.5	1	89	12.4
12	21,000 LUMEN		9,600	1,431,200	10.99	105,504	7.9	12,576	11.9	1,471	106,975	11.8
13	21,000 LUMEN (5)		132	19,679	15.39	2,031	0.2	242	11.9	20	2,051	11.8
14	21,000 LUMEN (6)		132	19,679	16.26	2,146	0.2	256	11.9	20	2,166	11.8
15	METAL HALIDE:											
16	14,000 LUMEN		336	22,484	7.11	2,389	0.2	286	12.0	23	2,412	11.9
17	14,000 LUMEN (5)		48	3,212	11.51	552	0.0	66	12.0	3	555	11.9
18	14,000 LUMEN (6)		91	6,089	12.38	1,127	0.1	134	11.9	6	1,133	11.8
19	14,000 LUMEN (10)		12	803	11.51	138	0.0	17	12.3	1	139	12.2
20	20,500 LUMEN		168	16,016	8.21	1,379	0.1	165	12.0	16	1,395	11.8
21	20,500 LUMEN (5)		24	2,288	13.48	324	0.0	38	11.7	2	326	11.7
22	36,000 LUMEN		0	0	10.99	0	0.0	0	0.0	0	0	0.0
23	SODIUM VAPOR:											
24	9,500 LUMEN		19,202	779,281	7.87	151,120	11.3	18,050	11.9	801	151,921	11.9
25	9,500 LUMEN (OPEN)		120	4,870	5.91	709	0.1	84	11.8	5	714	11.8
26	9,500 LUMEN (4)		48	1,948	12.21	586	0.0	70	11.9	2	588	11.9
27	9,500 LUMEN (5)		685	27,800	12.27	8,405	0.6	1,000	11.9	29	8,434	11.9
28	9,500 LUMEN (6)		685	27,800	13.14	9,001	0.7	1,075	11.9	29	9,030	11.9
29	16,000 LUMEN		372	22,041	8.58	3,192	0.2	379	11.9	23	3,215	11.8
30	16,000 LUMEN (5)		12	711	12.98	156	0.0	18	11.5	1	157	11.5
31	16,000 LUMEN (6)		108	6,399	13.85	1,496	0.1	178	11.9	7	1,503	11.8
32	22,000 LUMEN		5,435	429,365	11.13	60,492	4.5	7,174	11.9	441	60,933	11.8
33	22,000 LUMEN (4)		36	2,844	15.47	557	0.0	66	11.8	3	560	11.8
34	22,000 LUMEN (5)		219	17,301	15.53	3,401	0.3	403	11.8	18	3,419	11.8
35	22,000 LUMEN (6)		72	5,688	16.40	1,181	0.1	140	11.9	6	1,187	11.8
36	22,000 LUMEN (8)		12	948	18.07	217	0.0	26	12.0	1	218	11.9
37	27,500 LUMEN		96	7,564	11.13	1,068	0.1	127	11.9	8	1,076	11.8
38	27,500 LUMEN (6)		12	948	16.40	197	0.0	23	11.7	1	198	11.6
39	50,000 LUMEN		10,369	1,692,739	14.95	155,017	11.6	18,458	11.9	1,740	156,757	11.8
40	50,000 LUMEN (5)		312	50,934	19.35	6,037	0.5	718	11.9	52	6,089	11.8
41	50,000 LUMEN (6)		619	101,052	20.22	12,516	0.9	1,492	11.9	104	12,620	11.8

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED.

(1A) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) WITH 17' WOOD LAMINATED POLE.

(4) WITH 30' WOOD POLE.

(5) WITH 35' WOOD POLE.

(6) WITH 40' WOOD POLE.

(7) WITH 12' ALUM POLE.

(8) WITH 28' ALUM POLE.

(8A) WITH 28' ALUM POLE HEAVY GAUGE.

(9) WITH 30' ALUM POLE.

(10) WITH 17' FIBERGLASS POLE.

(11) WITH 12' FIBERGLASS POLE.

(12) WITH 30' FIBERGLASS POLE.

(13) WITH 35' FIBERGLASS POLE.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:   X   BASE PERIOD        FORECASTED PERIOD  
TYPE OF FILING:   X   ORIGINAL        UPDATED        REVISED  
WORK PAPER REFERENCE NO(S):  
5 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.2  
PAGE 14 OF 22  
WITNESS RESPONSIBLE:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE	CLASS / DESCRIPTION	CUSTOMER BILLS(1)	SALES	MOST CURRENT RATES(1A)	CURRENT REVENUE LESS FUEL COST	% OF REV TO TOTAL LESS FUEL COST	REVENUE INCR LESS FUEL COST REV	% INCR IN REV LESS FUEL COST REV	FUEL COST REVENUE (2)	CURRENT TOTAL REVENUE	TOTAL REVENUE % INCREASE
	(A)	(B)	(C)	(D)	(J)	(K)	(L)	(M)	(N)	(H)	(K1)	(O)
				(KWH)	(\$/UNIT)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	(%)
42	SL	STREET LIGHTING – CO OWNED & MAINTAINED (CONT'D.)										
43		OVERHEAD DISTRIBUTION (CONT'D.)										
44		DECORATIVE SODIUM VAPOR.										
45		9,500 LUMEN RECTILINEAR	0	0	9.78	0	0.0	0	0.0	0	0	0.0
46		22,000 LUMEN RECTILINEAR	12	1,023	12.09	145	0.0	17	11.7	1	146	11.6
47		50,000 LUMEN RECTILINEAR	132	21,549	16.00	2,112	0.2	251	11.9	22	2,134	11.8
48		50,000 LUMEN RECTILINEAR (5)	160	29,385	20.40	3,672	0.3	436	11.9	30	3,702	11.8
49		50,000 LUMEN RECTILINEAR (6)	0	0	21.27	0	0.0	0	0.0	0	0	0.0
50		50,000 LUMEN SETBACK	216	35,262	23.79	5,139	0.4	611	11.9	36	5,175	11.8
51		50,000 LUMEN SETBACK (6)	36	5,877	29.06	1,046	0.1	125	12.0	6	1,052	11.9
52		TOTAL OVERHEAD	120,332	9,595,373		1,052,991	78.8	125,657	11.9	9,864	1,062,855	11.8
53		UNDERGROUND DISTRIBUTION										
54		MERCURY VAPOR:										
55		7,000 LUMEN	60	4,370	7.24	434	0.0	52	12.0	4	438	11.9
56		7,000 LUMEN (OPEN)	0	0	5.94	0	0.0	0	0.0	0	0	0.0
57		7,000 LUMEN (4)	600	43,700	11.58	6,948	0.5	828	11.9	45	6,993	11.8
58		7,000 LUMEN (5)	12	874	11.64	140	0.0	16	11.4	1	141	11.3
59		7,000 LUMEN (8)	360	26,220	14.18	5,105	0.4	605	11.9	27	5,132	11.8
60		10,000 LUMEN	0	0	8.36	0	0.0	0	0.0	0	0	0.0
61		10,000 LUMEN (4)	84	8,505	12.70	1,067	0.1	127	11.9	9	1,076	11.8
62		10,000 LUMEN (8)	156	15,795	15.30	2,387	0.2	282	11.8	16	2,403	11.7
63		21,000 LUMEN	96	15,312	11.25	1,080	0.1	129	11.9	16	1,096	11.8
64		21,000 LUMEN (8)	132	21,054	18.19	2,401	0.2	285	11.9	22	2,423	11.8
65		METAL HALIDE:										
66		14,000 LUMEN	0	0	7.24	0	0.0	0	0.0	0	0	0.0
67		20,500 LUMEN	0	0	8.36	0	0.0	0	0.0	0	0	0.0
68		36,000 LUMEN	0	0	11.25	0	0.0	0	0.0	0	0	0.0
69		SODIUM VAPOR:										
70		9,500 LUMEN	0	0	7.87	0	0.0	0	0.0	0	0	0.0
71		9,500 LUMEN (6)	24	974	13.14	315	0.0	38	12.1	1	316	12.0
72		9,500 LUMEN (8)	586	23,863	14.81	8,708	0.7	1,035	11.9	25	8,733	11.9
73		9,500 LUMEN (10)	24	974	12.27	294	0.0	36	12.2	1	295	12.2
74		9,500 LUMEN (13)	12	487	16.47	198	0.0	23	11.6	1	199	11.6
75		9,500 LUMEN (OPEN)	0	0	5.99	0	0.0	0	0.0	0	0	0.0
76		16,000 LUMEN	0	0	8.55	0	0.0	0	0.0	0	0	0.0
77		16,000 LUMEN (6)	25	1,481	13.82	346	0.0	41	11.8	2	348	11.8
78		22,000 LUMEN	228	18,012	11.13	2,538	0.2	301	11.9	19	2,557	11.8
79		22,000 LUMEN (5)	60	4,740	15.53	932	0.1	110	11.8	5	937	11.7
80		22,000 LUMEN (8)	528	41,712	18.07	9,541	0.7	1,130	11.8	43	9,584	11.8
81		22,000 LUMEN (8A)	48	3,792	18.14	871	0.1	103	11.8	4	875	11.8
82		27,500 LUMEN	0	0	11.13	0	0.0	0	0.0	0	0	0.0
83		27,500 LUMEN (9)	252	19,908	24.99	6,297	0.5	749	11.9	20	6,317	11.9
84		50,000 LUMEN	336	54,852	14.95	5,023	0.4	598	11.9	56	5,079	11.8
85		50,000 LUMEN (8)	72	11,754	21.89	1,578	0.1	187	11.9	12	1,588	11.8
86		50,000 LUMEN (9)	132	21,549	28.81	3,803	0.3	453	11.9	22	3,825	11.8
87		DECORATIVE MERCURY VAPOR.										
88		7,000 LUMEN TOWN & COUNTRY	0	0	7.48	0	0.0	0	0.0	0	0	0.0
89		7,000 LUMEN TOWN & COUNTRY (3)	216	15,354	11.88	2,566	0.2	305	11.9	16	2,582	11.8
90		7,000 LUMEN TOWN & COUNTRY (10)	5,888	418,539	11.88	69,949	5.2	8,303	11.9	430	70,379	11.8
91		7,000 LUMEN HOLOPHANE	24	1,748	9.40	226	0.0	26	11.5	2	228	11.4
92		7,000 LUMEN HOLOPHANE (10)	1,909	139,039	13.80	26,344	2.0	3,131	11.9	143	26,487	11.8
93		7,000 LUMEN GAS REPLICA (7)	96	6,992	33.45	3,211	0.2	382	11.9	7	3,218	11.9
94		7,000 LUMEN GRANVILLE	0	0	7.56	0	0.0	0	0.0	0	0	0.0
95		7,000 LUMEN GRANVILLE (7)	0	0	19.53	0	0.0	0	0.0	0	0	0.0
96		7,000 LUMEN ASPEN	24	1,748	13.61	327	0.0	39	11.9	2	329	11.9

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED  
(1A) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH  
(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.  
(3) WITH 17' WOOD LAMINATED POLE.  
(4) WITH 30' WOOD POLE.

(5) WITH 35' WOOD POLE.  
(6) WITH 40' WOOD POLE.  
(7) WITH 12' ALUM POLE.  
(8) WITH 28' ALUM POLE.  
(8A) WITH 28' ALUM POLE HEAVY GAUGE.

(9) WITH 30' ALUM POLE.  
(10) WITH 17' FIBERGLASS POLE.  
(11) WITH 12' FIBERGLASS POLE.  
(12) WITH 30' FIBERGLASS POLE.  
(13) WITH 35' FIBERGLASS POLE.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.2  
PAGE 15 OF 22  
WITNESS RESPONSIBLE:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE	CLASS / DESCRIPTION	CUSTOMER BILLS(1)	SALES	MOST CURRENT RATES(1A)	CURRENT REVENUE LESS FUEL COST REVENUE	% OF REV TO TOTAL LESS FUEL COST REVENUE	REVENUE INCR LESS FUEL COST REV	% INCR IN REV LESS FUEL COST REV	FUEL COST REVENUE (2)	CURRENT TOTAL REVENUE	TOTAL REVENUE % INCREASE
	(A)	(B)	(C)	(D)	(J)	(K)	(L)	(F - K)	(M / K)	(H)	(K + H)	(O)
				(KWH)	(\$/UNIT)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	(%)
97	SL	STREET LIGHTING -- CO OWNED & MAINTAINED (CONT'D.)										
98		UNDERGROUND DISTRIBUTION (CONT'D.):										
99		DECORATIVE METAL HALIDE:										
100		14,000 LUMEN TRADITIONAIRE	0	0	7.48	0	0.0	0	0.0	0	0	0.0
101		14,000 LUMEN TRADITIONAIRE (7)	60	4,265	19.45	1,167	0.1	139	11.9	4	1,171	11.9
102		14,000 LUMEN TRADITIONAIRE (10)	468	33,267	11.88	5,560	0.4	660	11.9	34	5,594	11.8
103		14,000 LUMEN GRANVILLE	0	0	13.61	0	0.0	0	0.0	0	0	0.0
104		14,000 LUMEN GRANVILLE (11)	0	0	26.48	0	0.0	0	0.0	0	0	0.0
105		14,000 LUMEN GAS REPLICA	0	0	21.57	0	0.0	0	0.0	0	0	0.0
106		14,500 LUMEN GAS REPLICA	0	0	21.57	0	0.0	0	0.0	0	0	0.0
107		14,500 LUMEN GAS REPLICA (7)	240	17,480	33.54	8,050	0.6	955	11.9	18	8,068	11.8
108		14,500 LUMEN GAS REPLICA (10)	60	4,370	25.97	1,558	0.1	185	11.9	4	1,562	11.8
109		DECORATIVE SODIUM VAPOR:										
110		9,500 LUMEN TOWN & COUNTRY	98	3,977	10.93	1,071	0.1	128	12.0	4	1,075	11.9
111		9,500 LUMEN TOWN & COUNTRY (10)	1,896	76,946	16.33	29,066	2.2	3,450	11.9	79	29,145	11.8
112		9,500 LUMEN HOLOPHANE	576	25,536	11.84	6,820	0.5	812	11.9	26	6,846	11.9
113		9,500 LUMEN HOLOPHANE (10)	312	13,832	16.24	5,067	0.4	602	11.9	14	5,081	11.8
114		9,500 LUMEN GAS REPLICA (7)	132	5,852	34.23	4,518	0.3	538	11.9	6	4,524	11.9
115		9,500 LUMEN GAS REPLICA (10)	12	532	26.66	320	0.0	38	11.9	1	321	11.8
116		9,500 LUMEN GAS REPLICA (11)	312	13,832	35.13	10,961	0.8	1,304	11.9	14	10,975	11.9
117		9,500 LUMEN ASPEN (7)	888	39,368	13.79	12,246	0.9	1,456	11.9	40	12,286	11.9
118		9,500 LUMEN TRADITIONAIRE	0	0	10.93	0	0.0	0	0.0	0	0	0.0
119		9,500 LUMEN TRADITIONAIRE (10)	696	28,246	15.33	10,670	0.8	1,266	11.9	29	10,699	11.8
120		9,500 LUMEN GRANVILLE	0	0	13.79	0	0.0	0	0.0	0	0	0.0
121		9,500 LUMEN GRANVILLE (7)	0	0	25.76	0	0.0	0	0.0	0	0	0.0
122		9,500 LUMEN GRANVILLE (10)	0	0	18.19	0	0.0	0	0.0	0	0	0.0
123		9,500 LUMEN GRANVILLE (11)	0	0	26.66	0	0.0	0	0.0	0	0	0.0
124		22,000 LUMEN RECTILINEAR	0	0	12.15	0	0.0	0	0.0	0	0	0.0
125		22,000 LUMEN RECTILINEAR (12)	169	14,407	20.63	3,470	0.3	412	11.9	15	3,485	11.8
126		50,000 LUMEN RECTILINEAR	0	0	16.06	0	0.0	0	0.0	0	0	0.0
127		50,000 LUMEN RECTILINEAR (12)	36	5,877	24.44	880	0.1	105	11.9	6	886	11.9
128		50,000 LUMEN RECTILINEAR (13)	204	33,303	24.66	5,031	0.4	597	11.9	34	5,065	11.8
129		50,000 LUMEN SETBACK	0	0	23.79	0	0.0	0	0.0	0	0	0.0
130		TOTAL UNDERGROUND	18,145	1,244,438		269,082	20.2	31,961	11.9	1,279	270,361	11.8
131		RIDERS NOT INCLUDED IN RATES ABOVE (\$ PER KWH):										
132		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0	0	0.0	0	0	0.0
133		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0	0	0.0	0	0	0.0
134		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0	0	0.0	0	0	0.0
135		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(4,943)	(0.4)	0	0.0	0	(4,943)	0.0
136		TOTAL RIDERS NOT INCLUDED IN RATES ABOVE				(4,943)	(0.4)	0	0.0	0	(4,943)	0.0
137		ADD'L FACILITIES CHARGE:										
138		OVERHEAD	5,647		0.52	2,936	0.2	339	11.5		2,936	11.5
139		UNDERGROUND	20,991		0.75	15,743	1.2	1,889	12.0		15,743	12.0
140		TOTAL ADD'L FACILITIES CHG	26,638			18,679	1.4	2,228	11.9	0	18,679	11.9
141		TOTAL RATE SLI NCLUDING RIDERS	138,477	10,839,811		1,335,809	100.0	159,846	12.0	11,143	1,346,952	11.9

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED.  
(1A) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH  
(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.  
(3) WITH 17' WOOD LAMINATED POLE.  
(4) WITH 30' WOOD POLE.

(5) WITH 35' WOOD POLE.  
(6) WITH 40' WOOD POLE.  
(7) WITH 12' ALUM POLE.  
(8) WITH 28' ALUM POLE.  
(8A) WITH 28' ALUM POLE HEAVY GAUGE.

(9) WITH 30' ALUM POLE.  
(10) WITH 17' FIBERGLASS POLE.  
(11) WITH 12' FIBERGLASS POLE.  
(12) WITH 30' FIBERGLASS POLE.  
(13) WITH 35' FIBERGLASS POLE.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:   X   BASE PERIOD        FORECASTED PERIOD  
TYPE OF FILING:   X   ORIGINAL        UPDATED        REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.2  
PAGE 16 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	MOST CURRENT RATES (J)	CURRENT REVENUE LESS FUEL COST REVENUE (K)	% OF REV TO TOTAL LESS FUEL COST REVENUE (L)	REVENUE INCR LESS FUEL COST REV (F - K) (M)	% INCR IN REV LESS FUEL COST REV (M / K) (N)	FUEL COST REVENUE (2) (H)	CURRENT TOTAL REVENUE (K + H) (K1)	TOTAL REVENUE % INCREASE (M / K1) (O)
				(KWH)	(\$/KWH)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	(%)
1	TL	TRAFFIC LIGHTING SERVICE										
2												
3	(A)	WHERE COMPANY										
4		SUPPLIES ENERGY ONLY (3):										
5		ALL CONSUMPTION	76,019	680,382	0.038066	25,899	37.0	3,078	11.9	700	26,599	11.6
6	(B)	WHERE COMPANY										
7		SUPPLIES ENERGY FROM A										
8		SEPARATELY METERED SOURCE										
9		AND PROVIDES LIMITED										
10		MAINTENANCE:										
11		ALL CONSUMPTION	0	0	0.021078	0	0.0	0	0.0	0	0	0.0
12	(B)	WHERE COMPANY										
13		SUPPLIES ENERGY AND										
14		PROVIDES LIMITED										
15		MAINTENANCE (3):										
16		ALL CONSUMPTION	18,876	758,083	0.059145	44,837	63.9	5,328	11.9	779	45,616	11.7
17		TOTAL RATE TL EXCLUDING RIDERS	94,895	1,438,465		70,736	100.9	8,406	11.9	1,479	72,215	11.6
18		RIDERS NOT INCLUDED IN RATES ABOVE:										
19		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0	0	0.0		0	0.0
20		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0	0	0.0		0	0.0
21		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0	0	0.0		0	0.0
22		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(656)	(0.9)	0	0.0		(656)	0.0
23		TOTAL RIDERS NOT INCLUDED IN RATES ABOVE				(656)	(0.9)	0	0.0		(656)	0.0
24		TOTAL RATE TL INCLUDING RIDERS	94,895	1,438,465		70,080	100.0	8,406	12.0	1,479	71,559	11.7

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.2  
PAGE 17 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE	CLASS / DESCRIPTION	CUSTOMER BILLS(1)	SALES	MOST CURRENT RATES(3)	CURRENT REVENUE LESS FUEL COST REVENUE	% OF REV TO TOTAL LESS FUEL COST REVENUE	REVENUE INCR LESS FUEL COST REV	% INCR IN REV LESS FUEL COST REV	FUEL COST REVENUE (2)	CURRENT TOTAL REVENUE	TOTAL REVENUE % INCREASE
(A)	(B)	(C)	(D)	(KWH)	(J) (\$/KWH)	(K) (\$)	(L) (%)	(M) (\$)	(N) (%)	(H) (\$)	(K+H) (\$)	(O) (%)
1		UOLS UNMETERED OUTDOOR LIGHTING SERV										
2	BASE RATE		83,973	5,308,606	0.037481	198,972	101.2	23,650	11.9	5,457	204,429	11.6
3		RIDERS NOT INCLUDED IN RATES ABOVE:										
4		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0	0	0.0		0	0.0
5		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0	0	0.0		0	0.0
6		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0	0	0.0		0	0.0
7		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(2,421)	(1.2)	0	0.0		(2,421)	0.0
8		TOTAL RIDERS NOT INCLUDED IN RATES ABOVE				(2,421)	(1.2)	0	0.0		(2,421)	0.0
9	TOTAL RATE UOLS INCLUDING RIDERS		83,973	5,308,606		196,551	100.0	23,650	12.0	5,457	202,008	11.7

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.2  
PAGE 18 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D) (KWH)	MOST CURRENT RATES(3) (J) (\$/UNIT)	CURRENT FUEL COST REVENUE (K) (\$)	% OF REV TO TOTAL LESS FUEL COST REVENUE (L) (%)	REVENUE INCR LESS FUEL COST REV (F - K) (M) (\$)	% INCR IN REV LESS FUEL COST REV (M / K) (N) (%)	FUEL COST REVENUE (2) (H) (\$)	CURRENT TOTAL REVENUE (K + H) (I) (\$)	TOTAL REVENUE % INCREASE (M / K1) (O) (%)
1	OL	OUTDOOR LIGHTING SERV										
2	(A)	PRIVATE OUTDOOR LIGHTING UNITS:										
3		MERCURY VAPOR:										
4		7,000 LUMEN (OPEN)	248	17,629	8.73	2,165	13.0	258	11.9	18	2,183	11.8
5		7,000 LUMEN	25	1,821	11.17	279	1.7	34	12.2	2	281	12.1
6		10,000 LUMEN	70	7,088	13.04	913	5.5	108	11.8	7	920	11.7
7		21,000 LUMEN	70	11,165	16.75	1,173	7.0	139	11.8	11	1,184	11.7
8		METAL HALIDE										
9		14,000 LUMEN	3	219	11.17	34	0.2	4	11.8	0	34	11.8
10		20,500 LUMEN	5	506	13.06	65	0.4	8	12.3	1	66	12.1
11		36,000 LUMEN	4	638	16.75	67	0.4	8	11.9	1	68	11.8
12		SODIUM VAPOR (OH)										
13		9,500 LUMEN (OPEN)	266	10,795	7.68	2,043	12.2	242	11.8	11	2,054	11.8
14		9,500 LUMEN	64	2,597	9.99	639	3.8	77	12.1	3	642	12.0
15		16,000 LUMEN	7	415	11.27	79	0.5	9	11.4	0	79	11.4
16		22,000 LUMEN	57	4,503	12.47	711	4.3	84	11.8	5	716	11.7
17		27,500 LUMEN	2	158	12.47	25	0.1	3	12.0	0	25	12.0
18		50,000 LUMEN	66	10,775	14.53	959	5.7	114	11.9	11	970	11.8
19		DECORATIVE MV 7,000 LUMEN:										
20		TOWN & COUNTRY	36	2,559	13.38	482	2.9	57	11.8	3	485	11.8
21		HOLOPHANE	3	219	17.24	52	0.3	6	11.5	0	52	11.5
22		GAS REPLICA	0	0	41.66	0	0.0	0	0.0	0	0	0.0
23		ASPEN	0	0	25.77	0	0.0	0	0.0	0	0	0.0
24		DECORATIVE SV 9,500 LUMEN:										
25		TOWN & COUNTRY	18	731	21.10	380	2.3	45	11.8	1	381	11.8
26		HOLOPHANE	0	0	22.86	0	0.0	0	0.0	0	0	0.0
27		RECTILINEAR	0	0	18.79	0	0.0	0	0.0	0	0	0.0
28		GAS REPLICA	0	0	43.94	0	0.0	0	0.0	0	0	0.0
29		ASPEN	0	0	26.63	0	0.0	0	0.0	0	0	0.0
30		TRADITIONAIRE	0	0	21.10	0	0.0	0	0.0	0	0	0.0
31		GRANVILLE ACORN	0	0	26.63	0	0.0	0	0.0	0	0	0.0
32		DECORATIVE SV:										
33		22,000 LUMEN (RECTILINEAR)	0	0	22.37	0	0.0	0	0.0	0	0	0.0
34		50,000 LUMEN (RECTILINEAR)	0	0	28.38	0	0.0	0	0.0	0	0	0.0
35		50,000 LUMEN (SETBACK)	4	653	44.15	177	1.1	21	11.9	1	178	11.8
36		TOTAL POL UNITS	948	72,471		10,243	61.4	1,217	11.9	75	10,318	11.8
37		(B) FLOODLIGHTING UNITS:										
38		MERCURY VAPOR:										
39		21,000 LUMEN	21	3,350	16.76	352	2.1	42	11.9	3	355	11.8
40		METAL HALIDE:										
41		20,500 LUMEN	4	405	13.04	52	0.3	6	11.5	0	52	11.5
42		36,000 LUMEN	26	4,147	16.76	436	2.6	52	11.9	4	440	11.8
43		SODIUM VAPOR:										
44		22,000 LUMEN	63	5,371	12.38	780	4.7	93	11.9	6	786	11.8
45		30,000 LUMEN	11	938	12.38	136	0.8	16	11.8	1	137	11.7
46		50,000 LUMEN	309	51,423	15.35	4,743	28.5	563	11.9	53	4,796	11.7
47		TOTAL FL UNITS	434	65,634		6,499	39.0	772	11.9	67	6,566	11.8
48		TOTAL RATE OL EXCLUDING RIDERS	1,382	138,105		16,742	100.4	1,989	11.9	142	16,884	11.8
49		RIDERS NOT INCLUDED IN RATES ABOVE (\$/KWH):										
50		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0	0	0.0	0	0	0.0
51		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0	0	0.0	0	0	0.0
52		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0	0	0.0	0	0	0.0
53		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(63)	(0.4)	0	0.0	(63)	0	0.0
54		TOTAL RIDERS NOT INCLUDED IN RATES ABOVE				(63)	(0.4)	0	0.0	(63)	0	0.0
55		TOTAL RATE OL INCLUDING RIDERS	1,382	138,105		16,679	100.0	1,989	11.9	142	16,821	11.8

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED.  
(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.  
(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.



DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.2  
PAGE 19 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D) (KWH)	MOST CURRENT RATES(3) (J) (\$/UNIT)	CURRENT REVENUE LESS FUEL COST REVENUE (K) (\$)	% OF REV TO TOTAL LESS FUEL COST REVENUE (L) (%)	REVENUE INCR LESS FUEL COST REV (F - K) (M) (\$)	% INCR IN REV LESS FUEL COST REV (M / K) (N) (%)	FUEL COST REVENUE (2) (H) (\$)	CURRENT TOTAL REVENUE (K + H) (K1) (\$)	TOTAL REVENUE % INCREASE (M / K1) (O) (%)
1		NSU NON STANDARD STREET LIGHT UNITS										
2		(A) COMPANY OWNED										
3		(1) BOULEVARD INCANDESCENT(UG):										
4		2,500 LUMEN SERIES	0	0	9.22	0	0.0	0	0.0	0	0	0.0
5		2,500 LUMEN MULTIPLE	144	9,432	7.16	1,031	1.7	122	11.8	10	1,041	11.7
6		(2) HOLOPHANE DECORATIVE:										
7		10,000 LUMEN MV W										
8		17' FIBERGLASS POLE	372	37,665	16.79	6,246	10.1	744	11.9	39	6,285	11.8
9		(3) STREET LGT UNITS (OH)										
10		2,500 LUMEN INCANDESCENT	372	24,366	7.10	2,841	4.3	313	11.9	25	2,666	11.7
11		2,500 LUMEN MERCURY VAPOR	7,008	264,552	6.72	47,094	76.4	5,606	11.9	271	47,365	11.8
12		21,000 LUMEN MERCURY VAPOR	408	65,076	10.66	4,349	7.1	518	11.9	67	4,416	11.7
13		TOTAL COMPANY OWNED	8,304	401,091		61,361	99.6	7,303	11.9	412	61,773	11.8
14		(B) CUSTOMER OWNED WITH LTD MAINT										
15		(1) BOULEVARD INCANDESCENT(UG):										
16		2,500 LUMEN SERIES	0	0	5.44	0	0.0	0	0.0	0	0	0.0
17		2,500 LUMEN MULTIPLE	60	3,930	6.92	415	0.7	49	0.0	4	419	11.7
18		TOTAL CUSTOMER OWNED	60	3,930		415	0.7	49	11.8	4	419	11.7
19		TOTAL RATE NSU EXCLUDING RIDERS	8,364	405,021		61,776	100.3	7,352	11.9	416	62,192	11.8
20		RIDERS NOT INCLUDED IN RATES ABOVE (\$/KWH):										
21		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0	0	0.0		0	0.0
22		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0	0	0.0		0	0.0
23		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0	0	0.0		0	0.0
24		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(185)	(0.3)	0	0.0		(185)	0.0
25		TOTAL RIDERS NOT INCLUDED IN RATES ABOVE				(185)	(0.3)	0	0.0		(185)	0.0
26		TOTAL RATE NSU INCLUDING RIDERS	8,364	405,021		61,591	100.0	7,352	11.9	416	62,007	11.9

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:   X   BASE PERIOD        FORECASTED PERIOD  
TYPE OF FILING:   X   ORIGINAL        UPDATED        REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.2  
PAGE 20 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D) (KWH)	MOST CURRENT RATES(3) (J) (\$/UNIT)	CURRENT REVENUE LESS FUEL COST REVENUE (K) (\$)	% OF REV TO TOTAL LESS FUEL COST REVENUE (L) (%)	REVENUE INCR LESS FUEL COST REV (F - K) (M) (\$)	% INCR IN REV LESS FUEL COST REV (M / K) (N) (%)	FUEL COST REVENUE (2) (H) (\$)	CURRENT TOTAL REVENUE (K + H) (K1) (\$)	TOTAL REVENUE % INCREASE (M / K1) (O) (%)
1	NSP	NON STD PRIVATE OUTDOOR LIGHTING										
2	POL	(A) PRIVATE OUTDOOR LIGHT UNITS:										
3		2,500 LUMEN MERCURY (OPEN)	73	2,908	7.79	569	39.2	68	12.0	4	573	11.9
4		2,500 LUMEN MERCURY (ENCL)	11	438	10.66	117	8.1	14	12.0	0	117	12.0
5		TOTAL RATE POL	84	3,346		686	47.3	82	12.0	4	690	11.9
6	URD	(B) OUTDOOR LIGHTING UNITS										
7		- SERVED UG RES DIST AREAS:										
8		MERCURY VAPOR										
9		7,000 LUMEN, WITH										
10		17' FIBERGLASS POLE	0	0	14.54	0	0.0	0	0.0	0	0	0.0
11		7,000 LUMEN, WITH										
12		17' WOOD LAM POLE	20	1,422	14.54	291	20.1	34	11.7	1	292	11.6
13		7,000 LUMEN, WITH										
14		30' WOOD POLE	1	71	13.44	13	0.9	2	15.4	0	13	15.4
15		SODIUM VAPOR										
16		9,500 LUMEN TC 100 R	20	812	11.22	224	15.5	27	12.1	1	225	12.0
17		TOTAL RATE URD	41	2,305		528	36.5	63	11.9	2	530	11.9
18	FL	FLOOD LIGHT										
19		MERCURY VAPOR										
20		52,000 LUMEN, WITH										
21		35' WOOD POLE	0	0	28.55	0	0.0	0	0.0	0	0	0.0
22		52,000 LUMEN, WITH										
23		50' WOOD POLE	0	0	32.16	0	0.0	0	0.0	0	0	0.0
24		SODIUM VAPOR										
25		50,000 LUMEN	12	1,959	19.79	237	16.4	29	12.2	2	239	12.1
26		TOTAL RATE FL	12	1,959		237	16.4	29	12.2	2	239	12.1
27		TOTAL RATE NSP EXCLUDING RIDERS	137	7,610		1,451	100.2	174	12.0	8	1,459	11.9
28		RIDERS NOT INCLUDED IN RATES ABOVE (\$/KWH):										
29		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0	0	0.0	0	0	0.0
30		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0	0	0.0	0	0	0.0
31		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0	0	0.0	0	0	0.0
32		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(3)	(0.2)	0	0.0	0	(3)	0.0
33		TOTAL RIDERS NOT INCLUDED IN RATES ABOVE				(3)	(0.2)	0	0.0	0	(3)	0.0
34		TOTAL RATE NSP INCLUDING RIDERS	137	7,610		1,448	100.0	174	12.0	8	1,456	12.0

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.2  
PAGE 21 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D) (KWH)	MOST CURRENT RATES(3) (J) (\$/UNIT) (\$/KWH)	CURRENT REVENUE LESS FUEL COST (K) (K)	% OF REV TO TOTAL LESS FUEL COST REVENUE (L) (%)	REVENUE INCR LESS FUEL COST REV (F - K) (M) (K)	% INCR IN REV LESS FUEL COST REV (M / K) (N) (%)	FUEL COST REVENUE (2) (H) (K)	CURRENT TOTAL REVENUE (K + H) (K1) (K)	TOTAL REVENUE % INCREASE (M / K1) (O) (%)
1	SC	STREET LIGHTING -										
2		CUST OWNED/LTD MAINT										
3		STANDARD UNIT-COBRAHEAD										
4		MERCURY VAPOR --										
5		7,000 LUMEN	0	0	4.19	0	0.0	0	0.0	0	0	0.0
6		10,000 LUMEN	0	0	5.33	0	0.0	0	0.0	0	0	0.0
7		21,000 LUMEN	0	0	7.40	0	0.0	0	0.0	0	0	0.0
8		METAL HALIDE --										
9		14,000 LUMEN	0	0	4.19	0	0.0	0	0.0	0	0	0.0
10		20,500 LUMEN	0	0	5.33	0	0.0	0	0.0	0	0	0.0
11		36,000 LUMEN	0	0	7.40	0	0.0	0	0.0	0	0	0.0
12		SODIUM VAPOR--										
13		9,500 LUMEN	0	0	5.04	0	0.0	0	0.0	0	0	0.0
14		16,000 LUMEN	0	0	5.62	0	0.0	0	0.0	0	0	0.0
15		22,000 LUMEN	0	0	6.17	0	0.0	0	0.0	0	0	0.0
16		27,500 LUMEN	0	0	6.17	0	0.0	0	0.0	0	0	0.0
17		50,000 LUMEN	0	0	8.36	0	0.0	0	0.0	0	0	0.0
18		DECORATIVE UNITS:										
19		7,000 LUMEN MERCURY VAPOR--										
20		HOLOPHANE	0	0	5.32	0	0.0	0	0.0	0	0	0.0
21		TOWN & COUNTRY	0	0	5.27	0	0.0	0	0.0	0	0	0.0
22		GAS REPLICA	0	0	5.32	0	0.0	0	0.0	0	0	0.0
23		ASPEN	0	0	5.32	0	0.0	0	0.0	0	0	0.0
24		14,000 LUMEN METAL HALIDE--										
25		TRADITIONAIRE	0	0	5.27	0	0.0	0	0.0	0	0	0.0
26		GRANVILLE ACORN	0	0	5.32	0	0.0	0	0.0	0	0	0.0
27		GAS REPLICA	0	0	5.32	0	0.0	0	0.0	0	0	0.0
28		9,500 LUMEN SODIUM VAPOR--										
29		TOWN & COUNTRY	0	0	4.96	0	0.0	0	0.0	0	0	0.0
30		TRADITIONAIRE	0	0	4.96	0	0.0	0	0.0	0	0	0.0
31		GRANVILLE ACORN	0	0	5.18	0	0.0	0	0.0	0	0	0.0
32		RECTILINEAR	0	0	4.96	0	0.0	0	0.0	0	0	0.0
33		ASPEN	0	0	5.18	0	0.0	0	0.0	0	0	0.0
34		HOLOPHANE	0	0	5.18	0	0.0	0	0.0	0	0	0.0
35		GAS REPLICA	0	0	5.18	0	0.0	0	0.0	0	0	0.0
36		SODIUM VAPOR --										
37		22,000 LUMEN (RECTILINEAR)	0	0	6.54	0	0.0	0	0.0	0	0	0.0
38		50,000 LUMEN (RECTILINEAR)	0	0	8.65	0	0.0	0	0.0	0	0	0.0
39		CUST OWNED/CUST MAINT										
40		ENERGY ONLY	2,064	97,596	0.037481	3,658	101.2	435	11.9	100	3,758	11.6
41		TOTAL RATE SC EXCLUDING RIDERS	2,064	97,596		3,658	101.2	435	11.9	100	3,758	11.6
42		RIDERS NOT INCLUDED IN RATES ABOVE (\$/KWH):										
43		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0	0	0.0	0	0	0.0
44		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0	0	0.0	0	0	0.0
45		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0	0	0.0	0	0	0.0
46		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(45)	(1.2)	0	0.0	(45)	0	0.0
47		TOTAL RIDERS NOT INCLUDED IN RATES ABOVE				(45)	(1.2)	0	0.0	(45)	0	0.0
48		TOTAL RATE SC INCLUDING RIDERS	2,064	97,596		3,613	100.0	435	12.0	100	3,713	11.7

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.2  
PAGE 22 OF 22  
WITNESS:  
B. L. SAILERS

CURRENT ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D) (KWH)	MOST CURRENT RATES(3) (J) (\$/UNIT)	CURRENT REVENUE LESS FUEL COST REVENUE (K) (\$)	% OF REV TO TOTAL LESS FUEL COST REVENUE (L) (%)	REVENUE INCR LESS FUEL COST REV (F - K) (M) (\$)	% INCR IN REV LESS FUEL COST REV (M / K) (N) (%)	FUEL COST REVENUE (2) (H) (\$)	CURRENT TOTAL REVENUE (K + H) (K1) (\$)	TOTAL REVENUE % INCREASE (M / K1) (O) (%)
1	SE	STREET LIGHTING -										
2		OVERHEAD EQUIVALENT RATE										
3		MERCURY VAPOR 7,000 LUMEN:										
4		TOWN & COUNTRY	6,816	484,504	7.29	49,689	26.2	5,930	11.9	498	50,187	11.8
5		HOLOPHANE	2,328	169,556	7.32	17,041	9.0	2,025	11.9	174	17,215	11.8
6		GAS REPLICA	696	50,692	7.32	5,095	2.7	605	11.9	52	5,147	11.8
7		ASPEN	132	9,614	7.32	966	0.5	115	11.9	10	976	11.8
8		METAL HALIDE 14,000 LUMEN:										
9		TRADITIONAIRE	3,144	223,486	7.29	22,920	12.1	2,735	11.9	230	23,150	11.8
10		GRANVILLE ACORN	0	0	7.32	0	0.0	0	0.0	0	0	0.0
11		GAS REPLICA	588	42,826	7.32	4,304	2.3	512	11.9	44	4,348	11.8
12		SODIUM VAPOR 9,500 LUMEN:										
13		TOWN & COUNTRY	3,192	129,542	7.95	25,376	13.4	3,001	11.8	133	25,509	11.8
15		HOLOPHANE	2,364	104,804	8.05	19,030	10.0	2,270	11.9	108	19,138	11.9
16		RECTILINEAR	972	39,447	7.95	7,727	4.1	914	11.8	41	7,768	11.8
17		GAS REPLICA	1,272	56,392	8.04	10,227	5.4	1,221	11.9	58	10,285	11.9
19		ASPEN	2,580	114,380	8.04	20,743	10.9	2,477	11.9	118	20,861	11.9
14		TRADITIONAIRE	0	0	7.95	0	0.0	0	0.0	0	0	0.0
18		GRANVILLE ACORN	156	6,916	8.04	1,254	0.7	150	12.0	7	1,261	11.9
20		SODIUM VAPOR:										
21		22,000 LUMEN (RECTILINEAR)	480	40,920	11.42	5,482	2.9	652	11.9	42	5,524	11.8
22		50,000 LUMEN (RECTILINEAR)	24	3,918	15.11	363	0.2	43	11.8	4	367	11.7
23		50,000 LUMEN (SETBACK)	0	0	15.11	0	0.0	0	0.0	0	0	0.0
24		TOTAL RATE SE EXCLUDING RIDERS	24,744	1,476,997		190,217	100.4	22,650	11.9	1,519	191,736	11.8
25		RIDERS NOT INCLUDED IN RATES ABOVE (\$/KWH):										
26		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0	0	0.0		0	0.0
27		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0	0	0.0		0	0.0
28		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0	0	0.0		0	0.0
29		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(674)	(0.4)	0	0.0		(674)	0.0
30		TOTAL RIDERS NOT INCLUDED IN RATES ABOVE				(674)	(0.4)	0	0.0		(674)	0.0
31		TOTAL RATE SE INCLUDING RIDERS	24,744	1,476,997		189,543	100.0	22,650	11.9	1,519	191,062	11.9

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  BASE PERIOD  FORECASTED PERIOD  
TYPE OF FILING:  ORIGINAL  UPDATED  REVISE  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.3  
PAGE 1 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS (C)	SALES (D)	PROPOSED RATES (E)	PROPOSED REVENUE LESS FUEL COST REVENUE (F)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G)	FUEL COST REVENUE (H)	PROPOSED TOTAL REVENUE (F + H) (I)
				(KWH)	(¢/KWH)	(\$)	(%)	(\$)	(\$)
<b>RESIDENTIAL</b>									
1	RS	RESIDENTIAL SERV	1,525,197	1,453,752,034	10.3295	150,165,787	100.00	1,494,457	151,660,244
2	<b>TOTAL RESIDENTIAL</b>		<b>1,525,197</b>	<b>1,453,752,034</b>	<b>10.3295</b>	<b>150,165,787</b>	<b>39.09</b>	<b>1,494,457</b>	<b>151,660,244</b>
<b>DISTRIBUTION</b>									
3	DS	DISTRIBUTION SERV	157,022	1,115,844,489	9.2540	103,260,054	53.54	1,147,088	104,407,142
4	DT-PRI	TIME OF DAY	443	492,952,443	7.0609	34,807,039	18.05	506,755	35,313,794
5	DT-SEC	TIME OF DAY	1,786	683,434,130	7.6462	52,256,560	27.10	702,570	52,959,130
6	EH	ELEC SPACE HEATING	502	9,803,357	7.3627	721,787	0.37	10,078	731,865
7	SP	SPORTS SERV	184	269,849	12.0375	32,483	0.02	277	32,760
8	GSFL	SMALL FIXED LOADS	540	6,194,943	10.9133	676,074	0.35	6,368	682,442
9	DP	PRIMARY VOLTAGE	120	13,046,582	8.4432	1,101,548	0.57	13,412	1,114,960
10	<b>TOTAL DISTRIBUTION</b>		<b>160,597</b>	<b>2,321,545,793</b>	<b>8.3072</b>	<b>192,855,545</b>	<b>50.21</b>	<b>2,386,548</b>	<b>195,242,093</b>
<b>TRANSMISSION</b>									
11	TT	TIME OF DAY	156	213,269,428	6.4252	13,703,083	100.00	219,241	13,922,324
12	<b>TOTAL TRANSMISSION</b>		<b>156</b>	<b>213,269,428</b>	<b>6.4252</b>	<b>13,703,083</b>	<b>3.57</b>	<b>219,241</b>	<b>13,922,324</b>
<b>REAL TIME PRICING</b>									
13	DT-RTP PRI	REAL TIME PRICING	0	0	-	0	0.00	0	0
14	DT-RTP SEC	REAL TIME PRICING	24	4,131,069	4.2875	177,120	26.51	0	177,120
15	DS-RTP	REAL TIME PRICING	36	299,922	9.5025	28,500	4.27	0	28,500
16	TT-RTP	REAL TIME PRICING	24	12,915,280	3.5807	462,458	69.22	0	462,458
17	<b>TOTAL REAL TIME PRICING</b>		<b>84</b>	<b>17,346,271</b>	<b>3.8514</b>	<b>668,078</b>	<b>0.17</b>	<b>0</b>	<b>668,078</b>
<b>LIGHTING</b>									
18	SL	STREET LIGHTING	138,477	10,839,811	13.7978	1,495,655	71.22	11,143	1,506,798
19	TL	TRAFFIC LIGHTING	94,895	1,438,465	5.4562	78,486	3.74	1,479	79,965
20	UOLS	UNMTRD OUTDR LIGHT	83,973	5,308,606	4.1480	220,201	10.49	5,457	225,658
21	OL	PRIVATE OUTDR LIGHT	1,382	138,105	13.5173	18,668	0.89	142	18,810
22	NSU	NON STD STREET LIGHT	8,364	405,021	17.0221	68,943	3.28	416	69,359
23	NSP	NON STD PRIVATE LIGHT	137	7,610	21.3141	1,622	0.08	8	1,630
24	SC	CUST OWNED STREET LIGHTING	2,064	97,586	4.1477	4,048	0.19	100	4,148
25	SE	OVR HD EQUIV STREET LIGHTING	24,744	1,476,997	14.3665	212,193	10.11	1,519	213,712
26	<b>TOTAL LIGHTING</b>		<b>354,036</b>	<b>19,712,211</b>	<b>10.6524</b>	<b>2,099,816</b>	<b>0.55</b>	<b>20,264</b>	<b>2,120,080</b>
<b>OTHER MISC REVENUE</b>									
27	ID01	INTERDEPARTMENTAL	12	729,253	7.0400	51,324	0.21	750	52,074
28		PJM AND TRANSMISSION	0	0	-	3,984,486	16.17	0	3,984,486
29		BAD CHECK CHARGES	0	0	-	23,092	0.09	0	23,092
30		RECONNECTION CHGS	0	0	-	189,382	0.77	0	189,382
31		POLE AND LINE ATTACHMENTS	0	0	-	117,775	0.48	0	117,775
32		RENTS	0	0	-	930,344	3.78	0	930,344
33	WS	SPECIAL CONTRACTS	132	138,735	5.4600	7,570	0.03	143	7,713
34		OTHER MISC	0	0	-	19,330,403	78.47	0	19,330,403
35	<b>TOTAL MISC REVENUE</b>		<b>144</b>	<b>867,988</b>	<b>2838.1000</b>	<b>24,634,376</b>	<b>6.41</b>	<b>893</b>	<b>24,635,269</b>
36	<b>TOTAL</b>		<b>2,040,214</b>	<b>4,026,493,725</b>	<b>9.5400</b>	<b>384,126,685</b>	<b>100.00</b>	<b>4,121,403</b>	<b>388,248,088</b>

(1) DETAIL CONTAINED ON SCHEDULES M-2.3 PAGES 2 THROUGH 22.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.3  
PAGE 2 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	PROPOSED RATES (E)	PROPOSED REVENUE LESS FUEL COST REVENUE (F)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G)	FUEL COST REVENUE (2) (H)	PROPOSED TOTAL REVENUE (F + H) (I)
				(KWH)	(\$/KWH)	(\$)	(%)	(\$)	(\$)
1	RS	RESIDENTIAL							
2		CUSTOMER CHARGE:							
3		BILLS	1,525,197		\$11.22	17,112,710	11.4		17,112,710
4		ENERGY CHARGE (3):							
5		ALL KWH		1,453,752,034	0.083908	121,981,426	81.2		121,981,426
6		TOTAL RATE RS EXCLUDING RIDERS	1,525,197	1,453,752,034		139,094,136	92.6		139,094,136
7		RIDERS:							
8		HOME ENERGY ASSISTANCE (HEA)			\$0.10	152,520	0.1		152,520
9		DEMAND SIDE MANAGEMENT RIDER (DSMR)			0.007967	11,582,042	7.7		11,582,042
10		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0		0
11		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0		0
12		FUEL ADJUSTMENT CLAUSE (FAC)			0.001028	0	0.0	1,494,457	1,494,457
13		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0		0
14		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(662,911)	(0.4)		(662,911)
15		TOTAL RIDERS				11,071,651	7.4	1,494,457	12,566,108
16		TOTAL RATE RS INCLUDING RIDERS	1,525,197	1,453,752,034		150,165,787	100.0	1,494,457	151,660,244

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.

(2) REFLECTS FUEL ADJUSTMENT CLAUSE (FAC) OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.3  
PAGE 3 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	PROPOSED RATES (E)	PROPOSED REVENUE LESS FUEL COST REVENUE (F)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G)	FUEL COST REVENUE (2) (H)	PROPOSED TOTAL REVENUE (F + H) (I)
				(KW/KWH)	(\$/KWH)/ (\$/KW)	(\$)	(%)	(\$)	(\$)
1	DS	SERVICE AT SECONDARY DISTRIBUTION VOLTAGE							
2									
3	CUSTOMER CHARGE:								
4		LOAD MANAGEMENT RIDER - NON-INTERVAL	1,798		\$5.00	8,990	0.0		8,990
5		LOAD MANAGEMENT RIDER - INTERVAL	12		\$5.00	60	0.0		60
6		SINGLE PHASE	84,521		\$17.14	1,448,690	1.4		1,448,690
7		THREE PHASE	72,501		\$34.28	2,485,334	2.4		2,485,334
8		TOTAL CUSTOMER CHARGE	157,022			3,943,074	3.8		3,943,074
9	DEMAND CHARGE:								
10		FIRST 15 KW		1,388,597	\$0.00	0	0.0		0
11		ADDITIONAL KW		2,491,897	\$8.73	21,754,262	21.1		21,754,262
12		TOTAL DEMAND		3,880,494		21,754,262	21.1		21,754,262
13	ENERGY CHARGE (3):								
14		FIRST 6000 KWH		366,515,604	0.091917	33,689,015	32.6		33,689,015
15		NEXT 300KWH/KW		627,126,263	0.056425	35,385,599	34.2		35,385,599
16		ADDITIONAL KWH		119,801,361	0.046204	5,535,302	5.4		5,535,302
17		NON-CHURCH "CAP" RATE		1,783,161	0.271528	484,178	0.5		484,178
18		CHURCH CAP RATE		618,100	0.166694	103,034	0.1		103,034
19		TOTAL ENERGY		1,115,844,489		75,197,128	72.8		75,197,128
20		TOTAL RATE DS EXCLUDING RIDERS	157,022	1,115,844,489		100,894,464	97.7		100,894,464
21	RIDERS:								
22		DEMAND SIDE MANAGEMENT RIDER (DSMR)			0.002576	2,874,415	2.8		2,874,415
23		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0		0
24		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			\$0.00	0	0.0		0
25		FUEL ADJUSTMENT CLAUSE (FAC)			0.001028			1,147,088	1,147,088
26		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0		0
27		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(508,825)	(0.5)		(508,825)
28		TOTAL RIDERS				2,365,590	2.3	1,147,088	3,512,678
29		TOTAL RATE DS INCLUDING RIDERS	157,022	1,115,844,489		103,260,054	100.0	1,147,088	104,407,142

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.

(2) REFLECTS FUEL ADJUSTMENT CLAUSE OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:   X   BASE PERIOD        FORECASTED PERIOD  
TYPE OF FILING:   X   ORIGINAL        UPDATED        REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.3  
PAGE 4 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	PROPOSED RATES (E)	PROPOSED REVENUE LESS FUEL COST REVENUE (F)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G)	FUEL COST REVENUE (2) (H)	PROPOSED TOTAL REVENUE (F + H) (I)
				(KW/KWH)	(\$/KWH)/ (\$/KW)	(\$)	(%)	(\$)	(\$)
1	DT-PRI	TIME OF DAY PRIMARY							
2		SUMMER:							
3		CUSTOMER CHARGE:							
4		PRIMARY VOLTAGE	148		\$465.00	68,820	0.2		68,820
5		TOTAL CUSTOMER CHARGE	148			68,820	0.2		68,820
6		DEMAND CHARGE:							
7		ON PEAK KW		327,270	\$14.39	4,709,415	13.5		4,709,415
8		OFF PEAK KW		16,385	\$1.30	21,301	0.1		21,301
9		SUB-TOTAL		343,655		4,730,716	13.6		4,730,716
10		PRIMARY SERV. DIS.							
11		FIRST 1000 KW		130,343	(\$0.73)	(95,150)	(0.3)		(95,150)
12		ADDITIONAL KW		213,311	(\$0.56)	(119,454)	(0.3)		(119,454)
13		TOTAL DEMAND		343,654		4,516,112	13.0		4,516,112
14		ENERGY CHARGE (3):							
15		ON PEAK KWH		49,861,512	0.049875	2,486,843	7.1		2,486,843
16		OFF PEAK KWH		126,004,348	0.040844	5,146,522	14.8		5,146,522
17		TOTAL SUMMER	148	175,865,860		12,218,297	35.1		12,218,297
18		WINTER:							
19		CUSTOMER CHARGE:							
20		PRIMARY VOLTAGE	295		\$465.00	137,175	0.4		137,175
21		TOTAL CUSTOMER CHARGE	295			137,175	0.4		137,175
22		DEMAND CHARGE:							
23		ON PEAK KW		603,475	\$13.62	8,219,324	23.6		8,219,324
24		OFF PEAK KW		41,090	\$1.30	53,417	0.2		53,417
25		SUB-TOTAL		644,564		8,272,741	23.8		8,272,741
26		PRIMARY SERV. DIS.							
27		FIRST 1000 KW		266,634	(\$0.73)	(194,643)	(0.6)		(194,643)
28		ADDITIONAL KW		377,931	(\$0.56)	(211,641)	(0.6)		(211,641)
29		TOTAL DEMAND		644,564		7,866,457	22.6		7,866,457
30		ENERGY CHARGE (3):							
31		ON PEAK KWH		87,022,244	0.047612	4,143,303	11.9		4,143,303
32		OFF PEAK KWH		230,064,339	0.040844	9,396,748	27.0		9,396,748
33		TOTAL WINTER	295	317,086,583		21,543,683	61.9		21,543,683
34		TOTAL RATE DT PRIMARY EXCLUDING RIDERS	443	492,952,443		33,761,980	97.0		33,761,980
35		RIDERS:							
36		DEMAND SIDE MANAGEMENT RIDER (DSMR)			0.002576	1,269,845	3.6		1,269,845
37		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0		0
38		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.00	0	0.0		0
39		FUEL ADJUSTMENT CLAUSE (FAC)			0.001028			506,755	506,755
40		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0		0
41		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(224,786)	(0.6)		(224,786)
42		TOTAL RIDERS				1,045,059	3.0	506,755	1,551,814
43		TOTAL RATE DT PRIMARY INCLUDING RIDERS	443	492,952,443		34,807,039	100.0	506,755	35,313,794

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.  
(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.  
(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.



DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.3  
PAGE 5 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	PROPOSED RATES (E)	PROPOSED REVENUE LESS FUEL COST REVENUE (F)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G)	FUEL COST REVENUE (2) (H)	PROPOSED TOTAL REVENUE (F + H) (I)
				(KWKWH)	(\$/KWH)/ (\$/KW)	(\$)	(%)	(\$)	(\$)
1	DT-SEC	TIME OF DAY SECONDARY							
2	SUMMER:								
3	CUSTOMER CHARGE:								
4	SINGLE PHASE		0		\$200.00	0	0.0		0
5	THREE PHASE		595		\$400.00	238,000	0.5		238,000
6	TOTAL CUSTOMER CHARGE		595			238,000	0.5		238,000
7	DEMAND CHARGE:								
8	ON PEAK KW			522,436	\$14.39	7,517,854	14.4		7,517,854
9	OFF PEAK KW			12,081	\$1.30	15,705	0.0		15,705
10	TOTAL DEMAND			534,517		7,533,559	14.4		7,533,559
11	ENERGY CHARGE (3):								
12	ON PEAK KWH			76,814,079	0.049875	3,831,102	7.3		3,831,102
13	OFF PEAK KWH			168,266,676	0.040844	6,872,684	13.2		6,872,684
14	TOTAL SUMMER		595	245,080,755		18,475,345	35.4		18,475,345
15	WINTER:								
16	CUSTOMER CHARGE:								
17	SINGLE PHASE		0		\$200.00	0	0.0		0
18	THREE PHASE		1,191		\$400.00	476,400	0.9		476,400
19	TOTAL CUSTOMER CHARGE		1,191			476,400	0.9		476,400
20	DEMAND CHARGE:								
21	ON PEAK KW			956,046	\$13.62	13,021,340	24.8		13,021,340
22	OFF PEAK KW			22,660	\$1.30	29,458	0.1		29,458
23	TOTAL DEMAND			978,706		13,050,798	24.9		13,050,798
24	ENERGY CHARGE (3):								
25	ON PEAK KWH			133,131,149	0.047612	6,338,640	12.1		6,338,640
26	OFF PEAK KWH			305,222,226	0.040844	12,466,497	23.9		12,466,497
27	TOTAL WINTER		1,191	438,353,375		32,332,335	61.8		32,332,335
28	TOTAL RATE DT SECONDARY EXCLUDING RIDERS		1,786	683,434,130		50,807,680	97.2		50,807,680
29	RIDERS:								
30	DEMAND SIDE MANAGEMENT RIDER (DSMR)				0.002576	1,760,526	3.4		1,760,526
31	ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)				0.000000	0	0.0		0
32	DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)				0.00	0	0.0		0
33	FUEL ADJUSTMENT CLAUSE (FAC)				0.001028			702,570	702,570
34	FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)				0.000000	0	0.0		0
35	PROFIT SHARING MECHANISM (PSM)				(0.000456)	(311,646)	(0.6)		(311,646)
36	TOTAL RIDERS					1,448,880	2.8	702,570	2,151,450
37	TOTAL RATE DT SECONDARY INCLUDING RIDERS		1,786	683,434,130		52,256,560	100.0	702,570	52,959,130

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.  
(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.  
(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.3  
PAGE 6 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	PROPOSED RATES (E)	PROPOSED REVENUE LESS FUEL COST REVENUE (F)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G)	FUEL COST REVENUE (2) (H)	PROPOSED TOTAL REVENUE (F + H) (I)
				(KW/KWH)	(\$/KWH) (\$/KW)	(\$)	(%)	(\$)	(\$)
1	EH	OPTIONAL RATE FOR							
2		ELEC. SPACE HEATING							
3		CUSTOMER CHARGE:							
4		SINGLE PHASE	112		\$17.14	1,920	0.3		1,920
5		THREE PHASE	390		\$34.28	13,369	1.8		13,369
6		PRIMARY VOLTAGE	0		\$118.78	0	0.0		0
7		TOTAL CUSTOMER CHARGE	502			15,289	2.1		15,289
8		DEMAND CHARGE:							
9		ALL KW		38,467	\$0.00	0	0.0		0
10		ENERGY CHARGE (3):							
11		ALL KWH		9,803,357	0.069947	685,715	95.0		685,715
12		TOTAL RATE EH EXCLUDING RIDERS	502	9,803,357		701,004	97.1		701,004
13		RIDERS:							
14		DEMAND SIDE MANAGEMENT RIDER (DSMR)			0.002576	25,253	3.5		25,253
15		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0		0
16		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0		0
17		FUEL ADJUSTMENT CLAUSE (FAC)			0.001028		0.0	10,078	10,078
18		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0		0
19		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(4,470)	(0.6)		(4,470)
20		TOTAL RIDERS				20,783	2.9	10,078	30,861
21		TOTAL RATE EH INCLUDING RIDERS	502	9,803,357		721,787	100.0	10,078	731,865

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.3  
PAGE 7 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	PROPOSED RATES (E)	PROPOSED REVENUE LESS FUEL COST REVENUE (F)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G)	FUEL COST REVENUE (2) (H)	PROPOSED TOTAL REVENUE (F + H) (I)
				(KWH)	(\$/KWH)	(\$)	(%)	(\$)	(\$)
1	SP	SEASONAL SPORTS SERVICE							
2		MINIMUM BILLS (4)	0			0	0.0		0
3		CUSTOMER CHARGE	184		\$17.14	3,154	9.7		3,154
4		ENERGY CHARGE (3):							
5		ALL CONSUMPTION		269,849	0.106568	28,757	88.5		28,757
6		TOTAL RATE SP EXCLUDING RIDERS	184	269,849		31,911	98.2		31,911
7		RIDERS:							
8		DEMAND SIDE MANAGEMENT RIDER (DSMR)			0.002576	695	2.2		695
9		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0		0
10		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0		0
11		FUEL ADJUSTMENT CLAUSE (FAC)			0.001028			277	277
12		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0		0
13		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(123)	(0.4)		(123)
14		TOTAL RIDERS				572	1.8	277	849
15		TOTAL RATE SP INCLUDING RIDERS	184	269,849		32,483	100.0	277	32,760
16	GS-FL	SMALL FIXED LOADS							
17		MINIMUM BILLS	540		\$3.14	1,696	0.3		1,696
18		BASE RATE (3):							
19		LOAD RANGE 540 TO 720 HRS		12,111	0.092698	1,123	0.2		1,123
20		LOAD RANGE LESS THAN 540 HRS		6,182,832	0.106767	660,122	97.6		660,122
21		TOTAL RATE GS-FL EXCLUDING RIDERS	540	6,194,943		662,941	98.1		662,941
22		RIDERS:							
23		DEMAND SIDE MANAGEMENT RIDER (DSMR)			0.002576	15,958	2.3		15,958
24		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0		0
25		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0		0
26		FUEL ADJUSTMENT CLAUSE (FAC)			0.001028			6,368	6,368
27		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0		0
28		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(2,825)	(0.4)		(2,825)
29		TOTAL RIDERS				13,133	1.9	6,368	19,501
30		TOTAL RATE GS-FL INCLUDING RIDERS	540	6,194,943		676,074	100.0	6,368	682,442

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

(4) 1.5% OF INSTALLED TRANSFORMER AND METERING COSTS BUT NOT LESS THAN CUSTOMER CHARGE WHETHER SERVICE IS ON OR DISCONNECTED.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.3  
PAGE 8 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	PROPOSED RATES (E)	PROPOSED REVENUE LESS FUEL COST REVENUE (F)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G)	FUEL COST REVENUE (2) (H)	PROPOSED TOTAL REVENUE (F + H) (I)
				(KW/KWH)	(\$/KWH) (\$/KW)	(\$)	(%)	(\$)	(\$)
1	DP	SERVICE AT PRIMARY DISTRIBUTION VOLTAGE							
2									
3		CUSTOMER CHARGE:							
4		LOAD MANAGEMENT RIDER	24		\$5.00	120	0.0		120
5		PRIMARY VOLTAGE	120		\$118.78	14,254	1.3		14,254
6		TOTAL CUSTOMER CHARGE	120			14,374	1.3		14,374
7		DEMAND CHARGE:							
8		ALL KW		34,707	\$8.40	291,542	26.5		291,542
9		TOTAL DEMAND		34,707		291,542	26.5		291,542
10		ENERGY CHARGE (3):							
11		FIRST 300KWH/KW		10,097,570	0.060595	611,862	55.6		611,862
12		ADDITIONAL KWH		2,928,055	0.051267	150,113	13.6		150,113
13		CAP RATE KWH		20,957	0.286198	5,998	0.5		5,998
14		TOTAL ENERGY		13,046,582		767,973	69.7		767,973
15		TOTAL RATE DP EXCLUDING RIDERS	120	13,046,582		1,073,889	97.5		1,073,889
16		RIDERS:							
17		DEMAND SIDE MANAGEMENT RIDER (DSMR)			0.002576	33,608	3.0		33,608
18		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0		0
19		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.00	0	0.0		0
20		FUEL ADJUSTMENT CLAUSE (FAC)			0.001028			13,412	13,412
21		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0		0
22		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(5,949)	(0.5)		(5,949)
23		TOTAL RIDERS				27,659	2.5	13,412	41,071
24		TOTAL RATE DP INCLUDING RIDERS	120	13,046,582		1,101,548	100.0	13,412	1,114,960

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.3  
PAGE 9 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D) (KWK/KWH)	PROPOSED RATES (E) (\$/KWH)/ (\$/KW)	PROPOSED REVENUE LESS FUEL COST REVENUE (F) (\$)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G) (%)	FUEL COST REVENUE (2) (H) (\$)	PROPOSED TOTAL REVENUE (F + H) (I) (\$)
1	TT	TIME OF DAY							
2		SUMMER:							
3		CUSTOMER CHARGE	52		\$500.00	26,000	0.2		26,000
4		DEMAND CHARGE:							
5		ON PEAK KW		158,600	\$8.46	1,341,756	9.8		1,341,756
6		OFF PEAK KW		6,575	\$1.28	8,416	0.1		8,416
7		TOTAL DEMAND		165,175		1,350,172	9.9		1,350,172
8		ENERGY CHARGE (3):							
9		ON PEAK KWH		25,151,023	0.054454	1,369,574	10.0		1,369,574
10		OFF PEAK KWH		45,316,087	0.044594	2,020,826	14.7		2,020,826
11		TOTAL ENERGY		70,467,110		3,390,400	24.7		3,390,400
12		TOTAL SUMMER	52	70,467,110		4,766,572	34.8		4,766,572
13		WINTER:							
14		CUSTOMER CHARGE	104		\$500.00	52,000	0.4		52,000
15		DEMAND CHARGE:							
16		ON PEAK KW		315,419	\$6.95	2,192,161	16.0		2,192,161
17		OFF PEAK KW		11,328	\$1.28	14,499	0.1		14,499
18		TOTAL DEMAND		326,747		2,206,660	16.1		2,206,660
19		ENERGY CHARGE (3):							
20		ON PEAK KWH		49,796,666	0.051983	2,588,580	18.9		2,588,580
21		OFF PEAK KWH		93,005,652	0.044594	4,147,494	30.2		4,147,494
22		TOTAL ENERGY		142,802,318		6,736,074	49.1		6,736,074
23		TOTAL WINTER	104	142,802,318		8,994,734	65.6		8,994,734
24		TOTAL RATE TT EXCLUDING RIDERS	156	213,269,428		13,761,306	100.4		13,761,306
25		RIDERS:							
26		DEMAND SIDE MANAGEMENT RIDER (DSMR)			0.000183	39,028	0.3		39,028
27		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0		0
28		FUEL ADJUSTMENT CLAUSE (FAC)			0.001028			219,241	219,241
29		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0		0
30		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(97,251)	(0.7)		(97,251)
31		TOTAL RIDERS				(58,223)	(0.4)	219,241	161,018
32		TOTAL RATE TT INCLUDING RIDERS	156	213,269,428		13,703,083	100.0	219,241	13,922,324

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.  
(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.  
(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.3  
PAGE 10 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	PROPOSED RATES (E)	PROPOSED REVENUE LESS FUEL COST REVENUE (F)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G)	FUEL COST REVENUE (H)	PROPOSED TOTAL REVENUE (F + H) (I)
				(KWH)	(\$/KWH)	(\$)	(%)	(\$)	(\$)
1	DT RTP	TIME OF DAY SERVICE AT SECONDARY							
2		DISTRIBUTION VOLTAGE							
3	CUSTOMER CHARGE:								
4	BILLS (Real-Time Pricing)		24		\$183.00	4,392	2.5		4,392
5	TOTAL CUSTOMER CHARGE					4,392	2.5		4,392
6	ENERGY CHARGE:								
7	ALL KWH			4,131,069	0.015412	63,668	35.9		63,668
8	ANCILLARY SERVICES			4,131,069	0.000000	0	0.0		0
9	COMMODITY CHARGES			4,131,069	0.024280	100,302	56.7	0	100,302
10	TOTAL ENERGY			4,131,069		163,970	92.6	0	163,970
11	TOTAL RATE DT RTP SECONDARY EXCLUDING RIDERS		24	4,131,069		168,362	95.1	0	168,362
12	RIDERS:								
13	DEMAND SIDE MANAGEMENT RIDER (DSMR)				0.002576	10,642	6.0		10,642
14	ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)				0.000000	0	0.0		0
15	DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0	0.00	0	0.0		0
16	FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)				0.000000	0	0.0		0
17	PROFIT SHARING MECHANISM (PSM)				(0.000456)	(1,884)	(1.1)		(1,884)
18	TOTAL RIDERS					8,758	4.9	0	8,758
19	TOTAL RATE DT RTP SECONDARY INCLUDING RIDERS		24	4,131,069		177,120	100.0	0	177,120

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.3  
PAGE 11 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	PROPOSED RATES (E)	PROPOSED REVENUE LESS FUEL COST REVENUE (F)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G)	FUEL COST REVENUE (H)	PROPOSED TOTAL REVENUE (F + H) (I)
				(KWH)	(\$/KWH)	(\$)	(%)	(\$)	(\$)
1	DS RTP	SERVICE AT SECONDARY DISTRIBUTION VOLTAGE							
2									
3	CUSTOMER CHARGE:								
4	BILLS (Real-Time Pricing)		36		\$183.00	6,588	23.1		6,588
5	TOTAL CUSTOMER CHARGE					6,588	23.1		6,588
6	ENERGY CHARGE:								
7	ALL KWH			299,922	0.015412	4,622	16.2		4,622
8	ANCILLARY SERVICES			299,922	0.000000	0	0.0		0
9	COMMODITY CHARGES			299,922	0.055529	16,654	58.5	0	16,654
10	TOTAL ENERGY			299,922		21,276	74.7	0	21,276
11	TOTAL RATE DS RTP EXCLUDING RIDERS		36	299,922		27,864	97.8	0	27,864
12	RIDERS:								
13	DEMAND SIDE MANAGEMENT RIDER (DSMR)				0.002576	773	2.7		773
14	ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)				0.000000	0	0.0		0
15	DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)				0.00	0	0.0		0
16	FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)				0.000000	0	0.0		0
17	PROFIT SHARING MECHANISM (PSM)				(0.000456)	(137)	(0.5)		(137)
18	TOTAL RIDERS					636	2.2	0	636
19	TOTAL RATE DS RTP INCLUDING RIDERS		36	299,922		28,500	100.0	0	28,500

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected  
6 Months Actual Ending May 31, 2017

SUPP SCHEDULE M-2.3  
PAGE 12 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	PROPOSED RATES (E)	PROPOSED REVENUE LESS FUEL COST REVENUE (F)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G)	FUEL COST REVENUE (H)	PROPOSED TOTAL REVENUE (F + H) (I)
				(KWH)	(\$/KWH)	(\$)	(%)	(\$)	(\$)
1	TT RTP	TIME OF DAY SERVICE AT							
2		TRANSMISSION VOLTAGE							
3	CUSTOMER CHARGE:								
4	BILLS (Real-Time Pricing)		24		\$183.00	4,392	0.9		4,392
5	TOTAL CUSTOMER CHARGE					4,392	0.9		4,392
6	ENERGY CHARGE:								
7	ALL KWH			12,915,280	0.006472	83,588	18.1		83,588
8	ANCILLARY SERVICES			12,915,280	0.000000	0	0.0		0
9	COMMODITY CHARGES			12,915,280	0.029268	378,004	81.8	0	378,004
10	TOTAL ENERGY			12,915,280		461,592	99.9	0	461,592
11	TOTAL RATE TT RTP EXCLUDING RIDERS		24	12,915,280		465,984	100.8	0	465,984
12	RIDERS:								
13	DEMAND SIDE MANAGEMENT RIDER (DSMR)				0.000183	2,363	0.5		2,363
14	ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)				0.000000	0	0.0		0
15	FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)				0.000000	0	0.0		0
16	PROFIT SHARING MECHANISM (PSM)				(0.000456)	(5,889)	(1.3)		(5,889)
17	TOTAL RIDERS					(3,526)	(0.8)		(3,526)
18	TOTAL RATE TT RTP INCLUDING RIDERS		24	12,915,280		462,458	100.0	0	462,458

(1) BILLS THAT TERMINATE IN RESPECTIVE RATE STEPS.



DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.3  
PAGE 13 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D) (KWH)	PROPOSED RATES(1A) (E) (\$/UNIT)	PROPOSED REVENUE LESS FUEL COST REVENUE (F) (\$)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G) (%)	FUEL COST REVENUE (2) (H) (\$)	PROPOSED TOTAL REVENUE (F + H) (I) (\$)
1	SL	STREET LIGHTING -- CO OWNED & MAINTAINED							
2		OVERHEAD DISTRIBUTION:							
3		MERCURY VAPOR :							
4	7,000 LUMEN		67,685	4,529,255	7.96	538,773	36.0	4,656	543,429
5	7,000 LUMEN (OPEN)		61	4,336	6.65	406	0.0	4	410
6	7,000 LUMEN (4)		36	2,409	12.82	462	0.0	2	464
7	7,000 LUMEN (5)		560	37,473	12.88	7,213	0.5	39	7,252
8	7,000 LUMEN (6)		119	7,963	13.86	1,649	0.1	8	1,657
9	7,000 LUMEN (8A)		132	8,833	15.80	2,086	0.1	9	2,095
10	10,000 LUMEN		2,199	209,638	9.19	20,209	1.4	216	20,425
11	10,000 LUMEN (5)		7	667	14.11	99	0.0	2	101
12	21,000 LUMEN		9,600	1,431,200	12.30	118,080	7.9	1,471	119,551
13	21,000 LUMEN (5)		132	19,679	17.22	2,273	0.2	20	2,293
14	21,000 LUMEN (6)		132	19,679	18.20	2,402	0.2	20	2,422
15		METAL HALIDE:							
16	14,000 LUMEN		336	22,484	7.96	2,675	0.2	23	2,698
17	14,000 LUMEN (5)		48	3,212	12.88	618	0.0	3	621
18	14,000 LUMEN (6)		91	6,089	13.86	1,261	0.1	6	1,267
19	14,000 LUMEN (10)		12	803	12.88	155	0.0	1	156
20	20,500 LUMEN		168	16,016	9.19	1,544	0.1	16	1,560
21	20,500 LUMEN (6)		24	2,288	15.09	362	0.0	2	364
22	36,000 LUMEN		0	0	12.30	0	0.0	0	0
23		SODIUM VAPOR:							
24	9,500 LUMEN		19,202	779,281	8.81	169,170	11.3	801	169,971
25	9,500 LUMEN (OPEN)		120	4,870	6.61	793	0.1	5	798
26	9,500 LUMEN (4)		48	1,948	13.67	656	0.0	2	658
27	9,500 LUMEN (5)		686	27,800	13.73	9,405	0.6	29	9,434
28	9,500 LUMEN (6)		685	27,800	14.71	10,076	0.7	29	10,105
29	16,000 LUMEN		372	22,041	9.60	3,571	0.2	23	3,594
30	16,000 LUMEN (5)		12	711	14.52	174	0.0	1	175
31	16,000 LUMEN (6)		108	6,399	15.50	1,674	0.1	7	1,681
32	22,000 LUMEN		5,436	429,365	12.45	67,666	4.5	441	68,107
33	22,000 LUMEN (4)		36	2,844	17.31	823	0.0	3	826
34	22,000 LUMEN (5)		219	17,301	17.37	3,804	0.3	18	3,822
35	22,000 LUMEN (6)		72	5,688	18.35	1,321	0.1	6	1,327
36	22,000 LUMEN (8)		12	948	20.21	243	0.0	1	244
37	27,500 LUMEN		96	7,584	12.45	1,195	0.1	8	1,203
38	27,500 LUMEN (6)		12	948	18.35	220	0.0	1	221
39	50,000 LUMEN		10,369	1,692,739	16.73	173,473	11.6	1,740	175,213
40	50,000 LUMEN (5)		312	50,934	21.65	6,755	0.5	52	6,807
41	50,000 LUMEN (6)		619	101,052	22.63	14,008	0.9	104	14,112

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED.

(1A) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) WITH 17' WOOD LAMINATED POLE.

(4) WITH 30' WOOD POLE.

(5) WITH 35' WOOD POLE.

(6) WITH 40' WOOD POLE.

(7) WITH 12' ALUM POLE.

(8) WITH 28' ALUM POLE.

(8A) WITH 28' ALUM POLE HEAVY GAUGE.

(9) WITH 30' ALUM POLE.

(10) WITH 17' FIBERGLASS POLE.

(11) WITH 12' FIBERGLASS POLE.

(12) WITH 30' FIBERGLASS POLE.

(13) WITH 35' FIBERGLASS POLE.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.3  
PAGE 14 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D)	PROPOSED RATES(1A) (E)	PROPOSED REVENUE LESS FUEL COST REVENUE (F)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G)	FUEL COST REVENUE (2) (H)	PROPOSED TOTAL REVENUE (F + H) (I)
				(KWH)	(\$/UNIT)	(\$)	(%)	(\$)	(\$)
42	SL	STREET LIGHTING -- CO OWNED & MAINTAINED (CONT'D.)							
43		OVERHEAD DISTRIBUTION (CONT'D.)							
44		DECORATIVE SODIUM VAPOR:							
45		9,500 LUMEN RECTILINEAR	0	0	10.94	0	0.0	0	0
46		22,000 LUMEN RECTILINEAR	12	1,023	13.53	162	0.0	1	163
47		50,000 LUMEN RECTILINEAR	132	21,549	17.90	2,363	0.2	22	2,385
48		50,000 LUMEN RECTILINEAR (5)	180	29,385	22.82	4,108	0.3	30	4,138
49		50,000 LUMEN RECTILINEAR (6)	0	0	23.80	0	0.0	0	0
50		50,000 LUMEN SETBACK	216	35,262	26.62	5,750	0.4	36	5,786
51		50,000 LUMEN SETBACK (6)	36	5,877	32.52	1,171	0.1	6	1,177
52		TOTAL OVERHEAD	120,332	9,595,373		1,178,648	78.8	9,864	1,188,512
53		UNDERGROUND DISTRIBUTION							
54		MERCURY VAPOR:							
55		7,000 LUMEN	60	4,370	8.10	486	0.0	4	490
56		7,000 LUMEN (OPEN)	0	0	6.65	0	0.0	0	0
57		7,000 LUMEN (4)	600	43,700	12.96	7,776	0.5	45	7,821
58		7,000 LUMEN (5)	12	874	13.02	156	0.0	1	157
59		7,000 LUMEN (8)	360	26,220	15.86	5,710	0.4	27	5,737
60		10,000 LUMEN	0	0	9.35	0	0.0	0	0
61		10,000 LUMEN (4)	84	8,505	14.21	1,194	0.1	9	1,203
62		10,000 LUMEN (8)	156	15,795	17.11	2,669	0.2	16	2,685
63		21,000 LUMEN	96	15,312	12.69	1,209	0.1	16	1,225
64		21,000 LUMEN (8)	132	21,054	20.35	2,666	0.2	22	2,708
65		METAL HALIDE:							
66		14,000 LUMEN	0	0	8.10	0	0.0	0	0
67		20,500 LUMEN	0	0	9.35	0	0.0	0	0
68		36,000 LUMEN	0	0	12.59	0	0.0	0	0
69		SODIUM VAPOR:							
70		9,500 LUMEN	0	0	8.81	0	0.0	0	0
71		9,500 LUMEN (6)	24	974	14.71	353	0.0	1	354
72		9,500 LUMEN (8)	588	23,863	16.57	9,743	0.7	25	9,768
73		9,500 LUMEN (10)	24	974	13.73	330	0.0	1	331
74		9,500 LUMEN (13)	12	487	18.43	221	0.0	1	222
75		9,500 LUMEN (OPEN)	0	0	6.70	0	0.0	0	0
76		16,000 LUMEN	0	0	9.57	0	0.0	0	0
77		16,000 LUMEN (6)	25	1,481	15.47	387	0.0	2	389
78		22,000 LUMEN	228	18,012	12.45	2,839	0.2	19	2,858
79		22,000 LUMEN (5)	60	4,740	17.37	1,042	0.1	5	1,047
80		22,000 LUMEN (8)	528	41,712	20.21	10,671	0.7	43	10,714
81		22,000 LUMEN (8A)	48	3,792	20.29	974	0.1	4	978
82		27,500 LUMEN	0	0	12.45	0	0.0	0	0
83		27,500 LUMEN (9)	252	19,908	27.96	7,046	0.5	20	7,066
84		50,000 LUMEN	336	54,852	16.73	5,621	0.4	56	5,677
85		50,000 LUMEN (8)	72	11,754	24.49	1,763	0.1	12	1,775
86		50,000 LUMEN (9)	132	21,549	32.24	4,256	0.3	22	4,278
87		DECORATIVE MERCURY VAPOR:							
88		7,000 LUMEN TOWN & COUNTRY	0	0	8.37	0	0.0	0	0
89		7,000 LUMEN TOWN & COUNTRY (3)	216	15,354	13.29	2,871	0.2	16	2,887
90		7,000 LUMEN TOWN & COUNTRY (10)	5,888	418,539	13.29	78,252	5.1	430	78,682
91		7,000 LUMEN HOLOPHANE	24	1,748	10.52	252	0.0	2	254
92		7,000 LUMEN HOLOPHANE (10)	1,909	139,039	15.44	29,475	2.0	143	29,618
93		7,000 LUMEN GAS REPLIC (7)	96	6,992	37.43	3,593	0.2	7	3,600
94		7,000 LUMEN GRANVILLE	0	0	8.46	0	0.0	0	0
95		7,000 LUMEN GRANVILLE (7)	0	0	21.85	0	0.0	0	0
96		7,000 LUMEN ASPEN	24	1,748	15.23	368	0.0	2	368

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED

(1A) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) WITH 17' WOOD LAMINATED POLE.

(4) WITH 30' WOOD POLE.

(5) WITH 35' WOOD POLE.

(6) WITH 40' WOOD POLE.

(7) WITH 12' ALUM POLE.

(8) WITH 28' ALUM POLE.

(8A) WITH 28' ALUM POLE HEAVY GAUGE.

(9) WITH 30' ALUM POLE.

(10) WITH 17' FIBERGLASS POLE.

(11) WITH 12' FIBERGLASS POLE.

(12) WITH 30' FIBERGLASS POLE.

(13) WITH 35' FIBERGLASS POLE.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.3  
PAGE 15 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D) (KWH)	PROPOSED RATES(1A) (E) (\$/UNIT)	PROPOSED REVENUE LESS FUEL COST REVENUE (F) (\$)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G) (%)	FUEL COST REVENUE (2) (H) (\$)	PROPOSED TOTAL REVENUE (F + H) (I) (\$)
97	SL	STREET LIGHTING -- CO OWNED & MAINTAINED (CONT'D.)							
98		UNDERGROUND DISTRIBUTION (CONT'D.):							
99		DECORATIVE METAL HALIDE:							
100	14,000	LUMEN TRADITIONAIRE	0	0	8.37	0	0.0	0	0
101	14,000	LUMEN TRADITIONAIRE (7)	60	4,265	21.76	1,306	0.1	4	1,310
102	14,000	LUMEN TRADITIONAIRE (10)	468	33,267	13.29	6,220	0.4	34	6,254
103	14,000	LUMEN GRANVILLE	0	0	15.23	0	0.0	0	0
104	14,000	LUMEN GRANVILLE (11)	0	0	29.63	0	0.0	0	0
105	14,000	LUMEN GAS REPLICA	0	0	24.13	0	0.0	0	0
106	14,500	LUMEN GAS REPLICA	0	0	24.13	0	0.0	0	0
107	14,500	LUMEN GAS REPLICA (7)	240	17,480	37.52	9,005	0.6	18	9,023
108	14,500	LUMEN GAS REPLICA (10)	60	4,370	29.05	1,743	0.1	4	1,747
109		DECORATIVE SODIUM VAPOR:							
110	9,500	LUMEN TOWN & COUNTRY	98	3,977	12.23	1,199	0.1	4	1,203
111	9,500	LUMEN TOWN & COUNTRY (10)	1896	76,946	17.15	32,516	2.2	79	32,595
112	9,500	LUMEN HOLOPHANE	576	25,536	13.25	7,632	0.5	26	7,658
113	9,500	LUMEN HOLOPHANE (10)	312	13,832	18.17	5,669	0.4	14	5,683
114	9,500	LUMEN GAS REPLICA (7)	132	5,852	38.30	5,056	0.3	6	5,062
115	9,500	LUMEN GAS REPLICA (10)	12	532	29.83	358	0.0	1	359
116	9,500	LUMEN GAS REPLICA (11)	312	13,832	39.31	12,265	0.8	14	12,279
117	9,500	LUMEN ASPEN (7)	888	39,368	15.43	13,702	0.9	40	13,742
118	9,500	LUMEN TRADITIONAIRE	0	0	12.23	0	0.0	0	0
119	9,500	LUMEN TRADITIONAIRE (10)	696	28,246	17.15	11,936	0.8	29	11,965
120	9,500	LUMEN GRANVILLE	0	0	15.43	0	0.0	0	0
121	9,500	LUMEN GRANVILLE (7)	0	0	28.82	0	0.0	0	0
122	9,500	LUMEN GRANVILLE (10)	0	0	20.35	0	0.0	0	0
123	9,500	LUMEN GRANVILLE (11)	0	0	29.83	0	0.0	0	0
124	22,000	LUMEN RECTILINEAR	0	0	13.59	0	0.0	0	0
125	22,000	LUMEN RECTILINEAR (12)	169	14,407	22.97	3,882	0.3	15	3,897
126	50,000	LUMEN RECTILINEAR	0	0	17.97	0	0.0	0	0
127	50,000	LUMEN RECTILINEAR (12)	36	5,877	27.35	985	0.1	6	991
128	50,000	LUMEN RECTILINEAR (13)	204	33,303	27.59	5,628	0.4	34	5,662
129	50,000	LUMEN SETBACK	0	0	26.62	0	0.0	0	0
130		TOTAL UNDERGROUND	18,145	1,244,438		301,043	20.1	1,279	302,322
131		RIDERS NOT INCLUDED IN RATES ABOVE (\$ PER KWH):							
132		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0		0
133		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0		0
134		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0		0
135		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(4,943)	(0.3)		(4,943)
136		TOTAL RIDERS NOT INCLUDED IN RATES ABOVE				(4,943)	(0.3)		(4,943)
137		ADD'L FACILITIES CHARGE:							
138		OVERHEAD	5,647		0.58	3,275	0.2		3,275
139		UNDERGROUND	20,991		0.84	17,632	1.2		17,632
140		TOTAL ADD'L FACILITIES CHG	26,638			20,907	1.4	0	20,907
141		TOTAL RATE SL INCLUDING RIDERS	138,477	10,839,811		1,495,655	100.0	11,143	1,506,798

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED

(1A) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) WITH 17' WOOD LAMINATED POLE

(4) WITH 30' WOOD POLE.

(5) WITH 35' WOOD POLE.

(6) WITH 40' WOOD POLE.

(7) WITH 12' ALUM POLE.

(8) WITH 28' ALUM POLE.

(8A) WITH 28' ALUM POLE HEAVY GAUGE.

(9) WITH 30' ALUM POLE.

(10) WITH 17' FIBERGLASS POLE.

(11) WITH 12' FIBERGLASS POLE.

(12) WITH 30' FIBERGLASS POLE.

(13) WITH 35' FIBERGLASS POLE.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.3  
PAGE 16 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D) (KWH)	PROPOSED RATES (E) (\$/KWH)	PROPOSED REVENUE LESS FUEL COST REVENUE (F) (\$)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G) (%)	FUEL COST REVENUE (2) (H) (\$)	PROPOSED TOTAL REVENUE (F + H) (I) (\$)
1	TL	TRAFFIC LIGHTING SERVICE							
2									
3		(A) WHERE COMPANY							
4		SUPPLIES ENERGY ONLY (3):							
5		ALL CONSUMPTION	76,019	680,382	0.042590	28,977	36.9	700	29,677
6		(B) WHERE COMPANY							
7		SUPPLIES ENERGY FROM A							
8		SEPARATELY METERED SOURCE							
9		AND PROVIDES LIMITED							
10		MAINTENANCE:							
11		ALL CONSUMPTION	0	0	0.023583	0	0.0	0	0
12		(C) WHERE COMPANY							
13		SUPPLIES ENERGY AND							
14		PROVIDES LIMITED							
15		MAINTENANCE (3):							
16		ALL CONSUMPTION	18,876	758,083	0.066174	50,165	63.9	779	50,944
17		TOTAL RATE TL EXCLUDING RIDERS	94,895	1,438,465		79,142	100.8	1,479	80,621
18		RIDERS NOT INCLUDED IN RATES ABOVE:							
19		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0		0
20		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0		0
21		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0		0
22		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(656)	(0.8)		(656)
23		TOTAL RIDERS NOT INCLUDED IN RATES ABOVE				(656)	(0.8)		(656)
24		TOTAL RATE TL INCLUDING RIDERS	94,895	1,438,465		78,486	100.0	1,479	79,965

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.3  
PAGE 17 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D) (KWH)	PROPOSED RATES(3) (E) (\$/KWH)	PROPOSED REVENUE LESS FUEL COST REVENUE (F) (\$)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G) (%)	FUEL COST REVENUE (2) (H) (\$)	PROPOSED TOTAL REVENUE (F + H) (I) (\$)
1		UOLS UNMETERED OUTDOOR LIGHTING SERV							
2		BASE RATE	83,973	5,308,606	0.041936	222,622	101.1	5,457	228,079
3		RIDERS NOT INCLUDED IN RATES ABOVE:							
4		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0		0
5		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0		0
6		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0		0
7		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(2,421)	(1.1)		(2,421)
8		TOTAL RIDERS NOT INCLUDED IN RATES ABOVE				(2,421)	(1.1)		(2,421)
9		TOTAL RATE UOLS INCLUDING RIDERS	83,973	5,308,606		220,201	100.0	5,457	225,658

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:   X   BASE PERIOD        FORECASTED PERIOD  
TYPE OF FILING:   X   ORIGINAL        UPDATED        REVISEC  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.3  
PAGE 18 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D) (KWH)	PROPOSED RATES(3) (E) (\$/KWH)	PROPOSED REVENUE LESS FUEL COST REVENUE (F) (K)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G) (%)	FUEL COST REVENUE (2) (H) (K)	PROPOSED TOTAL REVENUE (F + H) (I) (K)
1		OL							
2		(A) PRIVATE OUTDOOR LIGHTING UNITS:							
3		MERCURY VAPOR:							
4		7,000 LUMEN (OPEN)	248	17,629	9.77	2,423	13.0	17	2,440
5		7,000 LUMEN	25	1,821	12.50	313	1.7	2	315
6		10,000 LUMEN	70	7,088	14.59	1,021	5.5	7	1,028
7		21,000 LUMEN	70	11,165	18.74	1,312	7.0	12	1,324
8		METAL HALIDE							
9		14,000 LUMEN	3	219	12.50	38	0.2	0	38
10		20,500 LUMEN	5	506	14.61	73	0.4	1	74
11		36,000 LUMEN	4	638	18.74	75	0.4	1	76
12		SODIUM VAPOR (OH)							
13		9,500 LUMEN (OPEN)	266	10,795	8.59	2,285	12.2	11	2,296
14		9,500 LUMEN	64	2,597	11.18	716	3.8	3	719
15		16,000 LUMEN	7	415	12.61	88	0.5	0	88
16		22,000 LUMEN	57	4,503	13.95	795	4.3	5	800
17		27,500 LUMEN	2	158	13.95	28	0.1	0	28
18		50,000 LUMEN	66	10,775	16.26	1,073	5.7	11	1,084
19		DECORATIVE MV 7,000 LUMEN:							
20		TOWN & COUNTRY	36	2,559	14.97	539	2.9	3	542
21		HOLOPHANE	3	219	19.29	58	0.3	0	58
22		GAS REPLICA	0	0	46.61	0	0.0	0	0
23		ASPEN	0	0	28.83	0	0.0	0	0
24		DECORATIVE SV 9,500 LUMEN:							
25		TOWN & COUNTRY	18	731	23.61	425	2.3	1	426
26		HOLOPHANE	0	0	25.58	0	0.0	0	0
27		RECTILINEAR	0	0	21.02	0	0.0	0	0
28		GAS REPLICA	0	0	49.16	0	0.0	0	0
29		ASPEN	0	0	29.79	0	0.0	0	0
30		TRADITIONAIRE	0	0	23.61	0	0.0	0	0
31		GRANVILLE ACORN	0	0	29.79	0	0.0	0	0
32		DECORATIVE SV:							
33		22,000 LUMEN (RECTILINEAR)	0	0	25.03	0	0.0	0	0
34		50,000 LUMEN (RECTILINEAR)	0	0	31.75	0	0.0	0	0
35		50,000 LUMEN (SETBACK)	4	653	49.40	198	1.1	1	199
36		TOTAL POL UNITS	948	72,471		11,460	61.4	75	11,535
37		(B) FLOODLIGHTING UNITS:							
38		MERCURY VAPOR:							
39		21,000 LUMEN	21	3,350	18.75	394	2.1	3	397
40		METAL HALIDE:							
41		20,500 LUMEN	4	405	14.59	58	0.3	0	58
42		36,000 LUMEN	26	4,147	18.75	488	2.6	4	492
43		SODIUM VAPOR:							
44		22,000 LUMEN	63	5,371	13.85	873	4.7	5	878
45		30,000 LUMEN	11	938	13.85	152	0.8	1	153
46		50,000 LUMEN	309	51,423	17.17	5,306	28.4	54	5,360
47		TOTAL FL UNITS	434	65,634		7,271	38.9	67	7,338
48		TOTAL RATE OL EXCLUDING RIDERS	1,382	138,105		18,731	100.3	142	18,873
49		RIDERS NOT INCLUDED IN RATES ABOVE (\$/KWH):							
50		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0	0	0
51		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0	0	0
52		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0	0	0
53		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(63)	(0.3)		(63)
54		TOTAL RIDERS NOT INCLUDED IN RATES ABOVE				(63)	(0.3)		(63)
55		TOTAL RATE OL INCLUDING RIDERS	1,382	138,105		18,668	100.0	142	18,810

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED.  
(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.  
(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  BASE PERIOD  FORECASTED PERIOD  
TYPE OF FILING:  ORIGINAL  UPDATED  REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.3  
PAGE 19 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D) (KWH)	PROPOSED RATES(3) (E) (\$/UNIT)	PROPOSED REVENUE LESS FUEL COST REVENUE (F) (\$)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G) (%)	FUEL COST REVENUE (2) (H) (\$)	PROPOSED TOTAL REVENUE (F + H) (I) (\$)
1	NSU	NON STANDARD STREET LIGHT UNITS							
2	(A)	COMPANY OWNED							
3	(1)	BOULEVARD INCANDESCENT(UG):							
4		2,500 LUMEN SERIES	0	0	10.32	0	0.0	0	0
5		2,500 LUMEN MULTIPLE	144	9,432	8.01	1,153	1.7	10	1,163
6	(2)	HOLOPHANE DECORATIVE:							
7		10,000 LUMEN MV W							
8		17' FIBERGLASS POLE	372	37,665	18.79	6,990	10.1	39	7,029
9	(3)	STREET LGT UNITS (OH)							
10		2,500 LUMEN INCANDESCENT	372	24,366	7.94	2,954	4.3	25	2,979
11		2,500 LUMEN MERCURY VAPOR	7,008	264,552	7.52	52,700	76.4	272	52,972
12		21,000 LUMEN MERCURY VAPOR	408	65,076	11.93	4,867	7.1	66	4,933
13		TOTAL COMPANY OWNED	8,304	401,091		68,664	99.6	412	69,076
14	(B)	CUSTOMER OWNED WITH LTD MAINT							
15	(1)	BOULEVARD INCANDESCENT(UG):							
16		2,500 LUMEN SERIES	0	0	6.09	0	0.0	0	0
17		2,500 LUMEN MULTIPLE	60	3,930	7.74	464	0.7	4	468
18		TOTAL CUSTOMER OWNED	60	3,930		464	0.7	4	468
19		TOTAL RATE NSU EXCLUDING RIDERS	8,364	405,021		69,128	100.3	416	69,544
20		RIDERS NOT INCLUDED IN RATES ABOVE (\$/KWH):							
21		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0		0
22		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0		0
23		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0		0
24		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(185)	(0.3)		(185)
25		TOTAL RIDERS NOT INCLUDED IN RATES ABOVE				(185)	(0.3)		(185)
26		TOTAL RATE NSU INCLUDING RIDERS	8,364	405,021		68,943	100.0	416	69,359

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.3  
PAGE 20 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D) (KWH)	PROPOSED RATES(3) (E) (\$/UNIT)	PROPOSED REVENUE LESS FUEL COST REVENUE (F) (\$)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G) (%)	FUEL COST REVENUE (2) (H) (\$)	PROPOSED TOTAL REVENUE (F + H) (I) (\$)
1	NSP								
2	POL (A) PRIVATE OUTDOOR LIGHT UNITS:								
3		2,500 LUMEN MERCURY (OPEN)	73	2,908	8.72	637	39.3	4	641
4		2,500 LUMEN MERCURY (ENCL)	11	438	11.93	131	8.1	0	131
5		TOTAL RATE POL	84	3,346		768	47.4	4	772
6	URD (B) OUTDOOR LIGHTING UNITS								
7	- SERVED UG RES DIST AREAS:								
8	MERCURY VAPOR								
9		7,000 LUMEN, WITH							
10		17' FIBERGLASS POLE	0	0	16.27	0	0.0	0	0
11		7,000 LUMEN, WITH							
12		17' WOOD LAM POLE	20	1,422	16.27	325	20.0	1	326
13		7,000 LUMEN, WITH							
14		30' WOOD POLE	1	71	15.04	15	0.9	0	15
15	SODIUM VAPOR								
16		9,500 LUMEN TC 100 R	20	812	12.55	251	15.5	1	252
17		TOTAL RATE URD	41	2,305		591	36.4	2	593
18	FL FLOOD LIGHT								
19	MERCURY VAPOR								
20		52,000 LUMEN, WITH							
21		35' WOOD POLE	0	0	31.94	0	0.0	0	0
22		52,000 LUMEN, WITH							
23		50' WOOD POLE	0	0	35.98	0	0.0	0	0
24	SODIUM VAPOR								
25		50,000 LUMEN	12	1,959	22.14	266	16.4	2	268
26		TOTAL RATE FL	12	1,959		266	16.4	2	268
27		TOTAL RATE NSP EXCLUDING RIDERS	137	7,610		1,625	100.2	8	1,633
28	RIDERS NOT INCLUDED IN RATES ABOVE (\$/KWH):								
29		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0		0
30		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0		0
31		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0		0
32		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(3)	(0.2)		(3)
33		TOTAL RIDERS NOT INCLUDED IN RATES ABOVE				(3)	(0.2)		(3)
34		TOTAL RATE NSP INCLUDING RIDERS	137	7,610		1,622	100.0	8	1,630

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.



DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.3  
PAGE 21 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D) (KWH)	PROPOSED RATES(3) (E) (\$/UNIT)/ (\$/KWH)	PROPOSED REVENUE LESS FUEL COST REVENUE (F) (\$)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G) (%)	FUEL COST REVENUE (2) (H) (\$)	PROPOSED TOTAL REVENUE (F + H) (I) (\$)
1	SC	STREET LIGHTING -							
2		CUST OWNED/LTD MAINT							
3		STANDARD UNIT-COBRAHEAD							
4		MERCURY VAPOR --							
5		7,000 LUMEN	0	0	4.69	0	0.0	0	0
6		10,000 LUMEN	0	0	5.96	0	0.0	0	0
7		21,000 LUMEN	0	0	8.28	0	0.0	0	0
8		METAL HALIDE --							
9		14,000 LUMEN	0	0	4.69	0	0.0	0	0
10		20,500 LUMEN	0	0	5.96	0	0.0	0	0
11		36,000 LUMEN	0	0	8.28	0	0.0	0	0
12		SODIUM VAPOR--							
13		9,500 LUMEN	0	0	5.64	0	0.0	0	0
14		16,000 LUMEN	0	0	6.29	0	0.0	0	0
15		22,000 LUMEN	0	0	6.90	0	0.0	0	0
16		27,500 LUMEN	0	0	6.90	0	0.0	0	0
17		50,000 LUMEN	0	0	9.35	0	0.0	0	0
18		DECORATIVE UNITS:							
19		7,000 LUMEN MERCURY VAPOR--							
20		HOLOPHANE	0	0	5.95	0	0.0	0	0
21		TOWN & COUNTRY	0	0	5.90	0	0.0	0	0
22		GAS REPLICA	0	0	5.95	0	0.0	0	0
23		ASPEN	0	0	5.95	0	0.0	0	0
24		14,000 LUMEN METAL HALIDE--							
25		TRADITIONAIRE	0	0	5.90	0	0.0	0	0
26		GRANVILLE ACORN	0	0	5.95	0	0.0	0	0
27		GAS REPLICA	0	0	5.55	0	0.0	0	0
28		9,500 LUMEN SODIUM VAPOR--							
29		TOWN & COUNTRY	0	0	5.55	0	0.0	0	0
30		TRADITIONAIRE	0	0	5.55	0	0.0	0	0
31		GRANVILLE ACORN	0	0	5.80	0	0.0	0	0
32		RECTILINEAR	0	0	5.55	0	0.0	0	0
33		ASPEN	0	0	5.80	0	0.0	0	0
34		HOLOPHANE	0	0	5.80	0	0.0	0	0
35		GAS REPLICA	0	0	5.80	0	0.0	0	0
36		SODIUM VAPOR --							
37		22,000 LUMEN (RECTILINEAR)	0	0	7.32	0	0.0	0	0
38		50,000 LUMEN (RECTILINEAR)	0	0	9.68	0	0.0	0	0
39		CUST OWNED/CUST MAINT							
40		ENERGY ONLY	2,064	97,596	0.041936	4,093	101.1	100	4,193
41		TOTAL RATE SC EXCLUDING RIDERS	2,064	97,596		4,093	101.1	100	4,193
42		RIDERS NOT INCLUDED IN RATES ABOVE (\$/KWH):							
43		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0		0
44		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0		0
45		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0		0
46		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(45)	(1.1)		(45)
47		TOTAL RIDERS NOT INCLUDED IN RATES ABOVE				(45)	(1.1)		(45)
48		TOTAL RATE SC INCLUDING RIDERS	2,064	97,596		4,048	100.0	100	4,148

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

DUKE ENERGY KENTUCKY, INC.  
CASE NO. 2017-00321  
ANNUALIZED BASE YEAR REVENUES AT PROPOSED VS. MOST CURRENT RATES  
FOR THE TWELVE MONTHS ENDED November 30, 2017  
(ELECTRIC SERVICE)

DATA:  X  BASE PERIOD   FORECASTED PERIOD  
TYPE OF FILING:  X  ORIGINAL   UPDATED   REVISED  
WORK PAPER REFERENCE NO(S):  
6 Months Actual and 6 Months Projected

SUPP SCHEDULE M-2.3  
PAGE 22 OF 22  
WITNESS:  
B. L. SAILERS

PROPOSED ANNUALIZED

LINE NO.	RATE CODE (A)	CLASS / DESCRIPTION (B)	CUSTOMER BILLS(1) (C)	SALES (D) (KWH)	PROPOSED RATES(3) (E) (\$/UNIT)	PROPOSED REVENUE LESS FUEL COST REVENUE (F) (\$)	% OF REV TO TOTAL LESS FUEL COST REVENUE (G) (%)	FUEL COST REVENUE (2) (H) (\$)	PROPOSED TOTAL REVENUE (F + H) (I) (\$)
1	SE	STREET LIGHTING							
2		OVERHEAD EQUIVALENT RATE							
3		MERCURY VAPOR 7,000 LUMEN:							
4		TOWN & COUNTRY	6,816	484,504	8.16	55,619	26.1	498	56,117
5		HOLOPHANE	2,328	169,556	8.19	19,066	9.0	174	19,240
6		GAS REPLICA	696	50,692	8.19	5,700	2.7	52	5,752
7		ASPEN	132	9,614	8.19	1,081	0.5	10	1,091
8		METAL HALIDE 14,000 LUMEN:							
9		TRADITIONAIRE	3,144	223,486	8.16	25,655	12.1	230	25,885
10		GRANVILLE ACORN	0	0	8.19	0	0.0	0	0
11		GAS REPLICA	588	42,826	8.19	4,816	2.3	44	4,860
12		SODIUM VAPOR 9,500 LUMEN:							
13		TOWN & COUNTRY	3,192	129,542	8.89	28,377	13.4	133	28,510
15		HOLOPHANE	2,364	104,804	9.01	21,300	10.0	108	21,408
16		RECTILINEAR	972	39,447	8.89	8,641	4.1	41	8,682
17		GAS REPLICA	1,272	56,392	9.00	11,448	5.4	58	11,506
19		ASPEN	2,580	114,380	9.00	23,220	10.9	118	23,338
14		TRADITIONAIRE	0	0	8.89	0	0.0	0	0
18		GRANVILLE ACORN	156	6,916	9.00	1,404	0.7	7	1,411
20		SODIUM VAPOR:							
21		22,000 LUMEN (RECTILINEAR)	480	40,920	12.78	6,134	2.9	42	6,176
22		50,000 LUMEN (RECTILINEAR)	24	3,918	16.91	406	0.2	4	410
23		50,000 LUMEN (SETBACK)	0	0	16.91	0	0.0	0	0
24		TOTAL RATE SE EXCLUDING RIDERS	24,744	1,476,997		212,867	100.3	1,519	214,386
25		RIDERS NOT INCLUDED IN RATES ABOVE (\$/KWH):							
26		ENVIRONMENTAL SURCHARGE MECHANISM RIDER (ESM)			0.000000	0	0.0		0
27		DISTRIBUTION CAPITAL INVESTMENT RIDER (DCI)			0.000000	0	0.0		0
28		FERC TRANSMISSION COST RECOVERY RECONCILIATION (FTR)			0.000000	0	0.0		0
29		PROFIT SHARING MECHANISM (PSM)			(0.000456)	(674)	(0.3)		(674)
30		TOTAL RIDERS NOT INCLUDED IN RATES ABOVE				(674)	(0.3)		(674)
31		TOTAL RATE SE INCLUDING RIDERS	24,744	1,476,997		212,193	100.0	1,519	213,712

(1) THESE FIGURES REPRESENT NUMBER OF UNITS BILLED.

(2) REFLECTS FUEL COMPONENT OF \$0.001028 PER KWH.

(3) REFLECTS FUEL COST RECOVERY INCLUDED IN BASE RATES OF \$0.023837 PER KWH.

Duke Energy Segment Reporting

DE Kentucky Electric  
Report used to Set User POV  
Periodic

	August 2016 Actuals	August 2016 Budget	Variance Inc. / (Dec.)	Percent Change Inc. / (Dec.)
<b>Operating Income</b>				
Operating Revenues	32,214,743	31,452,149	762,594	2 %
Fuel used in Electric Generation and Purchased Power	11,307,089	11,185,272	121,817	1 %
Operations, Maintenance and Other	8,730,836	8,869,382	(138,545)	(2) %
Depreciation and Amortization	2,788,542	2,794,851	(6,309)	0 %
Property and Other Taxes	772,747	788,629	(15,882)	(2) %
Operating Expenses	23,599,215	23,638,134	(38,919)	0 %
Other Operating Gains and Losses	38,553	-	38,553	-
<b>Operating Income</b>	<b>8,654,081</b>	<b>7,814,015</b>	<b>840,065</b>	<b>11 %</b>
Other Income and Expenses	171,780	176,631	(4,850)	(3) %
Interest Expense	1,266,503	868,502	398,001	46 %
<b>Earnings From Continuing Operations Before Income Taxes</b>	<b>7,559,358</b>	<b>7,122,144</b>	<b>437,214</b>	<b>6 %</b>
Income Tax Expense (Benefit) From Continuing Operations	2,893,503	2,709,776	183,728	7 %
<b>Income From Continuing Operations Attributable to Duke Energy Corp</b>	<b>4,665,855</b>	<b>4,412,369</b>	<b>253,486</b>	<b>6 %</b>
<b>Income (Loss) From Continuing Operations</b>	<b>4,665,855</b>	<b>4,412,369</b>	<b>253,486</b>	<b>6 %</b>

Duke Energy Segment Reporting

DE Kentucky Electric  
Report used to Set User POV  
Periodic

	September 2016 Actuals	September 2016 Budget	Variance Inc./ (Dec.)	Percent Change Inc./ (Dec.)
<b>Operating Income</b>				
Operating Revenues	33,885,834	27,481,931	6,403,903	23 %
Fuel used in Electric Generation and Purchased Power	13,114,653	10,276,027	2,838,626	28 %
Operations, Maintenance and Other	9,879,577	8,732,248	1,147,329	13 %
Depreciation and Amortization	2,624,875	2,776,785	(151,910)	(5) %
Property and Other Taxes	811,170	814,689	(3,519)	0 %
Operating Expenses	26,430,274	22,599,749	3,830,525	17 %
<b>Operating Income</b>	7,455,560	4,882,182	2,573,378	53 %
Other Income and Expenses	230,770	194,527	36,243	19 %
Interest Expense	562,370	904,000	(341,631)	(38) %
<b>Earnings From Continuing Operations Before Income Taxes</b>	7,123,960	4,172,709	2,951,251	71 %
Income Tax Expense (Benefit) From Continuing Operations	2,135,875	1,551,001	584,874	38 %
<b>Income From Continuing Operations Attributable to Duke Energy Corp</b>	4,988,086	2,621,708	2,366,378	90 %
<b>Income (Loss) From Continuing Operations</b>	4,988,086	2,621,708	2,366,378	90 %

Duke Energy Segment Reporting

DE Kentucky Electric  
Report used to Set User POV  
Periodic

	October 2016 Actuals	October 2016 Budget	Variance Inc. / (Dec.)	Percent Change Inc. / (Dec.)
<b>Operating Income</b>				
Operating Revenues	27,185,796	24,984,238	2,201,558	9 %
Fuel used in Electric Generation and Purchased Power	10,325,315	8,910,758	1,414,557	16 %
Operations, Maintenance and Other	8,575,306	8,939,389	(364,083)	(4) %
Depreciation and Amortization	2,725,372	2,782,344	(56,972)	(2) %
Property and Other Taxes	742,631	792,259	(49,627)	(6) %
Operating Expenses	22,368,624	21,424,749	943,875	4 %
<b>Operating Income</b>	4,817,172	3,559,490	1,257,683	35 %
Other Income and Expenses	190,712	217,994	(27,282)	(13) %
Interest Expense	741,039	943,199	(202,159)	(21) %
<b>Earnings From Continuing Operations Before Income Taxes</b>	4,266,845	2,834,285	1,432,560	51 %
Income Tax Expense (Benefit) From Continuing Operations	1,427,904	1,003,474	424,430	42 %
<b>Income From Continuing Operations Attributable to Duke Energy Corp</b>	2,838,941	1,830,811	1,008,130	55 %
<b>Income (Loss) From Continuing Operations</b>	2,838,941	1,830,811	1,008,130	55 %

Duke Energy Segment Reporting

DE Kentucky Electric  
Report used to Set User POV  
Periodic

	November 2016 Actuals	November 2016 Budget	Variance Inc. / (Dec.)	Percent Change Inc. / (Dec.)
<b>Operating Income</b>				
Operating Revenues	25,857,555	24,781,879	1,075,675	4 %
Fuel used in Electric Generation and Purchased Power	12,568,926	9,008,200	3,560,726	40 %
Operations, Maintenance and Other	8,656,327	8,692,765	(36,438)	0 %
Depreciation and Amortization	2,705,832	2,786,996	(81,164)	(3) %
Property and Other Taxes	710,719	790,305	(79,586)	(10) %
Operating Expenses	24,641,804	21,278,266	3,363,538	16 %
<b>Operating Income</b>	1,215,751	3,503,614	(2,287,863)	(65) %
Other Income and Expenses	139,982	243,305	(103,322)	(42) %
Interest Expense	611,939	957,779	(345,840)	(36) %
<b>Earnings From Continuing Operations Before Income Taxes</b>	743,794	2,789,139	(2,045,345)	(73) %
Income Tax Expense (Benefit) From Continuing Operations	(2,245,807)	987,782	(3,233,588)	(327) %
<b>Income From Continuing Operations Attributable to Duke Energy Corp</b>	2,989,601	1,801,357	1,188,243	66 %
<b>Income (Loss) From Continuing Operations</b>	2,989,601	1,801,357	1,188,243	66 %

Duke Energy Segment Reporting

DE Kentucky Electric  
Report used to Set User POV  
Periodic

	December 2016 Actuals	December 2016 Budget	Variance Inc. / (Dec.)	Percent Change Inc. / (Dec.)
<b>Operating Income</b>				
Operating Revenues	30,914,430	28,007,745	2,906,686	10 %
Fuel used in Electric Generation and Purchased Power	12,907,079	10,005,333	2,901,745	29 %
Operations, Maintenance and Other	12,910,988	8,769,118	4,141,870	47 %
Depreciation and Amortization	2,226,314	2,735,291	(508,978)	(19) %
Property and Other Taxes	862,741	786,653	76,088	10 %
Operating Expenses	28,907,122	22,296,396	6,610,726	30 %
<b>Operating Income</b>	2,007,309	5,711,349	(3,704,040)	(65) %
Other Income and Expenses	199,859	233,574	(33,715)	(14) %
Interest Expense	977,068	962,379	14,689	2 %
<b>Earnings From Continuing Operations Before Income Taxes</b>	1,230,100	4,982,544	(3,752,445)	(75) %
Income Tax Expense (Benefit) From Continuing Operations	836,271	1,864,742	(1,028,471)	(55) %
<b>Income From Continuing Operations Attributable to Duke Energy Corp</b>	393,828	3,117,802	(2,723,973)	(87) %
<b>Income (Loss) From Continuing Operations</b>	393,828	3,117,802	(2,723,973)	(87) %

Duke Energy Segment Reporting

DE Kentucky Electric  
Report used to Set User POV  
Periodic

	January 2017 Actuals	January 2017 Budget	Variance Inc. / (Dec.)	Percent Change Inc. / (Dec.)
<b>Operating Income</b>				
Operating Revenues	28,514,152	28,695,461	(181,309)	(1) %
Fuel used in Electric Generation and Purchased Power	10,006,880	10,238,394	(231,513)	(2) %
Operations, Maintenance and Other	8,627,009	9,003,284	(376,275)	(4) %
Depreciation and Amortization	2,710,792	2,942,789	(231,997)	(8) %
Property and Other Taxes	992,790	916,238	76,552	8 %
Operating Expenses	22,337,471	23,100,705	(763,234)	(3) %
<b>Operating Income</b>	6,176,681	5,594,756	581,925	10 %
Other Income and Expenses	246,718	273,936	(27,218)	(10) %
Interest Expense	664,210	760,835	(96,625)	(13) %
<b>Earnings From Continuing Operations Before Income Taxes</b>	5,759,189	5,107,857	651,332	13 %
Income Tax Expense (Benefit) From Continuing Operations	-	1,917,767	(1,917,767)	(100) %
<b>Income From Continuing Operations Attributable to Duke Energy Corp</b>	5,759,189	3,190,090	2,569,099	81 %
<b>Income (Loss) From Continuing Operations</b>	5,759,189	3,190,090	2,569,099	81 %



Duke Energy Segment Reporting

DE Kentucky Electric  
Report used to Set User POV  
Periodic

	February 2017 Actuals	February 2017 Budget	Variance Inc. / (Dec.)	Percent Change Inc. / (Dec.)
<b>Operating Income</b>				
Operating Revenues	25,162,855	27,290,699	(2,127,844)	(8) %
Fuel used in Electric Generation and Purchased Power	8,148,347	10,104,026	(1,955,679)	(19) %
Operations, Maintenance and Other	8,233,891	8,676,382	(442,491)	(5) %
Depreciation and Amortization	2,704,519	2,944,497	(239,978)	(8) %
Property and Other Taxes	896,704	901,721	(5,017)	(1) %
Operating Expenses	19,983,461	22,626,625	(2,643,164)	(12) %
<b>Operating Income</b>	5,179,394	4,664,074	515,320	11 %
Other Income and Expenses	238,852	311,407	(72,554)	(23) %
Interest Expense	1,177,059	726,344	450,715	62 %
<b>Earnings From Continuing Operations Before Income Taxes</b>	4,241,188	4,249,136	(7,948)	0 %
Income Tax Expense (Benefit) From Continuing Operations	3,541,917	1,575,453	1,966,465	125 %
<b>Income From Continuing Operations Attributable to Duke Energy Corp</b>	699,271	2,673,684	(1,974,413)	(74) %
<b>Income (Loss) From Continuing Operations</b>	699,271	2,673,684	(1,974,413)	(74) %

Duke Energy Segment Reporting

DE Kentucky Electric  
Report used to Set User POV  
Periodic

	March 2017 Actuals	March 2017 Budget	Variance Inc. / (Dec.)	Percent Change Inc. / (Dec.)
<b>Operating Income</b>				
Operating Revenues	27,629,475	29,183,376	(1,553,901)	(5) %
Fuel used in Electric Generation and Purchased Power	10,602,939	11,868,460	(1,265,521)	(11) %
Operations, Maintenance and Other	11,163,538	10,194,192	969,346	10 %
Depreciation and Amortization	2,695,277	2,946,398	(251,121)	(9) %
Property and Other Taxes	750,623	932,575	(181,952)	(20) %
Operating Expenses	25,212,377	25,941,626	(729,248)	(3) %
<b>Operating Income</b>	2,417,097	3,241,750	(824,653)	(25) %
Other Income and Expenses	257,334	(1,184,486)	1,441,820	(122) %
Interest Expense	516,276	786,403	(270,127)	(34) %
<b>Earnings From Continuing Operations Before Income Taxes</b>	2,158,155	1,270,861	887,294	70 %
Income Tax Expense (Benefit) From Continuing Operations	698,486	489,554	208,933	43 %
<b>Income From Continuing Operations Attributable to Duke Energy Corp</b>	1,459,669	781,307	678,362	87 %
<b>Income (Loss) From Continuing Operations</b>	1,459,669	781,307	678,362	87 %

Duke Energy Segment Reporting

DE Kentucky Electric  
Report used to Set User POV  
Periodic

	April 2017 Actuals	April 2017 Budget	Variance Inc. / (Dec.)	Percent Change Inc. / (Dec.)
<b>Operating Income</b>				
Operating Revenues	25,242,569	28,220,513	(2,977,944)	(11) %
Fuel used in Electric Generation and Purchased Power	7,692,129	9,036,942	(1,344,813)	(15) %
Operations, Maintenance and Other	9,455,195	9,613,362	(158,167)	(2) %
Depreciation and Amortization	2,700,280	3,208,925	(508,644)	(16) %
Property and Other Taxes	895,382	908,714	(13,332)	(1) %
Operating Expenses	20,742,987	22,767,943	(2,024,956)	(9) %
<b>Operating Income</b>	4,499,582	5,452,570	(952,988)	(17) %
Other Income and Expenses	276,226	123,479	152,746	124 %
Interest Expense	662,752	821,383	(158,632)	(19) %
<b>Earnings From Continuing Operations Before Income Taxes</b>	4,113,056	4,754,666	(641,610)	(13) %
Income Tax Expense (Benefit) From Continuing Operations	1,468,145	1,829,669	(361,524)	(20) %
<b>Income From Continuing Operations Attributable to Duke Energy Corp</b>	2,644,911	2,924,997	(280,086)	(10) %
<b>Income (Loss) From Continuing Operations</b>	2,644,911	2,924,997	(280,086)	(10) %

Duke Energy Segment Reporting

DE Kentucky Electric  
Report used to Set User POV  
Periodic

	May 2017 Actuals	May 2017 Budget	Variance Inc. / (Dec.)	Percent Change Inc. / (Dec.)
<b>Operating Income</b>				
Operating Revenues	25,715,875	25,021,847	694,028	3 %
Fuel used in Electric Generation and Purchased Power	7,790,645	8,738,509	(947,864)	(11) %
Operations, Maintenance and Other	11,280,092	8,743,749	2,536,343	29 %
Depreciation and Amortization	2,702,162	3,206,031	(503,868)	(16) %
Property and Other Taxes	909,516	898,947	10,568	1 %
Impairments and Other Charges	1,190,000	-	1,190,000	-
Operating Expenses	23,872,415	21,587,236	2,285,179	11 %
Other Operating Gains and Losses	(13,310)	-	(13,310)	-
<b>Operating Income</b>	<b>1,830,151</b>	<b>3,434,612</b>	<b>(1,604,461)</b>	<b>(47) %</b>
Other Income and Expenses	282,936	166,798	116,138	70 %
Interest Expense	662,341	855,314	(192,973)	(23) %
<b>Earnings From Continuing Operations Before Income Taxes</b>	<b>1,450,746</b>	<b>2,746,095</b>	<b>(1,295,350)</b>	<b>(47) %</b>
Income Tax Expense (Benefit) From Continuing Operations	308,149	1,037,334	(729,186)	(70) %
<b>Income From Continuing Operations Attributable to Duke Energy Corp</b>	<b>1,142,597</b>	<b>1,708,761</b>	<b>(566,164)</b>	<b>(33) %</b>
<b>Income (Loss) From Continuing Operations</b>	<b>1,142,597</b>	<b>1,708,761</b>	<b>(566,164)</b>	<b>(33) %</b>

Duke Energy Segment Reporting

DE Kentucky Electric  
Report used to Set User POV  
Periodic

	June 2017 Actuals	June 2017 Budget	Variance Inc. / (Dec.)	Percent Change Inc. / (Dec.)
<b>Operating Income</b>				
Operating Revenues	29,876,977	28,452,316	1,424,661	5 %
Fuel used in Electric Generation and Purchased Power	10,779,464	9,775,442	1,004,023	10 %
Operations, Maintenance and Other	9,040,650	8,272,486	768,164	9 %
Depreciation and Amortization	2,720,498	3,206,894	(486,396)	(15) %
Property and Other Taxes	901,234	901,818	(585)	0 %
Operating Expenses	23,441,846	22,156,641	1,285,206	6 %
Other Operating Gains and Losses	(1,757)	-	(1,757)	-
<b>Operating Income</b>	<b>6,433,374</b>	<b>6,295,675</b>	<b>137,698</b>	<b>2 %</b>
Other Income and Expenses	281,906	206,029	75,877	37 %
Interest Expense	1,003,803	971,133	32,670	3 %
<b>Earnings From Continuing Operations Before Income Taxes</b>	<b>5,711,477</b>	<b>5,530,571</b>	<b>180,906</b>	<b>3 %</b>
Income Tax Expense (Benefit) From Continuing Operations	2,224,009	2,015,670	208,339	10 %
<b>Income From Continuing Operations Attributable to Duke Energy Corp</b>	<b>3,487,468</b>	<b>3,514,901</b>	<b>(27,433)</b>	<b>(1) %</b>
<b>Income (Loss) From Continuing Operations</b>	<b>3,487,468</b>	<b>3,514,901</b>	<b>(27,433)</b>	<b>(1) %</b>

Duke Energy Segment Reporting

DE Kentucky Electric  
Report used to Set User POV  
Periodic


	July 2017 Actuals	July 2017 Budget	Variance Inc. / (Dec.)	Percent Change Inc. / (Dec.)
<b>Operating Income</b>				
Operating Revenues	32,338,662	31,338,893	999,769	3 %
Fuel used in Electric Generation and Purchased Power	11,791,998	11,091,390	700,608	6 %
Operations, Maintenance and Other	9,678,243	8,678,442	999,801	12 %
Depreciation and Amortization	2,878,440	3,258,499	(380,059)	(12) %
Property and Other Taxes	898,365	901,566	(3,201)	0 %
Operating Expenses	25,247,046	23,929,897	1,317,148	6 %
Other Operating Gains and Losses	(607)	-	(607)	-
<b>Operating Income</b>	<b>7,091,009</b>	<b>7,408,995</b>	<b>(317,987)</b>	<b>(4) %</b>
Other Income and Expenses	296,757	227,559	69,197	30 %
Interest Expense	658,968	951,138	(292,170)	(31) %
<b>Earnings From Continuing Operations Before Income Taxes</b>	<b>6,728,797</b>	<b>6,685,416</b>	<b>43,381</b>	<b>1 %</b>
Income Tax Expense (Benefit) From Continuing Operations	2,442,128	2,540,447	(98,319)	(4) %
<b>Income From Continuing Operations Attributable to Duke Energy Corp</b>	<b>4,286,669</b>	<b>4,144,969</b>	<b>141,701</b>	<b>3 %</b>
<b>Income (Loss) From Continuing Operations</b>	<b>4,286,669</b>	<b>4,144,969</b>	<b>141,701</b>	<b>3 %</b>

**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): January 30, 2015

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
1-04928	<b>DUKE ENERGY CAROLINAS, LLC</b> (a North Carolina limited liability company) 526 South Church Street Charlotte, North Carolina 28202-4200 704-382-3853	56-0205520
1-3274	<b>DUKE ENERGY FLORIDA, INC.</b> (a Florida corporation) 299 First Avenue North St. Petersburg, Florida 33701 704-382-3853	59-0247770
1-3543	<b>DUKE ENERGY INDIANA, INC.</b> (an Indiana corporation) 1000 East Main Street Plainfield, Indiana 46168 704-382-3853	35-0594457
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, INC.</b> (a North Carolina corporation) 410 South Wilmington street Raleigh, North Carolina 27601-1748 704-382-3853	56-0165465

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 January 30, 2015, Duke Energy Corporation (the "Corporation") and its wholly-owned subsidiaries, Duke Energy Carolinas, LLC, Duke Energy Florida, Inc., Duke Energy Indiana, Inc., Duke Energy Kentucky, Inc., Duke Energy Ohio, Inc., and Duke Energy Progress, Inc., 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, among the Corporation and each of such subsidiaries, as Borrowers, the lenders listed therein, 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. The amendment was entered into primarily to increase the maximum aggregate borrowing amount available to the Borrowers to \$7,500,000,000, and to extend the termination date of the facility from December 2018 to January 30, 2020.

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 9.01. Financial Statements and Exhibits**

(d) *Exhibits.*

- 10.1 Amendment No. 2 and Consent, dated as of January 30, 2015, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc., Duke Energy Kentucky, Inc., Duke Energy Progress, Inc. (f/k/a Progress Energy Carolinas, Inc.) and Duke Energy Florida, Inc. (f/k/a Progress Energy Florida, Inc.), the Lenders party hereto, the Issuing Lenders party hereto, 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 registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**DUKE ENERGY CORPORATION**

Date: February 4, 2015

By: /s/ Robert T. Lucas III  
Name: Robert T. Lucas III  
Title: Assistant Secretary

**DUKE ENERGY CAROLINAS, LLC**

Date: February 4, 2015

By: /s/ Robert T. Lucas III  
Name: Robert T. Lucas III  
Title: Assistant Secretary

**DUKE ENERGY FLORIDA, INC.**

Date: February 4, 2015

By: /s/ Robert T. Lucas III  
Name: Robert T. Lucas III  
Title: Assistant Secretary

**DUKE ENERGY INDIANA, INC.**

Date: February 4, 2015

By: /s/ Robert T. Lucas III  
Name: Robert T. Lucas III  
Title: Assistant Secretary

**DUKE ENERGY OHIO, INC.**

Date: February 4, 2015

By: /s/ Robert T. Lucas III  
Name: Robert T. Lucas III  
Title: Assistant Secretary

**DUKE ENERGY PROGRESS, INC.**

Date: February 4, 2015

By: /s/ Robert T. Lucas III  
Name: Robert T. Lucas III  
Title: Assistant Secretary

**EXHIBIT INDEX**

<u>Exhibit</u>	<u>Description</u>
10.1	Amendment No. 2 and Consent, dated as of January 30, 2015, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc., Duke Energy Kentucky, Inc., Duke Energy Progress, Inc. (f/k/a Progress Energy Carolinas, Inc.) and Duke Energy Florida, Inc. (f/k/a Progress Energy Florida, Inc.), the Lenders party hereto, the Issuing Lenders party hereto, Wells Fargo Bank, National Association, as Administrative Agent and Swingline Lender

Exhibit 10.1

EXECUTION VERSION

AMENDMENT NO. 2 and Consent, dated as of January 30, 2015 (this "*Agreement*"), among DUKE ENERGY CORPORATION, DUKE ENERGY CAROLINAS, LLC, DUKE ENERGY OHIO, INC., DUKE ENERGY INDIANA, INC., DUKE ENERGY KENTUCKY, INC., DUKE ENERGY PROGRESS, INC. (f/k/a PROGRESS ENERGY CAROLINAS, INC.) and DUKE ENERGY FLORIDA, INC. (f/k/a PROGRESS ENERGY FLORIDA, INC.) (each a "*Borrower*" and collectively, the "*Borrowers*"), 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, the "*Existing Credit Agreement*"), among 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 Borrower has 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.

"*Assignee Lender*" shall mean each Lender whose Commitment as shown on Commitment Schedule to the Amended Credit Agreement attached as Annex A hereto is 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.

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 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 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 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.

(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 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 December 12, 2014 among the arrangers, 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.

**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 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.

---

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/ W. Bryan Buckler

Name: W. Bryan Buckler  
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/ W. Bryan Buckler

Name: W. Bryan Buckler  
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/ W. Bryan Buckler

Name: W. Bryan Buckler  
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. 2 and Consent]

---

DUKE ENERGY INDIANA, INC.

By:

/s/ W. Bryan Buckler

Name: W. Bryan Buckler  
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/ W. Bryan Buckler

Name: W. Bryan Buckler  
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, INC.

By:

/s/ W. Bryan Buckler

Name: W. Bryan Buckler  
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. 2 and Consent]

---

DUKE ENERGY FLORIDA, INC.

By:

/s/ W. Bryan Buckler

Name: W. Bryan Buckler  
Title: Assistant Treasurer  
Address: 550 South Tryon Street  
Charlotte, NC 28202  
Attention: Treasury Department  
Telecopy  
number: 704-382-4935  
Taxpayer ID: 59-0247770

*[Signature Page to Amendment No. 2 and Consent]*

---

Wells Fargo Bank, National Association, as Administrative Agent, Lender, Issuing Lender and Swingline Lender:

By /s/ Scott Bjelde  
Name: Scott Bjelde  
Title: Managing Director

Commitment under Amended Credit Agreement:

\$ 340,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

Bank of America, NA, as Lender and Issuing Lender:

By /s/ Patrick Engel  
Name: Patrick Engel  
Title: Director

Commitment under Amended Credit Agreement:

\$ 340,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

The Royal Bank of Scotland plc, as Lender and Issuing Lender:

By /s/ Tyler J. McCarthy  
Name: Tyler J. McCarthy  
Title: Director

Commitment under Amended Credit Agreement:

\$ 340,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

Bank of China, New York Branch, as Lender and Issuing Lender:

By /s/ Shihui Wang  
Name: Shihui Wang  
Title: Executive Vice President

Commitment under Amended Credit Agreement:

\$ 340,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

BARCLAYS BANK PLC, as Lender and Issuing Lender:

By /s/ Ann E. Sutton  
Name: Ann E. Sutton  
Title: Director

Commitment under Amended Credit Agreement:

\$ 340,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---



Citibank, N.A., as Lender and Issuing Lender:

By /s/ Maureen Maroney  
Name: Maureen Maroney  
Title: Vice President

Commitment under Amended Credit Agreement:

\$ 340,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

Credit Suisse AG, Cayman Islands Branch, as Lender and Issuing Lender:

By /s/ Alain Daoust  
Name: Alain Daoust  
Title: Authorized signatory

By /s/ Remy Riester  
Name: Remy Riester  
Title: Authorized signatory

Commitment under Amended Credit Agreement:

\$ 340,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

JPMorgan Chase Bank, N.A., as Lender and Issuing Lender:

By /s/ Bridget Killackey  
Name: Bridget Killackey  
Title: Vice President

Commitment under Amended Credit Agreement:

\$ 340,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

The Bank of Tokyo-Mitsubishi UFJ, Ltd., as Lender and Issuing Lender:

By /s/ Nicholas Battista  
Name: Nicholas Battista  
Title: Managing Director

Commitment under Amended Credit Agreement:

\$ 340,000,000

*[Signature Page to Amendment No. 2 and Consent]*

---

UBS AG, STAMFORD BRANCH as Lender and Issuing Lender:

By /s/ Craig Pearson  
Name: Craig Pearson  
Title: Associate Director  
Banking Product Services, US

By /s/ Darlene Arias  
Name: Darlene Arias  
Title: Director  
Banking Products Services, US

Commitment under Amended Credit Agreement:

\$ 340,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

BNP Paribas, as Lender:

By /s/ Denis O'Meara  
Name: Denis O'Meara  
Title: Managing Director

By /s/ Theodore Sheen  
Name: Theodore Sheen  
Title: Vice President

Commitment under Amended Credit Agreement:

\$ 264,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

GOLDMAN SACHS BANK USA, as Lender:

By /s/ Rebecca Kratz  
Name: Rebecca Kratz  
Title: Authorized Signatory

Commitment under Amended Credit Agreement:

\$ 264,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

MIZUHO BANK LTD., as Lender:

By /s/ Leon Mo  
Name: Leon Mo  
Title: Authorized Signatory

Commitment under Amended Credit Agreement:

\$ 264,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---



Morgan Stanley Bank, N.A., as Lender:

By /s/ Michael King  
Name: Michael King  
Title: Authorized Signatory

Commitment under Amended Credit Agreement:

\$ 264,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

ROYAL BANK OF CANADA, as Lender:

By /s/ Rahul D. Shah  
Name: Rahul D. Shah  
Title: Authorized Signatory

Commitment under Amended Credit Agreement:

\$ 264,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

SunTrust Bank, as Lender:

By /s/ Andrew Johnson  
Name: Andrew Johnson  
Title: Director

Commitment under Amended Credit Agreement:

\$ 264,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

The Bank of Nova Scotia, as Lender:

By /s/ Thane Rattew  
Name: Thane Rattew  
Title: Managing Director

Commitment under Amended Credit Agreement:

\$ 264,000,000

*[Signature Page to Amendment No. 2 and Consent]*

---

U.S. Bank National Association, as Lender:

By /s/ James O'Shaughnessy  
Name: James O'Shaughnessy  
Title: Vice President

Commitment under Amended Credit Agreement:

\$ 264,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

Banco Bilbao Vizcaya Argentaria, S.A.  
New York Branch  
as Lender:

By /s/ Luca Sacchi

Name: Luca Sacchi  
Title: MD

By /s/ Mauricia Benitez

Name: Mauricia Benitez  
Title: Director

Commitment under Amended Credit Agreement:

\$ 142,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

Industrial and Commercial Bank of China Limited, New York Branch, as Lender:

By /s/ Vito Ferrara  
Name: Vito Ferrara  
Title: Deputy General Manager

Commitment under Amended Credit Agreement:

\$ 142,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

KEYBANK NATIONAL ASSOCIATION, as Lender:

By /s/ Lisa A. Ryder  
Name: Lisa A. Ryder  
Title: Vice President

Commitment under Amended Credit Agreement:

\$ 142,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---



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:

\$ 142,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

Northern Trust Company, as Lender:

By /s/ John C. Canty  
Name: John C. Canty  
Title: Senior Vice President

Commitment under Amended Credit Agreement:

\$ 142,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

Fifth Third Bank, an Ohio Banking Corporation, as Lender:

By /s/ J. David Izard  
Name: J. David Izard  
Title: Vice President

Commitment under Amended Credit Agreement:

\$ 142,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

CREDIT AGRICOLE CORPORATE & INVESTMENT BANK, as Lender:

By /s/ Darrell Stanley  
Name: Darrell Stanley  
Title: Managing Director

By /s/ Michael Willis  
Name: Michael Willis  
Title: Managing Director

Commitment under Amended Credit Agreement:

\$ 142,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

PNC Bank, National Association, as Lender:

By /s/ Jon R. Hinard  
Name: Jon R. Hinard  
Title: Senior Vice President

Commitment under Amended Credit Agreement:

\$ 142,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

SANTANDER BANK, N.A., as Lender:

By /s/ William Maag  
Name: William Maag  
Title: Managing Director

Commitment under Amended Credit Agreement:

\$ 142,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

TD BANK, N.A., as Lender:

By /s/ Shannon Batchman  
Name: Shannon Batchman  
Title: Senior Vice President

Commitment under Amended Credit Agreement:

\$ 142,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK BRANCH, as Lender:

By /s/ Anju Abraham  
Name: Anju Abraham  
Title: Authorized Signatory

By /s/ Robert Casey  
Name: Robert Casey  
Title: Authorized Signatory

Commitment under Amended Credit Agreement:

\$ 142,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---



DNB BANK ASA, GRAND CAYMAN BRANCH, as Lender:

By /s/ Nikolai A. Nachamkin  
Name: Nikolai A. Nachamkin  
Title: Senior Vice President

By /s/ Colleen Durkin  
Name: Colleen Durkin  
Title: Senior Vice President

Commitment under Amended Credit Agreement:

\$ 142,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

HSBC Bank USA, National Association, as Lender:

By /s/ Kenneth R. Marks  
Name: Kenneth R. Marks  
Title: Managing Director and Head of Power & Utilities, Americas

Commitment under Amended Credit Agreement:

\$ 142,000,000.00

*[Signature Page to Amendment No. 2 and Consent]*

---

Sumitomo Mitsui Banking Corporation, as Lender:

By /s/ James D. Weinstein  
Name: James D. Weinstein  
Title: Managing Director

Commitment under Amended Credit Agreement:

\$ 142,000,000.00

---

Composite copy reflecting amendments made pursuant to  
the Amendment No. 1 and Consent, dated as of  
December 18, 2013 and Amendment No. 2 and Consent,  
dated as of January 30, 2015

~~\$6,000,000,000~~ \$7,500,000,000

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  
among

Duke Energy Corporation  
Duke Energy Carolinas, LLC  
Duke Energy Ohio, Inc.  
Duke Energy Indiana, Inc.  
Duke Energy Kentucky, Inc.  
Duke Energy Progress, Inc. and  
Duke Energy Florida, Inc.,  
as Borrowers,

The Lenders Listed Herein,

Wells Fargo Bank, National Association,  
as Administrative Agent,

and

~~Bank of America, N.A. and~~  
JPMorgan Chase Bank, 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  
~~JPMorgan Chase Bank, N.A.~~  
The Bank of Tokyo-Mitsubishi UFJ, Ltd. and  
UBS Securities LLC,  
as Co-Documentation Agents

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.  
UBS Securities LLC and  
Wells Fargo Securities, LLC,  
Joint Lead Arrangers and Joint Bookrunners

---

**TABLE OF CONTENTS**

	<u>PAGE</u>
<b><u>ARTICLE 1</u></b>	
<b><u>DEFINITIONS</u></b>	
<u>Section 1.01.</u> <i>Definitions</i>	1
<u>Section 1.02.</u> <i>Accounting Terms and Determinations</i>	18
<u>Section 1.03.</u> <i>Types of Borrowings</i>	<del>19</del> 18
<b><u>ARTICLE 2</u></b>	
<b><u>THE CREDITS</u></b>	
<u>Section 2.01.</u> <i>Commitments to Lend</i>	19
<u>Section 2.02.</u> <i>Notice of Borrowings</i>	20
<u>Section 2.03.</u> <i>Notice to Lenders: Funding of Loans</i>	21
<u>Section 2.04.</u> <i>Registry; Notes</i>	<del>22</del> 21
<u>Section 2.05.</u> <i>Maturity of Loans</i>	22
<u>Section 2.06.</u> <i>Interest Rates</i>	<del>23</del> 22
<u>Section 2.07.</u> <i>Fees</i>	<del>24</del> 23
<u>Section 2.08.</u> <i>Optional Termination or Reduction of Sublimits; Changes to Sublimits</i>	24
<u>Section 2.09.</u> <i>Method of Electing Interest Rates</i>	<del>25</del> 24
<u>Section 2.10.</u> <i>Mandatory Termination of Commitments</i>	26
<u>Section 2.11.</u> <i>Optional Prepayments</i>	26
<u>Section 2.12.</u> <i>General Provisions as to Payments</i>	<del>27</del> 26
<u>Section 2.13.</u> <i>Funding Losses</i>	<del>28</del> 27
<u>Section 2.14.</u> <i>Computation of Interest and Fees</i>	<del>28</del> 27
<u>Section 2.15.</u> <i>Letters of Credit</i>	<del>28</del> 27
<u>Section 2.16.</u> <i>Regulation D Compensation</i>	<del>33</del> 31
<u>Section 2.17.</u> <i>Increase in Commitments; Additional Lenders</i>	<del>33</del> 32
<u>Section 2.18.</u> <i>Swingline Loans</i>	<del>34</del> 33
<u>Section 2.19.</u> <i>Defaulting Lenders</i>	<del>37</del> 35
<b><u>ARTICLE 3</u></b>	
<b><u>CONDITIONS</u></b>	
<u>Section 3.01.</u> <i>Initial Effective Date</i>	4038
<u>Section 3.02.</u> <i>Second Effective Date</i>	4139
<u>Section 3.03.</u> <i>Borrowings And Issuance Of Letters Of Credit</i>	4240
<b><u>ARTICLE 4</u></b>	
<b><u>REPRESENTATIONS AND WARRANTIES</u></b>	
<u>Section 4.01.</u> <i>Organization and Power</i>	4341
<u>Section 4.02.</u> <i>Corporate and Governmental Authorization; No Contravention</i>	4341

<u>Section 4.03.</u>	<u><i>Binding Effect</i></u>	4441
<u>Section 4.04.</u>	<u><i>Financial Information</i></u>	4442
<u>Section 4.05.</u>	<u><i>Regulation U</i></u>	4442
<u>Section 4.06.</u>	<u><i>Litigation</i></u>	4542
<u>Section 4.07.</u>	<u><i>Compliance with Laws</i></u>	4542
<u>Section 4.08.</u>	<u><i>Taxes</i></u>	4543
<u>Section 4.09.</u>	<u><i>Anti-corruption Law and Sanctions</i></u>	43

ARTICLE 5  
COVENANTS

<u>Section 5.01.</u>	<u><i>Information</i></u>	4543
<u>Section 5.02.</u>	<u><i>Payment of Taxes</i></u>	4745
<u>Section 5.03.</u>	<u><i>Maintenance of Property; Insurance</i></u>	4845
<u>Section 5.04.</u>	<u><i>Maintenance of Existence</i></u>	4846
<u>Section 5.05.</u>	<u><i>Compliance with Laws</i></u>	4846
<u>Section 5.06.</u>	<u><i>Books and Records</i></u>	4846
<u>Section 5.07.</u>	<u><i>Negative Pledge</i></u>	4946
<u>Section 5.08.</u>	<u><i>Consolidations, Mergers and Sales of Assets</i></u>	5148
<u>Section 5.09.</u>	<u><i>Use of Proceeds</i></u>	5148
<u>Section 5.10.</u>	<u><i>Indebtedness/Capitalization Ratio</i></u>	5149

ARTICLE 6  
DEFAULTS

<u>Section 6.01.</u>	<u><i>Events of Default</i></u>	5149
<u>Section 6.02.</u>	<u><i>Notice of Default</i></u>	5351
<u>Section 6.03.</u>	<u><i>Cash Collateral</i></u>	5451

ARTICLE 7  
THE ADMINISTRATIVE AGENT

<u>Section 7.01.</u>	<u><i>Appointment and Authorization</i></u>	5451
<u>Section 7.02.</u>	<u><i>Administrative Agent and Affiliates</i></u>	5451
<u>Section 7.03.</u>	<u><i>Action by Administrative Agent</i></u>	5452
<u>Section 7.04.</u>	<u><i>Consultation with Experts</i></u>	5452
<u>Section 7.05.</u>	<u><i>Liability of Administrative Agent</i></u>	5452
<u>Section 7.06.</u>	<u><i>Indemnification</i></u>	5552
<u>Section 7.07.</u>	<u><i>Credit Decision</i></u>	5553
<u>Section 7.08.</u>	<u><i>Successor Administrative Agent</i></u>	5553
<u>Section 7.09.</u>	<u><i>Administrative Agent's Fee</i></u>	5653
<u>Section 7.10.</u>	<u><i>Other Agents</i></u>	5654

ARTICLE 8  
CHANGE IN CIRCUMSTANCES

<u>Section 8.01.</u>	<u><i>Basis for Determining Interest Rate Inadequate or Unfair</i></u>	5654
<u>Section 8.02.</u>	<u><i>Illegality</i></u>	5754

<u>Section 8.03.</u>	<u>Increased Cost and Reduced Return</u>	<u>5755</u>
<u>Section 8.04.</u>	<u>Taxes</u>	<u>5956</u>
<u>Section 8.05.</u>	<u>Base Rate Loans Substituted for Affected Euro-Dollar Loans</u>	<u>6359</u>
<u>Section 8.06.</u>	<u>Substitution of Lender; Termination Option</u>	<u>6260</u>

ARTICLE 9  
MISCELLANEOUS

<u>Section 9.01.</u>	<u>Notices</u>	<u>6461</u>
<u>Section 9.02.</u>	<u>No Waivers</u>	<u>6562</u>
<u>Section 9.03.</u>	<u>Expenses; Indemnification</u>	<u>6562</u>
<u>Section 9.04.</u>	<u>Sharing of Set-offs</u>	<u>6663</u>
<u>Section 9.05.</u>	<u>Amendments and Waivers</u>	<u>6763</u>
<u>Section 9.06.</u>	<u>Successors and Assigns</u>	<u>6764</u>
<u>Section 9.07.</u>	<u>Collateral</u>	<u>7066</u>
<u>Section 9.08.</u>	<u>Confidentiality</u>	<u>7066</u>
<u>Section 9.09.</u>	<u>Governing Law; Submission to Jurisdiction</u>	<u>7167</u>
<u>Section 9.10.</u>	<u>Counterparts; Integration</u>	<u>7167</u>
<u>Section 9.11.</u>	<u>WAIVER OF JURY TRIAL</u>	<u>7167</u>
<u>Section 9.12.</u>	<u>USA Patriot Act</u>	<u>7167</u>
<u>Section 9.13.</u>	<u>Termination of Commitments Under Existing Credit Agreements;</u>	<u>7167</u>
<u>Section 9.14.</u>	<u>No Fiduciary Duty</u>	<u>7268</u>
<u>Section 9.15.</u>	<u>Survival</u>	<u>7268</u>

COMMITMENT SCHEDULE  
PRICING SCHEDULE

EXHIBIT A -	Note
EXHIBIT B -	Opinion of Internal Counsel of the Borrower
EXHIBIT C -	Opinion of Special Counsel for the Borrower
EXHIBIT D -	Assignment and Assumption Agreement
EXHIBIT E -	Extension Agreement
EXHIBIT F -	Notice of Issuance
EXHIBIT G -	Approved Form of Letter of Credit
EXHIBIT H -	Form of Joinder
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) among DUKE ENERGY CORPORATION, DUKE ENERGY CAROLINAS, LLC, DUKE ENERGY OHIO, INC., DUKE ENERGY INDIANA, INC., DUKE ENERGY KENTUCKY, INC., DUKE ENERGY PROGRESS, INC. (f/k/a PROGRESS ENERGY CAROLINAS, INC.) and DUKE ENERGY FLORIDA, INC. (f/k/a PROGRESS ENERGY FLORIDA, 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 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, ~~JPMORGAN CHASE BANK, N.A.~~, THE BANK OF TOKYO-MITSUBISHI UFJ, LTD. and UBS SECURITIES LLC, as Co-Documentation Agents.

The parties hereto agree as follows:

ARTICLE 1  
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 Effective Date**” means December 18, 2013, being the date on which that certain Amendment No. 1 and Consent among the Borrowers, the Lenders party thereto, the Issuing Lenders party thereto, the Swingline Lender and the Administrative Agent became effective.

“**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.

“**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 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%. 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 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 and Duke Energy Progress. 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, ~~JPMorgan Chase Bank, N.A.~~, The Bank of Tokyo-Mitsubishi UFJ, Ltd., and UBS Securities LLC, 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, ~~December 18, 2018~~ January 30, 2020, 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 Bank of Scotland plc, 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. 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., 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. (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. (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.

**“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.

**“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 Letter of Credit”** means each letter of credit outstanding under the Existing Credit Agreement on the Initial 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.

**“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:

Borrower	Initial Sublimit
Company	\$ 2,250,000,000/3,200,000,000
Duke Energy Carolinas	\$ 1,000,000,000/1,200,000,000
Duke Energy Indiana/Progress	\$ 700,000,000/1,000,000,000
Duke Energy Progress/Florida	\$ 750,000,000/900,000,000
Duke Energy Florida/Indiana	\$ 650,000,000/600,000,000
Duke Energy Ohio	\$ 550,000,000/475,000,000
Duke Energy Kentucky	\$ 100,000,000/125,000,000

“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 Bank of America, N.A., 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 Royal Bank of Scotland plc, UBS AG, Stamford Branch and Wells Fargo, 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, ~~\$100,000,000~~ \$80,000,000 (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 Effective Date, the Existing Progress 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.)

**"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 ~~that is a "significant subsidiary" (as such term is defined on the Initial Effective Date in Regulation S-X of the Securities and Exchange Commission (17 CFR 210.1-02(w)), but treating all references therein to the "registrant" as references to 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	\$ 3,000,000,000/4,700,000,000
Duke Energy Carolinas	\$ 1,500,000,000/1,800,000,000
Duke Energy Progress	\$ 1,000,000,000/1,400,000,000
Duke Energy Florida	\$ 1,000,000,000/1,200,000,000
Duke Energy Ohio/Indiana	\$ 750,000,000/1,000,000,000
Duke Energy Indiana/Ohio	\$ 750,000,000/725,000,000
Duke Energy Kentucky	\$ 150,000,000/175,000,000

“**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.

“**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(b)

“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).

“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.

“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, 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 Services, a division of The McGraw-Hill Companies, Inc.

**“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).

“**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.

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 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 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.

(c) Any overdue principal 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 2.09. *Optional Termination or Reduction of Sublimits; Changes to Sublimits* Section 2.10. (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 2.11. *Method of Electing Interest Rates* Section 2.12. (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 2.13. *Mandatory Termination of Commitments.* The Commitment of each Lender shall terminate on such Lender's Commitment Termination Date.

Section 2.14. *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 2.15. *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 2.16. *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 2.17. *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 2.18. *Letters of Credit.*

(a) Subject to the terms and conditions hereof, each Issuing Lender agrees to issue Letters of Credit hereunder 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 ~~\$1,000,000,000~~ \$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 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. 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. 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 ~~2-15~~(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; 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.

(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 Effective Date, 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 Progress 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 Progress 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 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, each Existing Progress 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.

Section 2.19. *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 2.20. *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 ~~\$2,000,000,000~~ \$1,500,000,000 (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.

(e) 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 2.21. *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 of 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 2.09 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 2.22. *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)(i), 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 ~~\$1,000,000,000~~ \$300,000,000 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, ~~2012~~2013 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, ~~2013~~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).

(c) Since December 31, ~~2012~~2013, 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 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 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, in the case of a change in the form of organization of such Borrower, the Administrative Agent has 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 ~~(i) in the case of each of the Company and Duke Energy Carolinas, \$750,000,000 and (ii) in the case of each other, 15% of the Consolidated Net Assets of such Borrower, \$150,000,000; and~~

(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 for the purpose of knowingly financing the activities of or any transactions with any Sanctioned Person or in any country 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.

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%.

#### 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 5.04, 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 ~~\$50,000,000~~ 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 ~~\$100,000,000~~ 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 ~~\$100,000,000~~ \$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 who were directors of the Company 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) 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* Section 1.03. . 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 is advised by the Euro-Dollar Reference Lenders determines (which determination shall be conclusive absent manifest error) that deposits in dollars (in the applicable amounts) are not being offered to the Euro-Dollar Reference Lenders or 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 comparable) and any current or future regulations or official interpretations thereof.

"Taxes" means any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings 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 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 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 backup withholding tax.

(f) If a payment made to a Lender hereunder or under any Note would be subject to U.S. 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 ~~Section 8.06(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 (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, (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 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 in connection with any investigative, administrative or judicial 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, 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, (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) 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(e) 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 (x) a Borrower (y) a Subsidiary or Affiliate of a Borrower or (z) a Defaulting Lender or any Person who, upon becoming a Lender hereunder, would constitute a Defaulting Lender, 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 (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 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 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 or, solely with respect to information disclosed in a manner set forth in clauses (b) through (g) and (k) 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 prohibited by this Agreement, (e) in connection with any litigation to which any Agent, any Lender 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, 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) with the consent of the Company.

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, 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.

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.

COMMITMENT SCHEDULE

Lender	Total Commitments
Wells Fargo Bank, National Association	\$ 315,000,000 340,000,000
Bank of America, N.A.	\$ 315,000,000 340,000,000
The Royal Bank of Scotland plc	\$ 315,000,000 340,000,000
Bank of China, New York Branch	\$ 315,000,000 340,000,000
Barclays Bank PLC	\$ 315,000,000 340,000,000
Citibank, N.A.	\$ 315,000,000 340,000,000
Credit Suisse AG, Cayman Islands Branch	\$ 315,000,000 340,000,000
JPMorgan Chase Bank, N.A.	\$ 315,000,000 340,000,000
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	\$ 315,000,000 340,000,000
UBS AG, Stamford Branch	\$ 315,000,000 340,000,000
BNP Paribas	\$ 247,000,000 264,000,000
Goldman Sachs Bank USA	\$ 247,000,000 264,000,000
Mizuho Bank, Ltd.	\$ 247,000,000 264,000,000
Morgan Stanley Bank, N.A.	\$ 247,000,000 264,000,000
Royal Bank of Canada	\$ 247,000,000 264,000,000
SunTrust Bank	\$ 247,000,000 264,000,000
The Bank of Nova Scotia	\$ 247,000,000 264,000,000
<u>U.S. Bank National Association</u>	\$ 264,000,000
Banco Bilbao Vizcaya Argentaria, S.A., New York Branch	\$ 135,000,000 142,000,000
Industrial and Commercial Bank of China Limited	\$ 135,000,000 142,000,000
KeyBank National Association	\$ 135,000,000 142,000,000
The Bank of New York Mellon	\$ 135,000,000 142,000,000
<u>U.S. Bank National Association</u>	\$ 135,000,000
The Northern Trust Company	\$ 101,000,000 142,000,000
Fifth Third Bank	\$ 85,000,000 142,000,000
Credit Agricole Corporate and Investment Bank	\$ 65,000,000 142,000,000
PNC Bank, National Association	\$ 65,000,000 142,000,000
Santander Bank, N.A.	\$ 65,000,000 142,000,000
TD Bank, N.A.	\$ 65,000,000 142,000,000
<u>Canadian Imperial Bank of Commerce, New York Branch</u>	\$ 142,000,000
<u>DNB Bank ASA, Grand Cayman Branch</u>	\$ 142,000,000
<u>HSBC Bank USA, National Association</u>	\$ 142,000,000
<u>Sumitomo Mitsui Banking Corporation</u>	\$ 142,000,000

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	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	7.5	10.0	12.5	17.5	22.5	27.5
Applicable Margin						
Euro-Dollar Loans and Swingline Loans	80.0	90.0	100.0	107.5	127.5	147.5
Base Rate Loans	0.0	0.0	0.0	7.5	27.5	47.5

~~Each~~ For purposes of the above Pricing Schedule a "Borrower must obtain a rating on its outstanding senior unsecured long-term debt securities from two leading rating agencies, to include at a minimum either 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, together with its successors ("S&P"), or Moody's Investors Service, together with its successors ("Moody's"), or if such a credit rating is not available 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 or anand the issuer rating ratings from Moody's, and formally notify the Administrative Agent of the current ratings. The Facility Fee Rate and Applicable Margin applicable to each Borrower will be based upon such Borrower's credit rating. The ratings in effect for any day are those in effect at the close of business on such day Fitch should be used and differences between those ratings and revolving 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 credit rating will result in an immediate change in the applicable pricing. In the case of split ratings from S&P and Moody's, the rating to be used to determine the applicable pricing will be the higher of the two; provided that if the rating differential is more than one notch, the applicable pricing will be based on a rating one notch lower than the higher of the two.~~



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., an Indiana corporation] [Duke Energy Kentucky, Inc., a Kentucky corporation] [Duke Energy Progress, Inc., a North Carolina corporation] [Duke Energy Florida, Inc., a Florida 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.]

[DUKE ENERGY KENTUCKY, INC.]

[DUKE ENERGY PROGRESS, INC.]

[DUKE ENERGY FLORIDA, INC.]

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

Note (cont'd)

**LOANS AND PAYMENTS OF PRINCIPAL**

<u>Date</u>	<u>Amount of Loan</u>	<u>Type of Loan</u>	<u>Amount of Principal Repaid</u>	<u>Maturity Date</u>	<u>Notation Made By</u>

**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.] (the "**Borrower**") and have acted as its counsel in connection with the Credit Agreement (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], 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,

B-2

---

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] (the "**Borrower**"), in connection with the Credit Agreement (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,

C-4

---

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 (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 \$ \_\_\_\_\_; (1)

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.

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

---

(1) The asterisked provisions shall be appropriately revised in the event of an assignment after the Commitment Termination Date.

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) 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 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.

---

(2) 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.

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 (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.,  
as Borrower

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

DUKE ENERGY FLORIDA, 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.] [Duke Energy Kentucky, Inc.]  
[Duke Energy Progress, Inc.] [Duke Energy Florida, 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.] [Duke Energy Kentucky, Inc.] [Duke Energy Progress, Inc.] [Duke Energy Florida, 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.] [Duke Energy Kentucky, Inc.] [Duke Energy Progress, Inc.] [Duke Energy Florida, 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 ~~\$1,000,000,000~~ \$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.] [Duke Energy Kentucky, Inc.] [Duke Energy Progress, Inc.] [Duke Energy Florida, 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.] [Duke Energy Kentucky, Inc.] [Duke Energy Progress, Inc.] [Duke Energy Florida, 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.]

[DUKE ENERGY KENTUCKY, INC.]

[DUKE ENERGY PROGRESS, INC.,]

[DUKE ENERGY FLORIDA, 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:

Telephone:

Charge DDA#:

Fee:

RC #:

CLAS Bank #:

CLAS Obligor #:

Other (please explain):

[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.] [DUKE ENERGY KENTUCKY, INC.] [DUKE ENERGY PROGRESS, INC.] [DUKE ENERGY FLORIDA, INC.], [ON BEHALF OF [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.]'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.] [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.]'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.] [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.]'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, INC.] [INSERT NAME OF [DUKE ENERGY CORPORATION] [DUKE

ENERGY CAROLINAS, LLC] [DUKE ENERGY OHIO, INC.] [DUKE ENERGY INDIANA, INC.] [DUKE ENERGY KENTUCKY, 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.]/[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.]'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]

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, DC 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 18, 2015**

**DUKE ENERGY CORPORATION**  
(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-32853**  
(Commission  
File No.)

**20-2777218**  
(IRS Employer  
Identification No.)

**550 South Tryon Street, Charlotte, North Carolina, 28202**  
(Address of principal executive offices, including zip code)

**(704) 594-6200**  
(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))

---

Item 2.02 Results of Operations and Financial Condition

On February 18, 2015, Duke Energy Corporation issued a news release announcing its financial results for the fourth quarter ended December 31, 2014. 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 18, 2015

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 thereunto duly authorized.

DUKE ENERGY CORPORATION

/s/ BRIAN D. SAVOY

Brian D. Savoy  
Senior Vice President, Chief Accounting Officer, and  
Controller

Dated: February 18, 2015

---

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
99.1	News Release issued by Duke Energy Corporation on February 18, 2015

Exhibit 99.1

## News Release



Media Contact: Tom Shiel  
24-Hour: 800.559.3853

Analysts: Bill Currens  
Office: 704.382.1603

Feb. 18, 2015

### **Duke Energy reports 2014 adjusted EPS within guidance range and announces 2015 adjusted EPS guidance range**

- **Company achieves adjusted diluted earnings per share (EPS) of \$4.55 in 2014, compared to \$4.36 in 2013; reported diluted EPS of \$2.66 for 2014, compared to \$3.76 in 2013**
- **Fourth quarter 2014 adjusted diluted EPS of 86 cents, compared to \$1.00 for the fourth quarter 2013; fourth quarter 2014 reported diluted EPS of 14 cents, compared to 97 cents in 2013**
- **Company establishes 2015 adjusted diluted EPS guidance range of \$4.55 to \$4.75 and extends its longer-term 4 to 6 percent average annual growth objective in adjusted diluted EPS through 2017**
- **After completing a strategic review of International Energy, the company plans to continue to own and operate the business and has developed a plan to access \$2.7 billion in undistributed foreign earnings in a tax efficient manner**
- **Company in settlement discussions with U.S. government to close the federal grand jury investigation of Duke Energy related to the Dan River spill**

CHARLOTTE, N.C. – Duke Energy today announced 2014 full-year adjusted diluted EPS of \$4.55, within its adjusted diluted EPS guidance range of \$4.50 to \$4.65. Adjusted diluted EPS for 2013 was \$4.36. Duke Energy's full-year 2014 reported diluted EPS was \$2.66, compared to \$3.76 in 2013.

Fourth quarter 2014 adjusted diluted EPS was 86 cents, compared to \$1.00 for fourth quarter 2013. Fourth quarter 2014 reported diluted EPS was 14 cents, compared to 97 cents for fourth quarter 2013.

On an adjusted EPS basis during the quarter, Regulated Utilities results were impacted by higher operations and maintenance expenses primarily related to nuclear outage cost levelization in the Carolinas, as well as timing of fossil plant outages. In the non-regulated businesses, higher PJM capacity revenues for the Midwest Generation fleet

---

Duke Energy News Release

2

and increased results from the renewables business were offset by lower earnings at International Energy resulting from the widespread drought in Brazil.

The company has completed a strategic review of its International Energy business. As a result, Duke Energy will continue to own, operate and create value with the business. Additionally, a plan has been developed giving the company access to \$2.7 billion in foreign earnings through 2022. Reported results for the quarter include a \$373 million, or \$0.53 per share, tax charge resulting from this plan. This charge has been excluded from the company's adjusted diluted EPS results for 2014.

Additionally, the company is in settlement discussions with the U.S. government related to the ongoing federal grand jury investigation of the February 2014 Dan River coal ash spill and ash basin operations at other North Carolina coal plants. The company expects a proposed agreement could be reached and filed in the next several days for consideration by the court. If approved, the proposed agreement would resolve the ongoing grand jury investigation of the company's coal ash basin management. Reported results for the fourth quarter 2014 include a charge of approximately \$100 million, or \$0.14 per share, related to the company's assessment of probable financial exposure related to any agreement. This charge has been excluded from the company's adjusted diluted EPS results for 2014.

"2014 was a year of great accomplishment and challenge," said President and CEO Lynn Good. "Our system reliably met record customer demands during the 2014 polar vortex. Our teams quickly and safely responded to over 1.7 million customer outages following two major ice storms early in the year.

"We achieved our financial targets for the year and built a platform of growth initiatives to position the company for the future," Good stated. "We completed the strategic review of our international businesses and entered into an agreement to sell our Midwest commercial generation business. We also strengthened our coal ash management practices in response to the Dan River coal ash incident.

"We believe we are close to an agreement that, if approved by the court, would resolve the U.S. government's ongoing grand jury investigation into the February 2014 Dan River coal ash spill and ash basin operations at other North Carolina coal plants," added Good.

The company has set its 2015 adjusted diluted EPS guidance range at \$4.55 to \$4.75 and updated through 2017 its longer-term 4 to 6 percent average annual growth in adjusted diluted EPS based upon the midpoint of the original 2013 adjusted diluted EPS guidance range of \$4.20 to \$4.45.

---

Duke Energy News Release

3

### **Business unit results**

In addition to the summary business unit discussion below, a comprehensive table of quarterly and year-to-date adjusted earnings per share drivers compared to the prior year are provided on pages 17 and 18.

The discussion below of fourth-quarter results includes adjusted segment income, which is a non-GAAP financial measure. The tables on pages 26 through 29 present a reconciliation of reported results to adjusted results.

### **Regulated Utilities**

Regulated Utilities recognized fourth quarter 2014 adjusted segment income of \$551 million, compared to \$607 million in the fourth quarter 2013, a decrease of 8 cents per share. These results were driven by higher operations and maintenance expense (-\$0.10 per share) primarily due to nuclear outage cost levelization and the timing of fossil plant outages.

Full-year 2014 adjusted segment income for Regulated Utilities was \$2,897 million, compared to \$2,776 million in 2013, an increase of \$0.17 per share.

Increased year-to-date results at Regulated Utilities were primarily driven by:

- Favorable weather (+\$0.20 per share) across Duke Energy's service territories
- Higher revenues from increased pricing and riders primarily related to the implementation of revised customer rates, partially offset by higher depreciation and amortization expense (+\$0.08 per share)

These favorable drivers were partially offset by:

- Higher operations and maintenance expense (-\$0.10 per share) primarily due to higher storm restoration costs, the timing of fossil plant outages and nuclear outage cost levelization; partially offset by lower employee benefit costs

### **International Energy**

International Energy recognized fourth quarter 2014 adjusted segment income of \$72 million, compared to \$108 million in the fourth quarter 2013, a decrease of \$0.05 per share. These results were driven by unfavorable results in Latin America (-\$0.06 per share) primarily due to lower volumes and higher purchased power costs resulting from poor hydrology in Brazil.

Full-year 2014 adjusted segment income for International Energy was \$428 million, compared to \$408 million in 2013, an increase of \$0.03 per share.

International Energy's improved year-to-date adjusted earnings were driven by:



---

Duke Energy News Release

4

- Stronger results in Latin America (+\$0.03 per share) primarily due to a tax benefit resulting from the reorganization of the company's operations in Chile, offset by lower volumes and higher purchased power costs resulting from poor hydrology in Brazil
- Higher results at National Methanol Company (+\$0.01 per share) due to a prior-year extended planned maintenance outage

These favorable drivers were partially offset by unfavorable foreign currency exchange rates (-\$0.03 per share)

**Commercial Power**

Commercial Power recognized fourth quarter 2014 adjusted segment income of \$32 million, compared to a \$3 million adjusted segment loss in the fourth quarter 2013, an increase of \$0.05 per share.

Commercial Power's improved quarterly adjusted earnings were primarily driven by:

- Higher results from the Midwest coal and gas generation fleets (+\$0.02 per share) primarily due to higher PJM capacity prices, partially offset by increased outage costs
- Increased results from the renewables business (+\$0.02 per share) due to lower costs and additional renewable investments

Full-year 2014 adjusted segment income for Commercial Power was \$109 million, compared to \$15 million in 2013, an increase of \$0.14 per share.

Commercial Power's improved year-to-date adjusted earnings were primarily driven by:

- Higher results from the Midwest coal and gas generation fleets (+\$0.10 per share) primarily due to higher PJM capacity prices, partially offset by lower coal margins
- Increased results from the renewables business (+\$0.06 per share) due to higher production of the wind and solar portfolio, lower costs, and additional renewable investments

These results were partially offset by lower earnings from Duke Energy Retail (-\$0.03 per share).

**Other**

On an adjusted basis, Other primarily includes corporate interest expense not allocated to the business units, results from Duke Energy's captive insurance company, other investments, and quarterly income tax levelization adjustments.

---

Duke Energy News Release

5

Other recognized a fourth quarter 2014 adjusted net expense of \$45 million, compared to net expense of \$5 million in the fourth quarter 2013. The \$0.06 per share decrease was primarily driven by income tax levelization adjustments.

Full-year 2014 adjusted net expense for Other was \$216 million, compared to \$119 million for 2013. The \$0.15 per share decrease was primarily driven by higher income taxes, including a prior-year state tax benefit.

On a consolidated basis, the company experienced a fourth-quarter 2014 adjusted effective tax rate of approximately 30 percent, compared to approximately 31 percent in the prior year. The company experienced an adjusted effective tax rate of approximately 32 percent for full-year 2014, compared to approximately 33 percent in 2013. Adjusted effective tax rate is a non-GAAP financial measure. The tables on pages 30 and 31 present a reconciliation of reported effective tax rate to adjusted effective tax rate.

#### **2014 accounting matters**

##### *Midwest generation sale*

Following the announcement of the sale of the nonregulated Midwest generation business to Dynegy in the third quarter 2014, this business was reclassified as discontinued operations for accounting purposes. Despite this accounting designation, financial results from this business will remain in Duke Energy's adjusted earnings, adjusted diluted EPS and adjusted segment income until the close of the transaction.

##### *International tax charge*

International Energy has declared a taxable dividend of its historical undistributed foreign earnings in the form of a note distribution of \$2.7 billion, providing Duke Energy the ability to repatriate up to \$2.7 billion of cash from the International operations to the United States in a tax efficient manner. Duke Energy is required to accrue U.S. income taxes on this dividend declaration. U.S. taxes are computed based upon the 35 percent U.S. federal tax rate offset by any applicable foreign tax credits. As a result of the decision to repatriate historical foreign earnings, Duke Energy recognized a \$373 million tax charge in the fourth quarter of 2014. This charge is excluded from the company's adjusted diluted earnings per share results for 2014.

##### *U.S. government grand jury investigation*

The company is in settlement discussions with the U.S. government related to the ongoing federal grand jury investigation of the February 2014 Dan River coal ash spill and ash basin operations at other North Carolina coal plants. Reported results for the fourth quarter 2014 include a charge of approximately \$100 million, or 14 cents per share, related to the company's assessment of probable financial exposure related to any agreement. This charge is excluded from the company's adjusted diluted EPS results for 2014.

Duke Energy News Release

6

**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 updates.

The conference call will be hosted by Lynn Good, 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 877-723-9502 in the United States or 719-325-4910 outside the United States. The confirmation code is 1855209. 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. 28, 2015, by calling 888-203-1112 in the United States or 719-457-0820 outside the United States and using the code 1855209. A replay and transcript also will be available by accessing the investors' section of the company's website.

**Special Items and Non-GAAP Reconciliation**

Special items affecting Duke Energy's adjusted diluted EPS for quarterly and full-year results in 2014 and 2013 include:

<u>(In millions, except per-share amounts)</u>	<u>After-Tax Amount</u>	<u>4Q2014 EPS Impact</u>	<u>4Q2013 EPS Impact</u>
<b>Fourth Quarter 2014</b>			
• International Tax Adjustment	\$ (373)	\$ (0.53)	
• Litigation Reserve	\$ (102)	\$ (0.14)	
• Costs to Achieve, Progress Energy merger	\$ (20)	\$ (0.03)	
• Discontinued operations (1)(2)	\$ (18)	\$ (0.02)	
<b>Fourth Quarter 2013</b>			
• Costs to achieve, Progress Energy merger	\$ (45)		\$ (0.06)
• Crystal River Unit 3 Impairment	\$ (35)		\$ (0.05)
• Asset Sales	\$ 50		\$ 0.07
• Litigation Reserve	\$ 17		\$ 0.02
• Discontinued operations (1)(3)	\$ (6)		\$ (0.01)
<b>Total diluted EPS impact</b>		<b>\$ (0.72)</b>	<b>\$ (0.03)</b>

- (1) Reported discontinued operations includes the Midwest generation impairment, the economic hedges (mark-to-market) of Midwest generation, and operating results of the Midwest generation business.
- (2) Represents the Midwest generation operation results reported as discontinued operations of \$(0.04) per diluted share, partially offset by tax benefit related to the sale but not reported as discontinued operations of \$0.02 per diluted share, which are treated as a special item and reflected in adjusted diluted EPS.
- (3) Represents Midwest generation operation results reported as discontinued operations of \$(0.02) per diluted share, partially offset by elimination entries of \$0.01 per diluted share, which are treated as a special item and reflected in adjusted diluted EPS.

Duke Energy News Release

7

<u>(In millions, except per-share amounts)</u>	<u>After-Tax Amount</u>	<u>2014 EPS Impact</u>	<u>2013 EPS Impact</u>
<b>Full-Year 2014</b>			
• International Tax Adjustment	\$ (373)	\$(0.53)	
• Costs to achieve, Progress Energy merger	\$ (127)	\$(0.18)	
• Litigation Reserve	\$ (102)	\$(0.14)	
• Asset Impairments	\$ (59)	\$(0.08)	
• Economic Hedges (Mark-to-Market)	\$ (6)	\$(0.01)	
• Asset sales	\$ 9	\$ 0.01	
• Discontinued operations (1)(2)	\$ (677)	\$(0.96)	
<b>Full-Year 2013:</b>			
• Crystal River Unit 3 Impairment	\$ (215)		\$(0.31)
• Costs to achieve, Progress Energy merger	\$ (184)		\$(0.26)
• Nuclear Development Charges	\$ (57)		\$(0.08)
• Litigation Reserve	\$ (14)		\$(0.02)
• Asset Sales	\$ 50		\$ 0.07
• Discontinued operations (1)(3)	\$ 5		\$ —
<b>Total diluted EPS impact</b>		<b><u>\$(1.89)</u></b>	<b><u>\$(0.60)</u></b>

- (1) Reported discontinued operations includes the Midwest generation impairment, the economic hedges (mark-to-market) of Midwest generation, and operating results of the Midwest generation business.
- (2) Represents reported loss from discontinued operations of \$(0.80) per diluted share, the Midwest generation operation results reported as discontinued operations of \$(0.16) per diluted share, and elimination entries of \$(0.02) per diluted share, partially offset by tax benefit related to the sale but not reported as discontinued operations of \$0.02 per diluted share, which are treated as a special item and reflected in adjusted diluted EPS.
- (3) Represents reported income from discontinued operations of \$0.13 per diluted share, net of the Midwest generation operation results reported as discontinued operations of \$(0.11) per diluted share and elimination entries of \$(0.02) per diluted share, which are treated as a special item and reflected in adjusted diluted EPS.

Reconciliation of reported to adjusted diluted EPS for the quarter:

	<u>4Q2014 EPS</u>	<u>4Q2013 EPS</u>
Diluted EPS, as reported	\$ 0.14	\$ 0.97
Adjustments to reported EPS:		
• Diluted EPS impact of special items and discontinued operations (net of tax)	\$ 0.72	\$ 0.03
<b>Diluted EPS, adjusted</b>	<b><u>\$ 0.86</u></b>	<b><u>\$ 1.00</u></b>

Reconciliation of reported to adjusted diluted EPS for the year:

	<u>2014 EPS</u>	<u>2013 EPS</u>
Diluted EPS, as reported	\$2.66	\$3.76
Adjustments to reported EPS:		
• Diluted EPS impact of special items and discontinued operations (net of tax)	\$1.89	\$0.60
<b>Diluted EPS, adjusted</b>	<b><u>\$4.55</u></b>	<b><u>\$4.36</u></b>

**Non-GAAP financial measures**

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

Management evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to noncontrolling interests. Segment income, as discussed below, 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 the mark-to-market impacts of economic hedges in the Commercial Power segment and special items, including the operating results of the Disposal Group classified as discontinued operations for GAAP purposes. Management believes the presentation of adjusted segment income as presented 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 is segment income, which represents segment income from continuing operations, including any special items and the mark-to-market impacts of economic hedges in the Commercial Power segment.

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 or mark-to-market adjustments for future periods. The earnings guidance range assumptions for 2015 include a half-year of earnings contributions from the nonregulated Midwest generation business, which management has entered into an agreement to sell. Irrespective of discontinued operations accounting treatment, operating results from the nonregulated Midwest generation business will be included in Duke Energy's adjusted earnings, adjusted diluted EPS, and adjusted segment income until the close of the transaction.

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, the mark-to-market impacts of economic hedges in the Commercial Power segment, or any amounts that may be reported as discontinued operations or extraordinary items for future periods.

Duke Energy is the largest electric power holding company in the United States with more than \$115 billion in total assets. Its regulated utility operations serve approximately 7.2 million electric customers located in six states in the Southeast and Midwest. Its commercial power 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 a Fortune 250 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).

---

Duke Energy News Release

10

#### **Forward-Looking Information**

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions.

These forward-looking statements are identified by terms and phrases such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "outlook," "guidance," and similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from the results predicted. Factors that could cause actual results to differ materially from those indicated in any forward-looking statement include, but are not limited to: state, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements or climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices; the extent and timing of the costs and liabilities relating to the Dan River ash basin release and future regulatory changes related to the management of coal ash; the ability to recover eligible costs, including those associated with future significant weather events, and earn an adequate return on investment through the regulatory process; the costs of decommissioning Crystal River Unit 3 could prove to be more extensive than is currently identified and all costs may not be fully recoverable through the regulatory process; the risk that the credit ratings of the combined company or its subsidiaries may be different from what the companies expect; costs and effects of legal and administrative proceedings, settlements, investigations and claims; industrial, commercial and residential growth or decline in service territories or customer bases resulting from customer usage patterns, including energy efficiency effort and use of alternative energy sources including self-generation and distributed generation technologies; additional competition in electric markets and continued industry consolidation; political and regulatory uncertainty in other countries in which Duke Energy conducts business; the influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts and tornadoes; the ability to successfully operate electric generating facilities and deliver electricity to customers; the impact on facilities and business from a terrorist attack, cyber security threats, data security breaches and other catastrophic events; the inherent risks associated with the operation and potential construction of nuclear facilities, including environmental, health, safety, regulatory and financial risks; the timing and extent of changes in commodity prices, interest rates and foreign currency exchange rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets; the results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings and general economic conditions; declines in the market prices of equity and

---

Duke Energy News Release

11

fixed income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans, and nuclear decommissioning trust funds; changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants; the ability to control operation and maintenance costs; the level of creditworthiness of counterparties to transactions; employee workforce factors, including the potential inability to attract and retain key personnel; the ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent); the performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities; the effect of accounting pronouncements issued periodically by accounting standard-setting bodies; the impact of potential goodwill impairments; the ability to reinvest retained earnings of foreign subsidiaries or repatriate such earnings on a tax-free basis; and the ability to successfully complete future merger, acquisition or divestiture plans.

Additional risks and uncertainties are identified and discussed in Duke Energy's and its subsidiaries' reports filed with the SEC and available at the SEC's website at [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 Duke Energy has described. Duke Energy undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

###



December 2014  
QUARTERLY HIGHLIGHTS  
(Unaudited)

	Three Months Ended December 31,		Years Ended December 31,	
	2014	2013	2014	2013
<i>(In millions, except per-share amounts and where noted)</i>				
<b>Earnings Per Share - Basic and Diluted</b>				
Income from continuing operations attributable to Duke Energy Corporation common shareholders				
Basic	\$ 0.14	\$ 0.97	\$ 3.46	\$ 3.64
Diluted	\$ 0.14	\$ 0.97	\$ 3.46	\$ 3.63
Income (Loss) from discontinued operations attributable to Duke Energy Corporation common shareholders				
Basic	\$ —	\$ —	\$ (0.80)	\$ 0.13
Diluted	\$ —	\$ —	\$ (0.80)	\$ 0.13
Net income attributable to Duke Energy Corporation common shareholders				
Basic	\$ 0.14	\$ 0.97	\$ 2.66	\$ 3.77
Diluted	\$ 0.14	\$ 0.97	\$ 2.66	\$ 3.76
Weighted-Average Shares Outstanding				
Basic	707	706	707	706
Diluted	707	706	707	706
<b>SEGMENT INCOME (LOSS) BY BUSINESS SEGMENT</b>				
Regulated Utilities(a)(b)(c)	\$ 449	\$ 572	\$ 2,795	\$ 2,504
International Energy(d)	(301)	108	55	408
Commercial Power(e)	15	(34)	(55)	(88)
Total Reportable Segment Income	163	646	2,795	2,824
Other Net (Expense) Income(f)(g)(h)	(65)	40	(334)	(238)
Intercompany Eliminations	(3)	(2)	(10)	(12)
Income (Loss) from Discontinued Operations, net of tax	2	4	(568)	91
Net Income Attributable to Duke Energy Corporation	\$ 97	\$ 688	\$ 1,883	\$ 2,665
<b>CAPITALIZATION</b>				
Total Common Equity			49%	50%
Total Debt			51%	50%
Total Debt			\$42,534	\$41,095
Book Value Per Share			\$ 57.82	\$ 58.65
Actual Shares Outstanding			707	706
<b>CAPITAL AND INVESTMENT EXPENDITURES</b>				
Regulated Utilities	\$ 1,387	\$ 1,476	\$ 4,744	\$ 5,049
International Energy	27	23	67	67
Commercial Power	231	158	555	268
Other	47	43	162	223
Total Capital and Investment Expenditures	\$ 1,692	\$ 1,700	\$ 5,528	\$ 5,607

Note: Prior period activity reflects reclassifications due to the impact of discontinued operations.

- (a) Includes a litigation reserve of \$102 million for the three months and year ended December 31, 2014, related to the federal grand jury investigation of the February 2014 Dan River coal ash spill and ash basin operations at other North Carolina coal plants.
- (b) Includes an impairment and other charges of \$35 million for the three months ended December 31, 2013 (net of tax of \$22 million), and \$215 million for the year ended December 31, 2013 (net of tax of \$137 million), related to the Crystal River Unit 3 Nuclear Station.
- (c) Includes impairment charges of \$57 million for the year ended December 31, 2013 related to nuclear development costs (net of tax of \$30 million).
- (d) Includes tax adjustment of \$373 million for the three months and year ended December 31, 2014 related to deferred tax impact resulting from a dividend declaration of International Energy historical undistributed earnings.
- (e) Includes an impairment charge of \$59 million for the year ended December 31, 2014, related to reducing the carrying value of OVEC to zero, (net of tax of \$35 million).
- (f) Includes a gain from asset sales of \$65 million for the three months and year ended December 31, 2013 (net of tax of \$40 million).
- (g) Includes cost to achieve the Progress merger of \$20 million for the three months ended December 31, 2014 (net of tax of \$13 million), and \$127 million for the year ended December 31, 2014 (net of tax of \$78 million).
- (h) Includes cost to achieve the Progress merger of \$45 million for the three months ended December 31, 2013 (net of tax of \$27 million), and \$184 million for the year ended December 31, 2013 (net of tax of \$113 million).

December 2014  
**QUARTERLY HIGHLIGHTS**  
(Unaudited)

	Three Months Ended December 31,		Years Ended December 31,	
	2014	2013	2014	2013
<i>(In millions, except for GWh and MW amounts)</i>				
<b>REGULATED UTILITIES</b>				
Operating Revenues	\$ 5,197	\$ 5,144	\$ 22,271	\$ 20,910
Operating Expenses(a)(b)(c)	4,219	3,990	17,026	16,126
Gains on Sales of Other Assets, net	2	1	4	7
Operating Income	980	1,155	5,249	4,791
Other Income and Expenses	61	55	267	221
Interest Expense	277	273	1,093	986
Income Before Income Taxes	764	937	4,423	4,026
Income Tax Expense(d)(e)	315	365	1,628	1,522
Segment Income	\$ 449	\$ 572	\$ 2,795	\$ 2,504
Depreciation and Amortization	\$ 684	\$ 628	\$ 2,759	\$ 2,323
Duke Energy Carolinas GWh sales	20,295	20,407	87,645	85,790
Duke Energy Progress GWh sales	15,477	14,443	62,871	60,204
Duke Energy Florida GWh sales	8,652	8,842	38,703	37,974
Duke Energy Ohio GWh sales	5,967	5,990	24,735	24,557
Duke Energy Indiana GWh sales	7,880	8,526	33,433	33,715
Total GWh sales	58,271	58,208	247,387	242,240
Net Proportional MW Capacity in Operation			49,600	49,607
<b>INTERNATIONAL ENERGY</b>				
Operating Revenues	\$ 306	\$ 378	\$ 1,417	\$ 1,546
Operating Expenses	247	235	1,007	1,000
(Loss) Gains on Sales of Other Assets, net	(1)	3	6	3
Operating Income	58	146	416	549
Other Income and Expenses	38	30	190	125
Interest Expense	22	26	93	86
Income Before Income Taxes	74	150	513	588
Income Tax Expense(f)	375	38	449	166
Less: Income Attributable to Noncontrolling Interests	—	4	9	14
Segment (Loss) Income	\$ (301)	\$ 108	\$ 55	\$ 408
Depreciation and Amortization	\$ 23	\$ 25	\$ 97	\$ 100
Sales, GWh	4,815	5,562	18,629	20,306
Proportional MW Capacity in Operation			4,340	4,600
<b>COMMERCIAL POWER</b>				
Operating Revenues	\$ 60	\$ 71	\$ 255	\$ 260
Operating Expenses(g)	86	117	441	425
Losses on Sales of Other Assets, net	—	(24)	—	(23)
Operating Loss	(26)	(70)	(186)	(188)
Other Income and Expenses	3	4	18	13
Interest Expense	17	16	58	61
Loss Before Income Taxes	(40)	(82)	(226)	(236)
Income Tax Benefit(h)	(55)	(48)	(171)	(148)
Segment Income (Loss)	\$ 15	\$ (34)	\$ (55)	\$ (88)
Depreciation and Amortization	\$ 22	\$ 27	\$ 92	\$ 110
Actual Coal-fired Plant Production, GWh(i)	—	378	867	1,644
Actual Renewable Plant Production, GWh	1,350	1,349	5,462	5,111
Actual Plant Production, GWh	1,350	1,727	6,329	6,755
Net Proportional MW Capacity in Operation			1,370	2,031
<b>OTHER</b>				
Operating Revenues	\$ 26	\$ 38	\$ 105	\$ 175
Operating Expenses(j)(k)	53	73	322	457
Gains (Losses) on Sales of Other Assets, net(l)	4	1	6	(3)
Operating Loss	(23)	(34)	(211)	(285)
Other Income and Expenses	12	124	45	131
Interest Expense	98	108	400	416
Loss Before Income Taxes	(109)	(18)	(566)	(570)
Income Tax Benefit(m)(n)(o)	(47)	(59)	(237)	(335)
Less: Income Attributable to Noncontrolling Interests	3	1	5	3
Segment Net (Expense) Income	\$ (65)	\$ 40	\$ (334)	\$ (238)

Depreciation and Amortization	\$ 32	\$ 33	\$ 118	\$ 135
-------------------------------	-------	-------	--------	--------

Note: Prior period activity reflects reclassifications due to the impact of discontinued operations.

- (a) Includes a litigation reserve of \$102 million for the three months and year ended December 31, 2014, related to the federal grand jury investigation of the February 2014 Dan River coal ash spill and ash basin operations at other North Carolina coal plants.
- (b) Includes pre-tax impairment and other charges of \$57 million for the three months ended December 31, 2013, and \$352 million for the year ended December 31, 2013, related to the Crystal River Unit 3 Nuclear Station.
- (c) Includes pre-tax impairment charges of \$87 million for the year ended December 31, 2013, related to nuclear development costs.
- (d) Includes a tax benefit of \$22 million for the three months ended December 31, 2013, and \$137 million for the year ended December 31, 2013, on the impairment and other charges related to the Crystal River Unit 3 Nuclear Station.
- (e) Includes a tax benefit of \$30 million for the year ended December 31, 2013, on the impairment related to nuclear development costs.
- (f) Includes a tax adjustment of \$373 million related to deferred tax impact resulting from the decision to repatriate all cumulative historic undistributed foreign earnings for the three months and year ended December 31, 2014.
- (g) Includes a pre-tax impairment charge of \$94 million for the year ended December 31, 2014, related to reducing the carrying value of OVEC to zero.
- (h) Includes a tax benefit of \$35 million for the year ended December 31, 2014, on the impairment related to reducing the carrying value of OVEC to zero.
- (i) Includes Commercial Power's coal-fired plant production from plants not included the Disposal Group.
- (j) Includes costs to achieve the Progress merger of \$33 million for the three months ended December 31, 2014, and \$198 million for the year ended December 31, 2014.
- (k) Includes costs to achieve the Progress Energy merger of \$77 million for the three months ended December 31, 2013, and \$352 million for the year ended December 31, 2013.
- (l) Includes a gain from asset sales of \$105 million for the three months and year ended December 31, 2013.
- (m) Includes tax benefit related to costs to achieve the Progress merger of \$13 million for the three months ended December 31, 2014, and \$78 million for the year ended December 31, 2014.
- (n) Includes tax benefit related to costs to achieve the Progress merger of \$27 million for the three months ended December 31, 2013, and \$113 million for the year ended December 31, 2013.
- (o) Includes tax expense of \$40 million for the three months and year ended December 31, 2013, on a gain from asset sales.

**DUKE ENERGY CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)  
(In millions, except per-share amounts)

	Years Ended December 31,		
	2014	2013	2012
<b>Operating Revenues</b>			
Regulated electric	\$21,550	\$20,329	\$15,515
Nonregulated electric, natural gas, and other	1,802	1,916	1,928
Regulated natural gas	573	511	469
Total operating revenues	<u>23,925</u>	<u>22,756</u>	<u>17,912</u>
<b>Operating Expenses</b>			
Fuel used in electric generation and purchased power - regulated	7,686	7,108	5,582
Fuel used in electric generation and purchased power - nonregulated	533	540	651
Cost of natural gas and other	248	224	215
Operation, maintenance and other	5,856	5,673	4,787
Depreciation and amortization	3,066	2,668	2,145
Property and other taxes	1,213	1,274	965
Impairment charges	81	399	666
Total operating expenses	<u>18,683</u>	<u>17,886</u>	<u>15,011</u>
<b>Gains (Losses) on Sales of Other Assets and Other, net</b>	16	(16)	10
<b>Operating Income</b>	<u>5,258</u>	<u>4,854</u>	<u>2,911</u>
<b>Other Income and Expenses</b>			
Equity in earnings of unconsolidated affiliates	130	122	148
Gains on sales of unconsolidated affiliates	17	100	22
Other income and expenses, net	351	262	397
Total other income and expenses	<u>498</u>	<u>484</u>	<u>567</u>
<b>Interest Expense</b>	<u>1,622</u>	<u>1,543</u>	<u>1,244</u>
<b>Income From Continuing Operations Before Income Taxes</b>	4,134	3,795	2,234
<b>Income Tax Expense from Continuing Operations</b>	<u>1,669</u>	<u>1,205</u>	<u>623</u>
<b>Income From Continuing Operations</b>	<u>2,465</u>	<u>2,590</u>	<u>1,611</u>
<b>(Loss) Income From Discontinued Operations, net of tax</b>	<u>(576)</u>	<u>86</u>	<u>171</u>
<b>Net Income</b>	1,889	2,676	1,782
<b>Less: Net Income Attributable to Noncontrolling Interests</b>	6	11	14
<b>Net Income Attributable to Duke Energy Corporation</b>	<u>\$ 1,883</u>	<u>\$ 2,665</u>	<u>\$ 1,768</u>
<b>Earnings Per Share—Basic and Diluted</b>			
Income from continuing operations attributable to Duke Energy Corporation common shareholders			
Basic	\$ 3.46	\$ 3.64	\$ 2.77
Diluted	\$ 3.46	\$ 3.63	\$ 2.77
(Loss) Income from discontinued operations attributable to Duke Energy Corporation common shareholders			
Basic	\$ (0.80)	\$ 0.13	\$ 0.30
Diluted	\$ (0.80)	\$ 0.13	\$ 0.30
Net Income attributable to Duke Energy Corporation common shareholders			
Basic	\$ 2.66	\$ 3.77	\$ 3.07
Diluted	\$ 2.66	\$ 3.76	\$ 3.07
Weighted-average shares outstanding			
Basic	707	706	574
Diluted	707	706	575

**DUKE ENERGY CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)  
(In millions)

	<u>December 31,</u> <u>2014</u>	<u>December 31,</u> <u>2013</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,036	\$ 1,501
Short-term investments	—	44
Receivables (net of allowance for doubtful accounts of \$17 at December 31, 2014 and \$30 at December 31, 2013)	791	1,286
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$51 at December 31, 2014 and \$43 at December 31, 2013)	1,973	1,719
Inventory	3,459	3,250
Assets held for sale	364	—
Regulatory assets	1,115	895
Other	1,837	1,821
Total current assets	<u>11,575</u>	<u>10,516</u>
<b>Investments and Other Assets</b>		
Investments in equity method unconsolidated affiliates	358	390
Nuclear decommissioning trust funds	5,546	5,132
Goodwill	16,321	16,340
Assets held for sale	2,642	107
Other	3,008	3,432
Total investments and other assets	<u>27,875</u>	<u>25,401</u>
<b>Property, Plant and Equipment</b>		
Cost	104,861	103,115
Accumulated depreciation and amortization	(34,824)	(33,625)
Generation facilities to be retired, net	9	—
Net property, plant and equipment	<u>70,046</u>	<u>69,490</u>
<b>Regulatory Assets and Deferred Debits</b>		
Regulatory assets	11,042	9,191
Other	171	181
Total regulatory assets and deferred debits	<u>11,213</u>	<u>9,372</u>
<b>Total Assets</b>	<u>\$ 120,709</u>	<u>\$ 114,779</u>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,271	\$ 2,391
Notes payable and commercial paper	2,514	839
Taxes accrued	569	551
Interest accrued	418	440
Current maturities of long-term debt	2,807	2,104
Liabilities associated with assets held for sale	262	7
Regulatory liabilities	204	316
Other	2,188	1,996
Total current liabilities	<u>11,233</u>	<u>8,644</u>
<b>Long-term Debt</b>		
	<u>37,213</u>	<u>38,152</u>
<b>Deferred Credits and Other Liabilities</b>		
Deferred income taxes	13,423	12,097
Investment tax credits	427	442
Accrued pension and other post-retirement benefit costs	1,145	1,322
Liabilities associated with assets held for sale	35	66
Asset retirement obligations	8,466	4,950
Regulatory liabilities	6,193	5,949
Other	1,675	1,749
Total deferred credits and other liabilities	<u>31,364</u>	<u>26,575</u>
<b>Commitments and Contingencies</b>		
<b>Equity</b>		
Common stock, \$0.001 par value, 2 billion shares authorized; 707 million and 706 million shares outstanding at December 31, 2014 and December 31, 2013, respectively	1	1
Additional paid-in capital	39,405	39,365
Retained earnings	2,012	2,363
Accumulated other comprehensive loss	(543)	(399)
Total Duke Energy Corporation stockholders' equity	<u>40,875</u>	<u>41,330</u>
Noncontrolling interests	24	78
Total equity	<u>40,899</u>	<u>41,408</u>
<b>Total Liabilities and Equity</b>	<u>\$ 120,709</u>	<u>\$ 114,779</u>

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(In millions)

	Years Ended December 31,	
	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 1,889	\$ 2,676
Adjustments to reconcile net income to net cash provided by operating activities:	4,697	3,706
Net cash provided by operating activities	<u>6,586</u>	<u>6,382</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	<u>(5,373)</u>	<u>(4,978)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash used in financing activities	<u>(678)</u>	<u>(1,327)</u>
Net increase in cash and cash equivalents	535	77
Cash and cash equivalents at beginning of period	1,501	1,424
Cash and cash equivalents at end of period	<u>\$ 2,036</u>	<u>\$ 1,501</u>

**DUKE ENERGY CORPORATION**  
**EARNINGS VARIANCES**  
December 2014 QTD vs. Prior Year

(\$ per share)	Regulated Utilities	International Energy	Commercial Power	Other	Consolidated
<b>2013 QTD Reported Earnings Per Share, Diluted</b>	<b>\$ 0.81</b>	<b>\$ 0.15</b>	<b>\$ (0.05)</b>	<b>\$ 0.05</b>	<b>\$ 0.97</b>
Crystal River Unit 3 Charges	0.05	—	—	—	0.05
Costs to Achieve, Progress Merger	—	—	—	0.06	0.06
Asset Sales	—	—	0.02	(0.09)	(0.07)
Litigation Reserve	—	—	—	(0.02)	(0.02)
Midwest Generation Operations (offset in Discontinued Operations)	—	—	0.03	(0.01)	0.02
Discontinued Operations	—	—	—	—	(0.01)
<b>2013 QTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 0.86</b>	<b>\$ 0.15</b>	<b>\$ —</b>	<b>\$(0.01)</b>	<b>\$ 1.00</b>
Pricing and Riders (a)	0.05	—	—	—	0.05
Volume	(0.01)	—	—	—	(0.01)
Operation and Maintenance, net of recoverables (b)	(0.10)	—	—	—	(0.10)
Latin America, including Foreign Exchange Rates (c)	—	(0.06)	—	—	(0.06)
National Methanol Company	—	0.01	—	—	0.01
Midwest Generation (d)	—	—	0.02	—	0.02
Duke Energy Renewables	—	—	0.02	—	0.02
Interest Expense	—	—	—	0.01	0.01
Change in effective income tax rate	0.04	—	—	(0.06)	(0.02)
Other (e)	(0.06)	—	0.01	(0.01)	(0.06)
<b>2014 QTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 0.78</b>	<b>\$ 0.10</b>	<b>\$ 0.05</b>	<b>\$(0.07)</b>	<b>\$ 0.86</b>
International Tax Adjustment	—	(0.53)	—	—	(0.53)
Litigation Reserve	(0.14)	—	—	—	(0.14)
Costs to Achieve, Progress Merger	—	—	—	(0.03)	(0.03)
Midwest Generation Operations (offset in Discontinued Operations)	—	—	(0.04)	—	(0.04)
Discontinued Operations	—	—	0.02	—	0.02
<b>2014 QTD Reported Earnings Per Share, Diluted</b>	<b>\$ 0.64</b>	<b>\$ (0.43)</b>	<b>\$ 0.03</b>	<b>\$(0.10)</b>	<b>\$ 0.14</b>

Note 1: Earnings Per Share amounts are calculated using the consolidated effective income 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: Prior period reflects reclassifications due to the impact of discontinued operations.

- (a) Primarily due to the September 2013 implementation of revised base rates for Duke Energy Carolinas (+\$0.01), the implementation of the year two step-up from the 2013 rate case for Duke Energy Progress (+\$0.01) and the January 1, 2014 implementation of new rates for Duke Energy Florida (+\$0.01).
- (b) Primarily due to lower benefit from the prior-year adoption of nuclear outage levelization costs (-\$0.06) and the timing of fossil plant outages (-\$0.06).
- (c) Primarily driven by unfavorable results in Brazil (-\$0.06) due to lower volumes and higher purchased power costs resulting from poor hydrology.
- (d) Primarily due to higher PJM capacity revenues (+\$0.05), partially offset by higher operations and maintenance costs for Midwest generation operations (-\$0.02) due to outage costs.
- (e) Amount for Regulated Utilities includes higher non-income taxes (-\$0.05) and an increase in depreciation and amortization expense (-\$0.03) primarily due to the prior-year reduction in the cost of removal component of amortization expense for Duke Energy Florida, partially offset by higher wholesale net margins, including new contracts (+\$0.01).

**DUKE ENERGY CORPORATION**  
**EARNINGS VARIANCES**  
December 2014 YTD vs. Prior Year

(\$ per share)	Regulated Utilities	International Energy	Commercial Power	Other	Consolidated
<b>2013 YTD Reported Earnings Per Share, Diluted</b>	<b>\$ 3.54</b>	<b>\$ 0.58</b>	<b>\$ (0.13)</b>	<b>\$(0.34)</b>	<b>\$ 3.76</b>
Crystal River Unit 3 Charges	0.31	—	—	—	0.31
Nuclear Development Charges	0.08	—	—	—	0.08
Costs to Achieve, Progress Merger	—	—	—	0.26	0.26
Litigation Reserve	—	—	—	0.02	0.02
Midwest Generation Operations (offset in Discontinued Operations)	—	—	0.13	(0.02)	0.11
Asset Sales	—	—	0.02	(0.09)	(0.07)
Discontinued Operations	—	—	—	—	(0.11)
<b>2013 YTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 3.93</b>	<b>\$ 0.58</b>	<b>\$ 0.02</b>	<b>\$(0.17)</b>	<b>\$ 4.36</b>
Weather	0.20	—	—	—	0.20
Pricing and Riders (a)	0.31	—	—	—	0.31
Volumes	0.02	—	—	—	0.02
Operation and Maintenance, net of recoverables (b)	(0.10)	—	—	—	(0.10)
National Methanol Company	—	0.01	—	—	0.01
Midwest Generation (c)	—	—	0.07	—	0.07
Duke Energy Renewables (d)	—	—	0.06	—	0.06
Interest Expense (e)	(0.10)	—	(0.01)	0.01	(0.10)
Change in effective income tax rate	0.13	—	(0.01)	(0.12)	—
Other (f)(g)(h)(i)	(0.29)	0.02	0.03	(0.04)	(0.28)
<b>2014 YTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 4.10</b>	<b>\$ 0.61</b>	<b>\$ 0.16</b>	<b>\$(0.32)</b>	<b>\$ 4.55</b>
International Tax Adjustment	—	(0.53)	—	—	(0.53)
Costs to Achieve, Progress Merger	—	—	—	(0.18)	(0.18)
Midwest Generation Operations (offset in Discontinued Operations)	—	—	(0.16)	—	(0.16)
Litigation Reserve	(0.14)	—	—	—	(0.14)
Asset Impairment	—	—	(0.08)	—	(0.08)
Economic Hedges (Mark-to-Market)	—	—	(0.01)	—	(0.01)
Asset Sales	—	—	—	0.01	0.01
Discontinued Operations	—	—	0.02	—	(0.80)
<b>2014 YTD Reported Earnings Per Share, Diluted</b>	<b>\$ 3.96</b>	<b>\$ 0.08</b>	<b>\$ (0.07)</b>	<b>\$(0.49)</b>	<b>\$ 2.66</b>

Note 1: Earnings Per Share amounts are calculated using the consolidated effective income 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: Prior period reflects reclassifications due to the impact of discontinued operations.

- (a) Primarily due to the September 2013 implementation of revised base rates for Duke Energy Carolinas (+\$0.20), the implementation of the year one and year two step-up from the 2013 rate case for Duke Energy Progress (+\$0.08), the January 1, 2014 implementation of revised base rates for Duke Energy Florida (+\$0.04), and the May 2013 implementation of revised electric distribution rates for Duke Energy Ohio (+\$0.02).
- (b) Primarily due to higher storm costs (-\$0.06), the timing of fossil plant outages (-\$0.06) and lower benefit from the prior-year adoption of nuclear outage cost levelization (-\$0.05), partially offset by favorable employee benefit costs (+\$0.06).
- (c) Primarily due to higher PJM capacity revenues (+\$0.12), partially offset by lower coal generation margins (-\$0.05) and lower results at Duke Energy Retail (-\$0.03).
- (d) Primarily due to higher production of the wind and solar portfolio, lower operating costs and additional renewables investments.
- (e) Amount for Regulated Utilities is primarily due to the discontinuation of booking a post in-service debt return on projects that are now reflected in customer rates.
- (f) Amount for Regulated Utilities includes an increase in depreciation and amortization expense (-\$0.23) due to higher depreciable base and the prior-year reduction in the cost of removal component of amortization expense for Duke Energy Florida, higher non-income taxes (-\$0.09) and lower AFUDC-equity (-\$0.03), partially offset by increased wholesale net margins, including new contracts (+\$0.06).
- (g) Amount for International Energy is primarily due to higher interest income related to a prior-year leveraged distribution.
- (h) Amount for Commercial Power is primarily due to prior-year litigation costs (+\$0.01) and lower governance costs (+\$0.01).
- (i) Amount for Other is due to unfavorable captive insurance loss experience.



**Regulated Utilities  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
December 2014**

	Three Months Ended December 31				Years Ended December 31			
	2014	2013	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2014	2013	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
	<b>GWH Sales (1)</b>							
Residential	18,284	18,597	(1.7%)	(2.2%)	83,348	80,593	3.4%	(0.1%)
General Service	18,274	18,350	(0.4%)	0.7%	76,640	75,513	1.5%	1.0%
Industrial	12,799	12,590	1.7%	2.7%	51,772	51,056	1.4%	1.0%
Other Energy Sales	154	152	1.3%		609	603	1.0%	
Unbilled Sales	416	33	1160.6%	N/A	(504)	(275)	(83.3%)	N/A
<b>Total Retail Sales</b>	<b>49,927</b>	<b>49,722</b>	<b>0.4%</b>	<b>0.1%</b>	<b>211,865</b>	<b>207,490</b>	<b>2.1%</b>	<b>0.6%</b>
Special Sales	8,344	8,486	(1.7%)		35,522	34,750	2.2%	
<b>Total Consolidated Electric Sales -     Regulated Utilities</b>	<b>58,271</b>	<b>58,208</b>	<b>0.1%</b>		<b>247,387</b>	<b>242,240</b>	<b>2.1%</b>	
<b>Average Number of Customers (Electric)</b>								
Residential	6,314,356	6,238,814	1.2%		6,281,841	6,214,393	1.1%	
General Service	946,153	939,368	0.7%		942,919	936,370	0.7%	
Industrial	18,252	18,433	(1.0%)		18,299	18,572	(1.5%)	
Other Energy Sales	22,896	22,371	2.3%		22,658	22,206	2.0%	
<b>Total Regular Sales</b>	<b>7,301,657</b>	<b>7,218,986</b>	<b>1.1%</b>		<b>7,265,717</b>	<b>7,191,541</b>	<b>1.0%</b>	
Special Sales	61	59	3.4%		62	60	3.3%	
<b>Total Average Number of Customers -     Regulated Utilities</b>	<b>7,301,718</b>	<b>7,219,045</b>	<b>1.1%</b>		<b>7,265,779</b>	<b>7,191,601</b>	<b>1.0%</b>	
<b>Heating and Cooling Degree Days (3)</b>								
<b>Carolinas - Actual</b>								
Heating Degree Days	1,229	1,179	4.2%		3,364	3,193	5.4%	
Cooling Degree Days	56	62	(9.7%)		1,591	1,417	12.3%	
<b>Variance from Normal</b>								
Heating Degree Days	4.8%	(1.3%)	n/a		11.2%	3.6%	n/a	
Cooling Degree Days	14.6%	15.1%	n/a		(4.2%)	(15.1%)	n/a	
<b>Midwest - Actual</b>								
Heating Degree Days	2,064	2,071	(0.3%)		5,893	5,404	9.0%	
Cooling Degree Days	10	25	(60.0%)		928	1,077	(13.8%)	
<b>Variance from Normal</b>								
Heating Degree Days	10.8%	9.9%	n/a		18.2%	6.8%	n/a	
Cooling Degree Days	(52.4%)	8.7%	n/a		(21.4%)	(8.2%)	n/a	
<b>Florida - Actual</b>								
Heating Degree Days	233	92	153.3%		651	430	51.4%	
Cooling Degree Days	409	582	(29.7%)		3,111	3,249	(4.2%)	
<b>Variance from Normal</b>								
Heating Degree Days	9.9%	(58.9%)	n/a		3.7%	(34.6%)	n/a	
Cooling Degree Days	(9.7%)	26.5%	n/a		(2.5%)	1.9%	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) Certain 2013 data has been recast to conform to the 2014 methodology which provides for consistency across all Regulated Utilities' jurisdictions.

**Duke Energy Carolinas**  
**Quarterly Highlights**  
**Supplemental Regulated Utilities Electric Information**  
**December 2014**

	Three Months Ended December 31				Years Ended December 31			
	2014	2013	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2014	2013	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWH Sales (1)</b>								
Residential	6,039	6,021	0.3%		27,976	26,895	4.0%	
General Service	6,736	6,649	1.3%		28,421	27,764	2.4%	
Industrial	5,347	5,204	2.7%		21,577	21,070	2.4%	
Other Energy Sales	77	74	4.1%		303	293	3.4%	
Unbilled Sales	168	358	(53.1%)		(324)	(154)	(110.4%)	
<b>Total Regular Electric Sales</b>	<b>18,367</b>	<b>18,306</b>	<b>0.3%</b>	<b>0.5%</b>	<b>77,953</b>	<b>75,868</b>	<b>2.7%</b>	<b>0.8%</b>
Special Sales	1,928	2,101	(8.2%)		9,692	9,922	(2.3%)	
<b>Total Consolidated Electric Sales - Duke Energy Carolinas</b>	<b>20,295</b>	<b>20,407</b>	<b>(0.5%)</b>		<b>87,645</b>	<b>85,790</b>	<b>2.2%</b>	
<b>Average Number of Customers</b>								
Residential	2,100,086	2,076,363	1.1%		2,089,299	2,068,329	1.0%	
General Service	342,725	340,283	0.7%		341,616	339,109	0.7%	
Industrial	6,505	6,551	(0.7%)		6,519	6,600	(1.2%)	
Other Energy Sales	14,921	14,480	3.0%		14,693	14,403	2.0%	
<b>Total Regular Sales</b>	<b>2,464,237</b>	<b>2,437,677</b>	<b>1.1%</b>		<b>2,452,127</b>	<b>2,428,441</b>	<b>1.0%</b>	
Special Sales	26	22	18.2%		26	23	13.0%	
<b>Total Average Number of Customers - Duke Energy Carolinas</b>	<b>2,464,263</b>	<b>2,437,699</b>	<b>1.1%</b>		<b>2,452,153</b>	<b>2,428,464</b>	<b>1.0%</b>	
<b>Heating and Cooling Degree Days</b>								
<b>(3)</b>								
<b>Actual</b>								
Heating Degree Days	1,282	1,260	1.7%		3,517	3,375	4.2%	
Cooling Degree Days	44	50	(12.0%)		1,485	1,318	12.7%	
<b>Variance from Normal</b>								
Heating Degree Days	3.9%	0.3%	n/a		11.3%	4.7%	n/a	
Cooling Degree Days	15.8%	19.0%	n/a		(6.1%)	(17.2%)	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) Certain 2013 data has been recast to conform to the 2014 methodology which provides for consistency across all Regulated Utilities' jurisdictions.

**Duke Energy Progress  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
December 2014**

	Three Months Ended December 31				Years Ended December 31			
	2014	2013	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2014	2013	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWH Sales (1)</b>								
Residential	3,926	3,948	(0.6%)		18,201	17,323	5.1%	
General Service	3,618	3,628	(0.3%)		15,385	15,066	2.1%	
Industrial	2,505	2,538	(1.3%)		10,321	10,624	(2.9%)	
Other Energy Sales	29	30	(3.3%)		117	120	(2.5%)	
Unbilled Sales	359	93	286.0%		41	(12)	441.7%	
Total Regular Electric Sales	10,437	10,237	2.0%	0.2%	44,065	43,121	2.2%	(0.8%)
Special Sales	5,040	4,206	19.8%		18,806	17,083	10.1%	
Total Consolidated Electric Sales - Duke Energy Progress	15,477	14,443	7.2%		62,871	60,204	4.4%	
<b>Average Number of Customers</b>								
Residential	1,264,131	1,247,807	1.3%		1,257,007	1,242,328	1.2%	
General Service	224,209	222,146	0.9%		223,287	221,553	0.8%	
Industrial	4,253	4,318	(1.5%)		4,272	4,357	(2.0%)	
Other Energy Sales	1,696	1,778	(4.6%)		1,721	1,801	(4.4%)	
Total Regular Sales	1,494,289	1,476,049	1.2%		1,486,287	1,470,039	1.1%	
Special Sales	15	15	0.0%		15	15	0.0%	
Total Average Number of Customers - Duke Energy Progress	1,494,304	1,476,064	1.2%		1,486,302	1,470,054	1.1%	
<b>Heating and Cooling Degree Days</b>								
<b>(3)</b>								
<b>Actual</b>								
Heating Degree Days	1,176	1,098	7.1%		3,210	3,011	6.6%	
Cooling Degree Days	67	73	(8.2%)		1,696	1,515	11.9%	
<b>Variance from Normal</b>								
Heating Degree Days	5.7%	(2.9%)	n/a		11.2%	2.4%	n/a	
Cooling Degree Days	11.9%	14.3%	n/a		(2.3%)	(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) Certain 2013 data has been recast to conform to the 2014 methodology which provides for consistency across all Regulated Utilities' jurisdictions.

**Duke Energy Florida  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
December 2014**

	Three Months Ended December 31				Years Ended December 31			
	2014	2013	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2014	2013	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
	<b>GWH Sales (1)</b>							
Residential	4,349	4,560	(4.6%)		19,003	18,508	2.7%	
General Service	3,675	3,767	(2.4%)		14,945	14,877	0.5%	
Industrial	823	797	3.3%		3,267	3,206	1.9%	
Other Energy Sales	7	7	0.0%		25	25	0.0%	
Unbilled Sales	(427)	(644)	33.7%		34	(161)	121.1%	
Total Regular Sales	8,427	8,487	(0.7%)	(0.8%)	37,274	36,455	2.2%	0.7%
Special Sales	225	355	(36.6%)		1,429	1,519	(5.9%)	
Total Electric Sales - Duke Energy Florida	8,652	8,842	(2.1%)		38,703	37,974	1.9%	
<b>Average Number of Customers</b>								
Residential	1,510,309	1,484,061	1.8%		1,500,729	1,478,035	1.5%	
General Service	191,876	190,298	0.8%		191,142	189,265	1.0%	
Industrial	2,261	2,318	(2.5%)		2,275	2,342	(2.9%)	
Other Energy Sales	1,547	1,559	(0.8%)		1,551	1,564	(0.8%)	
Total Regular Sales	1,705,993	1,678,236	1.7%		1,695,697	1,671,206	1.5%	
Special Sales	12	15	(20.0%)		14	15	(6.7%)	
Total Average Number of Customers - Duke Energy Florida	1,706,005	1,678,251	1.7%		1,695,711	1,671,221	1.5%	
<b>Heating and Cooling Degree Days (3)</b>								
<b>Actual</b>								
Heating Degree Days	233	92	153.3%		651	430	51.4%	
Cooling Degree Days	409	582	(29.7%)		3,111	3,249	(4.2%)	
<b>Variance from Normal</b>								
Heating Degree Days	9.9%	(58.9%)	n/a		3.7%	(34.6%)	n/a	
Cooling Degree Days	(9.7%)	26.5%	n/a		(2.5%)	1.9%	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) Certain 2013 data has been recast to conform to the 2014 methodology which provides for consistency across all Regulated Utilities' jurisdictions.

**Duke Energy Ohio**  
**Quarterly Highlights**  
**Supplemental Regulated Utilities Electric Information**  
**December 2014**

	Three Months Ended December 31				Years Ended December 31			
	2014	2013	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2014	2013	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWH Sales (1)</b>								
Residential	1,907	1,958	(2.6%)		8,831	8,719	1.3%	
General Service	2,253	2,281	(1.2%)		9,526	9,447	0.8%	
Industrial	1,462	1,455	0.5%		5,963	5,771	3.3%	
Other Energy Sales	27	28	(3.6%)		111	112	(0.9%)	
Unbilled Sales	160	76	110.5%		(82)	(6)	(1266.7%)	
<b>Total Regular Electric Sales</b>	<b>5,809</b>	<b>5,798</b>	<b>0.2%</b>	<b>(0.7%)</b>	<b>24,349</b>	<b>24,043</b>	<b>1.3%</b>	<b>1.7%</b>
Special Sales	158	192	(17.7%)		386	514	(24.9%)	
<b>Total Electric Sales - Duke Energy Ohio</b>	<b>5,967</b>	<b>5,990</b>	<b>(0.4%)</b>		<b>24,735</b>	<b>24,557</b>	<b>0.7%</b>	
<b>Average Number of Customers</b>								
Residential	743,251	739,369	0.5%		741,800	737,399	0.6%	
General Service	86,881	86,327	0.6%		86,522	86,188	0.4%	
Industrial	2,534	2,531	0.1%		2,525	2,547	(0.9%)	
Other Energy	3,191	3,066	4.1%		3,179	2,965	7.2%	
<b>Total Regular Sales</b>	<b>835,857</b>	<b>831,293</b>	<b>0.5%</b>		<b>834,026</b>	<b>829,099</b>	<b>0.6%</b>	
Special Sales	1	1	0.0%		1	1	0.0%	
<b>Total Average Number of Electric Customers - Duke Energy Ohio</b>	<b>835,858</b>	<b>831,294</b>	<b>0.5%</b>		<b>834,027</b>	<b>829,100</b>	<b>0.6%</b>	
<b>Heating and Cooling Degree Days (3)</b>								
<b>Actual</b>								
Heating Degree Days	1,927	1,931	(0.2%)		5,455	5,092	7.1%	
Cooling Degree Days	13	25	(48.0%)		1,024	1,070	(4.3%)	
<b>Variance from Normal</b>								
Heating Degree Days	6.6%	5.5%	n/a		13.1%	4.0%	n/a	
Cooling Degree Days	(35.0%)	8.7%	n/a		(13.1%)	(8.9%)	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) Certain 2013 data has been recast to conform to the 2014 methodology which provides for consistency across all Regulated Utilities' jurisdictions.

**Duke Energy Ohio  
Quarterly Highlights  
Supplemental Regulated Utilities Gas Information  
December 2014**

	Three Months Ended December 31				Years Ended December 31			
	2014	2013	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2014	2013	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
	<b>MCF Sales (1)</b>							
Residential	9,686,129	9,359,700	3.5%		41,040,532	37,840,736	8.5%	
General Service	6,205,202	5,873,264	5.7%		25,541,023	23,329,465	9.5%	
Industrial	1,953,376	1,677,360	16.5%		7,379,010	6,311,201	16.9%	
Other Energy Sales	5,430,602	5,897,994	(7.9%)		21,047,330	21,496,630	(2.1%)	
Unbilled Sales	3,295,000	4,864,000	(32.3%)		(1,732,000)	136,000	(1373.5%)	
<b>Total Gas Sales - Duke Energy Ohio</b>	<b>26,570,309</b>	<b>27,672,318</b>	<b>(4.0%)</b>	<b>2.9%</b>	<b>93,275,895</b>	<b>89,114,032</b>	<b>4.7%</b>	<b>1.6%</b>
<b>Average Number of Customers</b>								
Residential	473,956	471,390	0.5%		472,940	469,887	0.6%	
General Service	43,648	43,502	0.3%		43,446	43,351	0.2%	
Industrial	1,631	1,643	(0.7%)		1,629	1,635	(0.4%)	
Other Energy	145	162	(10.5%)		152	165	(7.9%)	
<b>Total Average Number of Gas Customers - Duke Energy Ohio</b>	<b>519,380</b>	<b>516,697</b>	<b>0.5%</b>		<b>518,167</b>	<b>515,038</b>	<b>0.6%</b>	
<b>Heating and Cooling Degree Days (3)</b>								
<b>Actual</b>								
Heating Degree Days	1,927	1,931	(0.2%)		5,455	5,092	7.1%	
Cooling Degree Days	13	25	(48.0%)		1,024	1,070	(4.3%)	
<b>Variance from Normal</b>								
Heating Degree Days	6.6%	5.5%	n/a		13.1%	4.0%	n/a	
Cooling Degree Days	(35.0%)	8.7%	n/a		(13.1%)	(8.9%)	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) Certain 2013 data has been recast to conform to the 2014 methodology which provides for consistency across all Regulated Utilities' jurisdictions.

**Duke Energy Indiana  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
December 2014**

	Three Months Ended December 31				Years Ended December 31			
	2014	2013	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2014	2013	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWH Sales (1)</b>								
Residential	2,063	2,110	(2.2%)		9,337	9,148	2.1%	
General Service	1,992	2,025	(1.6%)		8,363	8,359	0.0%	
Industrial	2,662	2,596	2.5%		10,644	10,385	2.5%	
Other Energy Sales	14	13	7.7%		53	53	0.0%	
Unbilled Sales	156	150	4.0%		(173)	58	(398.3%)	
Total Regular Electric Sales	6,887	6,894	(0.1%)	0.7%	28,224	28,003	0.8%	1.2%
Special Sales	993	1,632	(39.2%)		5,209	5,712	(8.8%)	
Total Electric Sales - Duke Energy Indiana	7,880	8,526	(7.6%)		33,433	33,715	(0.8%)	
<b>Average Number of Customers</b>								
Residential	696,579	691,214	0.8%		693,006	688,302	0.7%	
General Service	100,462	100,314	0.1%		100,352	100,255	0.1%	
Industrial	2,699	2,715	(0.6%)		2,708	2,726	(0.7%)	
Other Energy	1,541	1,488	3.6%		1,514	1,473	2.8%	
Total Regular Sales	801,281	795,731	0.7%		797,580	792,756	0.6%	
Special Sales	7	6	16.7%		6	6	0.0%	
Total Average Number of Electric Customers - Duke Energy Indiana	801,288	795,737	0.7%		797,586	792,762	0.6%	
<b>Heating and Cooling Degree Days (3)</b>								
<b>Actual</b>								
Heating Degree Days	2,200	2,212	(0.5%)		6,330	5,716	10.7%	
Cooling Degree Days	7	25	(72.0%)		832	1,083	(23.2%)	
<b>Variance from Normal</b>								
Heating Degree Days	14.7%	14.1%	n/a		23.1%	9.5%	n/a	
Cooling Degree Days	(66.7%)	4.2%	n/a		(29.7%)	(7.4%)	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) Certain 2013 data has been recast to conform to the 2014 methodology which provides for consistency across all Regulated Utilities' jurisdictions.

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
Three Months Ended December 31, 2014  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items					Discontinued Operations	Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Midwest Generation Operations	Litigation Reserve	International Tax Adjustment				
<b>SEGMENT INCOME</b>									
Regulated Utilities	\$ 551	\$ —	\$ —	\$ (102)G	\$ —	\$ —	\$ (102)	\$ 449	
International Energy	72	—	—	—	(373)D	—	(373)	(301)	
Commercial Power	32	—	(32)B	—	—	15F	(17)	15	
<b>Total Reportable Segment Income</b>	<b>655</b>	<b>—</b>	<b>(32)</b>	<b>(102)</b>	<b>(373)</b>	<b>15</b>	<b>(492)</b>	<b>163</b>	
Other	(45)	(20)A	—	—	—	—	(20)	(65)	
Intercompany Eliminations	—	—	—	—	—	(3)E	(3)	(3)	
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>610</b>	<b>(20)</b>	<b>(32)</b>	<b>(102)</b>	<b>(373)</b>	<b>12</b>	<b>(515)</b>	<b>95</b>	
Discontinued Operations	—	—	32B	—	—	(30)C	2	2	
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<b>\$ 610</b>	<b>\$ (20)</b>	<b>\$ —</b>	<b>\$ (102)</b>	<b>\$ (373)</b>	<b>\$ (18)</b>	<b>\$ (513)</b>	<b>\$ 97</b>	
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 0.86</b>	<b>\$ (0.03)</b>	<b>\$ —</b>	<b>\$ (0.14)</b>	<b>\$ (0.53)</b>	<b>\$ (0.02)</b>	<b>\$ (0.72)</b>	<b>\$ 0.14</b>	
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 0.86</b>	<b>\$ (0.03)</b>	<b>\$ —</b>	<b>\$ (0.14)</b>	<b>\$ (0.53)</b>	<b>\$ (0.02)</b>	<b>\$ (0.72)</b>	<b>\$ 0.14</b>	

- A - Net of \$13 million tax benefit. \$33 million recorded in Operating Expenses on the Consolidated Statements of Operations.
- B - Midwest Generation Operations reclassifies the operating results of the nonregulated Midwest generation business that had been classified as discontinued operations after adjustment for special items and economic hedges from discontinued operations to the Commercial Power segment (net of \$20 million tax benefit).
- C - Recorded in Income (loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations. Includes the adjustment to the impairment of the nonregulated Midwest generation business, the mark-to-market of economic hedges of the nonregulated Midwest generation business, and certain costs associated with a contract settlement.
- D - Deferred tax impact resulting from the decision to repatriate International Energy's historic undistributed foreign earnings, included within Income Tax Expense on the Consolidated Statement of Operations.
- E - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.
- F - State tax benefit resulting from the planned disposition of the nonregulated Midwest generation business.
- G - Recorded within Operating, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	707
Diluted	707



**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
Twelve Months Ended December 31, 2014  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items						Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Asset Impairment	Midwest Generation Operations	Litigation Reserve	Asset Sales	International Tax Adjustment				
<b>SEGMENT INCOME</b>											
Regulated Utilities	\$ 2,897	\$ —	\$ —	\$ —	\$ (102)J	\$ —	\$ —	\$ —	\$ (102)	\$ 2,795	
International Energy	428	—	—	—	—	—	(373)H	—	(373)	55	
Commercial Power	109	—	(59)F	(114)C	—	—	—	(6)B	15I	(55)	
<b>Total Reportable Segment Income</b>	<b>3,434</b>	<b>—</b>	<b>(59)</b>	<b>(114)</b>	<b>(102)</b>	<b>—</b>	<b>(373)</b>	<b>(6)</b>	<b>15</b>	<b>2,795</b>	
Other	(216)	(127)A	—	—	—	9E	—	—	—	(334)	
Intercompany Eliminations	—	—	—	—	—	—	—	—	(10)G	(10)	
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>3,218</b>	<b>(127)</b>	<b>(59)</b>	<b>(114)</b>	<b>(102)</b>	<b>9</b>	<b>(373)</b>	<b>(6)</b>	<b>5</b>	<b>2,451</b>	
Discontinued Operations	—	—	—	114C	—	—	—	—	(682)D	(568)	
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<b>\$ 3,218</b>	<b>\$ (127)</b>	<b>\$ (59)</b>	<b>\$ —</b>	<b>\$ (102)</b>	<b>\$ 9</b>	<b>\$ (373)</b>	<b>\$ (6)</b>	<b>\$ (677)</b>	<b>\$ 1,883</b>	
<b>EPS</b>											
<b>ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 4.55</b>	<b>\$ (0.18)</b>	<b>\$ (0.08)</b>	<b>\$ —</b>	<b>\$ (0.14)</b>	<b>\$0.01</b>	<b>\$ (0.53)</b>	<b>\$ (0.01)</b>	<b>\$ (0.96)</b>	<b>\$ 2.66</b>	
<b>ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 4.55</b>	<b>\$ (0.18)</b>	<b>\$ (0.08)</b>	<b>\$ —</b>	<b>\$ (0.14)</b>	<b>\$0.01</b>	<b>\$ (0.53)</b>	<b>\$ (0.01)</b>	<b>\$ (0.96)</b>	<b>\$ 2.66</b>	

- A - Net of \$78 million tax benefit. \$5 million recorded as a decrease in Operating Revenues, \$198 million recorded within Operating Expenses and \$2 million recorded within Interest Expense on the Consolidated Statements of Operations.
- B - Net of \$3 million tax benefit. Recorded within Operating Revenues on the Consolidated Statements of Operations.
- C - Midwest Generation Operations reclassifies the operating results of the nonregulated Midwest generation business that had been classified as discontinued operations after adjustment for special items and economic hedges from discontinued operations to the Commercial Power segment (net of \$71 million tax benefit).
- D - Recorded in Income (loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations. Includes the impairment of the nonregulated Midwest generation business, the mark-to-market of economic hedges of the nonregulated Midwest generation business and certain costs associated with a contract settlement.
- E - Net of \$5 million tax expense. Recorded in Other Income and Expenses on the Consolidated Statements of Operations.
- F - Net of \$35 million tax benefit. Recorded in impairment charges on the Consolidated Statements of Operations.
- G - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.
- H - Deferred tax impact resulting from the decision to repatriate International Energy's historic undistributed foreign earnings, included within Income Tax Expense on the Consolidated Statement of Operations.
- I - State tax benefit resulting from the planned disposition of the nonregulated Midwest generation business.
- J - Recorded within Operating, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic  
Diluted

707  
707

- \* 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 Power segment and also relate to existing derivative positions that may have tenors beyond the planned disposal date of the nonregulated Midwest generation business. 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. However, due to the divestiture of the nonregulated Midwest generation business as mentioned above, certain derivative positions have tenors beyond the planned disposal date of these assets. As such, management has excluded settlements of these derivative positions from adjusted diluted EPS as these realized gains and losses more closely relate to the loss on disposal of these assets. 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 TO REPORTED EARNINGS RECONCILIATION**  
Three Months Ended December 31, 2013  
(Dollars in millions, except per-share amounts)

	Special Items								Reported Earnings
	Adjusted Earnings	Costs to Achieve, Progress Merger	Litigation Reserve	Crystal River Unit 3 Impairment	Midwest Generation Operations	Asset Sales	Discontinued Operations	Total Adjustments	
<b>SEGMENT INCOME</b>									
Regulated Utilities	\$ 607	\$ —	\$ —	\$ (35) <sup>D</sup>	\$ —	\$ —	\$ —	\$ (35)	\$ 572
International Energy	108	—	—	—	—	—	—	—	108
Commercial Power	(3)	—	—	—	(16) <sup>C</sup>	(15) <sup>B</sup>	—	(31)	(34)
<b>Total Reportable Segment Income</b>	<b>712</b>	<b>—</b>	<b>—</b>	<b>(35)</b>	<b>(16)</b>	<b>(15)</b>	<b>—</b>	<b>(66)</b>	<b>646</b>
Other	(5)	(45) <sup>A</sup>	17 <sup>E</sup>	—	8 <sup>C</sup>	65 <sup>F</sup>	—	45	40
Intercompany Eliminations	—	—	—	—	—	—	(2) <sup>G</sup>	(2)	(2)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>707</b>	<b>(45)</b>	<b>17</b>	<b>(35)</b>	<b>(8)</b>	<b>50</b>	<b>(2)</b>	<b>(23)</b>	<b>684</b>
Discontinued Operations	—	—	—	—	8 <sup>C</sup>	—	(4) <sup>H</sup>	4	4
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<b>\$ 707</b>	<b>\$ (45)</b>	<b>\$ 17</b>	<b>\$ (35)</b>	<b>\$ —</b>	<b>\$ 50</b>	<b>\$ (6)</b>	<b>\$ (19)</b>	<b>\$ 688</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 1.00</b>	<b>\$ (0.06)</b>	<b>\$ 0.02</b>	<b>\$ (0.05)</b>	<b>\$ —</b>	<b>\$0.07</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>\$ 0.97</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.00</b>	<b>\$ (0.06)</b>	<b>\$ 0.02</b>	<b>\$ (0.05)</b>	<b>\$ —</b>	<b>\$0.07</b>	<b>\$ (0.01)</b>	<b>\$ (0.03)</b>	<b>\$ 0.97</b>

- A - Net of \$27 million tax benefit. \$6 million recorded as a increase in Operating Revenues, \$77 million recorded in Operating Expenses and \$1 million recorded within Interest Expense on the Consolidated Statements of Operations.
- B - Net of \$9 million tax benefit. Recorded in Gain (Loss) on Sales of Other Assets on the Consolidated Statement of Operations.
- C - Midwest Generation Operations reclassifies the operating results of the nonregulated Midwest generation business that had been classified as discontinued operations after adjustment for special items and economic hedges from discontinued operations to the Commercial Power segment (net of \$12 million tax benefit) and Other segment (net of \$10 million tax benefit).
- D - Net of \$22 million tax benefit. \$8 million recorded as a decrease in Operating Revenues and \$49 million recorded within Operating Expenses on the Consolidated Statement of Operations.
- E - Net of \$11 million tax expense. Recorded in Operations, maintenance, and other (Operating Expenses) on the Consolidated Statement of Operations.
- F - Net of \$40 million tax expense. Recorded in Other Income and Expenses on the Consolidated Statements of Operations.
- G - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.
- H - Recorded in Income (Loss) From Discontinued Operations, net of tax on the Consolidated Statement of Operations. Includes mark-to-market of economic hedges of the nonregulated Midwest generations business.

Weighted Average Shares (reported and adjusted) - in millions

Basic	706
Diluted	706

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
Twelve Months Ended December 31, 2013  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items							Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Nuclear Development Charges	Litigation Reserve	Crystal River Unit 3 Impairment	Midwest Generation Operations	Asset Sales	Discontinued Operations		
<b>SEGMENT INCOME</b>										
Regulated Utilities	\$ 2,776	\$ —	\$ (57)B	\$ —	\$ (215)F	\$ —	\$ —	\$ —	\$ (272)	\$ 2,504
International Energy	408	—	—	—	—	—	—	—	—	408
Commercial Power	15	—	—	—	—	(88)C	(15)I	—	(103)	(88)
<b>Total Reportable Segment Income</b>	<b>3,199</b>	<b>—</b>	<b>(57)</b>	<b>—</b>	<b>(215)</b>	<b>(88)</b>	<b>(15)</b>	<b>—</b>	<b>(375)</b>	<b>2,824</b>
Other	(119)	(184)A	—	(14)H	—	14C	65E	—	(119)	(238)
Intercompany Eliminations	—	—	—	—	—	—	—	(12)G	(12)	(12)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>3,080</b>	<b>(184)</b>	<b>(57)</b>	<b>(14)</b>	<b>(215)</b>	<b>(74)</b>	<b>50</b>	<b>(12)</b>	<b>(506)</b>	<b>2,574</b>
Discontinued Operations	—	—	—	—	—	74C	—	17D	91	91
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<b>\$ 3,080</b>	<b>\$ (184)</b>	<b>\$ (57)</b>	<b>\$ (14)</b>	<b>\$ (215)</b>	<b>\$ —</b>	<b>\$ 50</b>	<b>\$ 5</b>	<b>\$ (415)</b>	<b>\$ 2,665</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 4.36</b>	<b>\$ (0.26)</b>	<b>\$ (0.08)</b>	<b>\$ (0.02)</b>	<b>\$ (0.31)</b>	<b>\$ —</b>	<b>\$0.07</b>	<b>\$ 0.01</b>	<b>\$ (0.59)</b>	<b>\$ 3.77</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 4.36</b>	<b>\$ (0.26)</b>	<b>\$ (0.08)</b>	<b>\$ (0.02)</b>	<b>\$ (0.31)</b>	<b>\$ —</b>	<b>\$0.07</b>	<b>\$ —</b>	<b>\$ (0.60)</b>	<b>\$ 3.76</b>

- A - Net of \$113 million tax benefit. \$57 million recorded as a increase in Operating Revenues, \$352 million recorded within Operating Expenses and \$2 million recorded within Interest Expense on the Consolidated Statements of Operations.
- B - Net of \$30 million tax benefit. Recorded within Impairment Charges (Operating Expenses) on the Consolidated Statements of Operations.
- C - Midwest Generation Operations reclassifies the operating results of the nonregulated Midwest generation business that had been classified as discontinued operations after adjustment for special items and economic hedges from discontinued operations to the Commercial Power segment (net of \$45 million tax benefit) and Other segment (net of \$14 million tax benefit).
- D - Recorded in Income (loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations. Includes the impairment of the nonregulated Midwest generation business and the mark-to-market of economic hedges of the nonregulated Midwest generation business.
- E - Net of \$40 million tax expense. Recorded in Other Income and Expenses on the Consolidated Statements of Operations.
- F - Net of \$137 million tax benefit. \$8 millions recorded as a decrease in Operating Revenues and \$344 million recorded within Operating Expenses on the Consolidated Statement of Operations.
- G - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.
- H - Net of \$8 million tax benefit. Recorded in Operations, maintenance, and other (Operating Expenses) on the Consolidated Statement of Operations.
- I - Net of \$9 million tax benefit. Recorded in Gain (Loss) on Sales of Other Assets on the Consolidated Statement of Operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	706
Diluted	706

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
**Three and Twelve Months Ended December 31, 2014**  
(Dollars in millions)

	Three Months Ended December 31, 2014		Twelve Months Ended December 31, 2014	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Adjusted Earnings, Pre-Tax Income*</b>	\$ 873		\$ 4,715	
Costs-to-Achieve, Progress Energy Merger	(33)		(205)	
Midwest Generation Operations	(52)		(185)	
Litigation Reserve	(102)		(102)	
Asset Impairment	—		(94)	
Economic Hedges (Mark-to-Market)	—		(9)	
Asset Sales	—		14	
<b>Reported Income From Continuing Operations Before Income Taxes</b>	<b>\$ 686</b>		<b>\$ 4,134</b>	
<b>Adjusted Tax Expense*</b>	<b>\$ 263</b>	<b>30.1%**</b>	<b>\$ 1,493</b>	<b>31.7%**</b>
International Tax Adjustment	373		373	
Costs-to-Achieve, Progress Energy Merger	(13)		(78)	
Midwest Generation Operations	(20)		(71)	
Asset Impairment	—		(35)	
Economic Hedges (Mark-to-Market)	—		(3)	
Tax Adjustment Related to Midwest Generation Sale	(15)		(15)	
Asset Sales	—		5	
<b>Reported Income Tax Expense From Continuing Operations</b>	<b>\$ 588</b>	<b>85.7%</b>	<b>\$ 1,669</b>	<b>40.4%</b>

\* Includes amounts attributable to noncontrolling interests

\*\* Adjusted effective tax rate is a non-GAAP financial measure as the rate is calculated using a pretax earnings and income tax expense, both adjusted for the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. The most directly comparable GAAP measure for adjusted effective tax rate is reported effective tax rate, which includes the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment.

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
**Three and Twelve Months Ended December 31, 2013**  
(Dollars in millions)

	Three Months Ended December 31, 2013		Twelve Months Ended December 31, 2013	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Adjusted Earnings, Pre-Tax Income*</b>	\$ 1,034		\$ 4,605	
Crystal River Unit 3 Impairment	(57)		(352)	
Costs-to-Achieve, Progress Energy Merger	(72)		(297)	
Midwest Generation Operations	(30)		(133)	
Nuclear Development Charges	—		(87)	
Litigation Reserve	28		(22)	
Asset Sales	81		81	
<b>Reported Income From Continuing Operations Before Income Taxes</b>	<u>\$ 984</u>		<u>\$ 3,795</u>	
<b>Adjusted Tax Expense*</b>	\$ 325	31.4%**	\$ 1,521	33.0%**
Crystal River Unit 3 Impairment	(22)		(137)	
Costs-to-Achieve, Progress Energy Merger	(27)		(113)	
Midwest Generation Operations	(22)		(59)	
Nuclear Development Charges	—		(30)	
Litigation Reserve	11		(8)	
Asset Sales	31		31	
<b>Reported Income Tax Expense From Continuing Operations</b>	<u>\$ 296</u>	30.1%	<u>\$ 1,205</u>	31.8%

\* Includes amounts attributable to noncontrolling interests

\*\* Adjusted effective tax rate is a non-GAAP financial measure as the rate is calculated using a pretax earnings and income tax expense, both adjusted for the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. The most directly comparable GAAP measure for adjusted effective tax rate is reported effective tax rate, which includes the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment.

---

---

**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 20, 2015

<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
1-04928	<b>DUKE ENERGY CAROLINAS, LLC</b> (a North Carolina limited liability company) (a North Carolina corporation) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853	56-0205520
1-3382	<b>DUKE ENERGY PROGRESS, INC.</b> (a North Carolina corporation) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853	56-0165465

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 February 20, 2015, Duke Energy Carolinas, LLC (“Duke Energy Carolinas”), Duke Energy Progress, Inc. (“Duke Energy Progress”) and Duke Energy Business Services LLC (“DEBS”, and together with Duke Energy Carolinas and Duke Energy Progress, the “Companies”), each a wholly owned subsidiary of Duke Energy Corporation, each entered into a Memorandum of Plea Agreement (the “Plea Agreements”) in connection with the investigation initiated by the United States Department of Justice Environmental Crimes Section and the United States Attorneys for the Eastern District of North Carolina, the Middle District of North Carolina and the Western District of North Carolina (collectively, the “USDOJ”) related to the break of a storm water pipe beneath an ash basin and the resulting release of ash basin water and ash at Duke Energy Carolinas’ Dan River Steam Station on February 2, 2014, as well as the Companies’ management of coal ash basins in the State of North Carolina.

Under the Plea Agreements, the USDOJ will charge DEBS and Duke Energy Progress with four misdemeanor Clean Water Act violations related to violations at Duke Energy Progress’ H.F. Lee Steam Electric Plant, Cape Fear Steam Electric Plant and Asheville Steam Electric Generating Plant. The USDOJ will charge DEBS and Duke Energy Carolinas with five misdemeanor Clean Water Act violations related to violations at Duke Energy Carolinas’ Dan River Steam Station and Riverbend Steam Station. Duke Energy Carolinas agrees to pay a total of approximately \$53.8 million in fines and restitution and \$18.5 million for community service and mitigation, and Duke Energy Progress agrees to pay a total of approximately \$14.4 million in fines and restitution and \$15.5 million for community service and mitigation (collectively, the “Payments”). The Companies also agree to a five-year probation period. For the duration of the five-year probation period, the Companies agree to establish environmental compliance plans subject to the oversight of a court-appointed monitor paid for by the Companies and for Duke Energy Carolinas and Duke Energy Progress each to maintain \$250 million under their Master Credit Facility as security to meet their obligations under the Plea Agreements, in addition to certain other conditions set out in the Plea Agreements. Payments under the Plea Agreements will be borne by shareholders. Duke Energy Corporation has agreed to issue a guarantee of all payments and performance due from the Companies, including but not limited to payments for fines, restitution, community service, mitigation and the funding of, and obligations under, the environmental compliance plans.

As announced on February 18, 2015, Duke Energy Corporation will recognize a charge of approximately \$102 million (or 14 cents per share) in the fourth quarter of 2014 as a result of the Plea Agreements. This charge will be recognized as a special item and, therefore, excluded from the Company’s adjusted diluted earnings per share.

The Plea Agreements are subject to the approval of the United States District Court for the Eastern District of North Carolina and, if approved, will end the grand jury investigation of the Companies’ practices at its coal ash basins.

The Plea Agreements do not cover pending civil claims against the Companies related to the Dan River coal ash release and operations at other North Carolina coal plants. Duke Energy Corporation and the Companies will continue to cooperate with government agencies and defend against remaining civil litigation associated with these matters.



**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 20, 2015

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

**DUKE ENERGY CAROLINAS, LLC**

Date: February 20, 2015

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

**DUKE ENERGY PROGRESS, INC.**

Date: February 20, 2015

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/A**

**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 26, 2015

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

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 November 3, 2014, Duke Energy Corporation (the "Corporation") filed a Current Report on Form 8-K under Item 5.02 disclosing the conditional appointment of Richard A. Meserve to the Board of Directors (the "Board") of the Corporation to be effective upon the approval of the Federal Energy Regulatory Commission. Mr. Meserve's appointment became effective on February 3, 2015. On February 26, 2015, the Board, based on the recommendation of the Corporation's Corporate Governance Committee, appointed Dr. Meserve to serve as a member of the Board's Nuclear Oversight Committee and Regulatory Policy and Operations Committee.

**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: March 3, 2015

By: /s/ Julia S. Janson  
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 10, 2015

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  
704-382-6200

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.**

The information attached hereto as exhibit 99.1 provides supplemental financial information for Duke Energy Corporation.

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

(d) *Exhibits.*

99.1 Fourth Quarter 2014 Statistical Supplement

---

**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: March 10, 2015

By: /s/ Brian D. Savoy

Name: Brian D. Savoy

Title: Senior Vice President, Chief Accounting Officer and Controller

---

**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
99.1	Fourth Quarter 2014 Statistical Supplement





## 4th Quarter 2014 Statistical Supplement

---

**Table of Contents**

**DUKE ENERGY CORPORATION**

- 3 Consolidating Statement of Operations
- 5 Consolidating Balance Sheet

**REGULATED UTILITIES**

- 7 Consolidating Segment Income
- 9 Consolidating Balance Sheet
- 11 Operating Statistics (Regulated Utilities)
- 13 Operating Statistics (Duke Energy Carolinas)
- 15 Operating Statistics (Duke Energy Progress)
- 17 Operating Statistics (Duke Energy Florida)
- 19 Operating Statistics (Duke Energy Ohio - Electric)
- Operating Statistics (Duke Energy Ohio - Natural
- 21 Gas)
- 22 Operating Statistics (Duke Energy Indiana)

**DUKE ENERGY OHIO SUPPLEMENT**

- 24 Consolidating Statement of Operations

**NONREGULATED MIDWEST GENERATION DISCONTINUED  
OPERATIONS SUPPLEMENT**

- 26 Duke Energy Corporation
  - 27 Duke Energy Ohio
-

DUKE ENERGY CORPORATION  
Consolidating Statement of Operations  
(Unaudited)

(in millions)	Twelve Months Ended December 31, 2014					
	Regulated Utilities	International Energy	Commercial Power <sup>(a)</sup>	Other	Eliminations / Adjustments	Duke Energy
<b>Operating Revenues</b>						
Regulated electric	\$ 21,693	\$ —	\$ —	\$ (2)	\$ (141)	\$ 21,550
Nonregulated electric, natural gas and other	—	1,417	255	107	23	1,802
Regulated natural gas	578	—	—	—	(5)	573
Total operating revenues	22,271	1,417	255	105	(123)	23,925
<b>Operating Expenses</b>						
Fuel used in electric generation and purchased power - regulated	7,686	—	—	—	—	7,686
Fuel used in electric generation and purchased power - nonregulated	—	486	24	26	(3)	533
Cost of natural gas and other	185	63	—	—	—	248
Operation, maintenance and other <sup>(b)(c)</sup>	5,205	352	212	197	(110)	5,856
Depreciation and amortization	2,759	97	92	118	—	3,066
Property and other taxes	1,189	9	19	(4)	—	1,213
Impairment charges <sup>(d)</sup>	2	—	94	(15)	—	81
Total operating expenses	17,026	1,007	441	322	(113)	18,683
Gains on Sales of Other Assets and Other, Net	4	6	—	6	—	16
Operating Income (Loss)	5,249	416	(186)	(211)	(10)	5,258
Other Income and Expenses	267	190	18	45	(22)	498
Interest Expense	1,093	93	58	400	(22)	1,622
Income (Loss) from Continuing Operations Before Income Taxes	4,423	513	(226)	(566)	(10)	4,134
Income Tax Expense (Benefit) <sup>(e)</sup>	1,628	449	(171)	(237)	—	1,669
Income (Loss) from Continuing Operations	2,795	64	(55)	(329)	(10)	2,465
Less: Net Income Attributable to Noncontrolling Interest	—	9	—	5	—	14
Segment Income (Loss) / Net Expense	\$ 2,795	\$ 55	\$ (55)	\$ (334)	\$ (10)	\$ 2,451
Loss from Discontinued Operations, Net of Tax <sup>(f)</sup>						(568)
Net Income Attributable to Duke Energy Corporation						\$ 1,883

- (a) Commercial Power includes Duke Energy's renewables portfolio, Ohio Valley Electric Corporations (OVEC), Beckjord Steam Station, costs related to MISO Transmission Expansion Project (MTEP) and Regional Transmission Expansion Plan (RTEP), and corporate allocations that were not classified as discontinued operations.
- (b) The amount for Commercial Power includes corporate costs related to the nonregulated Midwest generation disposal group that were not classified as discontinued operations.
- (c) Regulated Utilities includes a litigation reserve of \$102 million related to the federal grand jury investigation of the February 2014 Dan River coal ash spill and ash basin operations at other North Carolina coal plants.
- (d) The amount for Commercial Power includes an impairment taken related to OVEC.
- (e) International Energy includes a tax adjustment of \$373 million related to a dividend declaration of historical undistributed earnings.
- (f) See page 26 for details of Discontinued Operations related to the nonregulated Midwest generation disposal group.

DUKE ENERGY CORPORATION  
Consolidating Statement of Operations  
(Unaudited)

(in millions)	Twelve Months Ended December 31, 2013 <sup>(a)</sup>					
	Regulated Utilities	International Energy	Commercial Power <sup>(b)</sup>	Other	Eliminations / Adjustments	Duke Energy
<b>Operating Revenues</b>						
Regulated electric	\$ 20,397	\$ —	\$ 6	\$ 59	\$ (133)	\$ 20,329
Nonregulated electric; natural gas and other	—	1,546	254	116	—	1,916
Regulated natural gas	513	—	—	—	(2)	511
Total operating revenues	20,910	1,546	260	175	(135)	22,756
<b>Operating Expenses</b>						
Fuel used in electric generation and purchased power - regulated	7,108	—	—	—	—	7,108
Fuel used in electric generation and purchased power - nonregulated	—	454	41	56	(11)	540
Cost of natural gas and other	152	72	—	—	—	224
Operation, maintenance and other <sup>(c)</sup>	4,912	364	250	258	(111)	5,673
Depreciation and amortization	2,323	100	110	135	—	2,668
Property and other taxes	1,232	10	24	8	—	1,274
Impairment charges <sup>(d)</sup>	399	—	—	—	—	399
Total operating expenses	16,126	1,000	425	457	(122)	17,886
Gains (Losses) on Sales of Other Assets and Other, Net	7	3	(23)	(3)	—	(16)
Operating Income (Loss)	4,791	549	(188)	(285)	(13)	4,854
Other Income and Expenses	221	125	13	131	(6)	484
Interest Expense	986	86	61	416	(6)	1,543
Income (Loss) from Continuing Operations Before Income Taxes	4,026	588	(236)	(570)	(13)	3,795
Income Tax Expense (Benefit)	1,522	166	(148)	(335)	—	1,205
Income (Loss) from Continuing Operations	2,504	422	(88)	(235)	(13)	2,590
Less: Net Income Attributable to Noncontrolling Interest	—	14	—	3	(1)	16
Segment Income (Loss) / Net Expense	\$ 2,504	\$ 408	\$ (88)	\$ (238)	\$ (12)	\$ 2,574
Income from Discontinued Operations, Net of Tax <sup>(e)</sup>						91
Net Income Attributable to Duke Energy Corporation						\$ 2,665

- (a) Prior periods reflect reclassifications due to the impact of discontinued operations.
- (b) Commercial Power includes Duke Energy's renewables portfolio, OVEC, Beckjord Steam Station, costs related to MTEP and RTEP, and corporate allocations that were not classified as discontinued operations.
- (c) The amount for Commercial Power includes corporate costs related to the nonregulated Midwest generation disposal group that were not classified as discontinued operations.
- (d) The amount for Regulated Utilities is primarily comprised of a \$295 million charge related to the agreement to forego recovery of a portion of the Crystal River Unit 3 regulatory asset, a \$65 million charge for the write-off of the wholesale portion of the Levy investments and a \$22 million charge resulting from the decision to suspend application of two proposed nuclear units at the Harris nuclear station.
- (e) See page 26 for details of Discontinued Operations related to the nonregulated Midwest generation disposal group.

DUKE ENERGY CORPORATION  
Consolidating Balance Sheet - Assets  
(Unaudited)

(In millions)	December 31, 2014					
	Regulated Utilities	International Energy	Commercial Power	Other	Eliminations / Adjustments	Duke Energy
<b>Current Assets</b>						
Cash and cash equivalents	\$ 56	\$ 1,680	\$ 9	\$ 291	\$ —	\$ 2,036
Receivables, net	437	192	—	170	(8)	791
Restricted receivables of variable interest entities, net	1,934	—	39	—	—	1,973
Receivables from affiliated companies	60	129	650	12,788	(13,627)	—
Notes receivable from affiliated companies	356	—	111	561	(1,028)	—
Inventory	3,348	82	5	24	—	3,459
Assets held for sale	—	—	364	—	—	364
Regulatory assets	1,027	—	—	88	—	1,115
Other	1,395	44	161	229	8	1,837
<b>Total current assets</b>	<b>8,613</b>	<b>2,127</b>	<b>1,339</b>	<b>14,151</b>	<b>(14,655)</b>	<b>11,575</b>
<b>Investments and Other Assets</b>						
Investment in equity method unconsolidated affiliates	3	69	258	28	—	358
Investments and advances to (from) subsidiaries	76	(20)	(5)	44,020	(44,071)	—
Nuclear decommissioning trust funds	5,546	—	—	—	—	5,546
Goodwill	15,950	307	64	—	—	16,321
Assets held for sale	—	—	2,642	—	—	2,642
Other	1,856	1,174	130	1,069	(1,221)	3,008
<b>Total investments and other assets</b>	<b>23,431</b>	<b>1,530</b>	<b>3,089</b>	<b>45,117</b>	<b>(45,292)</b>	<b>27,875</b>
<b>Property, Plant and Equipment</b>						
Cost	97,130	3,305	2,840	1,586	—	104,881
Accumulated depreciation and amortization	(32,634)	(979)	(339)	(872)	—	(34,824)
Generation facilities to be retired, net	9	—	—	—	—	9
<b>Net property, plant and equipment</b>	<b>64,505</b>	<b>2,326</b>	<b>2,501</b>	<b>714</b>	<b>—</b>	<b>70,046</b>
<b>Regulatory Assets and Deferred Debits</b>						
Regulatory assets	10,504	—	70	468	—	11,042
Other	96	5	34	36	—	171
<b>Total regulatory assets and deferred debits</b>	<b>10,600</b>	<b>5</b>	<b>104</b>	<b>504</b>	<b>—</b>	<b>11,213</b>
<b>Total Assets</b>	<b>107,149</b>	<b>5,988</b>	<b>7,033</b>	<b>60,486</b>	<b>(59,947)</b>	<b>120,709</b>
Segment reclassifications, intercompany balances and other	(492)	(856)	(755)	(58,033)	60,136	—
<b>Reportable Segment Assets</b>	<b>\$ 106,657</b>	<b>\$ 5,132</b>	<b>\$ 6,278</b>	<b>\$ 2,453</b>	<b>\$ 189</b>	<b>\$ 120,709</b>

DUKE ENERGY CORPORATION  
Consolidating Balance Sheet - Liabilities and Equity  
(Unaudited)

(In millions)	December 31, 2014					
	Regulated Utilities	International Energy	Commercial Power	Other	Eliminations / Adjustments	Duke Energy
<b>Current Liabilities</b>						
Accounts payable	\$ 1,938	\$ 33	\$ 27	\$ 273	\$ —	\$ 2,271
Accounts payable to affiliated companies	13,051	5	184	333	(13,573)	—
Notes payable to affiliated companies	124	—	459	448	(1,031)	—
Notes payable and commercial paper	—	—	—	2,514	—	2,514
Taxes accrued	478	1,159	(73)	(995)	—	569
Interest accrued	296	23	1	109	(11)	418
Current maturities of long-term debt	2,259	8	84	456	—	2,807
Liabilities associated with assets held for sale	—	—	262	—	—	262
Regulatory liabilities	204	—	—	—	—	204
Other	1,593	107	65	461	(38)	2,188
<b>Total current liabilities</b>	<b>19,943</b>	<b>1,335</b>	<b>1,009</b>	<b>3,599</b>	<b>(14,653)</b>	<b>11,233</b>
<b>Long-Term Debt</b>	<b>24,782</b>	<b>991</b>	<b>984</b>	<b>10,456</b>	<b>—</b>	<b>37,213</b>
<b>Notes Payable to Affiliated Companies</b>	<b>475</b>	<b>—</b>	<b>—</b>	<b>747</b>	<b>(1,222)</b>	<b>—</b>
<b>Deferred Credits and Other Liabilities</b>						
Deferred income taxes	14,159	(565)	831	(1,002)	—	13,423
Investment tax credits	427	—	—	—	—	427
Accrued pension and post-retirement benefit costs	749	1	38	357	—	1,145
Liabilities associated with assets held for sale	—	—	35	—	—	35
Asset retirement obligations	8,425	2	39	—	—	8,466
Regulatory liabilities	6,129	—	—	64	—	6,193
Other	1,070	75	129	401	—	1,675
<b>Total deferred credits and other liabilities</b>	<b>30,959</b>	<b>(487)</b>	<b>1,072</b>	<b>(180)</b>	<b>—</b>	<b>31,364</b>
<b>Equity</b>						
Total Duke Energy Corporation shareholders' equity	30,990	4,108	3,954	45,895	(44,072)	40,875
Noncontrolling interests	—	41	14	(31)	—	24
<b>Total equity</b>	<b>30,990</b>	<b>4,149</b>	<b>3,968</b>	<b>45,864</b>	<b>(44,072)</b>	<b>40,899</b>
<b>Total Liabilities and Equity</b>	<b>107,149</b>	<b>5,988</b>	<b>7,033</b>	<b>60,486</b>	<b>(59,947)</b>	<b>120,709</b>
Segment reclassifications, Intercompany balances and other	(492)	(856)	(755)	(58,033)	60,136	—
<b>Reportable Segment Liabilities and Equity</b>	<b>\$ 106,657</b>	<b>\$ 5,132</b>	<b>\$ 6,278</b>	<b>\$ 2,453</b>	<b>\$ 189</b>	<b>\$ 120,709</b>

REGULATED UTILITIES  
Consolidating Segment Income  
(Unaudited)

(in millions)	Twelve Months Ended December 31, 2014						
	Duke Energy Carolinas, LLC	Duke Energy Progress, Inc.	Duke Energy Florida, Inc.	Duke Energy Ohio, Inc.	Duke Energy Indiana, Inc.	Eliminations / Adjustments	Regulated Utilities
<b>Operating Revenues</b>							
Regulated electric	\$ 7,356	\$ 5,176	\$ 4,975	\$ 1,316	\$ 3,175	(305)	\$ 21,693
Regulated natural gas	—	—	—	578	—	—	578
<b>Total operating revenues</b>	<b>7,356</b>	<b>5,176</b>	<b>4,975</b>	<b>1,894</b>	<b>3,175</b>	<b>(305)</b>	<b>22,271</b>
<b>Operating Expenses</b>							
Fuel used in electric generation and purchased power - regulated	2,118	2,025	2,158	459	1,259	(333)	7,686
Cost of natural gas	—	—	—	185	—	—	185
Operation, maintenance and other <sup>(a)</sup>	1,890	1,413	819	420	652	11	5,205
Depreciation and amortization	1,009	582	545	211	413	(1)	2,759
Property and other taxes	316	174	343	230	128	(2)	1,189
Impairment charges	—	—	2	—	—	—	2
<b>Total operating expenses</b>	<b>5,333</b>	<b>4,194</b>	<b>3,867</b>	<b>1,505</b>	<b>2,452</b>	<b>(325)</b>	<b>17,028</b>
<b>Gains on Sales of Other Assets and Other, Net</b>	<b>—</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>—</b>	<b>(1)</b>	<b>4</b>
<b>Operating Income</b>	<b>2,023</b>	<b>985</b>	<b>1,109</b>	<b>390</b>	<b>723</b>	<b>19</b>	<b>5,249</b>
<b>Other Income and Expenses<sup>(b)</sup></b>	<b>172</b>	<b>51</b>	<b>20</b>	<b>10</b>	<b>22</b>	<b>(8)</b>	<b>267</b>
<b>Interest Expense</b>	<b>407</b>	<b>234</b>	<b>201</b>	<b>81</b>	<b>171</b>	<b>(1)</b>	<b>1,093</b>
<b>Income from Continuing Operations Before Income Taxes</b>	<b>1,788</b>	<b>802</b>	<b>928</b>	<b>319</b>	<b>574</b>	<b>12</b>	<b>4,423</b>
<b>Income Tax Expense</b>	<b>637</b>	<b>304</b>	<b>361</b>	<b>117</b>	<b>204</b>	<b>5</b>	<b>1,628</b>
<b>Segment Income</b>	<b>\$ 1,151</b>	<b>\$ 498</b>	<b>\$ 567</b>	<b>\$ 202</b>	<b>\$ 370</b>	<b>\$ 7</b>	<b>\$ 2,795</b>

- (a) Duke Energy Carolinas and Duke Energy Progress include \$72 million and \$30 million, respectively related to the federal grand jury investigation of the February 2014 Dan River coal ash spill and ash basin operations at other North Carolina coal plants.
- (b) Includes an equity component of allowance for funds used during construction of \$91 million for Duke Energy Carolinas, \$25 million for Duke Energy Progress, \$4 million for Duke Energy Ohio, and \$14 million for Duke Energy Indiana.

REGULATED UTILITIES  
Consolidating Segment Income  
(Unaudited)

(in millions)	Twelve Months Ended December 31, 2013							
	Duke Energy Carolinas, LLC	Duke Energy Progress, Inc.	Duke Energy Florida, Inc.	Duke Energy Ohio, Inc.	Duke Energy Indiana, Inc.	Eliminations / Adjustments	Regulated Utilities	
<b>Operating Revenues</b>								
Regulated electric	\$ 6,930	\$ 4,960	\$ 4,527	\$ 1,252	\$ 2,926	(198)	\$ 20,397	
Regulated natural gas	—	—	—	513	—	—	513	
Total operating revenues	6,930	4,960	4,527	1,765	2,926	(198)	20,910	
<b>Operating Expenses</b>								
Fuel used in electric generation and purchased power - regulated	1,956	1,896	1,927	429	1,131	(231)	7,108	
Cost of natural gas	—	—	—	152	—	—	152	
Operation, maintenance and other	1,715	1,280	859	435	623	—	4,912	
Depreciation and amortization	921	534	330	200	342	(4)	2,323	
Property and other taxes	374	223	327	237	71	—	1,232	
Impairment charges <sup>(a)</sup>	—	22	358	5	—	14	399	
Total operating expenses	4,966	3,955	3,801	1,458	2,167	(221)	16,126	
<b>Gains on Sales of Other Assets and Other, Net</b>	—	1	1	5	—	—	7	
<b>Operating Income</b>	1,964	1,006	727	312	759	23	4,791	
<b>Other Income and Expenses <sup>(b)</sup></b>	120	57	30	4	18	(8)	221	
<b>Interest Expense</b>	359	201	180	74	170	2	986	
<b>Income from Continuing Operations Before Income Taxes</b>	1,725	862	577	242	607	13	4,026	
<b>Income Tax Expense</b>	652	316	228	91	233	2	1,522	
<b>Segment Income</b>	\$ 1,073	\$ 546	\$ 349	\$ 151	\$ 374	\$ 11	\$ 2,504	

- (a) Amount for Duke Energy Progress is comprised of a \$22 million charge related to the decision to suspend application of two proposed nuclear units at the Harris nuclear station. Amount for Duke Energy Florida is comprised of a \$295 million charge related to the agreement to forgo recovery of a portion of the Crystal River Unit 3 regulatory asset and a \$65 million charge to write-off the wholesale portion of the Levy investments.
- (b) Includes an equity component of allowance for funds used during construction of \$91 million for Duke Energy Carolinas, \$42 million for Duke Energy Progress, \$8 million for Duke Energy Florida, \$1 million for Duke Energy Ohio and \$15 million for Duke Energy Indiana.



REGULATED UTILITIES  
Consolidating Balance Sheet - Assets  
(Unaudited)

	December 31, 2014							
(in millions)	Duke Energy Carolinas, LLC	Duke Energy Progress, Inc.	Duke Energy Florida, Inc.	Duke Energy Ohio, Inc.	Duke Energy Indiana, Inc.	Eliminations / Adjustments <sup>(a)</sup>	Regulated Utilities	
<b>Current Assets</b>								
Cash and cash equivalents	\$ 13	\$ 9	\$ 8	\$ 20	\$ 6	\$ —	\$ 56	
Receivables, net	129	43	84	93	87	1	437	
Restricted receivables of variable interest entities, net	647	436	305	—	—	546	1,934	
Receivables from affiliated companies	75	10	40	202	108	(375)	60	
Notes receivable from affiliated companies	150	237	—	35	—	(66)	356	
Inventory	1,124	966	623	97	537	1	3,348	
Regulatory assets	399	287	203	31	93	14	1,027	
Other	62	381	539	84	307	22	1,395	
<b>Total current assets</b>	<b>2,599</b>	<b>2,369</b>	<b>1,802</b>	<b>562</b>	<b>1,138</b>	<b>143</b>	<b>8,613</b>	
<b>Investments and Other Assets</b>								
Investment in equity method unconsolidated affiliates	—	1	2	—	—	—	3	
Investments and advances to subsidiaries	29	30	—	—	—	17	76	
Nuclear decommissioning trust funds	3,042	1,701	803	—	—	—	5,546	
Goodwill	—	—	—	920	—	15,030	15,950	
Other	959	412	202	26	248	9	1,856	
<b>Total investments and other assets</b>	<b>4,030</b>	<b>2,144</b>	<b>1,007</b>	<b>946</b>	<b>248</b>	<b>15,056</b>	<b>23,431</b>	
<b>Property, Plant and Equipment</b>								
Cost	37,372	24,207	14,433	7,141	13,034	943	97,130	
Accumulated depreciation and amortization	(12,700)	(9,021)	(4,478)	(2,213)	(4,219)	(3)	(32,634)	
Generation facilities to be retired, net	—	—	—	9	—	—	9	
<b>Net property, plant and equipment</b>	<b>24,672</b>	<b>15,186</b>	<b>9,955</b>	<b>4,937</b>	<b>8,815</b>	<b>940</b>	<b>64,505</b>	
<b>Regulatory Assets and Deferred Debits</b>								
Regulatory assets	2,465	2,632	2,733	455	685	1,534	10,504	
Other	42	34	39	8	24	(51)	96	
<b>Total regulatory assets and deferred debits</b>	<b>2,507</b>	<b>2,666</b>	<b>2,772</b>	<b>463</b>	<b>709</b>	<b>1,483</b>	<b>10,600</b>	
<b>Total Assets</b>	<b>33,808</b>	<b>22,365</b>	<b>15,536</b>	<b>6,908</b>	<b>10,910</b>	<b>17,622</b>	<b>107,149</b>	
Segment reclassifications, intercompany balances and other	(137)	(411)	(66)	—	(26)	148	(492)	
<b>Reportable Segment Assets</b>	<b>\$ 33,671</b>	<b>\$ 21,954</b>	<b>\$ 15,470</b>	<b>\$ 6,908</b>	<b>\$ 10,884</b>	<b>\$ 17,770</b>	<b>\$ 106,657</b>	

(a) Includes the elimination of intercompany balances, purchase accounting adjustments and restricted receivables related to Cinergy Receivables Company.

REGULATED UTILITIES  
Consolidating Balance Sheet - Liabilities and Equity  
(Unaudited)

	December 31, 2014							
(In millions)	Duke Energy Carolinas, LLC	Duke Energy Progress, Inc.	Duke Energy Florida, Inc.	Duke Energy Ohio, Inc.	Duke Energy Indiana, Inc.	Eliminations / Adjustments <sup>(a)</sup>	Regulated Utilities	
<b>Current Liabilities</b>								
Accounts payable	\$ 709	\$ 476	\$ 365	\$ 209	\$ 179	\$ —	\$ 1,938	
Accounts payable to affiliated companies	148	120	70	205	10	12,498	13,051	
Notes payable to affiliated companies	—	—	84	32	71	(63)	124	
Taxes accrued	146	47	65	163	54	3	478	
Interest accrued	95	81	47	19	56	(2)	296	
Current maturities of long-term debt	507	945	562	157	5	83	2,259	
Regulatory liabilities	34	71	35	10	54	—	204	
Other	434	409	586	59	98	7	1,593	
<b>Total current liabilities</b>	<b>2,073</b>	<b>2,149</b>	<b>1,814</b>	<b>854</b>	<b>527</b>	<b>12,526</b>	<b>19,943</b>	
<b>Long-Term Debt</b>	<b>7,584</b>	<b>5,256</b>	<b>4,298</b>	<b>1,584</b>	<b>3,636</b>	<b>2,424</b>	<b>24,782</b>	
<b>Notes Payable to Affiliated Companies</b>	<b>300</b>	<b>—</b>	<b>—</b>	<b>25</b>	<b>150</b>	<b>—</b>	<b>475</b>	
<b>Deferred Credits and Other Liabilities</b>								
Deferred income taxes	5,832	2,897	2,470	1,331	1,591	38	14,159	
Investment tax credits	204	79	—	5	139	—	427	
Accrued pension and post-retirement benefit costs	111	290	221	46	82	(1)	749	
Asset retirement obligations	3,428	3,905	806	27	32	227	8,425	
Regulatory liabilities	2,710	1,832	547	241	796	3	6,129	
Other	642	90	158	93	90	(3)	1,070	
<b>Total deferred credits and other liabilities</b>	<b>12,927</b>	<b>9,093</b>	<b>4,202</b>	<b>1,743</b>	<b>2,730</b>	<b>264</b>	<b>30,959</b>	
<b>Equity</b>	<b>10,924</b>	<b>5,867</b>	<b>5,222</b>	<b>2,702</b>	<b>3,867</b>	<b>2,408</b>	<b>30,990</b>	
<b>Total Liabilities and Equity</b>	<b>33,808</b>	<b>22,365</b>	<b>15,536</b>	<b>6,908</b>	<b>10,910</b>	<b>17,622</b>	<b>107,149</b>	
Segment reclassifications, intercompany balances and other	(137)	(411)	(66)	—	(26)	148	(492)	
<b>Reportable Segment Liabilities and Equity</b>	<b>\$ 33,671</b>	<b>\$ 21,954</b>	<b>\$ 15,470</b>	<b>\$ 6,908</b>	<b>\$ 10,884</b>	<b>\$ 17,770</b>	<b>\$ 106,657</b>	

(a) Includes the elimination of intercompany balances, purchase accounting adjustments and restricted receivables related to Cinergy Receivables Company.

REGULATED UTILITIES  
Operating Statistics (Regulated Utilities)  
(Unaudited)

	Twelve Months Ended December 31,	
	2014	2013
<b>Sources of Electric Energy (GWh)</b>		
Generated - net output <sup>(a)</sup>		
Coal	87,148	83,305
Nuclear	67,809	66,882
Hydro	2,154	3,388
Oil & gas	49,430	49,672
Renewable energy	13	13
Total generation <sup>(b)</sup>	206,554	203,260
Purchased power and net interchange <sup>(c)</sup>	31,976	29,898
Total sources of energy	238,530	233,158
Less: Line loss and company usage	11,430	10,928
Total GWh Sources	227,100	222,230
<b>Electric Energy Sales (GWh) <sup>(d)</sup></b>		
Residential	83,348	80,593
General service	76,640	75,513
Industrial	51,772	51,056
Other energy and wholesale	36,131	35,353
Change in unbilled	(504)	(275)
Total GWh Sales	247,387	242,240
<b>Owned MW Capacity <sup>(e)</sup></b>		
Summer	49,600	49,626
Winter	53,191	53,020
<b>Nuclear Capacity Factor (%) <sup>(e)</sup></b>	<b>93</b>	<b>93</b>

- (a) Statistics reflect Duke Energy's ownership share of jointly owned stations.
- (b) Generation by source is reported net of auxiliary power.
- (c) Purchased power includes renewable energy purchases.
- (d) 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.
- (e) Statistics reflect 100% of jointly owned stations.

**Note:** Total GWh Sources will not equal Total GWh Sales. Sources include Duke Energy Kentucky's regulated generation for all periods. Sales include Duke Energy Ohio's and its subsidiary Duke Energy Kentucky's retail sales. Ohio retail sales are fulfilled through auction purchases under the current ESP.

REGULATED UTILITIES  
Operating Statistics (Regulated Utilities)  
(Unaudited)

	Twelve Months Ended December 31,	
	2014	2013
<b>Revenues from Generation, Transmission and Distribution of Electricity (in millions)</b>		
Residential	\$ 9,286	\$ 8,581
General service	6,404	6,102
Industrial	3,183	3,006
Other energy and wholesale (a)	2,346	2,248
Change in unbilled	(29)	13
<b>Total Revenues</b>	<b>\$ 21,190</b>	<b>\$ 19,950</b>
<b>Average Number of Customers (in thousands)</b>		
Residential	6,282	6,214
General service	943	937
Industrial	18	19
Other energy and wholesale	23	22
<b>Total Average Number of Customers</b>	<b>7,266</b>	<b>7,192</b>

(a) Net of Joint Dispatch Agreement (JDA) intercompany sales.

REGULATED UTILITIES  
Operating Statistics (Duke Energy Carolinas)  
(Unaudited)

	Twelve Months Ended December 31,	
	2014	2013
<b>Sources of Electric Energy (GWh)</b>		
Generated - net output <sup>(a)</sup>		
Coal	31,596	29,362
Nuclear	42,381	43,607
Hydro	1,185	2,091
Oil & gas	7,878	8,654
Renewable energy	13	13
Total generation <sup>(b)</sup>	83,053	83,727
Purchased power and net interchange <sup>(c)</sup>	9,602	7,083
Total sources of energy	92,655	90,810
Less: Line loss and company usage	5,010	5,020
Total GWh Sources	87,645	85,790
<b>Electric Energy Sales (GWh) <sup>(d)</sup></b>		
Residential	27,976	26,895
General service	28,421	27,764
Industrial	21,577	21,070
Other energy and wholesale	9,995	10,215
Change in unbilled	(324)	(154)
Total GWh Sales	87,645	85,790
<b>Owned MW Capacity <sup>(e)</sup></b>		
Summer	19,589	19,729
Winter	20,550	20,482
<b>Nuclear Capacity Factor (%) <sup>(e)</sup></b>	<b>92</b>	<b>96</b>

- (a) Statistics reflect Duke Energy Carolinas' ownership share of jointly owned stations.
- (b) Generation by source is reported net of auxiliary power.
- (c) Purchased power includes renewable energy purchases.
- (d) 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.
- (e) Statistics reflect 100% of jointly owned stations.

REGULATED UTILITIES  
Operating Statistics (Duke Energy Carolinas)  
(Unaudited)

	Twelve Months Ended December 31,	
	2014	2013
<b>Revenues from Generation, Transmission and Distribution of Electricity (in millions)</b>		
Residential	\$ 2,951	\$ 2,698
General service	2,271	2,193
Industrial	1,267	1,186
Other energy and wholesale	590	544
Change in unbilled	(27)	1
<b>Total Revenues</b>	<b>\$ 7,052</b>	<b>\$ 6,622</b>
<b>Average Number of Customers (in thousands)</b>		
Residential	2,089	2,068
General service	342	339
Industrial	7	7
Other energy and wholesale	14	14
<b>Total Average Number of Customers</b>	<b>2,452</b>	<b>2,428</b>

REGULATED UTILITIES  
Operating Statistics (Duke Energy Progress)  
(Unaudited)

	Twelve Months Ended December 31,	
	2014	2013
<b>Sources of Electric Energy (GWh)</b>		
Generated - net output <sup>(a)</sup>		
Coal	15,882	14,957
Nuclear	25,428	23,275
Hydro	669	965
Oil & gas	17,591	16,610
Total generation <sup>(b)</sup>	59,570	55,807
Purchased power and net interchange <sup>(c)</sup>	5,956	6,788
Total sources of energy	65,526	62,595
Less: Line loss and company usage	2,655	2,391
Total GWh Sources	62,871	60,204
<b>Electric Energy Sales (GWh) <sup>(d)</sup></b>		
Residential	18,201	17,323
General service	15,385	15,066
Industrial	10,321	10,624
Other energy and wholesale	18,923	17,203
Change in unbilled	41	(12)
Total GWh Sales	62,871	60,204
<b>Owned MW Capacity <sup>(e)</sup></b>		
Summer	12,221	12,270
Winter	13,334	13,335
<b>Nuclear Capacity Factor (%) <sup>(e)</sup></b>		
	95	87

(a) Statistics reflect Duke Energy Progress' ownership share of jointly owned stations.

(b) Generation by source is reported net of auxiliary power.

(c) Purchased power includes renewable energy purchases.

(d) 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.

(e) Statistics reflect 100% of jointly owned stations.

REGULATED UTILITIES  
Operating Statistics (Duke Energy Progress)  
(Unaudited)

	Twelve Months Ended December 31,	
	2014	2013
<b>Revenues from Generation, Transmission and Distribution of Electricity (in millions)</b>		
Residential	\$ 1,913	\$ 1,822
General service	1,310	1,290
Industrial	668	686
Other energy and wholesale	1,279	1,162
Change in unbilled	(1)	7
<b>Total Revenues</b>	<b>\$ 5,169</b>	<b>\$ 4,967</b>
<b>Average Number of Customers (in thousands)</b>		
Residential	1,257	1,242
General service	223	222
Industrial	4	4
Other energy and wholesale	2	2
<b>Total Average Number of Customers</b>	<b>1,486</b>	<b>1,470</b>



REGULATED UTILITIES  
Operating Statistics (Duke Energy Florida)  
(Unaudited)

	Twelve Months Ended December 31,	
	2014	2013
<b>Sources of Electric Energy (GWh)</b>		
Generated - net output <sup>(a)</sup>		
Coal	11,729	10,634
Oil & gas	23,030	23,225
Total generation <sup>(b)</sup>	34,759	33,859
Purchased power and net interchange <sup>(c)</sup>	6,133	6,719
Total sources of energy	40,892	40,578
Less: Line loss and company usage	2,189	2,604
<b>Total GWh Sources</b>	<b>38,703</b>	<b>37,974</b>
<b>Electric Energy Sales (GWh) <sup>(d)</sup></b>		
Residential	19,003	18,508
General service	14,945	14,877
Industrial	3,267	3,206
Other energy and wholesale	1,454	1,544
Change in unbilled	34	(161)
<b>Total GWh Sales</b>	<b>38,703</b>	<b>37,974</b>
<b>Owned MW Capacity <sup>(e)</sup></b>		
Summer	9,072	9,095
Winter	10,109	10,191

(a) Statistics reflect Duke Energy Florida's ownership share of jointly owned stations.

(b) Generation by source is reported net of auxiliary power.

(c) Purchased power includes renewable energy purchases.

(d) 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.

REGULATED UTILITIES  
Operating Statistics (Duke Energy Florida)  
(Unaudited)

	Twelve Months Ended December 31,	
	2014	2013
<b>Revenues from Generation, Transmission and Distribution of Electricity (in millions)</b>		
Residential	\$ 2,628	\$ 2,377
General service	1,573	1,445
Industrial	300	273
Other energy and wholesale	427	408
Change in unbilled	13	(5)
<b>Total Revenues</b>	<b>\$ 4,941</b>	<b>\$ 4,498</b>
<b>Average Number of Customers (in thousands)</b>		
Residential	1,501	1,478
General service	191	189
Industrial	2	2
Other energy and wholesale	2	2
<b>Total Average Number of Customers</b>	<b>1,696</b>	<b>1,671</b>

REGULATED UTILITIES  
Operating Statistics (Duke Energy Ohio - Electric)  
(Unaudited)

	Twelve Months Ended December 31,	
	2014	2013
<b>Sources of Electric Energy (GWh)</b>		
Generated - net output <sup>(a)</sup>		
Coal	3,041	3,678
Gas	16	4
Total generation <sup>(b)</sup>	3,057	3,682
Purchased power and net interchange <sup>(c)</sup>	1,781	1,201
Total sources of energy	4,838	4,883
Less: Line loss and company usage	390	336
Total GWh Sources	4,448	4,547
<b>Electric Energy Sales (GWh) <sup>(d)</sup></b>		
Residential	8,831	8,719
General service	9,526	9,447
Industrial	5,963	5,771
Other energy and wholesale	497	626
Change in unbilled	(82)	(6)
Total GWh Sales	24,735	24,557
<b>Owned MW Capacity <sup>(e)</sup></b>		
Summer	1,225	1,039
Winter	1,327	1,141

- (a) Statistics reflect Duke Energy Ohio's ownership share of jointly owned stations.  
 (b) Generation by source is reported net of auxiliary power.  
 (c) Purchased power includes renewable energy purchases.  
 (d) 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.

**Note:** Total GWh Sources will not equal Total GWh Sales. Sources include only Duke Energy Kentucky's regulated generation for all periods. Sales include Duke Energy Ohio's and its subsidiary Duke Energy Kentucky's retail sales. Ohio retail sales are fulfilled through auction purchases under the current ESP.

REGULATED UTILITIES  
Operating Statistics (Duke Energy Ohio - Electric)  
(Unaudited)

	Twelve Months Ended December 31,	
	2014	2013
<b>Revenues from Generation, Transmission and Distribution of Electricity (in millions)</b>		
Residential	\$ 707	\$ 689
General service	439	415
Industrial	116	106
Other energy and wholesale	29	24
Change in unbilled	(5)	(1)
<b>Total Revenues</b>	<b>\$ 1,286</b>	<b>\$ 1,233</b>
<b>Average Number of Electric Customers (in thousands)</b>		
Residential	742	737
General service	86	86
Industrial	3	3
Other energy and wholesale	3	3
<b>Total Average Number of Customers</b>	<b>834</b>	<b>829</b>

REGULATED UTILITIES  
Operating Statistics (Duke Energy Ohio - Natural Gas)  
(Unaudited)

	Twelve Months Ended December 31,	
	2014	2013
<b>MCF Sales <sup>(a)</sup></b>		
Residential	41,040,532	37,840,736
General service	25,541,023	23,329,465
Industrial	7,379,010	6,311,201
Other energy and wholesale	21,047,330	21,496,630
Change in unbilled	(1,732,000)	136,000
<b>Total MCF Sales</b>	<b>93,275,895</b>	<b>89,114,032</b>
<b>Revenues from Distribution of Natural Gas (in millions)</b>		
Residential	\$ 380	\$ 335
General service	154	132
Industrial	22	19
Other energy and wholesale	21	21
Change in unbilled	(5)	—
<b>Total Revenues</b>	<b>\$ 572</b>	<b>\$ 507</b>
<b>Average Number of Natural Gas Customers (in thousands)</b>		
Residential	473	470
General service	43	43
Industrial	2	2
<b>Total Average Number of Customers</b>	<b>518</b>	<b>515</b>

(a) Represents non-weather normalized billed sales, with gas delivered but not yet billed (i.e. unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

REGULATED UTILITIES  
Operating Statistics (Duke Energy Indiana)  
(Unaudited)

	Twelve Months Ended December 31,	
	2014	2013
<b>Sources of Electric Energy (GWh)</b>		
Generated - net output <sup>(a)</sup>		
Coal	24,900	24,674
Hydro	300	332
Gas	915	1,179
Total generation <sup>(b)</sup>	26,115	26,185
Purchased power and net interchange <sup>(c)</sup>	8,504	8,107
Total sources of energy	34,619	34,292
Less: Line loss and company usage	1,186	577
Total GWh Sources	33,433	33,715
<b>Electric Energy Sales (GWh) <sup>(d)</sup></b>		
Residential	9,337	9,148
General service	8,363	8,359
Industrial	10,644	10,385
Other energy and wholesale	5,262	5,765
Change in unbilled	(173)	58
Total GWh Sales	33,433	33,715
<b>Owned MW Capacity <sup>(a)</sup></b>		
Summer	7,493	7,493
Winter	7,871	7,871

- (a) Statistics reflect Duke Energy Indiana's ownership share of jointly owned stations.  
(b) Generation by source is reported net of auxiliary power.  
(c) Purchased power includes renewable energy purchases.  
(d) 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.

REGULATED UTILITIES  
Operating Statistics (Duke Energy Indiana)  
(Unaudited)

	Twelve Months Ended December 31,	
	2014	2013
<b>Revenues from Generation, Transmission and Distribution of Electricity (In millions)</b>		
Residential	\$ 1,087	\$ 995
General service	811	759
Industrial	832	755
Other energy and wholesale	327	308
Change in unbilled	(9)	11
<b>Total Revenues</b>	<b>\$ 3,048</b>	<b>\$ 2,828</b>
<b>Average Number of Customers (in thousands)</b>		
Residential	693	688
General service	100	100
Industrial	3	3
Other energy and wholesale	2	2
<b>Total Average Number of Customers</b>	<b>798</b>	<b>793</b>

DUKE ENERGY OHIO SUPPLEMENT  
Consolidating Statement of Operations  
(Unaudited)

(in millions)	Twelve Months Ended December 31, 2014				
	Regulated Utilities		Commercial Power (a)	Other	Duke Energy Ohio
	Ohio Transmission & Distribution	Duke Energy Kentucky			
<b>Operating Revenues</b>					
Regulated electric	\$ 947	\$ 369	\$ —	\$ —	\$ 1,316
Nonregulated electric, natural gas and other	—	—	19	—	19
Regulated natural gas	454	124	—	—	578
Total operating revenues	1,401	493	19	—	1,913
<b>Operating Expenses</b>					
Fuel used in electric generation and purchased power - regulated	287	172	—	—	459
Fuel used in electric generation and purchased power - nonregulated	—	—	25	—	25
Cost of natural gas and other	125	60	—	—	185
Operation, maintenance and other(b)	287	133	78	18	516
Depreciation and amortization	167	44	2	1	214
Property and other taxes	216	14	3	1	234
Impairment charges(c)	—	—	94	—	94
Total operating expenses	1,082	423	202	20	1,727
Gain on Sales of Other Assets and Other, net	1	—	—	—	1
Operating Income (Loss)	320	70	(183)	(20)	187
Other Income and Expenses	8	2	—	—	10
Interest Expense	65	16	5	—	86
Income (Loss) Before Income Taxes	263	56	(188)	(20)	111
Income Tax Expense (Benefit)	96	21	(67)	(7)	43
Segment Income (Loss) / Net Expense	\$ 167	\$ 35	\$ (121)	\$ (13)	\$ 68
Loss from Discontinued Operations, Net of Tax(d)					(563)
Net Loss					\$ (495)

- (a) Commercial Power includes OVEC, Beckjord Steam Station, costs related to MTEP and RTEP, and corporate allocations that were not classified as discontinued operations.
- (b) The amount for Commercial Power includes corporate costs related to the nonregulated Midwest generation disposal group that were not classified as discontinued operations.
- (c) The amount for Commercial Power includes an impairment taken related to OVEC.
- (d) See page 27 for details of Discontinued Operations related to the nonregulated Midwest generation disposal group.



DUKE ENERGY OHIO SUPPLEMENT  
Consolidating Statement of Operations  
(Unaudited)

(in millions)	Twelve Months Ended December 31, 2013(a)				
	Regulated Utilities		Commercial Power (b)	Other	Duke Energy Ohio
	Ohio Transmission & Distribution	Duke Energy Kentucky			
<b>Operating Revenues</b>					
Regulated electric	\$ 908	\$ 344	\$ 6	\$ —	\$ 1,258
Nonregulated electric, natural gas and other	—	—	34	—	34
Regulated natural gas	406	107	—	—	513
Total operating revenues	1,314	451	40	—	1,805
<b>Operating Expenses</b>					
Fuel used in electric generation and purchased power - regulated	286	143	—	(1)	428
Fuel used in electric generation and purchased power - nonregulated	—	—	41	—	41
Cost of natural gas and other	106	46	—	—	152
Operation, maintenance and other(c)	313	122	82	29	546
Depreciation and amortization	155	45	13	—	213
Property and other taxes	224	13	5	—	242
Impairment charges	5	—	—	—	5
Total operating expenses	1,089	369	141	28	1,627
Gain on Sales of Other Assets and Other, net	2	3	—	(1)	4
<b>Operating Income (Loss)</b>	227	85	(101)	(29)	182
<b>Other Income and Expenses</b>	2	2	—	(2)	2
<b>Interest Expense</b>	58	16	—	—	74
<b>Income (Loss) before Income Taxes</b>	171	71	(101)	(31)	110
<b>Income Tax Expense (Benefit)</b>	65	26	(36)	(12)	43
<b>Segment Income (Loss) / Net Expense</b>	\$ 106	\$ 45	\$ (65)	\$ (19)	\$ 67
<b>Income from Discontinued Operations, Net of Tax(d)</b>					35
<b>Net Income</b>					\$ 102

- (a) Prior periods reflect reclassifications due to the impact of discontinued operations.  
(b) Commercial Power includes OVEC, Beckjord Steam Station, costs related to MTEP and RTEP, and corporate allocations that were not classified as discontinued operations.  
(c) The amount for Commercial Power includes corporate costs related to the nonregulated Midwest generation disposal group that were not classified as discontinued operations.  
(d) See page 27 for details of Discontinued Operations related to the nonregulated Midwest generation disposal group.

NONREGULATED MIDWEST GENERATION DISCONTINUED OPERATIONS SUPPLEMENT  
Duke Energy Corporation  
(Unaudited)

(In millions)	Twelve Months Ended December 31,	
	2014	2013
<b>Operating Revenues</b>	<b>\$ 1,748</b>	<b>\$ 1,885</b>
<b>Operating Expenses</b>		
Fuel used in electric generation and purchased power - nonregulated	1,288	1,314
Cost of coal and other	20	30
Operation, maintenance and other	266	232
Depreciation and amortization	35	141
Property and other taxes	30	24
Impairment charges	929	—
<b>Total operating expenses</b>	<b>2,568</b>	<b>1,741</b>
<b>Gains on Sales of Other Assets and Other, net</b>	<b>2</b>	<b>1</b>
<b>Operating (Loss) Income</b>	<b>(818)</b>	<b>145</b>
<b>Other Income and Expenses</b>	<b>(1)</b>	<b>(1)</b>
<b>Interest Expense</b>	<b>(1)</b>	<b>3</b>
<b>(Loss) Income before Income Taxes</b>	<b>(818)</b>	<b>141</b>
<b>Income Tax (Benefit) Expense</b>	<b>(294)</b>	<b>56</b>
<b>(Loss) Income from the Nonregulated Midwest Generation Disposal Group</b>	<b>\$ (524)</b>	<b>\$ 85</b>

Note: This schedule is a supplemental presentation of the components of (Loss) Income from Discontinued Operations, net of tax, as presented on pages 3 and 4. The amounts presented relate only to the nonregulated Midwest generation disposal group.

NONREGULATED MIDWEST GENERATION DISCONTINUED OPERATIONS SUPPLEMENT  
Duke Energy Ohio  
(Unaudited)

(in millions)	Twelve Months Ended December	
	2014	2013
<b>Operating Revenues</b>	<b>\$ 1,299</b>	<b>\$ 1,503</b>
<b>Operating Expenses</b>		
Fuel used in electric generation and purchased power - nonregulated	854	1,013
Cost of coal and other	16	32
Operation, maintenance and other	255	225
Depreciation and amortization	35	141
Property and other taxes	29	23
Impairment charges	959	—
Total operating expenses	2,148	1,434
<b>Operating (Loss) Income</b>	<b>(849)</b>	<b>69</b>
<b>Other Income and Expenses</b>	<b>—</b>	<b>1</b>
<b>Interest Expense</b>	<b>14</b>	<b>3</b>
<b>(Loss) Income before Income Taxes</b>	<b>(863)</b>	<b>67</b>
<b>Income Tax (Benefit) Expense</b>	<b>(300)</b>	<b>32</b>
<b>(Loss) Income from the Nonregulated Midwest Generation Disposal Group</b>	<b>\$ (563)</b>	<b>\$ 35</b>

Note: This schedule is a supplemental presentation of the components of (Loss) Income from Discontinued Operations, net of tax, as presented on pages 24 and 25. The amounts presented relate only to the nonregulated Midwest generation disposal group.

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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 1, 2015**

**DUKE ENERGY CORPORATION**  
(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-32853**  
(Commission  
File No.)

**20-2777218**  
(IRS Employer  
Identification No.)

**550 South Tryon Street, Charlotte, North Carolina, 28202**  
(Address of principal executive offices, including zip code)

**(704) 594-6200**  
(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))

---

Item 2.02 Results of Operations and Financial Condition

On May 1, 2015, Duke Energy Corporation issued a news release announcing its financial results for the first quarter ended March 31, 2015. 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 1, 2015

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 thereunto duly authorized.

DUKE ENERGY CORPORATION

/s/ BRIAN D. SAVOY

Brian D. Savoy  
Senior Vice President, Chief Accounting Officer and  
Controller

Dated: May 1, 2015

---

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
99.1	News Release issued by Duke Energy Corporation on May 1, 2015

Exhibit 99.1



## News Release

Media Contact: Tom Shiel  
24-Hour: 800.559.3853

Analysts: Bill Currens  
Office: 704.382.1603

May 1, 2015

### Duke Energy reports first quarter 2015 adjusted earnings

- First quarter 2015 adjusted diluted earnings per share (EPS) were \$1.24, compared to \$1.17 for the first quarter 2014
- Reported diluted EPS of \$1.22 for first quarter 2015, compared to a reported net loss of \$0.14 in first quarter of 2014
  - Reported results for first quarter 2014 included a pre-tax impairment charge of approximately \$1.4 billion, or \$1.23 per share, related to the Midwest Generation business
- Completed sale of Midwest Generation business and commenced a \$1.5 billion accelerated stock repurchase program in early April
- Company affirms its 2015 adjusted diluted earnings guidance range of \$4.55 to \$4.75 per share

CHARLOTTE, N.C. – Duke Energy today announced first quarter 2015 adjusted diluted EPS of \$1.24, compared to \$1.17 for first quarter 2014. First quarter 2015 reported EPS was \$1.22, compared to a net loss of \$0.14 for first quarter 2014.

First quarter 2015 adjusted diluted EPS reflected strong results at the company's regulated businesses driven by cold winter weather and strong operational performance. Additionally, the Midwest Generation business, which was sold to Dynegy on April 2, 2015, benefitted from higher wholesale capacity prices and energy margins. These favorable drivers were partially offset by macro-economic headwinds at International Energy related to the ongoing drought in Brazil and lower MTBE prices at National Methanol.

Based upon results through the first quarter, the company remains on track to achieve its 2015 adjusted diluted earnings guidance range of \$4.55 to \$4.75 per share.

"I am pleased with our operational and financial performance in the first quarter," said Lynn Good, president and CEO. "Our customers needed a record amount of electricity during the exceptionally cold weather in February, and we were there. We were also quick to respond during numerous winter storms that caused significant outages.

---

Duke Energy News Release

2

“We continue to make progress on our strategic initiatives, including closing the transaction to sell our Midwest Generation business to Dynegy and obtaining provisions to enable the NCEMPA purchase transaction in North Carolina,” Good added.

#### **Business unit results**

In addition to the summary business unit discussion below, a comprehensive table of quarterly adjusted earnings per share drivers compared to the prior year is provided on page 14.

The discussion below of first-quarter results includes adjusted segment income, which is a non-GAAP financial measure. The tables on pages 22 through 23 present a reconciliation of reported results to adjusted results.

#### **Regulated Utilities**

Regulated Utilities recognized first quarter 2015 adjusted segment income of \$774 million, compared to \$737 million in the first quarter 2014, an increase of 5 cents per share.

Higher quarterly results at Regulated Utilities were primarily driven by:

- Increased wholesale net margins (+\$0.04 per share) primarily due to growth in contracted amounts
- Favorable rider adjustments (+\$0.03 per share), including increased energy efficiency programs

These favorable drivers were partially offset by:

- Higher O&M expenses (-\$0.02 per share) due to timing of fossil outages and higher nuclear costs, including impacts of nuclear outage cost levelization partially offset by lower storm costs
- Lower weather-normal retail customer volumes (-\$0.02 per share) of -0.7 percent compared to an increase of 2.6 percent in the first quarter of 2014. The prior year increase was partially due to unusual changes in customer usage patterns resulting from the extended periods of cold weather

#### **International Energy**

International Energy recognized first quarter 2015 adjusted segment income of \$36 million, compared to \$130 million in the first quarter 2014, a decrease of \$0.13 per share.



---

Duke Energy News Release

3

Lower quarterly results at International Energy were primarily driven by:

- Unfavorable results in Latin America (-\$0.10 per share) primarily due to lower hydro generation volumes and higher purchased power costs resulting from the multi-year drought in Brazil
- Lower margins at National Methanol (-\$0.02 per share), largely driven by lower MTBE prices

#### Commercial Power

Commercial Power recognized first quarter 2015 adjusted segment income of \$95 million, compared to \$10 million in the first quarter 2014, an increase of \$0.12 per share. Commercial Power's first quarter 2015 adjusted earnings include the impact of the Midwest Generation business, which was sold to Dynegy on April 2, 2015.

Higher quarterly results at Commercial Power were primarily driven by:

- Stronger results from the Midwest Generation business (+\$0.13 per share) primarily due to higher PJM capacity prices and increased generation margins

This favorable driver was partially offset by:

- Lower results from the renewables business (-\$0.01 per share) due to lower wind production in the United States

#### Other

On an adjusted basis, Other primarily includes corporate interest expense not allocated to the business units, results from Duke Energy's captive insurance company, other investments, and quarterly income tax levelization adjustments.

Other recognized a first quarter 2015 adjusted net expense of \$24 million, compared to net expense of \$48 million in the first quarter 2014. The \$0.03 per share increase was primarily driven by favorable quarterly income tax levelization adjustments.

The consolidated adjusted effective tax rate for first quarter 2015 was 32.4 percent, compared to 33.5 percent in the first quarter of 2014.

#### Accelerated Stock Repurchase Program

In connection with closing the transaction to sell the Midwest Generation business to Dynegy for \$2.8 billion on April 2, 2015, Duke Energy commenced a \$1.5 billion accelerated stock repurchase program (ASR). On April 6, 2015, Duke Energy received delivery of and retired approximately 16.6 million shares, which is approximately 85 percent of the total number of shares of Duke Energy common stock expected to be repurchased under the ASR. The final number of shares to be repurchased is dependent upon the daily volume-weighted average stock price of Duke Energy's common stock during the term of the program.

Duke Energy News Release

4

The final settlement of the ASR is expected to occur by the end of the third quarter of 2015. As a result of the ASR, weighted-average shares of Duke Energy common stock outstanding in 2015 are expected to be approximately 695 million.

**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 updates.

The conference call will be hosted by Lynn Good, 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 888-318-7469 in the United States or 719-785-1768 outside the United States. The confirmation code is 2235186. 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, May 11, 2015, by calling 888-203-1112 in the United States or 719-457-0820 outside the United States and using the code 2235186. A replay and transcript also will be available by accessing the investors' section of the company's website.

**Special Items and Non-GAAP Reconciliation**

Special items affecting Duke Energy's adjusted diluted EPS for quarterly results in 2015 and 2014 include:

(In millions, except per-share amounts)	After-Tax Amount	1Q2015 EPS Impact	1Q2014 EPS Impact
<b>First Quarter 2015</b>			
• Cost to achieve, Progress Energy merger	\$ (13)	\$ (0.02)	
• Discontinued operations (1)(2)	\$ (4)	—	
<b>First Quarter 2014</b>			
• Asset impairment	\$ (59)		\$ (0.08)
• Cost to achieve, Progress Energy merger	\$ (34)		\$ (0.04)
• Economic hedges (mark-to-market)	\$ (3)		\$ (0.01)
• Discontinued operations (1)(3)	\$ (830)		\$ (1.18)
<b>Total diluted EPS impact</b>		<b>\$ (0.02)</b>	<b>\$ (1.31)</b>

- (1) Reported discontinued operations includes the Midwest generation impairment, the economic hedges (mark-to-market) of Midwest generation, and operating results of the Midwest Generation business
- (2) Represents reported discontinued operations of \$0.13 per diluted share, net of the Midwest generation operations results classified as discontinued operations of \$0.13 per diluted share, which are treated as a special item and reflected in adjusted diluted EPS.
- (3) Represents reported discontinued operations of \$(1.19) per diluted share, net of the Midwest generation operations results classified as discontinued operations of (\$0.01) per diluted share, which are treated as a special item and reflected in adjusted diluted EPS.

Duke Energy News Release

5

Reconciliation of reported to adjusted diluted EPS for the quarter:

	1Q2015 EPS	1Q2014 EPS
Diluted EPS, as reported	\$ 1.22	\$ (0.14)
Adjustments to reported EPS:		
• Diluted EPS impact of special items and discontinued operations (net of tax)	\$ 0.02	\$ 1.31
<b>Diluted EPS, adjusted</b>	<b>\$ 1.24</b>	<b>\$ 1.17</b>

**Non-GAAP financial measures**

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

---

Duke Energy News Release

6

performance. Adjusted diluted EPS is also used as a basis for employee incentive bonuses. The most directly comparable GAAP measures for adjusted earnings and adjusted diluted EPS are Net Income Attributable to Duke Energy Corporation and Diluted EPS Attributable to Duke Energy Corporation common shareholders, which include the dollar and per share impact of special items, mark-to-market impacts of economic hedges in the Commercial Power segment and discontinued operations.

Management evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to noncontrolling interests. Segment income, as discussed below, 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 the mark-to-market impacts of economic hedges in the Commercial Power segment and special items, including the operating results of the Disposal Group classified as discontinued operations for GAAP purposes. Management believes the presentation of adjusted segment income as presented 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 is segment income, which represents segment income from continuing operations, including any special items and the mark-to-market impacts of economic hedges in the Commercial Power segment.

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 or mark-to-market adjustments for future periods. The earnings guidance range assumptions for 2015 include a half-year of earnings contributions from the Midwest Generation business. Irrespective of discontinued operations accounting treatment, operating results from the Midwest Generation business remain in Duke Energy's adjusted earnings, adjusted diluted EPS, and adjusted segment income. As a result of completing the sale on April 2, 2015, operating results of the Midwest Generation business will no longer be included, on a prospective basis, in Duke Energy's financial results beginning in the second quarter 2015.

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, the mark-to-market impacts of economic hedges in the Commercial Power segment, or any amounts that may be reported as discontinued operations or extraordinary items for future periods.

---

Duke Energy News Release

7

Duke Energy is the largest electric power holding company in the United States with more than \$120 billion in total assets. Its regulated utility operations serve approximately 7.3 million electric customers located in six states in the Southeast and Midwest. Its commercial power 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 a Fortune 250 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).

**Forward-Looking Information**

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions.

These forward-looking statements are identified by terms and phrases such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook," and similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from the results predicted. Factors that could cause actual results to differ materially from those indicated in any forward-looking statement include, but are not limited to: state, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements or climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices; the extent and timing of the costs and liabilities relating to the Dan River ash basin release and compliance with current and any future regulatory changes related to the management of coal ash; the ability to recover eligible costs, including those associated with future significant weather events, and earn an adequate return on investment through the regulatory process; the costs of decommissioning nuclear facilities could prove to be more extensive than are currently identified and all costs may not be fully recoverable through the regulatory process; the risk that the credit ratings of the company or its subsidiaries may be different from what the companies expect; costs and effects of legal and administrative proceedings, settlements, investigations and claims; industrial, commercial and residential growth or decline in service territories or customer bases resulting from customer usage patterns, including energy efficiency efforts and use of alternative energy sources including self-generation and distributed generation technologies; additional competition in electric markets and continued industry consolidation; political and regulatory uncertainty in other countries in which

---

Duke Energy News Release

8

Duke Energy conducts business; the influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts and tornadoes; the ability to successfully operate electric generating facilities and deliver electricity to customers; the impact on facilities and business from a terrorist attack, cyber security threats, data security breaches and other catastrophic events; the inherent risks associated with the operation and potential construction of nuclear facilities, including environmental, health, safety, regulatory and financial risks; the timing and extent of changes in commodity prices, interest rates and foreign currency exchange rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets; the results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings and general economic conditions; declines in the market prices of equity and fixed income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans, and nuclear decommissioning trust funds; construction and development risks associated with the completion of Duke Energy and its subsidiaries' capital investment projects in existing and new generation facilities, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules, and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner or at all; changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants; the ability to control operation and maintenance costs; the level of creditworthiness of counterparties to transactions; employee workforce factors, including the potential inability to attract and retain key personnel; the ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent); the performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities; the effect of accounting pronouncements issued periodically by accounting standard-setting bodies; the impact of potential goodwill impairments; the ability to reinvest prospective undistributed earnings of foreign subsidiaries or repatriate such earnings on a tax-efficient basis; and the ability to successfully complete future merger, acquisition or divestiture plans.

Additional risks and uncertainties are identified and discussed in Duke Energy's and its subsidiaries' reports filed with the SEC and available at the SEC's website at [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 Duke Energy has described. Duke Energy undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

###

March 2015  
**QUARTERLY HIGHLIGHTS**  
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
<i>(In millions, except per-share amounts and where noted)</i>		
<b>Earnings Per Share - Basic and Diluted</b>		
Income from continuing operations attributable to Duke Energy Corporation common shareholders		
Basic	\$ 1.09	\$ 1.05
Diluted	\$ 1.09	\$ 1.05
Income (Loss) from discontinued operations attributable to Duke Energy Corporation common shareholders		
Basic	\$ 0.13	\$ (1.19)
Diluted	\$ 0.13	\$ (1.19)
Net income (Loss) attributable to Duke Energy Corporation common shareholders		
Basic	\$ 1.22	\$ (0.14)
Diluted	\$ 1.22	\$ (0.14)
Weighted-average shares outstanding		
Basic	708	706
Diluted	708	706
<b>SEGMENT INCOME (LOSS) BY BUSINESS SEGMENT</b>		
Regulated Utilities	\$ 774	\$ 737
International Energy	36	130
Commercial Power <sup>(a)</sup>	1	(32)
Total Reportable Segment Income	811	835
Other Net Expense <sup>(b)(c)</sup>	(37)	(87)
Intercompany Eliminations	(1)	(2)
Income (Loss) from Discontinued Operations, net of tax	91	(843)
Net Income (Loss) Attributable to Duke Energy Corporation	<u>\$ 864</u>	<u>\$ (97)</u>
<b>CAPITALIZATION</b>		
Total Common Equity	48%	48%
Total Debt	52%	52%
Total Debt	\$43,763	\$41,622
Book Value Per Share	\$ 58.03	\$ 57.64
Actual Shares Outstanding	708	707
<b>CAPITAL AND INVESTMENT EXPENDITURES</b>		
Regulated Utilities	\$ 1,262	\$ 1,130
International Energy	12	9
Commercial Power	122	68
Other	58	61
Total Capital and Investment Expenditures	<u>\$ 1,454</u>	<u>\$ 1,268</u>

Note: Prior period operating results reflect reclassifications due to the impact of discontinued operations.

- (a) Includes an impairment charge of \$59 million for the three months ended March 31, 2014, related to OVEC (net of tax of \$35 million).  
(b) Includes cost to achieve the Progress merger of \$13 million for the three months ended March 31, 2015 (net of tax of \$8 million).  
(c) Includes cost to achieve the Progress merger of \$34 million for the three months ended March 31, 2014 (net of tax of \$21 million).

March 2015  
**QUARTERLY HIGHLIGHTS**  
(Unaudited)

	Three Months Ended	
	March 31,	
	2015	2014
<i>(In millions, except for GWh and MW amounts)</i>		
<b>REGULATED UTILITIES</b>		
Operating Revenues	\$ 5,723	\$ 5,805
Operating Expenses	4,305	4,427
Gains on Sales of Other Assets, net	7	1
Operating Income	1,425	1,379
Other Income and Expenses	72	69
Interest Expense	275	270
Income Before Income Taxes	1,222	1,178
Income Tax Expense	448	441
Segment Income	\$ 774	\$ 737
Depreciation and Amortization	\$ 698	\$ 677
Duke Energy Carolinas GWh sales	22,468	23,693
Duke Energy Progress GWh sales	16,765	16,161
Duke Energy Florida GWh sales	8,473	8,661
Duke Energy Ohio GWh sales	6,767	6,479
Duke Energy Indiana GWh sales	8,728	8,874
Total GWh sales	63,201	63,868
Net Proportional MW Capacity in Operation	49,739	49,595
<b>INTERNATIONAL ENERGY</b>		
Operating Revenues	\$ 273	\$ 382
Operating Expenses	207	231
Operating Income	66	151
Other Income and Expenses	14	57
Interest Expense	23	23
Income Before Income Taxes	57	185
Income Tax Expense	20	51
Less: Income Attributable to Noncontrolling Interests	1	4
Segment Income	\$ 36	\$ 130
Depreciation and Amortization	\$ 23	\$ 23
Sales, GWh	4,470	5,241
Proportional MW Capacity in Operation	4,335	4,600
<b>COMMERCIAL POWER</b>		
Operating Revenues	\$ 73	\$ 81
Operating Expenses(a)	89	188
Operating Loss	(16)	(107)
Other Income and Expenses	2	5
Interest Expense	12	14
Loss Before Income Taxes	(26)	(116)
Income Tax Benefit(b)	(27)	(84)
Segment Income (Loss)	\$ 1	\$ (32)
Depreciation and Amortization	\$ 24	\$ 27
Actual Coal-fired Plant Production, GWh	—	471
Actual Renewable Plant Production, GWh	1,310	1,589
Actual Plant Production, GWh	1,310	2,060
Net Proportional MW Capacity in Operation	1,415	1,886
<b>OTHER</b>		
Operating Revenues	\$ 27	\$ 25
Operating Expenses(c)(d)	50	84
Gains on Sales of Other Assets, net	7	—
Operating Loss	(16)	(59)
Other Income and Expenses	1	6
Interest Expense	97	103
Loss Before Income Taxes	(112)	(156)
Income Tax Benefit(e)(f)	(77)	(69)
Less: Income Attributable to Noncontrolling Interests	2	—
Segment Net Expense	\$ (37)	\$ (87)
Depreciation and Amortization	\$ 32	\$ 28



Note: Prior period operating results reflect reclassifications due to the impact of discontinued operations.

- (a) Includes a pre-tax impairment charge of \$94 million for the three months ended March 31, 2014, related to OVEC.
- (b) Includes a tax benefit of \$35 million for the three months ended March 31, 2014, related to OVEC impairment.
- (c) Includes costs to achieve the Progress merger of \$21 million for the three months ended March 31, 2015.
- (d) Includes costs to achieve the Progress merger of \$53 million for the three months ended March 31, 2014.
- (e) Includes tax benefit related to costs to achieve the Progress merger of \$8 million for the three months ended March 31, 2015.
- (f) Includes tax benefit related to costs to achieve the Progress merger of \$21 million for the three months ended March 31, 2014.

DUKE ENERGY CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)  
(In millions, except per-share amounts)

	Three Months Ended March 31,	
	2015	2014
<b>Operating Revenues</b>		
Regulated electric	\$5,457	\$5,550
Nonregulated electric, natural gas, and other	377	491
Regulated natural gas	231	222
Total operating revenues	<u>6,065</u>	<u>6,263</u>
<b>Operating Expenses</b>		
Fuel used in electric generation and purchased power-regulated	1,941	2,000
Fuel used in electric generation and purchased power - nonregulated	104	136
Cost of natural gas and other	111	116
Operation, maintenance and other	1,426	1,449
Depreciation and amortization	777	755
Property and other taxes	264	350
Impairment charges	—	96
Total operating expenses	<u>4,623</u>	<u>4,902</u>
<b>Gain on Sales of Other Assets and Other, net</b>	14	1
<b>Operating Income</b>	<u>1,456</u>	<u>1,362</u>
<b>Other Income and Expenses</b>		
Equity in earnings of unconsolidated affiliates	13	36
Other income and expenses, net	74	95
Total other income and expenses	<u>87</u>	<u>131</u>
<b>Interest Expense</b>	403	404
<b>Income From Continuing Operations Before Income Taxes</b>	1,140	1,089
<b>Income Tax Expense from Continuing Operations</b>	364	339
<b>Income From Continuing Operations</b>	776	750
<b>Income (Loss) From Discontinued Operations, net of tax</b>	91	(843)
<b>Net Income (Loss)</b>	867	(93)
<b>Less: Net Income Attributable to Noncontrolling Interests</b>	3	4
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<u>\$ 864</u>	<u>\$ (97)</u>
<b>Earnings Per Share - Basic and Diluted</b>		
Income from continuing operations attributable to Duke Energy Corporation common shareholders		
Basic	\$ 1.09	\$ 1.05
Diluted	\$ 1.09	\$ 1.05
Income (loss) from discontinued operations attributable to Duke Energy Corporation common shareholders		
Basic	\$ 0.13	\$ (1.19)
Diluted	\$ 0.13	\$ (1.19)
Net income (loss) attributable to Duke Energy Corporation common shareholders		
Basic	\$ 1.22	\$ (0.14)
Diluted	\$ 1.22	\$ (0.14)
Weighted-average shares outstanding		
Basic	708	706
Diluted	708	706

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)  
(In millions)

	March 31, 2015	December 31, 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,821	\$ 2,036
Receivables (net of allowance for doubtful accounts of \$16 at March 31, 2015 and \$17 at December 31, 2014)	750	791
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$54 at March 31, 2015 and \$51 at December 31, 2014)	2,016	1,973
Inventory	3,413	3,459
Assets held for sale	354	364
Regulatory assets	960	1,115
Other	2,008	1,837
Total current assets	12,322	11,575
<b>Investments and Other Assets</b>		
Investments in equity method unconsolidated affiliates	343	358
Nuclear decommissioning trust funds	5,576	5,546
Goodwill	16,329	16,321
Assets held for sale	2,603	2,642
Other	3,207	3,008
Total investments and other assets	28,058	27,875
<b>Property, Plant and Equipment</b>		
Cost	105,692	104,861
Accumulated depreciation and amortization	(35,400)	(34,824)
Generation facilities to be retired, net	9	9
Net property, plant and equipment	70,301	70,046
<b>Regulatory Assets and Deferred Debits</b>		
Regulatory assets	11,279	11,042
Other	182	171
Total regulatory assets and deferred debits	11,461	11,213
<b>Total Assets</b>	<b>\$122,142</b>	<b>\$ 120,709</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 1,920	\$ 2,271
Notes payable and commercial paper	3,790	2,514
Taxes accrued	508	569
Interest accrued	490	418
Current maturities of long-term debt	2,800	2,807
Liabilities associated with assets held for sale	146	262
Regulatory liabilities	235	204
Other	2,014	2,188
Total current liabilities	11,903	11,233
<b>Long-term Debt</b>		
	37,173	37,213
<b>Deferred Credits and Other Liabilities</b>		
Deferred income taxes	13,914	13,423
Investment tax credits	424	427
Accrued pension and other post-retirement benefit costs	1,170	1,145
Liabilities associated with assets held for sale	26	35
Asset retirement obligations	8,541	8,466
Regulatory liabilities	6,237	6,193
Other	1,667	1,675
Total deferred credits and other liabilities	31,979	31,364
<b>Commitments and Contingencies</b>		
<b>Equity</b>		
Common stock, \$0.001 par value, 2 billion shares authorized; 708 million and 707 million shares outstanding at March 31, 2015 and December 31, 2014, respectively	1	1
Additional paid-in capital	39,413	39,405
Retained earnings	2,309	2,012
Accumulated other comprehensive loss	(672)	(543)
Total Duke Energy Corporation stockholders' equity	41,051	40,875
Noncontrolling interests	36	24
Total equity	41,087	40,899
<b>Total Liabilities and Equity</b>	<b>\$122,142</b>	<b>\$ 120,709</b>

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(In millions)

	<b>Three Months Ended March 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income (Loss)	\$ 867	\$ (93)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:	588	1,466
Net cash provided by operating activities	<u>1,455</u>	<u>1,373</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	<u>(1,471)</u>	<u>(1,286)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash provided by (used in) financing activities	<u>801</u>	<u>(57)</u>
Net increase in cash and cash equivalents	785	30
Cash and cash equivalents at beginning of period	2,036	1,501
Cash and cash equivalents at end of period	<u>\$ 2,821</u>	<u>\$ 1,531</u>

DUKE ENERGY CORPORATION  
EARNINGS VARIANCES  
March 2015 YTD vs. Prior Year

(\$ per share)	Regulated Utilities	International Energy	Commercial Power	Other	Consolidated
<b>2014 YTD Reported Earnings Per Share, Diluted</b>	<b>\$ 1.04</b>	<b>\$ 0.18</b>	<b>\$ (0.05)</b>	<b>\$(0.12)</b>	<b>\$ (0.14)</b>
Asset Impairment	—	—	0.08	—	0.08
Costs to Achieve, Progress Merger	—	—	—	0.04	0.04
Economic Hedges (Mark-to-Market)	—	—	0.01	—	0.01
Midwest Generation Operations (offset in Discontinued Operations)	—	—	(0.03)	0.02	(0.01)
Discontinued Operations	—	—	—	—	1.19
<b>2014 YTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 1.04</b>	<b>\$ 0.18</b>	<b>\$ 0.01</b>	<b>\$(0.06)</b>	<b>\$ 1.17</b>
Pricing and Riders (a)	0.03	—	—	—	0.03
Volumes	(0.02)	—	—	—	(0.02)
Wholesale (b)	0.04	—	—	—	0.04
Operation and Maintenance, net of recoverables (c)	(0.02)	—	—	—	(0.02)
Latin America, including Foreign Exchange Rates (d)	—	(0.11)	—	—	(0.11)
National Methanol Company	—	(0.02)	—	—	(0.02)
Duke Energy Renewables (e)	—	—	(0.01)	—	(0.01)
Midwest Generation (f)	—	—	0.13	—	0.13
Change in effective income tax rate	—	—	—	0.03	0.03
Other (g)	0.02	—	—	—	0.02
<b>2015 YTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 1.09</b>	<b>\$ 0.05</b>	<b>\$ 0.13</b>	<b>\$(0.03)</b>	<b>\$ 1.24</b>
Costs to Achieve, Progress Merger	—	—	—	(0.02)	(0.02)
Midwest Generation Operations (offset in Discontinued Operations)	—	—	(0.13)	—	(0.13)
Discontinued Operations	—	—	—	—	0.13
<b>2015 YTD Reported Earnings Per Share, Diluted</b>	<b>\$ 1.09</b>	<b>\$ 0.05</b>	<b>\$ —</b>	<b>\$(0.05)</b>	<b>\$ 1.22</b>

Note 1: Earnings Per Share amounts are calculated using the consolidated effective income 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: Prior period operating results reflect reclassifications due to the impact of discontinued operations.

- (a) Primarily due to higher energy efficiency rider recovery in North Carolina and South Carolina (+\$0.02).
- (b) Primarily due to higher volumes and capacity rates due to favorable weather and the implementation of new contracts.
- (c) Primarily due to higher nuclear costs, including impacts of nuclear outage levelization deferrals and related amortization (-\$0.02), higher outage costs in the fossil fleet (-\$0.02), and higher non-outage nuclear costs (-\$0.01), partially offset by lower storm costs (+\$0.05).
- (d) Primarily due to lower results in Brazil (-\$0.08) due to lower sales volumes and higher purchased power costs resulting from ongoing drought conditions and decreased demand and lower results in Central America (-\$0.02) due to lower generation and prices due to increased competition.
- (e) Primarily due to lower wind production.
- (f) Primarily due to higher PJM capacity revenues (+\$0.05), improved generation margins (+\$0.05) and the suspension of depreciation as a result of held for sale status (+\$0.03), partially offset by the elimination of the Electric Stabilization Security Rider (-\$0.02).
- (g) Amount for Regulated Utilities includes lower non-income taxes (+\$0.02) and higher AFUDC-equity (+\$0.02), partially offset by an increase in depreciation and amortization expense (-\$0.02) due to higher depreciable base and the prior-year reduction in the cost of removal component of amortization expense for Duke Energy Carolinas.

**Regulated Utilities  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
March 2015**

	Three Months Ended March 31			% Inc. (Dec.) Weather Normal (2)
	2015	2014	%	
<b>GWH Sales (1)</b>				
Residential	24,030	24,193	(0.7%)	(1.7%)
General Service	18,282	18,147	0.7%	(0.1%)
Industrial	12,264	12,055	1.7%	0.6%
Other Energy Sales	152	150	1.3%	
Unbilled Sales	(1,046)	(584)	(79.1%)	N/A
<b>Total Retail Sales</b>	<b>53,682</b>	<b>53,961</b>	<b>(0.5%)</b>	<b>(0.7%)</b>
Special Sales	9,519	9,907	(3.9%)	
<b>Total Consolidated Electric Sales - Regulated Utilities</b>	<b>63,201</b>	<b>63,868</b>	<b>(1.0%)</b>	
<b>Average Number of Customers (Electric)</b>				
Residential	6,342,548	6,265,318	1.2%	
General Service	947,745	939,046	0.9%	
Industrial	18,183	18,374	(1.0%)	
Other Energy Sales	22,952	22,458	2.2%	
<b>Total Regular Sales</b>	<b>7,331,428</b>	<b>7,245,196</b>	<b>1.2%</b>	
Special Sales (3)	65	64	1.6%	
<b>Total Average Number of Customers - Regulated Utilities</b>	<b>7,331,493</b>	<b>7,245,260</b>	<b>1.2%</b>	
<b>Heating and Cooling Degree Days</b>				
<b>Carolinas - Actual</b>				
Heating Degree Days	1,904	1,969	(3.3%)	
Cooling Degree Days	4	—	0.0%	
<b>Variance from Normal</b>				
Heating Degree Days	15.0%	18.8%	n/a	
Cooling Degree Days	(60.0%)	(100.0%)	n/a	
<b>Midwest - Actual</b>				
Heating Degree Days	3,120	3,313	(5.8%)	
Cooling Degree Days	—	—	0.0%	
<b>Variance from Normal</b>				
Heating Degree Days	18.6%	25.3%	n/a	
Cooling Degree Days	(100.0%)	(100.0%)	n/a	
<b>Florida - Actual</b>				
Heating Degree Days	373	417	(10.6%)	
Cooling Degree Days	234	144	62.5%	
<b>Variance from Normal</b>				
Heating Degree Days	(4.1%)	3.2%	n/a	
Cooling Degree Days	36.0%	(18.2%)	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) First quarter 2014 includes 177 GWH of sales associated with the FERC mitigation contracts, for which the financial results are excluded from the Regulated Utilities segment earnings.

**Duke Energy Carolinas**  
**Quarterly Highlights**  
**Supplemental Regulated Utilities Electric Information**  
**March 2015**

	Three Months Ended March 31			% Inc. (Dec.) Weather Normal (2)
	2015	2014	% Inc. (Dec.)	
<b>GWH Sales (1)</b>				
Residential	8,478	8,564	(1.0%)	
General Service	6,859	6,781	1.2%	
Industrial	5,075	4,914	3.3%	
Other Energy Sales	77	73	5.5%	
Unbilled Sales	(489)	(181)	(170.2%)	
<b>Total Regular Electric Sales</b>	<b>20,000</b>	<b>20,151</b>	<b>(0.7%)</b>	<b>(0.2%)</b>
Special Sales	2,468	3,542	(30.3%)	
<b>Total Consolidated Electric Sales - Duke Energy Carolinas</b>	<b>22,468</b>	<b>23,693</b>	<b>(5.2%)</b>	
<b>Average Number of Customers</b>				
Residential	2,108,669	2,081,865	1.3%	
General Service	343,194	340,187	0.9%	
Industrial	6,471	6,525	(0.8%)	
Other Energy Sales	14,954	14,485	3.2%	
<b>Total Regular Sales</b>	<b>2,473,288</b>	<b>2,443,062</b>	<b>1.2%</b>	
Special Sales	26	26	0.0%	
<b>Total Average Number of Customers - Duke Energy Carolinas</b>	<b>2,473,314</b>	<b>2,443,088</b>	<b>1.2%</b>	
<b>Heating and Cooling Degree Days</b>				
<b>Actual</b>				
Heating Degree Days	1,941	2,042	(4.9%)	
Cooling Degree Days	1	—	0.0%	
<b>Variance from Normal</b>				
Heating Degree Days	13.1%	19.1%	n/a	
Cooling Degree Days	(90.0%)	(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) First quarter 2014 includes 177 GWH of sales associated with the FERC mitigation contracts, for which the financial results are excluded from the Regulated Utilities segment earnings.

**Duke Energy Progress  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
March 2015**

	Three Months Ended March 31			% Inc. (Dec.) Weather Normal (2)
	2015	2014	% Inc. (Dec.)	
<b>GWH Sales (1)</b>				
Residential	5,767	5,580	3.4%	
General Service	3,749	3,641	3.0%	
Industrial	2,437	2,381	2.4%	
Other Energy Sales	28	30	(6.7%)	
Unbilled Sales	(441)	3	(14800.0%)	
Total Regular Electric Sales	11,540	11,635	(0.8%)	(1.4%)
Special Sales	5,225	4,526	15.4%	
Total Consolidated Electric Sales - Duke Energy Progress	16,765	16,161	3.7%	
<b>Average Number of Customers</b>				
Residential	1,269,070	1,251,608	1.4%	
General Service	224,411	221,892	1.1%	
Industrial	4,230	4,291	(1.4%)	
Other Energy Sales	1,688	1,751	(3.6%)	
Total Regular Sales	1,499,399	1,479,542	1.3%	
Special Sales	15	15	0.0%	
Total Average Number of Customers - Duke Energy Progress	1,499,414	1,479,557	1.3%	
<b>Heating and Cooling Degree Days</b>				
<b>Actual</b>				
Heating Degree Days	1,867	1,896	(1.5%)	
Cooling Degree Days	7	—	0.0%	
<b>Variance from Normal</b>				
Heating Degree Days	17.1%	18.5%	n/a	
Cooling Degree Days	(36.4%)	(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).



**Duke Energy Florida  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
March 2015**

	Three Months Ended March 31			% Inc. (Dec.) Weather Normal (2)
	2015	2014	% Inc. (Dec.)	
<b>GWH Sales (1)</b>				
Residential	4,104	4,051	1.3%	
General Service	3,235	3,248	(0.4%)	
Industrial	760	801	(5.1%)	
Other Energy Sales	6	6	0.0%	
Unbilled Sales	114	139	(18.0%)	
Total Regular Sales	8,219	8,245	(0.3%)	(2.0%)
Special Sales	254	416	(38.9%)	
Total Electric Sales - Duke Energy Florida	8,473	8,661	(2.2%)	
<b>Average Number of Customers</b>				
Residential	1,516,509	1,492,358	1.6%	
General Service	192,560	190,437	1.1%	
Industrial	2,256	2,301	(2.0%)	
Other Energy Sales	1,542	1,555	(0.8%)	
Total Regular Sales	1,712,867	1,686,651	1.6%	
Special Sales	15	16	(6.3%)	
Total Average Number of Customers - Duke Energy Florida	1,712,882	1,686,667	1.6%	
<b>Heating and Cooling Degree Days</b>				
<b>Actual</b>				
Heating Degree Days	373	417	(10.6%)	
Cooling Degree Days	234	144	62.5%	
<b>Variance from Normal</b>				
Heating Degree Days	(4.1%)	3.2%	n/a	
Cooling Degree Days	36.0%	(18.2%)	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 Ohio  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
March 2015**

	Three Months Ended March 31			% Inc. (Dec.) Weather Normal (2)
	2015	2014	% Inc. (Dec.)	
<b>GWH Sales (1)</b>				
Residential	2,681	2,779	(3.5%)	
General Service	2,363	2,372	(0.4%)	
Industrial	1,448	1,436	0.8%	
Other Energy Sales	28	28	0.0%	
Unbilled Sales	(133)	(242)	45.0%	
Total Regular Electric Sales	6,387	6,373	0.2%	1.0%
Special Sales	380	106	258.5%	
Total Electric Sales - Duke Energy Ohio	6,767	6,479	4.4%	
<b>Average Number of Customers</b>				
Residential	747,619	743,580	0.5%	
General Service	87,173	86,251	1.1%	
Industrial	2,536	2,522	0.6%	
Other Energy	3,206	3,171	1.1%	
Total Regular Sales	840,534	835,524	0.6%	
Special Sales	1	1	0.0%	
Total Average Number of Electric Customers - Duke Energy Ohio	840,535	835,525	0.6%	
<b>Heating and Cooling Degree Days</b>				
<b>Actual</b>				
Heating Degree Days	2,962	3,109	(4.7%)	
Cooling Degree Days	—	—	0.0%	
<b>Variance from Normal</b>				
Heating Degree Days	16.4%	21.4%	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).

**Duke Energy Ohio  
Quarterly Highlights  
Supplemental Regulated Utilities Gas Information  
March 2015**

	Three Months Ended March 31			% Inc. (Dec.) Weather Normal (2)
	2015	2014	% Inc. (Dec.)	
<b>MCF Sales (1)</b>				
Residential	22,178,905	23,585,941	(6.0%)	
General Service	13,071,081	13,692,491	(4.5%)	
Industrial	3,075,861	2,812,830	9.4%	
Other Energy Sales	6,216,151	6,597,030	(5.8%)	
Unbilled Sales	(353,000)	(2,467,000)	85.7%	
<b>Total Gas Sales - Duke Energy Ohio</b>	<b>44,188,998</b>	<b>44,221,292</b>	<b>(0.1%)</b>	<b>1.0%</b>
<b>Average Number of Customers</b>				
Residential	478,136	476,115	0.4%	
General Service	45,340	45,299	0.1%	
Industrial	1,706	1,717	(0.6%)	
Other Energy	144	158	(8.9%)	
<b>Total Average Number of Gas Customers - Duke Energy Ohio</b>	<b>525,326</b>	<b>523,289</b>	<b>0.4%</b>	
<b>Heating and Cooling Degree Days</b>				
<b>Actual</b>				
Heating Degree Days	2,962	3,109	(4.7%)	
Cooling Degree Days	—	—	0.0%	
<b>Variance from Normal</b>				
Heating Degree Days	16.4%	21.4%	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).

Duke Energy Indiana  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
March 2015

	Three Months Ended March 31			% Inc. (Dec.) Weather Normal (2)
	2015	2014	% Inc. (Dec.)	
<b>GWH Sales (1)</b>				
Residential	3,000	3,219	(6.8%)	
General Service	2,076	2,105	(1.4%)	
Industrial	2,544	2,523	0.8%	
Other Energy Sales	13	13	0.0%	
Unbilled Sales	(97)	(303)	68.0%	
Total Regular Electric Sales	7,536	7,557	(0.3%)	(0.7%)
Special Sales	1,192	1,317	(9.5%)	
Total Electric Sales - Duke Energy Indiana	8,728	8,874	(1.6%)	
<b>Average Number of Customers</b>				
Residential	700,681	695,907	0.7%	
General Service	100,407	100,279	0.1%	
Industrial	2,690	2,735	(1.6%)	
Other Energy	1,562	1,496	4.4%	
Total Regular Sales	805,340	800,417	0.6%	
Special Sales	8	6	33.3%	
Total Average Number of Electric Customers - Duke Energy Indiana	805,348	800,423	0.6%	
<b>Heating and Cooling Degree Days</b>				
<b>Actual</b>				
Heating Degree Days	3,278	3,517	(6.8%)	
Cooling Degree Days	—	—	0.0%	
<b>Variance from Normal</b>				
Heating Degree Days	20.7%	29.0%	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).

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
Three Months Ended March 31, 2015  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items			Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Midwest Generation Operations	Discontinued Operations		
<b>SEGMENT INCOME</b>						
Regulated Utilities	\$ 774	\$ —	\$ —	\$ —	\$ —	\$ 774
International Energy	36	—	—	—	—	36
Commercial Power	95	—	(94) <sup>B</sup>	—	(94)	1
<b>Total Reportable Segment Income</b>	<b>905</b>	<b>—</b>	<b>(94)</b>	<b>—</b>	<b>(94)</b>	<b>811</b>
Other	(24)	(13) <sup>A</sup>	—	—	(13)	(37)
Intercompany Eliminations	—	—	—	(1) <sup>D</sup>	(1)	(1)
<b>Total Reportable Segment Income and Other Net</b>	<b>881</b>	<b>(13)</b>	<b>(94)</b>	<b>(1)</b>	<b>(108)</b>	<b>773</b>
Expense Discontinued Operations	—	—	94 <sup>B</sup>	(3) <sup>C</sup>	91	91
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<b>\$ 881</b>	<b>\$ (13)</b>	<b>\$ —</b>	<b>\$ (4)</b>	<b>\$ (17)</b>	<b>\$ 864</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 1.24</b>	<b>\$ (0.02)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (0.02)</b>	<b>\$ 1.22</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.24</b>	<b>\$ (0.02)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (0.02)</b>	<b>\$ 1.22</b>

- A - Net of \$8 million tax benefit. Recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.  
B - Midwest Generation Operations reclassifies the operating results of the nonregulated Midwest generation business that had been classified as discontinued operations after adjustment for special items and economic hedges from discontinued operations to the Commercial Power segment (net of \$53 million tax benefit).  
C - Recorded in Income (Loss) From Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.  
D - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	708
Diluted	708

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
Three Months Ended March 31, 2014  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items			Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Asset Impairment	Midwest Generation Operations				
<b>SEGMENT INCOME</b>								
Regulated Utilities	\$ 737	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 737
International Energy	130	—	—	—	—	—	—	130
Commercial Power	10	—	(59) <sup>B</sup>	20 <sup>C</sup>	(3) <sup>F</sup>	—	(42)	(32)
<b>Total Reportable Segment Income</b>	<b>877</b>	<b>—</b>	<b>(59)</b>	<b>20</b>	<b>(3)</b>	<b>—</b>	<b>(42)</b>	<b>835</b>
Other	(48)	(34) <sup>A</sup>	—	(5) <sup>C</sup>	—	—	(39)	(87)
Intercompany Eliminations	—	—	—	—	—	(2) <sup>E</sup>	(2)	(2)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>829</b>	<b>(34)</b>	<b>(59)</b>	<b>15</b>	<b>(3)</b>	<b>(2)</b>	<b>(83)</b>	<b>746</b>
Discontinued Operations	—	—	—	(15) <sup>C</sup>	—	(828) <sup>D</sup>	(843)	(843)
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<b>\$ 829</b>	<b>\$ (34)</b>	<b>\$ (59)</b>	<b>\$ —</b>	<b>\$ (3)</b>	<b>\$ (830)</b>	<b>\$ (926)</b>	<b>\$ (97)</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 1.17</b>	<b>\$ (0.04)</b>	<b>\$ (0.08)</b>	<b>\$ —</b>	<b>\$ (0.01)</b>	<b>\$ (1.18)</b>	<b>\$ (1.31)</b>	<b>\$ (0.14)</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.17</b>	<b>\$ (0.04)</b>	<b>\$ (0.08)</b>	<b>\$ —</b>	<b>\$ (0.01)</b>	<b>\$ (1.18)</b>	<b>\$ (1.31)</b>	<b>\$ (0.14)</b>

- A - Net of \$21 million tax benefit. \$1 million recorded as a decrease in Operating Revenues, \$53 million recorded within Operating Expenses and \$1 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations.
- B - Net of \$35 million tax benefit. Recorded within Impairment Charges (Operating Expenses) on the Consolidated Statements of Operations.
- C - Midwest Generation Operations reclassifies the operating results of the nonregulated Midwest generation business that had been classified as discontinued operations after adjustment for special items and economic hedges from discontinued operations to the Commercial Power segment (net of \$29 million tax benefit) and Other segment (\$5 million of tax expense).
- D - Recorded in Income (Loss) From Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations. Includes the impairment of the nonregulated Midwest generation business and the mark-to-market of economic hedges of the nonregulated Midwest generation business.
- E - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.
- F - Net of \$1 million tax benefit. Recorded within Operating Revenues on the Condensed Consolidated Statements of Operations.

**Weighted Average Shares (reported and adjusted) - in millions**

Basic	706
Diluted	706

\* 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 Power segment and also relate to existing derivative positions that may have tenors beyond the planned disposal date of the nonregulated Midwest generation business. 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. However, due to the divestiture of the nonregulated Midwest generation business as mentioned above, certain derivative positions have tenors beyond the planned disposal date of these assets. As such, management has excluded settlements of these derivative positions from adjusted diluted EPS as these realized gains and losses more closely relate to the loss on disposal of these assets. 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 Months Ended March 31, 2015**  
**(Dollars in millions)**

	Three Months Ended March 31, 2015	
	<u>Balance</u>	<u>Effective Tax Rate</u>
Adjusted Earnings, Pre-Tax Income*	\$ 1,308	
Costs to Achieve, Progress Energy Merger	(21)	
Midwest Generation Operations	(147)	
<b>Reported Income From Continuing Operations Before Income Taxes</b>	<u>\$ 1,140</u>	
Adjusted Tax Expense*	\$ 425	32.4%**
Costs to Achieve, Progress Energy Merger	(8)	
Midwest Generation Operations	(53)	
<b>Reported Income Tax Expense From Continuing Operations</b>	<u>\$ 364</u>	31.9%

\* Includes amounts attributable to noncontrolling interests

\*\* Adjusted effective tax rate is a non-GAAP financial measure as the rate is calculated using a 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, 2014**  
**(Dollars in millions)**

	Three Months Ended March 31, 2014	
	<u>Balance</u>	<u>Effective Tax Rate</u>
<b>Adjusted Earnings, Pre-Tax Income*</b>	\$ 1,251	
Asset Impairment	(94)	
Costs to Achieve, Progress Energy Merger	(55)	
Economic Hedges (Mark-to-Market)	(4)	
Midwest Generation Operations	(9)	
<b>Reported Income From Continuing Operations Before Income Taxes</b>	<u>\$ 1,089</u>	
<b>Adjusted Tax Expense*</b>		33.5%**
Asset Impairment	(35)	
Costs to Achieve, Progress Energy Merger	(21)	
Economic Hedges (Mark-to-Market)	(1)	
Midwest Generation Operations	(24)	
<b>Reported Income Tax Expense From Continuing Operations</b>	<u>\$ 339</u>	31.2%

\* Includes amounts attributable to noncontrolling interests

\*\* Adjusted effective tax rate is a non-GAAP financial measure as the rate is calculated using a pretax earnings and income tax expense, both adjusted for the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. The most directly comparable GAAP measure for adjusted effective tax rate is reported effective tax rate, which includes the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment.



---

---

**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 7, 2015

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 704-382-6200  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)	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 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

(b) On May 12, 2015, Duke Energy Corporation (“Duke Energy”) announced that Mr. Marc E. Manly, Executive Vice President and President, Commercial Portfolio, and Mr. B. Keith Trent, Executive Vice President — Grid Solutions and President, Midwest and Florida Regions, will leave Duke Energy, by June 30, 2015. In connection with a recent divestiture and changes in responsibilities, the executives will be eligible to receive severance benefits under the Duke Energy Executive Severance Plan. Both are also eligible for compensation and benefits accrued under Duke Energy’s applicable retirement and benefit plans. Organizational changes related to the departures will be announced soon to assist with a smooth transition before June 30.

(e) On May 7, 2015, the shareholders of Duke Energy, upon recommendation of our Board of Directors, approved the Duke Energy Corporation 2015 Long-Term Incentive Plan (the “Plan”). A brief description of the Plan follows, but is subject to the full text of the Plan which is attached as Appendix C to our proxy statement dated March 26, 2015 and incorporated by reference to this Form 8-K.

The Plan authorizes the grant of equity-based compensation to our key employees and non-employee directors in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance units, stock retainers and dividend equivalents. Duke Energy has reserved 10,000,000 shares of common stock for delivery under the Plan.

The Plan is administered by the Compensation Committee of the Board of Directors, which has authority to, among other things: construe and interpret the Plan, select participants and the types of awards to be granted, and establish the terms and conditions of awards.

The Compensation Committee may grant performance awards that are intended to qualify for the “performance-based compensation” exemption under Section 162(m) of the Internal Revenue Code (“Section 162(m)”), as well as performance awards that are not intended to so qualify. The performance criteria for a Section 162(m) qualified award, which may relate to Duke Energy, any subsidiary, any business unit or any participant, and may be measured on an absolute or relative to peer group or other market measure basis, shall be limited to: total shareholder return; stock price increase; return on equity; return on capital; earnings per share; EBIT (earnings before interest and taxes); EBITDA (earnings before interest, taxes, depreciation and amortization); ongoing earnings; cash flow (including operating cash flow, free cash flow, discounted cash flow return on investment, and cash flow in excess of costs of capital); EVA (economic value added); economic profit (net operating profit after tax, less a cost of capital charge); SVA (shareholder value added); revenues; net income; operating income; pre-tax profit margin; performance against business plan; customer service; corporate governance quotient or rating; market share; employee satisfaction; safety; reliability; reportable environmental events, significant operational events, employee engagement; supplier diversity; workforce diversity; operating margins; credit rating; dividend payments; expenses; operations and maintenance expenses; fuel cost per million BTU; costs per kilowatt hour; retained earnings; completion of acquisitions, divestitures and corporate restructurings; and individual goals based on objective business criteria underlying the goals listed above and which pertain to individual effort as to achievement of those goals or to one or more business criteria in the areas of litigation, human resources, information

services, production, inventory, support services, site development, plant development, building development, facility development, government relations, product market share or management. In the case of a performance award that is not intended to qualify for exemption under Section 162(m), the Compensation Committee shall designate performance criteria from among the foregoing or such other business criteria as it shall determine in its sole discretion.

The Plan will remain in effect until February 25, 2025, unless sooner terminated by the Board of Directors. Termination will not affect grants and awards then outstanding. The Plan replaces the Duke Energy Corporation 2010 Long-Term Incentive Plan and the Progress Energy, Inc. 2007 Equity Incentive Plan (the "Prior Plans"). No further awards will be made under the Prior Plans; however, awards granted under the Prior Plans prior to shareholder approval of the Plan will remain outstanding in accordance with their terms.

**Item 5.07 Submission of Matters to a Vote of Security Holders.**

- (a) The Corporation held its Annual Meeting on May 7, 2015.
- (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 public accountant for 2015, (iii) an advisory vote to approve the Corporation's named executive officer compensation, (iv) the approval of the Duke Energy Corporation 2015 Long-Term Incentive Plan, (v) a shareholder proposal regarding limitation of accelerated executive pay, (vi) a shareholder proposal regarding political contribution disclosure, and (vii) a shareholder proposal regarding proxy access. For more information on the proposals, see Duke Energy's proxy statement dated March 26, 2015. Set forth below are the final voting results for each of the proposals.

• Election of Director Nominees

Director	Votes For	Votes Against	Withhold	Broker Non-Votes	Percent Voted For
Michael G. Browning	424,745,581	0	11,714,727	159,021,889	97.31
Harris E. DeLoach, Jr.	427,576,422	0	8,883,886	159,021,889	97.96
Daniel R. DiMicco	427,804,126	0	8,656,182	159,021,889	98.01
John H. Forsgren	427,830,388	0	8,629,920	159,021,889	98.02
Lynn J. Good	427,265,511	0	9,194,797	159,021,889	97.89
Ann Maynard Gray	416,415,113	0	20,045,195	159,021,889	95.40
James H. Hance, Jr.	385,023,731	0	51,436,577	159,021,889	88.21
John T. Herron	428,147,417	0	8,312,891	159,021,889	98.09
James B. Hyley, Jr.	427,432,207	0	9,027,101	159,021,889	97.93
William E. Kennard	424,104,296	0	12,356,012	159,021,889	97.16
E. Marie McKee	421,498,247	0	14,962,061	159,021,889	96.57
Richard A. Meserve	427,561,675	0	8,898,633	159,021,889	97.96
James T. Rhodes	426,664,961	0	9,795,347	159,021,889	97.75
Carlos A. Saladrigas	421,544,824	0	14,915,484	159,021,889	96.58

• Proposal to ratify the appointment of Deloitte & Touche LLP as independent public accountant for 2015

Votes For	Votes Against	Abstentions	Broker Non-Votes	Percent Voted For
581,157,816	11,258,372	3,066,009	0	97.59

• Advisory vote to approve Duke Energy Corporation's named executive officer compensation

Votes For	Votes Against	Abstentions	Broker Non-Votes	Percent Voted For
353,567,865	77,385,510	5,506,933	159,021,889	81.00

• **Approval of the Duke Energy Corporation 2015 Long-Term Incentive Plan**

Votes For	Votes Against	Abstentions	Broker Non-Votes	Percent of Outstanding Shares Voted For
406,004,445	25,513,233	4,942,630	159,021,889	93.02

• **Shareholder proposal regarding limitation of accelerated executive pay**

Votes For	Votes Against	Abstentions	Broker Non-Votes	Percent Voted For
127,045,335	303,653,931	5,761,042	159,021,889	29.10

• **Shareholder proposal regarding political contribution disclosure**

Votes For	Votes Against	Abstentions	Broker Non-Votes	Percent Voted For
101,557,180	272,410,978	62,492,150	159,021,889	23.26

• **Shareholder proposal regarding proxy access**

Votes For	Votes Against	Abstentions	Broker Non-Votes	Percent Voted For
269,370,537	160,063,056	7,026,715	159,021,889	61.71

(c) Not applicable.

(d) Not applicable.

**Item 9.01 Financial Statements and Exhibits.**

(d) *Exhibits.*

10.1 Form of Restricted Stock Unit Award Agreement

10.2 Form of Performance Award Agreement

**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: May 12, 2015

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

**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
10.1	Form of Restricted Stock Unit Award Agreement
10.2	Form of Performance Award Agreement

7

---

Exhibit 10.1

**RESTRICTED STOCK UNIT AWARD AGREEMENT**

This Restricted Stock Unit Award Agreement (the "Agreement") has been made as of [ ], (the "Date of Grant") between Duke Energy Corporation, a Delaware corporation, with its principal offices in Charlotte, North Carolina (the "Corporation"), and [ ] (the "Grantee").

**RECITALS**

Under the Duke Energy Corporation 2015 Long-Term Incentive Plan, as it may, from time to time, be further amended (the "Plan"), the Compensation Committee of the Board of Directors of the Corporation (the "Committee"), or its delegate, has determined the form of this Agreement and selected the Grantee, as an Employee, to receive the award evidenced by this Agreement (the "Award") and the "Restricted Stock Units" and tandem Dividend Equivalents that are subject hereto. The applicable provisions of the Plan are incorporated in this Agreement by reference, including the definitions of terms contained in the Plan (unless such terms are otherwise defined herein).

**AWARD**

In accordance with the Plan, the Corporation has made this Award, effective as of the Date of Grant and upon the following terms and conditions:

**Section 1.** Number and Nature of Restricted Stock Units and Tandem Dividend Equivalents. The number of Restricted Stock Units and the number of tandem Dividend Equivalents subject to this Award are each [ ]. Each Restricted Stock Unit, upon becoming vested, represents a right to receive payment in the form of one (1) share of Common Stock. Each tandem Dividend Equivalent represents a right to receive cash payments equivalent to the amount of cash dividends declared and paid on one (1) share of Common Stock after the Date of Grant and before the Dividend Equivalent expires. Restricted Stock Units and Dividend Equivalents are used solely as units of measurement and are not shares of Common Stock, and the Grantee is not, and has no rights as, a shareholder of the Corporation by virtue of this Award.

**Section 2.** Vesting of Restricted Stock Units. The specified percentage of the Restricted Stock Units subject to this Award, and not previously forfeited, shall vest, with such percentage considered satisfied to the extent such Restricted Stock Units have previously vested, as follows:

---



(a) Upon Grantee remaining continuously employed by the Corporation, including Subsidiaries, through [ ] (each a "Vesting Date"), the percentage of Restricted Stock Units set forth next to such date shall become vested:

(b) If such employment terminates (i) as the result of Grantee's death or (ii) as the result of Grantee's permanent and total disability within the meaning of Section 22(e)(3) of the Code, all Restricted Stock Units subject to this Award, which units have not previously been forfeited or vested, immediately shall become fully vested, unless the Committee or its delegate, in its sole discretion, determines that Grantee is in violation of any obligation identified in Section 3, in which case any Restricted Stock Units not previously vested shall be forfeited.

(c) If such employment terminates: (i) upon Retirement (as defined below), (ii) as the result of termination of such employment by the Corporation, or employing Subsidiary, other than for cause, as determined by the Committee or its delegate, or (iii) as the direct and sole result, as determined by the Committee or its delegate, in its sole discretion, of the divestiture of assets, a business or a company by the Corporation or a Subsidiary, then, unless the Committee or its delegate, in its sole discretion, determines that Grantee is in violation of any obligation identified in Section 3, in which case any Restricted Stock Units not previously vested shall be forfeited, the Restricted Stock Units subject to this Award shall vest at such vesting percentage determined by the Committee or its delegate, in its sole discretion, by prorating from the above schedule to reflect only that portion of the period beginning on the Date of Grant and ending with the [ ] anniversary of the Date of Grant during which such employment continued while Grantee was entitled to payment of salary, and any such Restricted Stock Units not then or previously vested shall be forfeited. For purposes of this Agreement, "Retirement" shall mean [ ].

(d) 100% of the Restricted Stock Units shall become vested, if, following the occurrence of a Change in Control and before the [ ] anniversary of such occurrence, such employment is terminated involuntarily, and not for cause, by the Corporation, or employing Subsidiary, as determined by the Committee or its delegate in its sole discretion.

(e) Unless the Grantee's right to receive payment of the Restricted Stock Units constitutes a "deferral of compensation" within the meaning of Section 409A of the Code, in the event that at a time when vesting would otherwise occur under Section 2(a), 2(b) or 2(c) Grantee is on an employer-approved, personal leave of absence, then, unless prohibited by law, vesting shall be postponed and shall not occur unless and until Grantee returns to active service in accordance with the terms of the approved personal leave of absence and before January 14 of the calendar year immediately following the calendar year in which the leave commenced. In the event Grantee does not return to active service from such leave of absence prior to January 14 of the calendar year immediately following the calendar year in which the leave commenced, any Restricted Stock Units covered by this Award that were not vested as of the commencement of such leave shall be immediately forfeited (as if Grantee terminated employment for purposes of Section 4 hereof).

*Section 3. Restrictive Covenants.*

(a) In consideration of the Award, Grantee agrees that during the period ending on the [ ] anniversary of the Date of Grant ("Restricted Period"), Grantee shall not for any reason, directly or indirectly, without the prior written consent of the Corporation or its delegate: (i) become employed, engaged or involved with a competitor (defined below) of the Corporation or any Subsidiary in a position that involves: providing services that relate to or are similar in nature or purpose to the services performed by the Grantee for the Corporation or any Subsidiary at any time during his or her previous [ ] years of employment with the Corporation or any Subsidiary; or, supervision, management, direction or advice regarding such services; either as principal, agent, manager, employee, partner, shareholder, director, officer or consultant (other than as a less-than three percent (3%) equity owner of any corporation traded on any national, international or regional stock exchange or in the over-the-counter market); or, (ii) induce or attempt to induce any customer, client, supplier, employee, agent or independent contractor of the Corporation or any of the Subsidiaries to reduce, terminate, restrict or otherwise alter (to the Corporation's detriment) its business relationship with the Corporation.

(b) The noncompetition obligations of clause (i) of the preceding sentence shall be effective only with respect to a "competitor" of the Corporation or any Subsidiary which is understood to mean any person or entity in competition with the Corporation or any Subsidiary, and more particularly those persons and entities in the businesses of: production, transmission, distribution, or retail or wholesale marketing or selling of electricity; resale or arranging for the purchase or for the resale, brokering, marketing, or trading of electricity or derivatives thereof; energy management and the provision of energy solutions; development and operation of power generation facilities, and sales and marketing of electric power, domestically and abroad; and any other business in which the Corporation, including Subsidiaries, is engaged at the termination of Grantee's continuous employment by the Corporation, including Subsidiaries; and within the following geographical areas: (i) any country in the world (other than the United States) where the Corporation, including Subsidiaries, has at least \$25 million in capital deployed as of termination of Grantee's continuous employment by the Corporation, including through its Subsidiaries; (ii) the states of Colorado, Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, Minnesota, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Vermont, Wisconsin and Wyoming; (iii) any other state in the United States where the Corporation including the Subsidiaries, has at least \$25 million in capital deployed as of the termination of the Grantee's employment with the Corporation or any Subsidiary. The Corporation and Grantee intend the above restrictions on competition in geographical areas to be entirely severable and independent, and any invalidity or enforceability of this provision with respect to any one or more of such restrictions, including geographical areas, shall not render this provision unenforceable as applied to any one or more of the other restrictions, including geographical areas.

(c) Grantee agrees not to: (i) disclose to any third party or otherwise misappropriate any confidential or proprietary information of the Corporation or of any Subsidiary (except as required by subpoena or other legal process, in which event the Grantee will give the Chief Legal Officer of the Corporation prompt notice of such subpoena or other legal process in order to permit the Corporation or any affected individual to seek appropriate protective orders); or, (ii) publish or provide any oral or written statements about the Corporation or any Subsidiary, any of the Corporation's or any Subsidiary's current or former officers, executives, directors, employees, agents or representatives that are false, disparaging or defamatory, or that disclose private or confidential information about their business or personal affairs. The obligations of this paragraph are in addition to, and do not replace, eliminate, or reduce in any way, all other contractual, statutory, or common law obligations Grantee may have to protect the Corporation's confidential information and trade secrets and to avoid defamation or business disparagement.

(d) Notwithstanding any other provision of Section 3, the Grantee remains free to engage in "protected activity," as defined in 10 CFR 50.7 and Section 211 of the Energy Reorganization Act of 1974, including, but not limited to, reporting any suspected instance of illegal activity of any nature, any nuclear safety concern, any workplace safety concern, any public safety concern, or any other matter within the United States Nuclear Regulatory Commission's ("NRC") regulatory responsibilities to the NRC, the United States Department of Labor, or any other federal or state governmental agency without providing the notice described in Section 3(c), and the Grantee remains free to participate in any governmental proceeding or investigation without providing the notice described in Section 3(c).

(e) If any part of this Section is held to be unenforceable because of the duration, scope or geographical area covered, the Corporation and Grantee agree to modify such part, or that the court making such holding shall have the power to modify such part, to reduce its duration, scope or geographical area.

(f) Nothing in Section 3 shall be construed to prohibit Grantee from being retained during the Restricted Period in a capacity as an attorney licensed to practice law, or to restrict Grantee from providing advice and counsel in such capacity, in any jurisdiction where such prohibition or restriction is contrary to law.

(g) Grantee's agreement to the restrictions provided for in this Agreement and the Corporation's agreement to provide the Award are mutually dependent consideration. Therefore, notwithstanding any other provision to the contrary in this Agreement, if Grantee materially breaches any provision of this Section 3 or if the enforceability of any material restriction on Grantee provided for in this Agreement is challenged and found unenforceable by a court of law then the Corporation shall, at its election, have the right to (i) cancel the Award, (ii) recover from Grantee any shares of Common Stock, Dividend Equivalents or other cash paid under Award, or (iii) with respect to any shares of Common Stock paid under the Award that have been disposed of, require the Grantee to repay to the Corporation the fair market

value of such shares of Common Stock on the date such shares were sold, transferred, or otherwise disposed of by Grantee. This provision shall be construed as a return of consideration or ill-gotten gains due to the failure of Grantee's promises under the Agreement, and not as a liquidated damages clause. Nothing herein shall (i) reduce or eliminate the Corporation's right to assert that the restrictions provided for in this agreement are fully enforceable as written, or as modified by a court pursuant to Section 3, or (ii) eliminate, reduce, or compromise the application of temporary or permanent injunctive relief as a fully appropriate and applicable remedy to enforce the restrictions provided for in Section 3 (inclusive of its subparts), in addition to recovery of damages or other remedies otherwise allowed by law.

**Section 4.** Forfeiture. Any unvested Restricted Stock Unit subject to this Award shall be forfeited upon the termination of Grantee's continuous employment by the Corporation, including Subsidiaries, prior to a Vesting Date, except to the extent otherwise provided in Section 2. Any Dividend Equivalent subject to this Award shall expire at the time the Restricted Stock Unit with respect to which the Dividend Equivalent is in tandem (a) is vested and paid, or deferred, or (b) is forfeited.

**Section 5.** Dividend Equivalent Payments. Payments with respect to any Dividend Equivalent subject to this Award shall be paid in cash to the Grantee within 60 days after the time cash dividends are declared and paid with respect to the Common Stock on or after the Date of Grant and before the Dividend Equivalent expires, but in no event later than the calendar year in which the dividends are declared and paid. However, should the timing of a particular payment under Section 6 to the Grantee in shares of Common Stock in conjunction with the timing of a particular cash dividend declared and paid on Common Stock be such that the Grantee receives such shares without the right to receive such dividend and the Grantee would not otherwise be entitled to payment under the expiring Dividend Equivalent with respect to such dividend, the Grantee, nevertheless, shall be entitled to such payment. Dividend Equivalent payments shall be subject to withholding for taxes. Any required income tax withholdings in respect of Dividend Equivalents attributable to Restricted Stock Units shall be satisfied by reducing the cash payment in respect of the required withholding amount, unless the Committee, or its delegate, in its discretion, requires Grantee to satisfy such tax obligation by other payment to the Corporation.

**Section 6.** Payment of Restricted Stock Units. Payment of Restricted Stock Units subject to this Award shall be made to the Grantee as soon as practicable following the time such units become vested in accordance with Section 2 but in no event later than 60 days following such vesting, except to the extent deferred by Grantee in accordance with such procedures as the Committee, or its delegate, may prescribe from time to time or except to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code. To the extent the Grantee's right to receive payment of the Restricted Stock Units constitutes a "deferral of compensation" within the meaning of Section 409A of the Code, then notwithstanding the first sentence of this Section 6, except in the event that the Grantee's employment terminates as a result of death, payment of vested Restricted

Stock Units subject to this Award shall be made to the Grantee within 60 days following the applicable Vesting Date(s) as provided in Section 2(a). Payment (or deferrals, as applicable) shall be subject to withholding for taxes. Payment shall be in the form of one (1) share of Common Stock for each full Restricted Stock Unit and any fractional Restricted Stock Unit shall be made in a cash amount equal in value to the shares of Common Stock that would otherwise be paid, valued at Fair Market Value on the date the respective Restricted Stock Units became vested, or if later, payable. Notwithstanding the foregoing, the number of shares of Common Stock that would otherwise be paid or deferred (valued at Fair Market Value on the date the respective Restricted Stock Unit became vested, or if later, payable) shall be reduced by the Committee, or its delegate, in its sole discretion, to fully satisfy tax withholding requirements, unless the Committee, or its delegate, in its discretion requires Grantee to satisfy such tax obligation by other payment to the Corporation. In the event that payment, after any such reduction in the number of shares of Common Stock to satisfy withholding for tax requirements, would be less than ten (10) shares of Common Stock, then, if so determined by the Committee, or its delegate, in its sole discretion, payment, instead of being made in shares of Common Stock, shall be made in a cash amount equal in value to the shares of Common Stock that would otherwise be paid, valued at Fair Market Value on the date the respective Restricted Stock Units became vested, or if later, payable.

**Section 7.** No Employment Rights. Nothing in this Agreement or in the Plan shall confer upon the Grantee the right to continued employment with the Corporation or any Subsidiary, or affect the right of the Corporation or any Subsidiary to terminate the employment or service of the Grantee at any time for any reason.

**Section 8.** Nonalienation. The Restricted Stock Units and Dividend Equivalents subject to this Award are not assignable or transferable by the Grantee. Upon any attempt to transfer, assign, pledge, hypothecate, sell or otherwise dispose of any such Restricted Stock Unit or Dividend Equivalent, or of any right or privilege conferred hereby, or upon the levy of any attachment or similar process upon such Restricted Stock Unit or Dividend Equivalent, or upon such right or privilege, such Restricted Stock Unit or Dividend Equivalent or right or privilege, shall immediately become null and void.

**Section 9.** Determinations. Determinations by the Committee, or its delegate, shall be final and conclusive with respect to the interpretation of the Plan and this Agreement.

**Section 10.** Governing Law. The validity and construction of this Agreement shall be governed by the laws of the state of Delaware applicable to transactions taking place entirely within that state.

**Section 11.** Conflicts with Plan, Correction of Errors, Section 409A and Grantee's Consent. In the event that any provision of this Agreement conflicts in any way with a provision of the Plan, such Plan provision shall be controlling and the applicable provision of this Agreement shall be without force and effect to the extent

necessary to cause such Plan provision to be controlling. In the event that, due to administrative error, this Agreement does not accurately reflect a Restricted Stock Unit Award properly granted to Grantee pursuant to the Plan, the Corporation, acting through its Executive Compensation and Benefits Department, reserves the right to cancel any erroneous document and, if appropriate, to replace the cancelled document with a corrected document. It is the intention of the Corporation and the Grantee that this Award not result in unfavorable tax consequences to Grantee under Section 409A of the Code. Accordingly, Grantee consents to such amendment of this Agreement as the Corporation may reasonably make in furtherance of such intention, and the Corporation shall promptly provide, or make available to, Grantee a copy of any such amendment.

To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A of the Code and that this Award not result in unfavorable tax consequences to Grantee under Section 409A of the Code. This Agreement will be administered and interpreted in a manner consistent with this intent, and any provision that would cause this Agreement to fail to satisfy Section 409A of the Code will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A of the Code). The Corporation and the Grantee agree to work together in good faith in an effort to comply with Section 409A of the Code including, if necessary, amending this Agreement based on further guidance issued by the Internal Revenue Service from time to time, provided that the Corporation shall not be required to assume any increased economic burden. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Grantee shall not be considered to have terminated employment with Corporation for purposes of this Agreement and no payments shall be due to him or her under this Agreement which are payable upon his or her termination of employment until he or she would be considered to have incurred a "separation from service" from the Corporation within the meaning of Section 409A of the Code. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following the Grantee's termination of employment shall instead be paid within 60 days following the first business day after the date that is six months following his or her termination of employment (or upon his or her death or a regularly scheduled Vesting Date, if earlier). In addition, for purposes of this Agreement, each amount to be paid or benefit to be provided to the Grantee pursuant to this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code.

**Section 12.** Compliance with Law. The Corporation shall make reasonable efforts to comply with all applicable federal and state securities laws applicable to the Plan and this Award; provided, however, notwithstanding any other provision of this Award, the Corporation shall not be obligated to deliver any shares of Common Stock pursuant to this Award if the delivery thereof would result in a violation of any such law.

Notwithstanding the foregoing, this Award is subject to cancellation by the Corporation in its sole discretion unless the Grantee, by not later than [ ], [ ], has signed a duplicate of this Agreement, in the space provided below, and returned the signed duplicate to [ ], which, if, and to the extent, permitted by the Executive Compensation and Benefits Department, may be accomplished by electronic means.



IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed and granted in Charlotte, North Carolina, to be effective as of the Date of Grant.

DUKE ENERGY CORPORATION

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

Its: \_\_\_\_\_

**Acceptance of Restricted Stock Unit Award**

IN WITNESS OF Grantee's acceptance of this Award and Grantee's agreement to be bound by the provisions of this Agreement and the Plan, Grantee has signed this Agreement this [ ] day of [ ], [ ].

\_\_\_\_\_  
Grantee's Signature

\_\_\_\_\_  
(print name)

\_\_\_\_\_  
(address)

Exhibit 10.2

**PERFORMANCE AWARD AGREEMENT**

This Performance Award Agreement (the "Agreement") has been made as of [ ] (the "Date of Grant") between Duke Energy Corporation, a Delaware corporation, with its principal offices in Charlotte, North Carolina (the "Corporation"), and [ ] (the "Grantee").

**RECITALS**

Under the Duke Energy Corporation 2015 Long-Term Incentive Plan, as it may, from time to time, be further amended (the "Plan"), the Compensation Committee of the Board of Directors of the Corporation (the "Committee"), or its delegate, has determined the form of this Agreement and selected the Grantee, as an Employee, to receive the award evidenced by this Agreement (the "Award") and the Performance Shares and tandem Dividend Equivalents that are subject hereto. The applicable provisions of the Plan are incorporated in this Agreement by reference, including the definitions of terms contained in the Plan (unless such terms are otherwise defined herein).

**AWARD**

In accordance with the Plan, the Corporation has made this Award, effective as of the Date of Grant and upon the following terms and conditions:

**Section 1.** Number and Nature of Performance Shares and Tandem Dividend Equivalents. At target performance, the number of Performance Shares and the number of tandem Dividend Equivalents subject to this Award are each [ ]. Each Performance Share, upon becoming vested, represents a right to receive payment in the form of one (1) share of Common Stock. Each tandem Dividend Equivalent, after its tandem Performance Share vests, represents a right to receive a cash payment equivalent in amount to the aggregate cash dividends declared and paid on one (1) share of Common Stock for the period beginning on the Date of Grant and ending on the date the vested, tandem Performance Share is paid or deferred and before the Dividend Equivalent expires. Performance Shares and Dividend Equivalents are used solely as units of measurement and are not shares of Common Stock, and the Grantee is not, and has no rights as, a shareholder of the Corporation by virtue of this Award.

**Section 2.** Vesting of Performance Shares.

(a) Performance Goal. Except as otherwise provided in this Section 2, the Performance Shares shall vest only if and to the extent the Committee, or its delegate, determines that the [ ] Performance Goal (as defined below) has been met (provided that such determination shall be made not later than the first March 15 following the end of the Performance Period, as defined below). To the extent the

---

[ ] Performance Goal is not met, the Performance Shares that do not so become vested shall be forfeited. The Committee reserves the right to reduce any vesting to the

extent the Committee determines that such reduction is equitable and appropriate based on overall financial performance, including adjusted and reported earnings, capital deployment and credit position during the Performance Period. Provided Grantee's continuous employment by the Corporation, including Subsidiaries, has not terminated, or as otherwise provided in Sections 2(b) or 2(c), all of the Performance Shares subject to this Award shall become vested upon the written determination by the Committee, or its delegate, in its sole discretion, of the extent to which the Corporation achieves the "[ ] Performance Goal" for the period beginning [ ] and ending [ ] ("Performance Period"), in accordance with the applicable vesting percentage specified for such ranking in the following schedule:

Vesting Percentage  
(Applicable to Target  
# of Shares)

---

\* When such determination is of a ranking between those specified, the Committee, or its delegate, in its sole discretion, shall interpolate to determine the applicable vesting percentage.

Such Performance Shares that do not so become vested shall be forfeited. For purposes of this Agreement, "[ ] Performance Goal" means: [ ].

(b) In the event that, prior to the date that the determination of the achievement of the [ ] Performance Goal is made, the Grantee's continuous employment by the Corporation, including Subsidiaries, terminates, the Performance Shares subject to this Award are thereupon forfeited, except that if such employment terminates (i) upon Retirement (as defined below), (ii) as the result of the Grantee's death, (iii) as the result of the Grantee's permanent and total disability within the meaning of Section 22(e)(3) of the Code, (iv) as the result of the termination of such employment by the Corporation, or employing Subsidiary, other than for cause, as determined by the Corporation or employing Subsidiary, in its sole discretion, or (v) as the direct and sole result, as determined by the Corporation, or employing Subsidiary, in its sole discretion, of the divestiture of assets, a business, or a company, by the Corporation or a Subsidiary, then, unless the Committee, or its delegate, in its sole discretion, determines that Grantee is in violation of any obligation identified in Section 3, the Performance Shares subject to this Award shall vest upon such determination of the achievement of the [ ] Performance Goal, at such vesting percentage determined by the Committee, or its delegate, in its sole discretion, by prorating on the basis of the portion of the

Performance Period that such employment continued while Grantee was entitled to payment of salary (unless such termination occurs after the end of the Performance Period, in which event the number of Performance Shares earned, if any, shall not be prorated). For purposes of this Agreement, "Retirement" shall mean [            ].

(c) In the event that a Change in Control occurs before the Performance Period has ended and (i) before the Grantee's continuous employment by the Corporation, including Subsidiaries, terminates, or (ii) after such employment terminates during the Performance Period, (A) at a time when Grantee is considered "retired", unless the Corporation, in its sole discretion, determines that Grantee is in violation of any obligation identified in Section 3, or (B) as the result of an event listed in items (ii) — (v) of the first sentence of Section 2(b), the Performance Shares subject to this Award shall vest upon such occurrence, at such vesting percentage determined by the Committee, or its delegate, in its sole discretion, by prorating down, assuming performance at the target level for the [            ] Performance Goal, on the basis of the portion of the Performance Period that has elapsed prior to the time of such occurrence (or such earlier termination of employment), and the remaining Performance Shares shall be forfeited, irrespective of any subsequent determination of the achievement of the [            ] Performance Goal.

(d) In the event that Grantee is on an employer-approved, personal leave of absence on the date that the determination of the achievement of the [            ] Performance Goal is made under this Section 2, then, unless prohibited by law, vesting shall be postponed and shall not occur unless and until Grantee returns to active service in accordance with the terms of the approved personal leave of absence and before November 1 of the calendar year immediately following the calendar year in which the Performance Period ends. In the event Grantee does not return to active service from such leave of absence prior to November 1 of the calendar year immediately following the calendar year in which the Performance Period ends, any Performance Shares covered by this Award that were not vested as of the commencement of such leave shall be immediately forfeited (as if Grantee terminated employment for purposes of Section 4 hereof). Further, in the event that such determination is made and during any portion of the Performance Period the Grantee was on employer-approved, personal leave of absence, the applicable vesting percentage shall be determined by the Committee, or its delegate, in its sole discretion, to reflect only that portion of the Performance Period during which such employment continued while the Grantee was entitled to payment of salary.

**Section 3.            Restrictive Covenants.**

(a) In consideration of the Award, Grantee agrees that during the period ending on the [            ] anniversary of the Date of Grant ("Restricted Period"), Grantee shall not for any reason, directly or indirectly, without the prior written consent of the Corporation or its delegate: (i) become employed, engaged or involved with a competitor (defined below) of the Corporation or any Subsidiary in a position that involves: providing services that relate to or are similar in nature or purpose to the services performed by the Grantee for the Corporation or any Subsidiary at any time during his or her previous

[ ] years of employment with the Corporation or any Subsidiary; or, supervision, management, direction or advice regarding such services; either as principal, agent, manager, employee, partner, shareholder, director, officer or consultant (other than as a less-than three percent (3%) equity owner of any corporation traded on any national, international or regional stock exchange or in the over-the-counter market); or, (ii) induce or attempt to induce any customer, client, supplier, employee, agent or independent contractor of the Corporation or any of the Subsidiaries to reduce, terminate, restrict or otherwise alter (to the Corporation's detriment) its business relationship with the Corporation.

(b) The noncompetition obligations of clause (i) of the preceding sentence shall be effective only with respect to a "competitor" of the Corporation or any Subsidiary which is understood to mean any person or entity in competition with the Corporation or any Subsidiary, and more particularly those persons and entities in the businesses of: production, transmission, distribution, or retail or wholesale marketing or selling of electricity; resale or arranging for the purchase or for the resale, brokering, marketing, or trading of electricity or derivatives thereof; energy management and the provision of energy solutions; development and operation of power generation facilities, and sales and marketing of electric power, domestically and abroad; and any other business in which the Corporation, including Subsidiaries, is engaged at the termination of Grantee's continuous employment by the Corporation, including Subsidiaries; and within the following geographical areas: (i) any country in the world (other than the United States) where the Corporation, including Subsidiaries, has at least \$25 million in capital deployed as of termination of Grantee's continuous employment by the Corporation, including through its Subsidiaries; (ii) the states of Colorado, Florida, Georgia, Illinois, Indiana, Kentucky, Michigan, Minnesota, Mississippi, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Texas, Vermont, Wisconsin and Wyoming; (iii) any other state in the United States where the Corporation including the Subsidiaries, has at least \$25 million in capital deployed as of the termination of the Grantee's employment with the Corporation or any Subsidiary. The Corporation and Grantee intend the above restrictions on competition in geographical areas to be entirely severable and independent, and any invalidity or enforceability of this provision with respect to any one or more of such restrictions, including geographical areas, shall not render this provision unenforceable as applied to any one or more of the other restrictions, including geographical areas.

(c) Grantee agrees not to: (i) disclose to any third party or otherwise misappropriate any confidential or proprietary information of the Corporation or of any Subsidiary (except as required by subpoena or other legal process, in which event the Grantee will give the Chief Legal Officer of the Corporation prompt notice of such subpoena or other legal process in order to permit the Corporation or any affected individual to seek appropriate protective orders); or, (ii) publish or provide any oral or written statements about the Corporation or any Subsidiary, any of the Corporation's or any Subsidiary's current or former officers, executives, directors, employees, agents or representatives that are false, disparaging or defamatory, or that disclose private or confidential information about their business or personal affairs. The obligations of this paragraph are in addition to, and do not replace, eliminate, or reduce in any way, all

other contractual, statutory, or common law obligations Grantee may have to protect the Corporation's confidential information and trade secrets and to avoid defamation or business disparagement.

(d) Notwithstanding any other provision of Section 3, the Grantee remains free to engage in "protected activity," as defined in 10 CFR 50.7 and Section 211 of the Energy Reorganization Act of 1974, including, but not limited to, reporting any suspected instance of illegal activity of any nature, any nuclear safety concern, any workplace safety concern, any public safety concern, or any other matter within the United States Nuclear Regulatory Commission's ("NRC") regulatory responsibilities to the NRC, the United States Department of Labor, and any other federal or state governmental agency without providing the notice described in Section 3(c), and the Grantee remains free to participate in any governmental proceeding or investigation without providing the notice described in Section 3(c).

(e) If any part of this Section is held to be unenforceable because of the duration, scope or geographical area covered, the Corporation and Grantee agree to modify such part, or that the court making such holding shall have the power to modify such part, to reduce its duration, scope or geographical area.

(f) Nothing in Section 3 shall be construed to prohibit Grantee from being retained during the Restricted Period in a capacity as an attorney licensed to practice law, or to restrict Grantee from providing advice and counsel in such capacity, in any jurisdiction where such prohibition or restriction is contrary to law.

(g) Grantee's agreement to the restrictions provided for in this Agreement and the Corporation's agreement to provide the Award are mutually dependent consideration. Therefore, notwithstanding any other provision to the contrary in this Agreement, if Grantee materially breaches any provision of this Section 3 or if the enforceability of any material restriction on Grantee provided for in this Agreement is challenged and found unenforceable by a court of law then the Corporation shall, at its election, have the right to (i) cancel the Award, (ii) recover from Grantee any shares of Common Stock, Dividend Equivalents or other cash paid under Award, or (iii) with respect to any shares of Common Stock paid under the Award that have been disposed of, require the Grantee to repay to the Corporation the fair market value of such shares of Common Stock on the date such shares were sold, transferred, or otherwise disposed of by Grantee. This provision shall be construed as a return of consideration or ill-gotten gains due to the failure of Grantee's promises under the Agreement, and not as a liquidated damages clause. Nothing herein shall (i) reduce or eliminate the Corporation's right to assert that the restrictions provided for in this agreement are fully enforceable as written, or as modified by a court pursuant to Section 3, or (ii) eliminate, reduce, or compromise the application of temporary or permanent injunctive relief as a fully appropriate and applicable remedy to enforce the restrictions provided for in Section 3 (inclusive of its subparts), in addition to recovery of damages or other remedies otherwise allowed by law.

**Section 4.** Forfeiture. Any Performance Share subject to this Award shall be forfeited upon the termination of the Grantee's continuous employment by the Corporation, including Subsidiaries, prior to the date that the Committee's determination of the achievement of the [ ] Performance Goal is made, except to the extent otherwise provided in Section 2. Any Dividend Equivalent subject to this Award shall expire at the time its tandem Performance Share (a) is vested and paid, or deferred, or (b) is forfeited.

**Section 5.** Dividend Equivalent Payment. Payment with respect to any Dividend Equivalent subject to this Award that is in tandem with a Performance Share that is vested and paid shall be paid in cash to the Grantee at the same time as the vested Performance Share as provided in Section 6, or, if the vested Performance Share is deferred by Grantee as provided in Section 6, payment with respect to the tandem Dividend Equivalent shall likewise be deferred. The Dividend Equivalent payment amount shall equal the aggregate cash dividends declared and paid with respect to one (1) share of Common Stock for the period beginning on the Date of Grant and ending on the date the vested, tandem Performance Share is paid or deferred and before the Dividend Equivalent expires. However, should the timing of a particular payment under Section 6 to the Grantee in shares of Common Stock in conjunction with the timing of a particular cash dividend declared and paid on Common Stock be such that the Grantee receives such shares without the right to receive such dividend and the Grantee would not otherwise be entitled to payment under the expiring Dividend Equivalent with respect to such dividend, the Grantee, nevertheless, shall be entitled to such payment. Dividend Equivalent payments shall be subject to withholding for taxes. Any required income tax withholdings in respect of Dividend Equivalents attributable to Performance Shares shall be satisfied by reducing the cash payment in respect of the required withholding amount, unless the Committee, or its delegate, in its discretion, requires Grantee to satisfy such tax obligation by other payment to the Corporation.

**Section 6.** Payment of Performance Shares. Payment of Performance Shares subject to this Award that become vested shall be made to the Grantee on the earlier of: (a) the calendar year immediately following the Performance Period, or (b) within 30 days after the occurrence of a "change in the ownership," a "change in the effective control" or a "change in the ownership of a substantial portion of the assets" of the Corporation within the meaning of Section 409A of the Code, except to the extent deferred by the Grantee in accordance with such procedures as the Committee, or its delegate, may prescribe from time to time or except to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code. Payment (or deferrals, as applicable) shall be subject to withholding for taxes. Payment shall be in the form of one (1) share of Common Stock for each fully vested Performance Share, and any fractional vested Performance Share shall be rounded up to the next whole share for purposes of both vesting under Section 2 and payment under Section 6. Notwithstanding the foregoing, the number of shares of Common Stock that would otherwise be paid or deferred (valued at Fair Market Value on the date the respective Performance Share became vested, or if later, payable) shall be reduced by the Committee, or its delegate, in its sole discretion, to fully satisfy tax withholding requirements, unless the Committee, or its delegate, in its discretion requires Grantee to



satisfy such tax obligation by other payment to the Corporation. In the event that payment, after any reduction in the number of shares of Common Stock to satisfy withholding for tax requirements, would be for less than ten (10) shares of Common Stock, then, if so determined by the Committee, or its delegate, in its sole discretion, payment, instead of being made in shares of Common Stock, shall be made in a cash amount equal in value to the shares of Common Stock that would otherwise be paid, valued at Fair Market Value on the date the respective Performance Shares became vested.

**Section 7.** No Employment Right. Nothing in this Agreement or in the Plan shall confer upon the Grantee the right to continued employment with the Corporation or any Subsidiary, or affect the right of the Corporation or any Subsidiary to terminate the employment or service of the Grantee at any time for any reason.

**Section 8.** Nonalienation. The Performance Shares and Dividend Equivalents subject to this Award are not assignable or transferable by Grantee. Upon any attempt to transfer, assign, pledge, hypothecate, sell or otherwise dispose of any such Performance Share or Dividend Equivalent, or of any right or privilege conferred hereby, or upon the levy of any attachment or similar process upon such Performance Share or Dividend Equivalent, or upon such right or privilege, such Performance Share or Dividend Equivalent, or such right or privilege, shall immediately become null and void.

**Section 9.** Determinations. Determinations by the Committee, or its delegate, shall be final and conclusive with respect to the interpretation of the Plan and this Agreement.

**Section 10.** Governing Law. This Agreement shall be governed, construed and enforced in accordance with the laws of the state of Delaware applicable to transactions that take place entirely within that state.

**Section 11.** Conflicts with Plan, Correction of Errors, Section 409A and Grantee's Consent. In the event that any provision of this Agreement conflicts in any way with a provision of the Plan, such Plan provision shall be controlling and the applicable provision of this Agreement shall be without force and effect to the extent necessary to cause such Plan provision to be controlling. In the event that, due to administrative error, this Agreement does not accurately reflect an Award properly granted to the Grantee pursuant to the Plan, the Corporation, acting through its Executive Compensation and Benefits Department, reserves the right to cancel any erroneous document and, if appropriate, to replace the cancelled document with a corrected document. It is the intention of the Corporation and the Grantee that this Award not result in unfavorable tax consequences to Grantee under Section 409A of the Code. Accordingly, Grantee consents to such amendment of this Agreement as the Corporation may reasonably make in furtherance of such intention, and the Corporation shall promptly provide, or make available to, Grantee a copy of any such amendment.

To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A of the Code and that this Award not result in unfavorable tax

consequences to Grantee under Section 409A of the Code. This Agreement will be administered and interpreted in a manner consistent with this intent, and any provision that would cause this Agreement to fail to satisfy Section 409A of the Code will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A of the Code). The Corporation and the Grantee agree to work together in good faith in an effort to comply with Section 409A of the Code including, if necessary, amending this Agreement based on further guidance issued by the Internal Revenue Service from time to time, provided that the Corporation shall not be required to assume any increased economic burden. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Grantee shall not be considered to have terminated employment with Corporation for purposes of this Agreement and no payments shall be due to him or her under this Agreement which are payable upon his or her termination of employment until he or she would be considered to have incurred a "separation from service" from the Corporation within the meaning of Section 409A of the Code. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following the Grantee's termination of employment shall instead be paid within 30 days following the first business day after the date that is six months following his or her termination of employment (or upon his or her death or a regularly scheduled payment date, if earlier). In addition, for purposes of this Agreement, each amount to be paid or benefit to be provided to the Grantee pursuant to this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code.

Grantee acknowledges and agrees that payments made under this Agreement are subject to the Corporation's requirement that the Grantee reimburse the portion of any payment where such portion of the payment was (i) inadvertently paid based on an incorrect calculation, or (ii) predicated upon the achievement of financial results that are subsequently the subject of a restatement caused or partially caused by Grantee's fraud or misconduct.

**Section 12. Compliance with Law.** The Corporation shall make reasonable efforts to comply with all applicable federal and state securities laws applicable to the Plan and this Award; provided, however, notwithstanding any other provision of this Award, the Corporation shall not be obligated to deliver any shares of Common Stock pursuant to this Award if the delivery thereof would result in a violation of any such law.

Notwithstanding the foregoing, this Award is subject to cancellation by the Corporation in its sole discretion unless the Grantee, by not later than [            ] [            ], [            ], has signed a duplicate of this Agreement, in the space provided below, and returned the signed duplicate to [            ], Duke Energy Corporation, P. O. Box 1321, Charlotte, NC 28201-1321, which, if, and to the extent, permitted by the Executive Compensation and Benefits Department, may be accomplished by electronic means.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed and granted in Charlotte, North Carolina, to be effective as of the Date of Grant.

DUKE ENERGY CORPORATION

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

Acceptance of Performance Award

IN WITNESS OF Grantee's acceptance of this Performance Award and Grantee's agreement to be bound by the provisions of this Agreement and the Plan, Grantee has signed this Agreement this [ ] day of [ ], [ ].

\_\_\_\_\_  
Grantee's Signature

\_\_\_\_\_  
(print name)

(address)

---

---

**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 19, 2015**


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**  
**DUKE ENERGY CORPORATION**  
(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))
- 
-

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

On May 19, 2015, Duke Energy Corporation (“Duke Energy”) announced that Mr. Douglas F Esamann, has been appointed to the position of Executive Vice President and President, Midwest and Florida Regions, effective June 1, 2015. Mr. Esamann, age 57, has been President of Duke Energy Indiana, Inc., an indirect wholly owned subsidiary of Duke Energy, since November 2010. Mr. Esamann served as Senior Vice President of Corporate Strategy from July 2009 until November 2010.

In connection with the appointment of Mr. Esamann to Executive Vice President and President, Midwest and Florida Regions, the Compensation Committee of the Board of Directors of Duke Energy, effective as of June 1, 2015, approved an increase in his annual base salary from \$378,540 to \$450,000, an increase in his short-term incentive opportunity from 45% to 70% of his annual base salary, and an increase in his long-term incentive opportunity from 75% to 150% of his annual base salary.

In addition, Mr. Esamann will participate in the Duke Energy Corporation Executive Severance Plan as a “Tier I” participant and has entered into a Change in Control Agreement in substantially the same form as Duke Energy’s other executive officers. The Executive Severance Plan and Duke Energy’s Change in Control Agreement are described in more detail on pages 61-62 of Duke Energy’s Proxy Statement dated March 26, 2015. Mr. Esamann otherwise will continue to participate in the compensation and benefit plans in which he was participating prior to his promotion.

**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: May 19, 2015

By: /s/ Julia S. Janson  
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): May 20, 2015

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  
704-382-6200

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.**

The information attached hereto as exhibit 99.1 provides supplemental financial information for Duke Energy Corporation.

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

(d) *Exhibits.*

99.1 First Quarter 2015 Statistical Supplement

---



**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: May 20, 2015

By: /s/ Brian D. Savoy  
Name: Brian D. Savoy  
Title: Senior Vice President, Chief Accounting Officer and Controller

---

**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
99.1	First Quarter 2015 Statistical Supplement



# 1st Quarter 2015 Statistical Supplement

---

**Table of Contents**

**DUKE ENERGY CORPORATION (Unaudited)**

- 3 Consolidating Statements of Operations
- 5 Consolidating Balance Sheet

**REGULATED UTILITIES (Unaudited)**

- 7 Consolidating Segment Income
- 9 Consolidating Balance Sheet
- 11 Operating Statistics (Regulated Utilities)
- 13 Operating Statistics (Duke Energy Carolinas)
- 15 Operating Statistics (Duke Energy Progress)
- 17 Operating Statistics (Duke Energy Florida)
- 19 Operating Statistics (Duke Energy Ohio - Electric)
- Operating Statistics (Duke Energy Ohio - Natural
- 21 Gas)
- 22 Operating Statistics (Duke Energy Indiana)

**DUKE ENERGY OHIO SUPPLEMENT (Unaudited)**

- 24 Consolidating Statements of Operations

**NONREGULATED MIDWEST GENERATION DISCONTINUED OPERATIONS SUPPLEMENT (Unaudited)**

- 26 Duke Energy Corporation
  - 27 Duke Energy Ohio
-

DUKE ENERGY CORPORATION  
Consolidating Statement of Operations  
(Unaudited)

(In millions)	Three Months Ended March 31, 2015					
	Regulated Utilities	International Energy	Commercial Power <sup>(a)</sup>	Other	Eliminations / Adjustments	Duke Energy
<b>Operating Revenues</b>						
Regulated electric	\$ 5,490	\$ —	\$ —	\$ 1	\$ (34)	\$ 5,457
Nonregulated electric, natural gas and other	—	273	73	26	5	377
Regulated natural gas	233	—	—	—	(2)	231
Total operating revenues	5,723	273	73	27	(31)	6,065
<b>Operating Expenses</b>						
Fuel used in electric generation and purchased power - regulated	1,941	—	—	—	—	1,941
Fuel used in electric generation and purchased power - nonregulated	—	90	14	—	—	104
Cost of natural gas and other	97	14	—	—	—	111
Operation, maintenance and other	1,320	78	46	11	(29)	1,426
Depreciation and amortization	698	23	24	32	—	777
Property and other taxes	249	2	5	7	1	264
Total operating expenses	4,305	207	89	50	(28)	4,623
Gains on Sales of Other Assets and Other, Net	7	—	—	7	—	14
Operating Income (Loss)	1,425	66	(16)	(16)	(3)	1,456
Other Income and Expenses	72	14	2	1	(2)	87
Interest Expense	275	23	12	97	(4)	403
Income (Loss) from Continuing Operations Before Income Taxes	1,222	57	(26)	(112)	(1)	1,140
Income Tax Expense (Benefit)	448	20	(27)	(77)	—	364
Income (Loss) from Continuing Operations	774	37	1	(35)	(1)	776
Less: Net Income Attributable to Noncontrolling Interest	—	1	—	2	—	3
Segment Income / Net Expense	\$ 774	\$ 36	\$ 1	\$ (37)	\$ (1)	\$ 773
Income from Discontinued Operations, Net of Tax <sup>(b)</sup>						91
Net Income Attributable to Duke Energy Corporation						\$ 864

- (a) Commercial Power includes Duke Energy's renewables portfolio, Ohio Valley Electric Corporations (OVEC), Beckjord Steam Station, costs related to MISO Transmission Expansion Project (MTEP) and Regional Transmission Expansion Plan (RTEP), and corporate allocations that were not classified as discontinued operations.
- (b) See page 26 for details of Discontinued Operations related to the nonregulated Midwest generation disposal group.

DUKE ENERGY CORPORATION  
Consolidating Statement of Operations  
(Unaudited)

(in millions)	Three Months Ended March 31, 2014 <sup>(a)</sup>					
	Regulated Utilities	International Energy	Commercial Power <sup>(b)</sup>	Other	Eliminations / Adjustments	Duke Energy
<b>Operating Revenues</b>						
Regulated electric	\$ 5,583	\$ —	\$ —	\$ (3)	\$ (30)	\$ 5,550
Nonregulated electric, natural gas and other	—	382	81	28	—	491
Regulated natural gas	222	—	—	—	—	222
Total operating revenues	5,805	382	81	25	(30)	6,263
<b>Operating Expenses</b>						
Fuel used in electric generation and purchased power - regulated	2,000	—	—	—	—	2,000
Fuel used in electric generation and purchased power - nonregulated	—	107	13	16	—	136
Cost of natural gas and other	100	16	—	—	—	116
Operation, maintenance and other	1,306	83	50	38	(28)	1,449
Depreciation and amortization	677	23	27	28	—	755
Property and other taxes	343	2	4	1	—	350
Impairment charges <sup>(c)</sup>	1	—	94	1	—	96
Total operating expenses	4,427	231	188	84	(28)	4,902
Gains on Sales of Other Assets and Other, Net	1	—	—	—	—	1
Operating Income (Loss)	1,379	151	(107)	(59)	(2)	1,362
Other Income and Expenses	69	57	5	6	(6)	131
Interest Expense	270	23	14	103	(6)	404
Income (Loss) from Continuing Operations Before Income Taxes	1,178	185	(116)	(156)	(2)	1,089
Income Tax Expense (Benefit)	441	51	(84)	(69)	—	339
Income (Loss) from Continuing Operations	737	134	(32)	(87)	(2)	750
Less: Net Income Attributable to Noncontrolling Interest	—	4	—	—	—	4
Segment Income (Loss) / Net Expense	\$ 737	\$ 130	\$ (32)	\$ (87)	\$ (2)	\$ 746
Loss from Discontinued Operations, Net of Tax <sup>(d)</sup>						(843)
Net Loss Attributable to Duke Energy Corporation						\$ (97)

- (a) Reflects reclassifications due to the impact of discontinued operations.  
(b) Commercial Power includes Duke Energy's renewables portfolio, OVEC, Beckjord Steam Station, costs related to MTEP and RTEP, and corporate allocations that were not classified as discontinued operations.  
(c) The amount for Commercial Power include an impairment taken related to OVEC.  
(d) See page 26 for details of Discontinued Operations related to the nonregulated Midwest generation disposal group.

DUKE ENERGY CORPORATION  
Consolidating Balance Sheet - Assets  
(Unaudited)

(in millions)	March 31, 2015					
	Regulated Utilities	International Energy	Commercial Power	Other	Eliminations / Adjustments	Duke Energy
<b>Current Assets</b>						
Cash and cash equivalents	\$ 113	\$ 1,725	\$ 5	\$ 978	\$ —	\$ 2,821
Receivables, net	418	165	—	180	(13)	750
Restricted receivables of variable interest entities, net	1,977	—	18	21	—	2,016
Receivables from affiliated companies	105	110	523	12,965	(13,703)	—
Notes receivable from affiliated companies	958	—	—	340	(1,298)	—
Inventory	3,311	68	5	29	—	3,413
Assets held for sale	—	—	354	—	—	354
Regulatory assets	893	—	—	67	—	960
Other	796	34	146	1,087	(55)	2,008
<b>Total current assets</b>	<b>8,571</b>	<b>2,102</b>	<b>1,051</b>	<b>15,667</b>	<b>(15,069)</b>	<b>12,322</b>
<b>Investments and Other Assets</b>						
Investments in equity method unconsolidated affiliates	3	51	263	26	—	343
Investments and advances to (from) subsidiaries	74	(21)	(7)	43,033	(43,079)	—
Nuclear decommissioning trust funds	5,576	—	—	—	—	5,576
Goodwill	15,950	291	88	—	—	16,329
Assets held for sale	—	—	2,603	—	—	2,603
Other	1,971	413	81	1,213	(471)	3,207
<b>Total investments and other assets</b>	<b>23,574</b>	<b>734</b>	<b>3,028</b>	<b>44,272</b>	<b>(43,550)</b>	<b>28,058</b>
<b>Property, Plant and Equipment</b>						
Cost	98,053	3,074	2,946	1,619	—	105,692
Accumulated depreciation and amortization	(33,222)	(934)	(362)	(882)	—	(35,400)
Generation facilities to be retired, net	9	—	—	—	—	9
<b>Net property, plant and equipment</b>	<b>64,840</b>	<b>2,140</b>	<b>2,584</b>	<b>737</b>	<b>—</b>	<b>70,301</b>
<b>Regulatory Assets and Deferred Debits</b>						
Regulatory assets	10,739	—	—	540	—	11,279
Other	101	5	37	39	—	182
<b>Total regulatory assets and deferred debits</b>	<b>10,840</b>	<b>5</b>	<b>37</b>	<b>579</b>	<b>—</b>	<b>11,461</b>
<b>Total Assets</b>	<b>107,825</b>	<b>4,981</b>	<b>6,700</b>	<b>61,255</b>	<b>(58,619)</b>	<b>122,142</b>
Segment reclassifications, intercompany balances and other	(1,183)	(89)	(498)	(57,025)	58,795	—
<b>Reportable Segment Assets</b>	<b>\$ 106,642</b>	<b>\$ 4,892</b>	<b>\$ 6,202</b>	<b>\$ 4,230</b>	<b>\$ 176</b>	<b>\$ 122,142</b>

DUKE ENERGY CORPORATION  
Consolidating Balance Sheet - Liabilities and Equity  
(Unaudited)

(in millions)	March 31, 2015					
	Regulated Utilities	International Energy	Commercial Power	Other	Eliminations / Adjustments	Duke Energy
<b>Current Liabilities</b>						
Accounts payable	\$ 1,565	\$ 33	\$ 63	\$ 259	\$ —	\$ 1,920
Accounts payable to affiliated companies	13,108	5	156	374	(13,643)	—
Notes payable to affiliated companies	46	—	294	958	(1,298)	—
Notes payable and commercial paper	—	—	—	3,790	—	3,790
Taxes accrued	560	1,115	(55)	(1,112)	—	508
Interest accrued	369	23	1	97	—	490
Current maturities of long-term debt	1,927	31	68	774	—	2,800
Liabilities associated with assets held for sale	—	—	146	—	—	146
Regulatory liabilities	235	—	—	—	—	235
Other	1,482	78	44	533	(123)	2,014
<b>Total current liabilities</b>	<b>19,292</b>	<b>1,285</b>	<b>717</b>	<b>5,673</b>	<b>(15,064)</b>	<b>11,903</b>
<b>Long-Term Debt</b>	<b>25,155</b>	<b>898</b>	<b>967</b>	<b>10,153</b>	<b>—</b>	<b>37,173</b>
<b>Notes Payable to Affiliated Companies</b>	<b>475</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(475)</b>	<b>—</b>
<b>Deferred Credits and Other Liabilities</b>						
Deferred income taxes	14,416	(568)	802	(736)	—	13,914
Investment tax credits	424	—	—	—	—	424
Accrued pension and other post-retirement benefit costs	740	1	—	429	—	1,170
Liabilities associated with assets held for sale	—	—	26	—	—	26
Asset retirement obligations	8,496	2	42	1	—	8,541
Regulatory liabilities	6,178	—	—	59	—	6,237
Other	1,067	70	66	464	—	1,667
<b>Total deferred credits and other liabilities</b>	<b>31,321</b>	<b>(495)</b>	<b>936</b>	<b>217</b>	<b>—</b>	<b>31,979</b>
<b>Equity</b>						
Total Duke Energy Corporation shareholders' equity	31,582	3,255	4,080	45,214	(43,080)	41,051
Noncontrolling interests	—	38	—	(2)	—	36
<b>Total equity</b>	<b>31,582</b>	<b>3,293</b>	<b>4,080</b>	<b>45,212</b>	<b>(43,080)</b>	<b>41,087</b>
<b>Total Liabilities and Equity</b>	<b>107,825</b>	<b>4,981</b>	<b>6,700</b>	<b>61,255</b>	<b>(58,619)</b>	<b>122,142</b>
Segment reclassifications, intercompany balances and other	(1,183)	(89)	(498)	(57,025)	58,795	—
<b>Reportable Segment Liabilities and Equity</b>	<b>\$ 106,642</b>	<b>\$ 4,892</b>	<b>\$ 6,202</b>	<b>\$ 4,230</b>	<b>\$ 176</b>	<b>\$ 122,142</b>



REGULATED UTILITIES  
Consolidating Segment Income  
(Unaudited)

(in millions)	Three Months Ended March 31, 2015							Regulated Utilities
	Duke Energy Carolinas, LLC	Duke Energy Progress, Inc.	Duke Energy Florida, Inc.	Duke Energy Ohio, Inc.	Duke Energy Indiana, Inc.	Eliminations / Adjustments		
<b>Operating Revenues</b>								
Regulated electric	\$ 1,901	\$ 1,449	\$ 1,086	\$ 339	\$ 788	(73)	\$ 5,490	
Regulated natural gas	—	—	—	233	—	—	233	
Total operating revenues	1,901	1,449	1,086	572	788	(73)	5,723	
<b>Operating Expenses</b>								
Fuel used in electric generation and purchased power - regulated	578	575	457	115	294	(78)	1,941	
Cost of natural gas	—	—	—	97	—	—	97	
Operation, maintenance and other	476	368	183	112	179	2	1,320	
Depreciation and amortization	249	152	134	57	104	2	698	
Property and other taxes	70	32	80	70	(1)	(2)	249	
Total operating expenses	1,373	1,127	854	451	576	(76)	4,305	
<b>Gains on Sales of Other Assets and Other, Net</b>	—	—	—	6	—	1	7	
<b>Operating Income</b>	528	322	232	127	212	4	1,425	
<b>Other Income and Expenses<sup>(a)</sup></b>	42	20	6	3	5	(4)	72	
<b>Interest Expense</b>	102	60	49	20	45	(1)	275	
<b>Income from Continuing Operations Before Income Taxes</b>	468	282	189	110	172	1	1,222	
<b>Income Tax Expense</b>	168	95	73	40	62	10	448	
<b>Segment Income</b>	\$ 300	\$ 187	\$ 116	\$ 70	\$ 110	(9)	\$ 774	

(a) Includes an equity component of allowance for funds used during construction of \$24 million for Duke Energy Carolinas, \$13 million for Duke Energy Progress, \$1 million for Duke Energy Florida, \$1 million for Duke Energy Ohio, and \$3 million for Duke Energy Indiana.

REGULATED UTILITIES  
Consolidating Segment Income  
(Unaudited)

(in millions)	Three Months Ended March 31, 2014 <sup>(a)</sup>							Regulated Utilities
	Duke Energy Carolinas, LLC	Duke Energy Progress, Inc.	Duke Energy Florida, Inc.	Duke Energy Ohio, Inc.	Duke Energy Indiana, Inc.	Eliminations / Adjustments		
<b>Operating Revenues</b>								
Regulated electric	\$ 2,000	\$ 1,422	\$ 1,116	\$ 339	\$ 845	\$ (139)	\$ 5,583	
Regulated natural gas	—	—	—	223	—	(1)	222	
Total operating revenues	2,000	1,422	1,116	562	845	(140)	5,805	
<b>Operating Expenses</b>								
Fuel used in electric generation and purchased power - regulated	646	570	470	124	339	(149)	2,000	
Cost of natural gas	—	—	—	99	—	1	100	
Operation, maintenance and other	465	368	203	106	162	2	1,306	
Depreciation and amortization	242	144	132	55	102	2	677	
Property and other taxes	104	67	84	66	23	(1)	343	
Impairment charges	—	—	1	—	—	—	1	
Total operating expenses	1,457	1,149	890	450	626	(145)	4,427	
Gains on Sales of Other Assets and Other, Net	—	1	—	—	—	—	1	
Operating Income	543	274	226	112	219	5	1,379	
Other Income and Expenses <sup>(b)</sup>	49	9	5	3	7	(4)	69	
Interest Expense	101	57	49	20	43	—	270	
Income from Continuing Operations Before Income Taxes	491	226	182	95	183	1	1,178	
Income Tax Expense	184	83	70	34	67	3	441	
Segment Income	\$ 307	\$ 143	\$ 112	\$ 61	\$ 116	(2)	\$ 737	

(a) Reflects reclassifications due to the impact of discontinued operations.

(b) Includes an equity component of allowance for funds used during construction of \$22 million for Duke Energy Carolinas, \$2 million for Duke Energy Progress, \$1 million for Duke Energy Ohio, and \$4 million for Duke Energy Indiana.

REGULATED UTILITIES  
Consolidating Balance Sheet - Assets  
(Unaudited)

March 31, 2015							
(in millions)	Duke Energy Carolinas, LLC	Duke Energy Progress, Inc.	Duke Energy Florida, Inc.	Duke Energy Ohio, Inc.	Duke Energy Indiana, Inc.	Eliminations / Adjustments <sup>(a)</sup>	Regulated Utilities
<b>Current Assets</b>							
Cash and cash equivalents	\$ 30	\$ 6	\$ 10	\$ 52	\$ 16	(1)	113
Receivables, net	106	49	77	98	83	5	418
Restricted receivables of variable interest entities, net	658	479	301	—	—	539	1,977
Receivables from affiliated companies	91	4	60	91	25	(166)	105
Notes receivable from affiliated companies	755	205	—	40	106	(148)	958
Inventory	1,117	929	614	109	542	—	3,311
Regulatory assets	376	267	124	16	88	22	893
Other	41	99	350	45	240	21	796
<b>Total current assets</b>	<b>3,174</b>	<b>2,038</b>	<b>1,536</b>	<b>451</b>	<b>1,100</b>	<b>272</b>	<b>8,571</b>
<b>Investments and Other Assets</b>							
Investments in equity method unconsolidated affiliates	—	1	2	—	—	—	3
Investments and advances to subsidiaries	20	30	2	—	—	22	74
Nuclear decommissioning trust funds	3,118	1,738	720	—	—	—	5,576
Goodwill	—	—	—	920	—	15,030	15,950
Other	996	450	269	32	252	(28)	1,971
<b>Total investments and other assets</b>	<b>4,134</b>	<b>2,219</b>	<b>993</b>	<b>952</b>	<b>252</b>	<b>15,024</b>	<b>23,574</b>
<b>Property, Plant and Equipment</b>							
Cost	37,682	24,444	14,613	7,208	13,180	926	98,053
Accumulated depreciation and amortization	(12,935)	(9,162)	(4,545)	(2,264)	(4,314)	(2)	(33,222)
Generation facilities to be retired, net	—	—	—	9	—	—	9
<b>Net property, plant and equipment</b>	<b>24,747</b>	<b>15,282</b>	<b>10,068</b>	<b>4,953</b>	<b>8,866</b>	<b>924</b>	<b>64,840</b>
<b>Regulatory Assets and Deferred Debits</b>							
Regulatory assets	2,460	2,814	2,830	447	686	1,502	10,739
Other	46	34	39	8	23	(49)	101
<b>Total regulatory assets and deferred debits</b>	<b>2,506</b>	<b>2,848</b>	<b>2,869</b>	<b>455</b>	<b>709</b>	<b>1,453</b>	<b>10,840</b>
<b>Total Assets</b>	<b>34,561</b>	<b>22,387</b>	<b>15,466</b>	<b>6,811</b>	<b>10,927</b>	<b>17,673</b>	<b>107,825</b>
Segment reclassifications, intercompany balances and other	(181)	(473)	(85)	(29)	35	(450)	(1,183)
<b>Reportable Segment Assets</b>	<b>\$ 34,380</b>	<b>\$ 21,914</b>	<b>\$ 15,381</b>	<b>\$ 6,782</b>	<b>\$ 10,962</b>	<b>\$ 17,223</b>	<b>\$ 106,642</b>

(a) Includes the elimination of intercompany balances, purchase accounting adjustments and restricted receivables related to Cinergy Receivables Company.

REGULATED UTILITIES  
Consolidating Balance Sheet - Liabilities and Equity  
(Unaudited)

	March 31, 2015						
(in millions)	Duke Energy Carolinas, LLC	Duke Energy Progress, Inc.	Duke Energy Florida, Inc.	Duke Energy Ohio, Inc.	Duke Energy Indiana, Inc.	Eliminations / Adjustments <sup>(a)</sup>	Regulated Utilities
<b>Current Liabilities</b>							
Accounts payable	\$ 504	\$ 363	\$ 302	\$ 221	\$ 173	\$ 2	\$ 1,565
Accounts payable to affiliated companies	198	183	85	11	2	12,629	13,108
Notes payable to affiliated companies	—	—	192	4	—	(150)	46
Taxes accrued	138	61	126	132	86	17	560
Interest accrued	135	87	68	29	51	(1)	369
Current maturities of long-term debt	506	702	562	56	5	96	1,927
Regulatory liabilities	26	80	45	24	60	—	235
Other	398	359	577	64	88	(4)	1,482
<b>Total current liabilities</b>	<b>1,905</b>	<b>1,835</b>	<b>1,957</b>	<b>541</b>	<b>465</b>	<b>12,589</b>	<b>19,292</b>
<b>Long-Term Debt</b>	<b>6,079</b>	<b>5,255</b>	<b>4,296</b>	<b>1,525</b>	<b>3,636</b>	<b>2,364</b>	<b>25,155</b>
<b>Long-Term Debt Payable to Affiliated Companies</b>	<b>300</b>	<b>—</b>	<b>—</b>	<b>25</b>	<b>150</b>	<b>—</b>	<b>475</b>
<b>Deferred Credits and Other Liabilities</b>							
Deferred income taxes	5,919	2,966	2,484	1,351	1,656	40	14,416
Investment tax credits	203	77	—	5	139	—	424
Accrued pension and other post-retirement benefit costs	109	287	254	48	81	(39)	740
Asset retirement obligations	3,460	3,936	803	26	33	238	8,496
Regulatory liabilities	2,730	1,883	529	243	790	3	6,178
Other	640	98	158	90	78	3	1,067
<b>Total deferred credits and other liabilities</b>	<b>13,061</b>	<b>9,247</b>	<b>4,228</b>	<b>1,763</b>	<b>2,777</b>	<b>245</b>	<b>31,321</b>
<b>Equity</b>	<b>11,216</b>	<b>6,050</b>	<b>4,985</b>	<b>2,957</b>	<b>3,899</b>	<b>2,475</b>	<b>31,582</b>
<b>Total Liabilities and Equity</b>	<b>34,561</b>	<b>22,387</b>	<b>15,466</b>	<b>6,811</b>	<b>10,927</b>	<b>17,673</b>	<b>107,825</b>
Segment reclassifications, intercompany balances and other	(181)	(473)	(85)	(29)	35	(450)	(1,183)
<b>Reportable Segment Liabilities and Equity</b>	<b>\$ 34,380</b>	<b>\$ 21,914</b>	<b>\$ 15,381</b>	<b>\$ 6,782</b>	<b>\$ 10,962</b>	<b>\$ 17,223</b>	<b>\$ 106,642</b>

(a) Includes the elimination of intercompany balances, purchase accounting adjustments and restricted receivables related to Cinergy Receivables Company.

REGULATED UTILITIES  
Operating Statistics (Regulated Utilities)  
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
<b>Sources of Electric Energy (GWh)</b>		
Generated - net output <sup>(a)</sup>		
Coal	20,961	25,665
Nuclear	17,389	16,966
Hydro	495	813
Oil and natural gas	14,271	10,758
Renewable energy	3	3
Total generation <sup>(b)</sup>	53,119	54,205
Purchased power and net interchange <sup>(c)</sup>	7,719	7,374
Total sources of energy	60,838	61,579
Less: Line loss and company usage	2,966	3,021
Total GWh Sources	57,872	58,558
<b>Electric Energy Sales (GWh) <sup>(d)</sup></b>		
Residential	24,030	24,193
General service	18,282	18,147
Industrial	12,264	12,055
Other energy and wholesale	9,671	10,057
Change in unbilled	(1,046)	(584)
Total GWh Sales	63,201	63,868
<b>Owned MW Capacity <sup>(e)</sup></b>		
Summer	49,739	49,595
Winter	52,994	52,951
<b>Nuclear Capacity Factor (%) <sup>(e)</sup></b>	<b>94</b>	<b>95</b>

- (a) Statistics reflect Duke Energy's ownership share of jointly owned stations.
- (b) Generation by source is reported net of auxiliary power.
- (c) Purchased power includes renewable energy purchases.
- (d) 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.
- (e) Statistics reflect 100% of jointly owned stations.

**Note:** Total GWh Sources will not equal Total GWh Sales. Sources include Duke Energy Kentucky's regulated generation for all periods. Sales include Duke Energy Ohio's and its subsidiary Duke Energy Kentucky's retail sales. Ohio retail sales are fulfilled through auction purchases under the current ESP.

REGULATED UTILITIES  
Operating Statistics (Regulated Utilities)  
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
<b>Revenues from Generation, Transmission and Distribution of Electricity (In millions)</b>		
Residential	\$ 2,550	\$ 2,556
General service	1,493	1,513
Industrial	732	731
Other energy and wholesale <sup>(a)</sup>	655	656
Change in unbilled	(107)	(40)
<b>Total Revenues</b>	<b>\$ 5,323</b>	<b>\$ 5,416</b>
<b>Average Number of Customers (in thousands)</b>		
Residential	6,342	6,265
General service	948	939
Industrial	18	18
Other energy and wholesale	23	23
<b>Total Average Number of Customers</b>	<b>7,331</b>	<b>7,245</b>

(a) Net of Joint Dispatch Agreement intercompany sales.

REGULATED UTILITIES  
Operating Statistics (Duke Energy Carolinas)  
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
<b>Sources of Electric Energy (GWh)</b>		
Generated - net output <sup>(a)</sup>		
Coal	7,835	10,285
Nuclear	11,316	11,406
Hydro	257	500
Oil and natural gas	2,233	1,345
Renewable energy	3	3
Total generation <sup>(b)</sup>	21,644	23,539
Purchased power and net interchange <sup>(c)</sup>	2,122	1,515
Total sources of energy	23,766	25,054
Less: Line loss and company usage	1,298	1,361
Total GWh Sources	22,468	23,693
<b>Electric Energy Sales (GWh) <sup>(d)</sup></b>		
Residential	8,478	8,564
General service	6,859	6,781
Industrial	5,075	4,914
Other energy and wholesale	2,545	3,615
Change in unbilled	(489)	(181)
Total GWh Sales	22,468	23,693
<b>Owned MW Capacity <sup>(e)</sup></b>		
Summer	19,645	19,770
Winter	20,357	20,496
<b>Nuclear Capacity Factor (%) <sup>(e)</sup></b>	<b>95</b>	<b>101</b>

- (a) Statistics reflect Duke Energy Carolinas' ownership share of jointly owned stations.  
(b) Generation by source is reported net of auxiliary power.  
(c) Purchased power includes renewable energy purchases.  
(d) 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.  
(e) Statistics reflect 100% of jointly owned stations.

REGULATED UTILITIES  
Operating Statistics (Duke Energy Carolinas)  
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
<b>Revenues from Generation, Transmission and Distribution of Electricity (in millions)</b>		
Residential	\$ 878	\$ 883
General service	533	541
Industrial	288	276
Other energy and wholesale	160	240
Change in unbilled	(42)	(14)
<b>Total Revenues</b>	<b>\$ 1,817</b>	<b>\$ 1,926</b>
<b>Average Number of Customers (in thousands)</b>		
Residential	2,109	2,082
General service	343	340
Industrial	6	7
Other energy and wholesale	15	14
<b>Total Average Number of Customers</b>	<b>2,473</b>	<b>2,443</b>



REGULATED UTILITIES  
Operating Statistics (Duke Energy Progress)  
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
<b>Sources of Electric Energy (GWh)</b>		
Generated - net output <sup>(a)</sup>		
Coal	4,004	4,877
Nuclear	6,073	5,560
Hydro	182	254
Oil and natural gas	5,821	3,877
Total generation <sup>(b)</sup>	16,080	14,568
Purchased power and net interchange <sup>(c)</sup>	1,514	2,279
Total sources of energy	17,594	16,847
Less: Line loss and company usage	829	686
Total GWh Sources	16,765	16,161
<b>Electric Energy Sales (GWh) <sup>(d)</sup></b>		
Residential	5,767	5,580
General service	3,749	3,641
Industrial	2,437	2,381
Other energy and wholesale	5,253	4,556
Change in unbilled	(441)	3
Total GWh Sales	16,765	16,161
<b>Owned MW Capacity <sup>(a)</sup></b>		
Summer	12,222	12,221
Winter	13,319	13,334
<b>Nuclear Capacity Factor (%) <sup>(e)</sup></b>		
	92	85

- (a) Statistics reflect Duke Energy Progress' ownership share of jointly owned stations.  
(b) Generation by source is reported net of auxiliary power.  
(c) Purchased power includes renewable energy purchases.  
(d) 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.  
(e) Statistics reflect 100% of jointly owned stations.

REGULATED UTILITIES  
Operating Statistics (Duke Energy Progress)  
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
<b>Revenues from Generation, Transmission and Distribution of Electricity (in millions)</b>		
Residential	\$ 593	\$ 563
General service	326	315
Industrial	159	157
Other energy and wholesale	351	350
Change in unbilled	(26)	1
<b>Total Revenues</b>	<b>\$ 1,403</b>	<b>\$ 1,386</b>
<b>Average Number of Customers (in thousands)</b>		
Residential	1,269	1,252
General service	224	222
Industrial	4	4
Other energy and wholesale	2	2
<b>Total Average Number of Customers</b>	<b>1,499</b>	<b>1,480</b>

REGULATED UTILITIES  
Operating Statistics (Duke Energy Florida)  
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
<b>Sources of Electric Energy (GWh)</b>		
Generated - net output <sup>(a)</sup>		
Coal	2,153	2,739
Oil and natural gas	5,483	5,269
<b>Total generation <sup>(b)</sup></b>	<b>7,636</b>	<b>8,008</b>
Purchased power and net interchange <sup>(c)</sup>	1,384	1,064
<b>Total sources of energy</b>	<b>9,020</b>	<b>9,072</b>
Less: Line loss and company usage	547	411
<b>Total GWh Sources</b>	<b>8,473</b>	<b>8,661</b>
<b>Electric Energy Sales (GWh) <sup>(d)</sup></b>		
Residential	4,104	4,051
General service	3,235	3,248
Industrial	760	801
Other energy and wholesale	260	422
Change in unbilled	114	139
<b>Total GWh Sales</b>	<b>8,473</b>	<b>8,661</b>
<b>Owned MW Capacity <sup>(a)</sup></b>		
Summer	9,154	9,072
Winter	10,120	10,109

- (a) Statistics reflect Duke Energy Florida's ownership share of jointly owned stations.  
 (b) Generation by source is reported net of auxiliary power.  
 (c) Purchased power includes renewable energy purchases.  
 (d) 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.

REGULATED UTILITIES  
Operating Statistics (Duke Energy Florida)  
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
<b>Revenues from Generation, Transmission and Distribution of Electricity (In millions)</b>		
Residential	\$ 556	\$ 560
General service	335	348
Industrial	69	74
Other energy and wholesale	126	113
Change in unbilled	(9)	14
<b>Total Revenues</b>	<b>\$ 1,077</b>	<b>\$ 1,109</b>
<b>Average Number of Customers (in thousands)</b>		
Residential	1,516	1,492
General service	193	191
Industrial	2	2
Other energy and wholesale	2	2
<b>Total Average Number of Customers</b>	<b>1,713</b>	<b>1,687</b>

REGULATED UTILITIES  
Operating Statistics (Duke Energy Ohio - Electric)  
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
<b>Sources of Electric Energy (GWh)</b>		
Generated - net output <sup>(a)</sup>		
Coal	1,220	787
Natural gas	20	17
Total generation <sup>(b)</sup>	1,240	804
Purchased power and net interchange <sup>(c)</sup>	285	475
Total sources of energy	1,525	1,279
Less: Line loss and company usage	87	110
Total GWh Sources	1,438	1,169
<b>Electric Energy Sales (GWh) <sup>(d)</sup></b>		
Residential	2,681	2,779
General service	2,363	2,372
Industrial	1,448	1,436
Other energy and wholesale	408	134
Change in unbilled	(133)	(242)
Total GWh Sales	6,767	6,479
<b>Owned MW Capacity <sup>(d)</sup></b>		
Summer	1,225	1,039
Winter	1,327	1,141

- (a) Statistics reflect Duke Energy Ohio's ownership share of jointly owned stations.  
(b) Generation by source is reported net of auxiliary power.  
(c) Purchased power includes renewable energy purchases.  
(d) 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.

Note: Total GWh Sources will not equal Total GWh Sales. Sources include only Duke Energy Kentucky's regulated generation for all periods. Sales include Duke Energy Ohio's and its subsidiary Duke Energy Kentucky's retail sales. Ohio retail sales are fulfilled through auction purchases under the current ESP.

REGULATED UTILITIES  
Operating Statistics (Duke Energy Ohio - Electric)  
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
<b>Revenues from Generation, Transmission and Distribution of Electricity (in millions)</b>		
Residential	\$ 202	\$ 204
General service	109	110
Industrial	28	28
Other energy and wholesale	8	10
Change in unbilled	(9)	(14)
<b>Total Revenues</b>	<b>\$ 338</b>	<b>\$ 338</b>
<b>Average Number of Electric Customers (in thousands)</b>		
Residential	748	744
General service	87	86
Industrial	3	3
Other energy and wholesale	3	3
<b>Total Average Number of Customers</b>	<b>841</b>	<b>836</b>

REGULATED UTILITIES  
Operating Statistics (Duke Energy Ohio - Natural Gas)  
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
<b>MCF Sales <sup>(a)</sup></b>		
Residential	22,178,905	23,585,941
General service	13,071,081	13,692,491
Industrial	3,075,861	2,812,830
Other energy and wholesale	6,216,151	6,597,030
Change in unbilled	(353,000)	(2,467,000)
<b>Total MCF Sales</b>	<b>44,188,998</b>	<b>44,221,292</b>
<b>Revenues from Distribution of Natural Gas (in millions)</b>		
Residential	\$ 155	\$ 150
General service	67	65
Industrial	10	9
Other energy and wholesale	6	6
Change in unbilled	(4)	(9)
<b>Total Revenues</b>	<b>\$ 234</b>	<b>\$ 221</b>
<b>Average Number of Natural Gas Customers (in thousands)</b>		
Residential	478	476
General service	45	45
Industrial	2	2
<b>Total Average Number of Customers</b>	<b>525</b>	<b>523</b>

(a) Represents non-weather normalized billed sales, with gas delivered but not yet billed (i.e. unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

REGULATED UTILITIES  
Operating Statistics (Duke Energy Indiana)  
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
<b>Sources of Electric Energy (GWh)</b>		
Generated - net output <sup>(a)</sup>		
Coal	5,749	6,977
Hydro	56	59
Natural gas	714	250
Total generation <sup>(b)</sup>	6,519	7,286
Purchased power and net interchange <sup>(c)</sup>	2,414	2,041
Total sources of energy	8,933	9,327
Less: Line loss and company usage	205	453
<b>Total GWh Sources</b>	<b>8,728</b>	<b>8,874</b>
<b>Electric Energy Sales (GWh) <sup>(d)</sup></b>		
Residential	3,000	3,219
General service	2,076	2,105
Industrial	2,544	2,523
Other energy and wholesale	1,205	1,330
Change in unbilled	(97)	(303)
<b>Total GWh Sales</b>	<b>8,728</b>	<b>8,874</b>
<b>Owned MW Capacity <sup>(a)</sup></b>		
Summer	7,493	7,493
Winter	7,871	7,871

- (a) Statistics reflect Duke Energy Indiana's ownership share of jointly owned stations.  
(b) Generation by source is reported net of auxiliary power.  
(c) Purchased power includes renewable energy purchases.  
(d) 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.



REGULATED UTILITIES  
Operating Statistics (Duke Energy Indiana)  
(Unaudited)

	Three Months Ended March 31,	
	2015	2014
<b>Revenues from Generation, Transmission and Distribution of Electricity (in millions)</b>		
Residential	\$ 321	\$ 346
General service	190	199
Industrial	188	196
Other energy and wholesale	80	82
Change in unbilled	(21)	(27)
<b>Total Revenues</b>	<b>\$ 758</b>	<b>\$ 796</b>
<b>Average Number of Customers (in thousands)</b>		
Residential	700	696
General service	101	100
Industrial	3	3
Other energy and wholesale	1	1
<b>Total Average Number of Customers</b>	<b>805</b>	<b>800</b>

DUKE ENERGY OHIO SUPPLEMENT  
Consolidating Statement of Operations  
(Unaudited)

(In millions)	Three Months Ended March 31, 2015				
	Regulated Utilities		Commercial Power (a)	Other	Duke Energy Ohio
	Ohio Transmission & Distribution	Duke Energy Kentucky			
<b>Operating Revenues</b>					
Regulated electric	\$ 245	\$ 94	\$ —	\$ —	\$ 339
Nonregulated electric, natural gas and other	—	—	14	—	14
Regulated natural gas	178	55	—	—	233
<b>Total operating revenues</b>	<b>423</b>	<b>149</b>	<b>14</b>	<b>—</b>	<b>586</b>
<b>Operating Expenses</b>					
Fuel used in electric generation and purchased power - regulated	75	40	—	—	115
Fuel used in electric generation and purchased power - nonregulated	—	—	14	—	14
Cost of natural gas and other	69	28	—	—	97
Operation, maintenance and other	77	35	11	5	128
Depreciation and amortization	45	12	—	—	57
Property and other taxes	67	3	2	(2)	70
<b>Total operating expenses</b>	<b>333</b>	<b>118</b>	<b>27</b>	<b>3</b>	<b>481</b>
<b>Gain on Sales of Other Assets and Other, net</b>	<b>6</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>6</b>
<b>Operating Income (Loss)</b>	<b>96</b>	<b>31</b>	<b>(13)</b>	<b>(3)</b>	<b>111</b>
<b>Other Income and Expenses</b>	<b>2</b>	<b>1</b>	<b>(1)</b>	<b>1</b>	<b>3</b>
<b>Interest Expense</b>	<b>16</b>	<b>4</b>	<b>—</b>	<b>—</b>	<b>20</b>
<b>Income (Loss) Before Income Taxes</b>	<b>82</b>	<b>28</b>	<b>(14)</b>	<b>(2)</b>	<b>94</b>
<b>Income Tax Expense (Benefit)</b>	<b>30</b>	<b>10</b>	<b>(5)</b>	<b>—</b>	<b>35</b>
<b>Segment Income (Loss) / Net Expense</b>	<b>\$ 52</b>	<b>\$ 18</b>	<b>\$ (9)</b>	<b>\$ (2)</b>	<b>\$ 59</b>
<b>Income from Discontinued Operations, Net of Tax(b)</b>					<b>90</b>
<b>Net Income</b>					<b>\$ 149</b>

- (a) Commercial Power includes OVEC, Beckjord Steam Station, costs related to MTEP and RTEP, and corporate allocations that were not classified as discontinued operations.
- (b) See page 27 for details of Discontinued Operations related to the nonregulated Midwest generation disposal group.

DUKE ENERGY OHIO SUPPLEMENT  
Consolidating Statement of Operations  
(Unaudited)

(in millions)	Three Months Ended March 31, 2014(a)				
	Regulated Utilities		Commercial Power (b)	Other	Duke Energy Ohio
	Ohio Transmission & Distribution	Duke Energy Kentucky			
<b>Operating Revenues</b>					
Regulated electric	\$ 239	\$ 100	\$ —	\$ —	\$ 339
Nonregulated electric, natural gas and other	—	—	13	—	13
Regulated natural gas	163	60	—	—	223
Total operating revenues	402	160	13	—	575
<b>Operating Expenses</b>					
Fuel used in electric generation and purchased power - regulated	70	54	—	—	124
Fuel used in electric generation and purchased power - nonregulated	—	—	13	—	13
Cost of natural gas and other	66	33	—	—	99
Operation, maintenance and other	72	34	18	3	127
Depreciation and amortization	44	11	2	—	57
Property and other taxes	63	3	1	1	68
Impairment charges(c)	—	—	94	—	94
Total operating expenses	315	135	128	4	582
<b>Operating Income (Loss)</b>	87	25	(115)	(4)	(7)
<b>Other Income and Expenses</b>	2	1	—	—	3
<b>Interest Expense</b>	16	4	—	—	20
<b>Income (Loss) before Income Taxes</b>	73	22	(115)	(4)	(24)
<b>Income Tax Expense (Benefit)</b>	26	8	(41)	(2)	(9)
<b>Segment Income (Loss) / Net Expense</b>	\$ 47	\$ 14	\$ (74)	\$ (2)	\$ (15)
<b>Loss from Discontinued Operations, Net of Tax(d)</b>					(875)
<b>Net Loss</b>					\$ (890)

- (a) Reflects reclassifications due to the impact of discontinued operations.  
(b) Commercial Power includes OVEC, Beckjord Steam Station, costs related to MTEP and RTEP, and corporate allocations that were not classified as discontinued operations.  
(c) The amount for Commercial Power includes an impairment taken related to OVEC.  
(d) See page 27 for details of Discontinued Operations related to the nonregulated Midwest generation disposal group.

NONREGULATED MIDWEST GENERATION DISCONTINUED OPERATIONS SUPPLEMENT  
Duke Energy Corporation  
(Unaudited)

(in millions)	Three Months Ended March 31,	
	2015	2014
<b>Operating Revenues</b>	\$ 543	\$ 368
<b>Operating Expenses</b>		
Fuel used in electric generation and purchased power - nonregulated	282	280
Cost of coal and other	4	6
Operation, maintenance and other	65	55
Depreciation and amortization	—	35
Property and other taxes	6	8
Impairment charges <sup>(a)</sup>	43	1,287
<b>Total operating expenses</b>	<b>400</b>	<b>1,671</b>
<b>Gains on Sales of Other Assets and Other, net</b>	<b>4</b>	<b>—</b>
<b>Income (Loss) before Income Taxes</b>	<b>147</b>	<b>(1,303)</b>
<b>Income Tax Expense (Benefit)</b>	<b>51</b>	<b>(466)</b>
<b>Income (Loss) from the Nonregulated Midwest Generation Disposal Group</b>	<b>\$ 96</b>	<b>\$ (837)</b>

Note: This schedule is a supplemental presentation of the components of Income (Loss) from Discontinued Operations, net of tax, as presented on pages 3 and 4. The amounts presented relate only to the nonregulated Midwest generation disposal group.

- (a) The first quarter 2015 impairment charge on the nonregulated Midwest generation business primarily relates to changes in the carrying value of mark-to-market positions.

NONREGULATED MIDWEST GENERATION DISCONTINUED OPERATIONS SUPPLEMENT  
Duke Energy Ohio  
(Unaudited)

(in millions)	Three Months Ended March 31,	
	2015	2014
<b>Operating Revenues</b>	\$ 412	\$ 195
<b>Operating Expenses</b>		
Fuel used in electric generation and purchased power - nonregulated	160	126
Cost of coal and other	4	2
Operation, maintenance and other	58	53
Depreciation and amortization	—	35
Property and other taxes	6	8
Impairment charges <sup>(a)</sup>	44	1,323
Total operating expenses	272	1,547
<b>Gains on Sales of Other Assets and Other, net</b>	3	—
<b>Operating Income (Loss)</b>	143	(1,352)
<b>Interest Expense</b>	3	2
<b>Income (Loss) before Income Taxes</b>	140	(1,354)
<b>Income Tax Expense (Benefit)</b>	50	(479)
<b>Income (Loss) from the Nonregulated Midwest Generation Disposal Group</b>	\$ 90	\$ (875)

Note: This schedule is a supplemental presentation of the components of Income (Loss) from Discontinued Operations, net of tax, as presented on pages 24 and 25. The amounts presented relate only to the nonregulated Midwest generation disposal group.


- (a) The first quarter 2015 impairment charge on the nonregulated Midwest generation business primarily relates to changes in the carrying value of mark-to-market positions.

**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): **June 25, 2015**

<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 704-382-6200	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))

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

Effective as of June 25, 2015, the Board of Directors of Duke Energy Corporation approved an amendment to Ms. Lynn J. Good's Employment Agreement, dated June 17, 2013. The amendment increases Ms. Good's annual salary from \$1,200,000 to \$1,250,000, increases her short-term incentive opportunity from 125% to no less than 140% of her annual salary, and increases her long-term incentive opportunity from 450% to no less than 600% of her annual salary.

The foregoing summary of the amendment to Ms. Good's Employment Agreement is qualified in its entirety by reference to the terms of the Amendment to Employment Agreement, a copy of which is filed as Exhibit 10.1 hereto, and is incorporated into this report by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) *Exhibits.*

10.1 Amendment to Employment Agreement of Lynn J. Good dated June 25, 2015

---

**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: June 29, 2015

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

---



**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
10.1	Amendment to Employment Agreement of Lynn J. Good dated June 25, 2015

Exhibit 10.1

**AMENDMENT TO  
EMPLOYMENT AGREEMENT**

The Employment Agreement dated June 17, 2013 between Duke Energy Corporation and Lynn J. Good (the "Agreement") is amended, effective as of June 25, 2015, as follows:

1. Section 4(a) of the Agreement is hereby amended by deleting the amount of "\$1,200,000" where it appears and replacing it with "\$1,250,000".
2. Section 4(b) of the Agreement is hereby amended by (i) deleting the percentage "125%" in the first place that it appears and replacing it with "not less than 140%", and (ii) adding the following sentence to the end thereof: "If the Target Bonus Opportunity is increased during the Term, then such adjusted target opportunity will thereafter be the Target Bonus Opportunity for all purposes under this Agreement."
3. Section 5(b) of the Agreement is hereby amended by deleting the percentage "450%" and replacing it with "not less than 600%."
4. Except as explicitly set forth herein, the Agreement will remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this amendment as of the day and year first above written.

**DUKE ENERGY CORPORATION**

/s/ E. Marie McKee

By: E. Marie McKee

Title: Chair, Compensation Committee

**EXECUTIVE**

/s/ Lynn J. Good

By: Lynn J. Good


---

**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): July 31, 2015

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
1-3382	<b>DUKE ENERGY PROGRESS, INC.</b> (a North Carolina corporation) 410 South Wilmington Street Raleigh, North Carolina 27601-1748	56-0165465

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 July 31, 2015, Duke Energy Progress, Inc. (the "Company") closed on the purchase of the following undivided ownership interests (collectively, the "Purchased Generation Assets") of the North Carolina Eastern Municipal Power Agency ("NCEMPA") pursuant to the Asset Purchase Agreement entered into by the Company and NCEMPA on September 5, 2014:

- 18.33% interest in Brunswick Nuclear Plant Unit 1 in Brunswick County, North Carolina;
- 18.33% interest in Brunswick Nuclear Plant Unit 2 in Brunswick County, North Carolina;
- 16.17% ownership interest in Mayo Plant Unit 1 in Person County, North Carolina;
- 12.94% interest in cancelled Mayo Plant Unit 2;
- 12.94% interest in Roxboro Plant Unit 4 in Person County, North Carolina;
- 3.77% interest in the common facilities that support Roxboro Plant Unit 4 and the 3 other Roxboro Plant Units;
- 16.17% interest in Harris Nuclear Plant Unit 1 in Wake County, North Carolina; and
- 12.94% ownership interest in cancelled Harris Nuclear Plant Units 2, 3 and 4.

The purchase price for the Purchased Generation Assets was approximately \$1.25 billion, after adjustments at closing for capital expenditures actually incurred by NCEMPA with respect to the Purchased Generation Assets. In connection with the closing on the Purchased Generation Assets, a new Full Requirements Power Purchase Agreement, through which the municipality members of NCEMPA will purchase all required bulk power, will commence on August 1, 2015 and have a thirty year term.

**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: July 31, 2015

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

**DUKE ENERGY PROGRESS, INC.**

Date: July 31, 2015


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

**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 1, 2015

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
1-03382	<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
1-03274	<b>DUKE ENERGY FLORIDA, LLC</b> (a Florida limited liability company) 299 First Avenue North St. Petersburg, Florida 33701 704-382-3853	59-0247770

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 8.01 Other Events.**

**Duke Energy Progress, Inc.**

On August 1, 2015, Duke Energy Progress, Inc. converted its form of business organization from a North Carolina corporation to a North Carolina limited liability company. Upon the conversion, Duke Energy Progress, Inc. changed its name to Duke Energy Progress, LLC. In connection with the conversion, the former Articles of Incorporation and By-Laws were terminated and Duke Energy Progress, LLC adopted Articles of Organization including Articles of Conversion, a Plan of Conversion, and a Limited Liability Company Operating Agreement.

The foregoing description of the conversion is qualified in its entirety by reference to the Articles of Organization including Articles of Conversion, Plan of Conversion, and Limited Liability Company Operating Agreement which are attached as Exhibits 3.1, 3.2 and 3.3, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

**Duke Energy Florida, Inc.**

On August 1, 2015, Duke Energy Florida, Inc. converted its form of business organization from a Florida corporation to a Florida limited liability company. Upon the conversion, Duke Energy Florida, Inc. changed its name to Duke Energy Florida, LLC. In connection with the conversion, the former Articles of Incorporation and By-Laws were terminated and Duke Energy Florida, LLC adopted Articles of Conversion, Articles of Organization, a Plan of Conversion, and a Limited Liability Company Operating Agreement.

The foregoing description of the conversion is qualified in its entirety by reference to the Articles of Conversion, Articles of Organization, Plan of Conversion, and Limited Liability Company Operating Agreement which are attached as Exhibits 3.4, 3.5, 3.6 and 3.7, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

**Item 9.01 Financial Statements And Exhibits.**

(d) Exhibits

- 3.1 Articles of Organization including Articles of Conversion for Duke Energy Progress, LLC, effective August 1, 2015.
  - 3.2 Plan of Conversion of Duke Energy Progress, Inc., effective August 1, 2015.
  - 3.3 Limited Liability Company Operating Agreement of Duke Energy Progress, LLC, effective August 1, 2015.
  - 3.4 Articles of Conversion for Duke Energy Florida, LLC, effective August 1, 2015.
  - 3.5 Articles of Organization for Duke Energy Florida, LLC, effective August 1, 2015.
  - 3.6 Plan of Conversion of Duke Energy Florida, Inc., effective August 1, 2015.
  - 3.7 Limited Liability Company Operating Agreement of Duke Energy Florida, LLC, effective August 1, 2015.
-

**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 PROGRESS, LLC**

Date: August 4, 2015

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

**DUKE ENERGY FLORIDA, LLC**

Date: August 4, 2015

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

**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
3.1	Articles of Organization including Articles of Conversion for Duke Energy Progress, LLC, effective August 1, 2015.
3.2	Plan of Conversion of Duke Energy Progress, Inc., effective August 1, 2015.
3.3	Limited Liability Company Operating Agreement of Duke Energy Progress, LLC, effective August 1, 2015.
3.4	Articles of Conversion for Duke Energy Florida, LLC, effective August 1, 2015.
3.5	Articles of Organization for Duke Energy Florida, LLC, effective August 1, 2015.
3.6	Plan of Conversion for Duke Energy Florida, Inc., effective August 1, 2015.
3.7	Limited Liability Company Operating Agreement of Duke Energy Florida, LLC, effective August 1, 2015.



*State of North Carolina*  
*Department of the Secretary of State*

ARTICLES OF ORGANIZATION  
INCLUDING ARTICLES OF CONVERSION

Pursuant to §§ 57D-2-21, 57D-9-20 and 57D-9-22 of the General Statutes of North Carolina, the undersigned converting business entity does hereby submit these Articles of Organization Including Articles of Conversion for the purpose of forming a limited liability company pursuant to the conversion of another eligible entity.

1. The name of the limited liability company is: Duke Energy Progress, LLC  
The limited liability company is being formed pursuant to a conversion of another business entity.  
(See Item 1 of the Instructions for appropriate entity designation)
2. The name of the converting business entity is: Duke Energy Progress, Inc.  
and the organization and internal affairs of the converting business entity are governed by the laws of the state or country of North Carolina.

A plan of conversion has been approved by the converting business entity as required by law.

3. The converting business entity is a (check one):  domestic corporation;  foreign corporation;  
 foreign limited liability company;  domestic limited partnership;  
 foreign limited partnership;  domestic registered limited liability partnership;  
 foreign limited liability partnership;  professional corporation; or  other partnership as defined in G.S. 59-36, whether or not formed under the laws of North Carolina.

4. The mailing address of the converting entity prior to the conversion is:

Number and Street: 410 South Wilmington Street

City: Raleigh State: NC Zip Code: 27601 County: Wake

If different, the mailing address of the resulting business entity is:

Number and Street: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_ County: \_\_\_\_\_

5. The name and address of each person executing these articles of organization is as follows: (State whether each person is executing these articles of organization in the capacity of a member, organizer or both. Note: This document must be signed by all persons listed.)

Nancy M. Wright, Assistant Secretary - Organizer

550 South Tryon Street (DEC45A)

Charlotte, NC 28202

6. The name of the initial registered agent is: C T Corporation System
7. The street address and county of the initial registered office of the limited liability company is:  
Number and Street: 150 Fayetteville Street, Box 1011  
City: Raleigh State: NC Zip Code: 27601 County: Wake
8. The North Carolina mailing address, *if different from the street address*, of the initial registered office is:  
Number and Street: \_\_\_\_\_  
City: \_\_\_\_\_ State: NC Zip Code: \_\_\_\_\_ County: \_\_\_\_\_
9. Principal Office Information: *Select either a or b.*
- a.  The limited liability company has a principal office.  
The principal office telephone number: (919) 546-6111  
The street address and county of the principal office of the limited liability company is:  
Number and Street: 410 South Wilmington Street  
City: Raleigh State: NC Zip Code: 27601 County: Wake  
The mailing address, *if different from the street address*, of the principal office of the limited liability company is:  
Number and Street: 550 South Tryon Street (DEC45A)  
City: Charlotte State: NC Zip Code: 28202 County: Mecklenburg
- b.  The limited liability company does not have a principal office.
10. Any other provisions which the limited liability company elects to include (e.g., the purpose of the entity) are attached.
11. (Optional): Please provide a business e-mail address: nancy.wright@duke-energy.com  
The Secretary of State's Office will e-mail the business automatically at the address provided at no charge when a document is filed. The e-mail provided will not be viewable on the website. For more information on why this service is being offered, please see the instructions for this document.



12. These articles will be effective upon filing, unless a future date is specified: 08/01/2015

This is the 31 day of July, 2015.

\_\_\_\_\_  
*(Optional: Business Entity Name)*  
Nancy M. Wright  
*Signature*  
\_\_\_\_\_  
Nancy M. Wright, Assistant Secretary (Organizer)  
\_\_\_\_\_  
*Type or Print Name and Title*

The below space to be used if more than one organizer or member is listed in Item #5 above.

\_\_\_\_\_  
*(Optional: Business Entity Name)*  
\_\_\_\_\_  
*Signature*  
\_\_\_\_\_  
*Type or Print Name and Title*

\_\_\_\_\_  
*(Optional: Business Entity Name)*  
\_\_\_\_\_  
*Signature*  
\_\_\_\_\_  
*Type or Print Name and Title*

\_\_\_\_\_  
*(Optional: Business Entity Name)*  
\_\_\_\_\_  
*Signature*  
\_\_\_\_\_  
*Type or Print Name and Title*

\_\_\_\_\_  
*(Optional: Business Entity Name)*  
\_\_\_\_\_  
*Signature*  
\_\_\_\_\_  
*Type or Print Name and Title*

NOTES:

1. Filing fee is \$125. This document must be filed with the Secretary of State.

CORPORATIONS DIVISION  
*(Revised January 2014)*

P.O. BOX 29622  
*Page 3*

RALEIGH, NC 27626-0622  
*(Form L-01A)*

**PLAN OF CONVERSION  
OF  
DUKE ENERGY PROGRESS, INC.**

This Plan of Conversion (the "Plan") of Duke Energy Progress, Inc., a North Carolina corporation (the "Corporation"), is approved as of July 31, 2015.

WHEREAS, the Corporation is organized under the laws of the State of North Carolina;

WHEREAS, the Corporation desires to convert into and to hereafter become and continue to exist as a North Carolina limited liability company pursuant to Sections 57D-9-20 *et seq.* of the North Carolina Limited Liability Company Act (the "LLC Act") and Sections 55-11A-11 *et seq.* of the North Carolina Business Corporation Act (the "Business Corporation Act"); and

WHEREAS, pursuant to Sections 57D-9-20 *et seq.* of the LLC Act and Sections 55-11A-11 *et seq.* of the Business Corporation Act, the Board of Directors of the Corporation has, by resolutions duly adopted, recommended this Plan to the sole shareholder of the Corporation (the "Shareholder") to effect the conversion of the Corporation to a North Carolina limited liability company pursuant to Sections 57D-9-20 *et seq.* of the LLC Act (the "Conversion"), upon the terms and subject to the conditions set forth in this Plan; and

WHEREAS, this Plan has been approved and adopted by the Shareholder;

NOW, THEREFORE, this Plan is hereby approved to convert the Corporation into a North Carolina limited liability company:

1. Conversion. Upon the terms and subject to the conditions set forth in this Plan, and pursuant to Sections 57D-9-20 *et seq.* of the LLC Act and Sections 55-11A-11 *et seq.* of the Business Corporation Act, at the Effective Time (as hereinafter defined), the Corporation shall be converted into and shall hereafter become and continue to exist as a North Carolina limited liability company under the name "Duke Energy Progress, LLC" (the "LLC").

---

2. Effective Time. The Conversion shall become effective (the "Effective Time") at the effective time and date specified in the Articles of Organization (the "Articles"), in substantially the form attached hereto as Exhibit A, filed with the Secretary of State in the State of North Carolina.
  3. Effects of the Conversion. The consummation of the Conversion shall have all of the effects set forth in Section 57D-9-23 of the LLC Act and Section 55-11A-13 of the Business Corporation Act. In furtherance, and not in limitation, of the foregoing, at the Effective Time, all of the obligations of the Corporation, as well as all of the rights, privileges and powers of the Corporation, and all property, real, personal and mixed, and all debts due to the Corporation or owed by the Corporation, and all franchises, licenses and permits held by the Corporation, as well as all other things and causes of action belonging to the Corporation, shall remain vested in the LLC and shall be the property of the LLC, and the title to any real property vested by deed or otherwise in the Corporation shall not revert or be in any way impaired by reason of Section 57D-9-23 of the LLC Act and Section 55-11A-13 of the Business Corporation Act. The LLC shall remain subject to the Judgment entered by the Eastern District of North Carolina (Case Nos. 5:15-CR-62, 67 & 68) on May 14, 2015, and to the Interim Administrative Agreement between the Corporation and the United States Environmental Protection Agency, and the rights of the Corporation set out in the Guaranty Agreement among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Progress, Inc., and Duke Energy Business Services, LLC, dated February 20, 2015, shall remain vested in the LLC.
  4. Operating Agreement of the LLC. At the Effective Time, the bylaws of the Corporation shall be replaced by and the LLC shall be governed by, the LLC operating agreement, substantially in the form attached hereto as Exhibit B as amended in accordance with the terms thereof (the "Operating Agreement").
  5. Directors and Officers. The directors of the Corporation immediately prior to the Effective Time shall be the directors of the LLC from and after the Effective Time until their successors are duly appointed and qualified, to serve in accordance with the relevant provisions of the LLC Act (and deemed managers of the Corporation for purposes of the LLC Act) and the terms of the Operating Agreement. The officers of the Corporation immediately prior to the Effective Time shall be the officers of the LLC from and after the Effective Time until their successors are duly appointed and qualified, to serve in accordance with the relevant provisions of the LLC Act and the terms of the Operating Agreement.
-

6. Conversion of Shares. At the Effective Time, by virtue of the Conversion and without any action on the part of the Corporation, the LLC or any holder thereof, the shares of common stock, no par value, of the Corporation, issued and outstanding immediately prior to the Effective Time, all of which are held by the Shareholder, shall be automatically converted into one hundred percent (100%) of the limited liability company interests of the LLC. Immediately prior to the Effective Time, there shall be outstanding no class or series of capital stock of the Corporation other than its common stock, no par value.

7. Termination. This Plan and the transactions contemplated hereby may be terminated by resolution of the Board of Directors of the Corporation at any time prior to the Effective Time in the manner and to the extent provided in the LLC Act and the Business Corporation Act.

8. Effect of Termination. If this Plan is terminated pursuant to Section 7 hereof, this Plan shall become void and of no effect with no liability on the part of any party hereto.

9. Amendment. This Plan and the transactions contemplated hereby may be amended by resolution of the Board of Directors of the Corporation at any time prior to the Effective Time in the manner and to the extent provided in the LLC Act and the Business Corporation Act.

10. Governing Law. This Plan shall be governed by, enforced under and construed in accordance with the laws of the State of North Carolina without giving effect to any choice or conflict of law provision or rule thereof.

[Remainder of this Page Intentionally Left Blank]

---

IN WITNESS WHEREOF, the undersigned hereby approves this Plan of Conversion as of this 31st day of July, 2015.

**PROGRESS ENERGY, INC.**

By: /s/ Lynn J. Good  
Lynn J. Good  
Chief Executive Officer

**LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF**  
**DUKE ENERGY PROGRESS, LLC**  
(formerly known as Duke Energy Progress, Inc.)  
a North Carolina Limited Liability Company

Dated as of August 1, 2015

---



**THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF Duke Energy Progress, LLC** (formerly known as Duke Energy Progress, Inc.) (the "Company"), a limited liability company, organized pursuant to and in accordance with the North Carolina Limited Liability Company Act, North Carolina General Statutes, Chapter 57D, et seq. (the "Act"), is executed as of this 1st day of August, 2015. Progress Energy, Inc., a North Carolina corporation, is the sole member of the Company (the "Member"). Solely for U.S. federal income tax purposes as provided in Treasury Regulations Section 301.7701-3 (as well as for applicable state, local or foreign tax purposes), the Member and the Company intend the Company to be disregarded as an entity that is separate from the Member. For all other purposes (including, without limitation, limited liability protection for the Member from Company liabilities), however, the Member and the Company intend the Company to be respected as a separate legal entity that is separate and apart from the Member.

**ARTICLE I**  
**FORMATION AND BUSINESS OF THE COMPANY**

Section 1.1 Company Name and Formation. The Company was formed upon the conversion of Duke Energy Progress, Inc., a North Carolina corporation, effective as of the time set forth in the Articles of Organization of the Company filed with the North Carolina Secretary of State (the "Conversion").

Section 1.2 Name. The name of the Company shall be Duke Energy Progress, LLC. All business and affairs of the Company shall be conducted under such name or under an assumed name duly approved by the Board.

Section 1.3 Purpose. The purpose of the Company shall be to engage in any lawful business for which limited liability companies may be organized under the Act.

Section 1.4 Term. The term of the Company shall commence on the date hereof and shall continue indefinitely.

Section 1.5 Place of Business. The principal place of business of the Company within the State of North Carolina shall be located at Raleigh, NC. The Company may have such other offices either within or without the State of North Carolina the Board may designate or as the business of the Company may from time to time require.

Section 1.6 Registered Office and Agency. The address of the registered office of the Company in the State of North Carolina is 150 Fayetteville Street, Box 1011, Raleigh, North Carolina, and the name of the registered agent is CT Corporation System.

Section 1.7 Authorized Representatives. The "Authorized Representatives" of a Member that is not a natural person shall be those representatives designated by such Member from time to time to represent such Member in connection with the Company, unless and until replaced or removed by such Member. The written statements and representations of an Authorized Representative for a Member that is not a natural Person shall be authorized statements and representations of such Member with respect to the matters covered by this Agreement with respect to a Member that is not a natural Person means a decision or action which has been consented to in writing by any Authorized Representative of such Member.

Section 1.8 Tax Treatment. The Company shall be disregarded as an entity separate from its owner for U.S. federal tax purposes as provided in Treasury Regulations Section 301.7701-3 (as well as for applicable state, local or foreign tax purposes). The Member and the Company shall timely make any and all necessary elections and filings such that the Company shall be treated as disregarded as an entity separate from its owner for U.S. federal income tax purposes (as well as for applicable state, local or foreign tax purposes).

## ARTICLE II DEFINITIONS

Section 2.1 Definitions. References to an "Article" or a "Section" are, unless otherwise specified, to an Article or a Section of this Agreement. As used in this Agreement, the following terms shall have the meanings set forth respectively after each:

"Act" shall mean the North Carolina Limited Liability Company Act, as the same may be amended from time to time.

"Affiliate" shall mean with reference to any Person, any other Person of which such Person is a principal, member, director, officer, general partner or employee or any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person.

"Agreement" shall mean this Limited Liability Company Operating Agreement, as the same may be amended hereafter from time to time as provided herein.

"Authorized Representative" shall have the meaning specified in Section 1.7. "Board" shall have the meaning set forth in Section 4.1.

"Capital Account" means a separate accounting maintained with respect to the Member pursuant to Section 9.2 of this Agreement.

"Capital Contribution" means the contribution by the Member to capital of the Company.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and as the same may be amended hereafter from time to time.

"Company" shall have the meaning specified in the introductory paragraph to this Agreement.

"Company Expenses" shall have the meaning specified in Section 3.9.

"Director" shall mean each such Person who is hereafter elected or designated as a Director of the Company, in accordance with the terms of this Agreement, who shall be deemed a "manager" of the Company for all purposes under the Act and other applicable law.

"Event of Bankruptcy" shall mean the institution by or against a Person of a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights.

"Interest" shall mean (i) a Member's share of the profits and losses of the Company and a Member's rights to receive distributions from the Company in accordance with the provisions of this Agreement and the Act and (ii) such Member's other rights and privileges as herein provided.

"Liquidating Trustee" shall have the meaning set forth in Section 12.2.

"Member" shall have the meaning specified in the introductory paragraph to this Agreement.

"Officer" shall mean any individual elected or appointed as an officer of the Company pursuant to Section 7.1.

"Person" shall mean an individual, partnership, limited liability company, joint venture, corporation, trust or unincorporated organization, a government or agency or political subdivision thereof and any other entity.

"Related Persons" shall have the meaning specified in Section 3.3.

"Treasury Regulations" shall mean the Income Tax Regulations promulgated under the Code, as the same may be amended hereafter from time to time.

**ARTICLE III  
MANAGEMENT OF THE COMPANY**

Section 3.1 Designation of Directors. The Directors collectively shall have the power on behalf and in the name of the Company to make all decisions and take all actions which they may deem necessary or desirable, including, without limitation, the following:

- (a) managing the day-to-day operation of the Company;
- (b) entering into, making and performing contracts, agreements and other undertakings binding upon the Company that may be necessary, appropriate or advisable in furtherance of the purposes of the Company and making all decisions and waivers thereunder;
- (c) opening and maintaining bank and investment accounts and arrangements, drawing checks and other orders for the payment of money, and designating individuals with authority to sign or give instructions with respect to those accounts and arrangements;
- (d) investing Company funds;
- (e) maintaining the assets of the Company in good order;
- (f) to the extent that funds of the Company are available therefor, paying debts and obligations of the Company;
- (g) borrowing money or otherwise incurring indebtedness on such terms and conditions as the Directors may deem appropriate and, in connection therewith, hypothecating, encumbering and/or granting security interests in the assets of the Company to secure the repayment of such monies or other indebtedness of the Company, provided that in no event shall any such borrowing be recourse to the Member unless expressly agreed in writing by the Member;
- (h) executing instruments and documents, including, without limitation, checks, drafts, notes and other negotiable instruments, mortgages or deeds of trust, pledge agreements, security agreements, financing statements, documents providing for the acquisition, mortgaging or disposition of the Company's property, assignments, bills of sale, leases and any other instruments or documents necessary, in the opinion of the Directors or a duly elected or appointed Officer of the Company, acting within the scope of his or her authority, to the business of the Company;
- (i) entering into any and all other agreements with any other Person for any purpose in furtherance of the business of the Company, in such form as the Directors or a duly elected or appointed Officer of the Company, acting within the scope of his or her authority, may approve;
- (j) the bringing or defending, paying, collecting, compromising, arbitrating, resorting to legal action, or other adjustment of claims or demands of or against the Company;

- (k) selecting, removing and changing the authority and responsibility of lawyers, accountants, and other advisers and consultants;
- (l) obtaining insurance for the Company;
- (m) taking all actions necessary to effectuate transactions pursuant to Article VIII hereof; and
- (n) such other matters as may be necessary or advisable in connection with the operation of the business and conduct of affairs of the company and the accomplishment of the purposes of the Company.

The Directors or their duly authorized appointees or Officers of the Company may execute and deliver contracts and agreements on behalf of the Company in furtherance of the foregoing, without the consent of the Member, and otherwise act for and bind the Company. Third parties may conclusively rely upon the act of the Directors as evidence of the authority of the Directors for all purposes in respect of their dealings with the Company.

**Section 3.2 Additional Powers, Duties and Limitations with respect to the Directors.**

(a) Generally. The Directors shall be responsible for, and shall render to the Company, such services as are reasonably necessary for the daily management, conduct and direction of the property, business and affairs of the Company. No compensation shall be paid to the Directors for the performance of such services, nor shall the Directors be reimbursed for any expenses incurred in their capacity as such, except as otherwise provided in this Agreement, including without limitation Section 4.3 hereof. No Director shall have the ability individually to bind or act for the Company, rather, the Directors may only act collectively through action of the Board subject to and in accordance with the terms and conditions of this Agreement.

(b) Limitation on Liability for Acts and Omissions of the Directors. The Company shall pay any and all liability, loss, cost, expense (including reasonable attorneys' fees and disbursements) or damage incurred or sustained by the Directors by reason of any act or omission in the conduct of the business of the Company in accordance with the provisions of Section 11.1 hereof. The Directors, acting in good faith, shall be entitled to rely on the advice of legal counsel, accountants and/or other experts or professional advisers and any act or omission of the Directors acting in reliance upon such advice shall in no event subject such Directors to liability to the Company or any Member.

**Section 3.3 Limitation on Liabilities and Powers of the Member.** Neither the Directors or their Affiliates or any Member or its Affiliates or any officer, director, partner, member or shareholder, employee or agent of the Directors or any Member (collectively, "Related Persons") shall have (a) any personal liability for any debts, liabilities or obligations of the Company, whether arising in contract or tort or otherwise, or (b) any obligation to

the Company, except, in each case, as specifically provided elsewhere in this Agreement or under the Act. Except to the extent expressly provided for herein and permitted under the Act, the Member shall not participate in the operation, management or control (within the meaning of the Act) of the business of the Company and shall have no right or authority to act for or on behalf of the Company or to sign for or bind the Company.

Section 3.4 Employment of Third Parties By the Company. The Company, may, by action of its Officers, from time to time, employ any Person or engage third parties to render accounting, financial advisory and legal services to the Company. Persons retained or engaged by the Officers, on its behalf, may also be engaged, retained or employed by and act on behalf of the Directors, the Member or any of their respective Affiliates.

Section 3.5 Filings. The Directors are hereby authorized to execute and file all instruments, certificates, notices and documents, and to do or cause to be done all such filing, recording, publishing and other acts as may be deemed by the Directors to be necessary or appropriate from time to time to comply with all applicable requirements for the formation or operation or, when appropriate, termination of a limited liability company in the State of North Carolina and all other jurisdictions where the Company does or shall desire to conduct its business.

Section 3.6 Expenses. The Company will be responsible for all expenses ("Company Expenses"), including, without limitation, (i) all reasonable accounting and legal expenses incurred in connection with Company operations, (ii) all reasonable costs incurred in connection with the preparation of or relating to reports made to the Member, (iii) all reasonable costs related to litigation involving the Company, directly or indirectly, including, without limitation, attorneys' fees incurred in connection therewith, (iv) all reasonable costs related to the Company's obligations set forth in Sections 3.2 and 11.1, and (v) all reasonable out-of-pocket expenses related to the organization and formation of the Company.

#### **ARTICLE IV BOARD OF DIRECTORS**

Section 4.1 Appointment and Removal of Directors. Except as otherwise expressly provided in this Agreement, the Articles of Conversion and Articles of Organization or the Act, all decisions with respect to the management of the business and affairs of the Company shall be made by a Board of Directors (the "Board"), each of whom shall be appointed by the Member. Any Director may be removed at any time with or without cause by the Member. Upon the removal of the Director, such Director shall cease to be a "manager" (within the meaning of the Act).

Section 4.2 Number and Qualifications of Directors. The number of Directors constituting the Board may be fixed from time to time by the Member.

Section 4.3 Compensation of Directors. Directors, as such, may receive fixed fees and other compensation for their services as Directors as may be determined by the Member, including, without limitation, their services as members of committees of the Board.

## ARTICLE V MEETINGS OF DIRECTORS

Section 5.1 Special Meetings. Special meetings of the Board may be called at the request of the Member, the Chairman of the Board or a majority of the Board then in office. The person or persons authorized to call special meetings of the Board may fix the place and time of the meetings.

Section 5.2 Notice. Notice of any special meeting of the Board shall be given to each Director at such Director's business or residence in writing by hand delivery, first-class or overnight mail or courier service, facsimile or electronic transmission or orally by telephone. If mailed by first-class mail, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five (5) calendar days before such meeting. If by overnight mail or courier service, such notice shall be deemed adequately delivered when the notice is delivered to the overnight mail or courier service company at least 24 hours before such meeting. If by facsimile or electronic transmission, such notice shall be deemed adequately delivered when the notice is transmitted at least 12 hours before such meeting. If by telephone or by hand delivery, the notice shall be given at least 12 hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice of such meeting.

Section 5.3 Quorum and Manner of Acting. Unless the Articles of Organization or this Operating Agreement provide otherwise, a majority of the number of Directors fixed pursuant to this Operating Agreement shall constitute a quorum for the transaction of business at any meeting of the Board. Unless required by law or the Articles of Organization or this Operating Agreement provide otherwise, the affirmative vote of a majority of the Directors present at a meeting at which a quorum is present and voting on the matter shall be the act of the Board.

Section 5.4 Action by Consent of Board. On any matter that is to be voted on, consented to or approved by the Board, the Board may take such action without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, shall be signed by the Directors having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Directors entitled to vote thereon were present and voted. On any matter that is to be voted on by Directors, the Directors may vote in person or by proxy, and such proxy may be granted in writing, by means of electronic transmission or as otherwise permitted by applicable law. A consent transmitted by electronic transmission by a Director or by a

person or persons authorized to act for a Director shall be deemed to be written and signed for purposes of this Agreement. For purposes of this Agreement, the term "electronic transmission" means any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 5.5 Conference Telephone Meetings. Members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

## ARTICLE VI COMMITTEES OF THE BOARD OF DIRECTORS

Section 6.1 Committees and Powers. The Board may designate one or more Committees of the Board, which shall consist of one or more Directors. Any such Committee may to the extent permitted by law exercise such powers and shall have such responsibilities as shall be specified in the designating resolution. A Committee of the Board may not (i) authorize distributions; (ii) approve, or propose to the Member, action that is required by law to be approved by the Member; (iii) fill vacancies on any Committee; (iv) authorize or approve reacquisition of Interests, except according to a formula or method prescribed by the Board; or (v) authorize or approve the issuance or sale or contract for the sale of Interests. The Board shall have power at any time to fill vacancies in, to change the membership of, or to dissolve any such Committee. Nothing herein shall be deemed to prevent the Board from appointing one or more Committees consisting in whole or in part of persons who are not Directors of the Company; provided, however, that no such Committee shall have or may exercise any authority of the Board.

Section 6.2 Quorum and Manner of Acting. Each Committee shall keep written minutes of its proceedings and shall report such proceedings to the Board when required. The provisions of this Agreement governing meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements of the Board apply to Committees of the Board established under Section 6.1.

Section 6.3 Meetings and Notice. Each Committee shall fix the time and place of its meetings, unless the Board shall otherwise provide. Notice of meetings of any Committee shall be given to each member of the Committee in the manner provided for in Section 5.2.



**ARTICLE VII**  
**OFFICERS**

Section 7.1 Elected and Appointed Officers. The elected Officers of the Company shall be a Chief Executive Officer, a President, a Secretary, a Treasurer, a Controller and such other Officers (including, without limitation, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents) as the Board may deem proper. Elected Officers shall have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article VII, including, without limitation, the duty to engage third parties to render accounting, financial advisory and legal services to the Company on such terms and for such compensation as the Officers may reasonably determine. Such Officers shall also have such powers and duties as from time to time may be conferred by the Board or by any Committee thereof. The Board or the Chief Executive Officer may from time to time appoint such other Officers (including one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and Assistant Controllers), as may be necessary or desirable for the conduct of the business of the Company. Such other Officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in this Operating Agreement or, to the extent consistent with this Operating Agreement, as may be prescribed by the Board or the Chief Executive Officer. The Officers of the Company shall consist of such Officers as the Board may designate as Officers from time to time, who may or may not be "executive officers" as defined under rules and regulations of the Securities and Exchange Commission.

Section 7.2 Election and Term of Office. Officers of the Company may be elected by the Board at the regular annual meeting of the Board and at such other times as the Board may deem necessary. Officers may be appointed by the Chief Executive Officer to the extent authority to make such appointments is delegated by the Board to the Chief Executive Officer. Each Officer shall hold office until such person's successor shall have been duly elected and shall have qualified or until such person's death or until he or she shall resign or shall be removed pursuant to Section 7.10.

Section 7.3 Chairman of the Board and Chief Executive Officer. The Chief Executive Officer of the Company shall be the Chairman of the Board and shall be responsible for the general management of the affairs of the Company and shall perform all duties incidental to such person's office which may be required by law and all such other duties as are properly required of the Chief Executive Officer or the Chairman of the Board by the Board. The Chairman of the Board shall preside at all meetings of the Board and shall make reports to the Board and to the Member, and shall see that all orders and resolutions of the Board and of any Committee thereof are carried into effect. The Chief Executive Officer may also serve as President, if so elected by the Board.

Section 7.4 President. The President shall act in a general executive capacity and shall assist the Chief Executive Officer in the administration and operation of the Company's business and general supervision of its policies and affairs. The President shall, unless the President is also serving as the Chief Executive Officer, in the absence of or because of the inability to act of the Chief Executive Officer, perform all duties of the Chief Executive Officer and preside at all meetings of the Board.

Section 7.5 Vice Presidents. The Executive Vice Presidents, the Senior Vice Presidents and the Vice Presidents shall have such powers and duties as may be prescribed for them, respectively, by the Board or the Chief Executive Officer. Each of such Officers shall report to the Chief Executive Officer or such other Officer as the Board or the Chief Executive Officer shall direct.

Section 7.6 Secretary. The Secretary shall attend all meetings of the Board, shall keep a true and faithful record thereof in proper books and shall have the custody and care of the corporate seal, records, minute books and stock books of the Company and of such other books and papers as in the practical business operations of the Company shall naturally belong in the office or custody of the Secretary or as shall be placed in the Secretary's custody by order of the Board. The Secretary shall keep a suitable record of the address of the Member and shall, except as may be otherwise required by statute or this Operating Agreement, sign and issue all notices required for meetings of the Board. The Secretary shall sign all papers to which the Secretary's signature may be necessary or appropriate, shall affix and attest the seal of the Company to all instruments requiring the seal, shall have the authority to certify the Operating Agreement, resolutions of the Member or the Board and other documents of the Company as true and correct copies thereof and shall have such other powers and duties as are commonly incidental to the office of Secretary and as may be prescribed by the Board or the Chief Executive Officer.

Section 7.7 Treasurer. The Treasurer shall have charge of and supervision over and be responsible for the funds, securities, receipts and disbursements of the Company; cause the moneys and other valuable effects of the Company to be deposited in the name and to the credit of the Company in such banks or trust companies or with such bankers or other depositories as shall be selected in accordance with resolutions adopted by the Board; cause the funds of the Company to be disbursed by checks or drafts upon the authorized depositories of the Company, and cause to be taken and preserved proper vouchers for all moneys disbursed; render to the proper Officers and to the Board and the Finance Committee or similar Committee, if any, whenever requested, a statement of the financial condition of the Company and of all his or her transactions as Treasurer; cause to be kept at the principal executive offices of the Company correct books of account of all its business and transactions; and, in general, perform all duties incident to the office of Treasurer and such other duties as are given to him or her by the Operating Agreement or as may be assigned to him or her by the Board or the Chief Executive Officer.

Section 7.8 Controller. The Controller shall be the chief accounting officer of the Company; shall keep full and accurate accounts of all assets, liabilities, commitments,

revenues, costs and expenses, and other financial transactions of the Company in books belonging to the Company, and conform them to sound accounting principles with adequate internal control; shall cause regular audits of these books and records to be made; shall see that all expenditures are made in accordance with procedures duly established, from time to time, by the Company; shall render financial statements upon the request of the Board; and, in general, shall perform all the duties ordinarily connected with the office of Controller and such other duties as may be assigned to him or her by the Board or the Chief Executive Officer.

Section 7.9 Assistant Secretaries, Assistant Treasurers and Assistant Controllers. Assistant Secretaries, Assistant Treasurers and Assistant Controllers, when elected or appointed, shall respectively assist the Secretary, the Treasurer and the Controller in the performance of the respective duties assigned to such principal Officers, and in assisting such principal Officer, each of such assistant Officers shall for such purpose have the powers of such principal Officer; and, in case of the absence, disability, death, resignation or removal from office of any principal Officer, such principal Officer's duties shall, except as otherwise ordered by the Board, temporarily devolve upon such assistant Officer as shall be designated by the Board or the Chief Executive Officer.

Section 7.10 Removal. Any Officer or agent may be removed by the Board at any time and for any reason. In addition, any Officer or agent appointed by the Chief Executive Officer may be removed by the Chief Executive Officer whenever, in his or her judgment, the best interests of the Company would be served thereby. Any removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 7.11 Vacancies. A newly created elected office and a vacancy in any elected office because of death, resignation or removal may be filled by the Board. Any vacancy in any office appointed by the Chief Executive Officer because of death, resignation or removal may be filled by the Chief Executive Officer.

## ARTICLE VIII

### CONTRACTS, CHECKS, DRAFTS, DEPOSITS AND PROXIES

Section 8.1 Contracts. The Board may authorize any Officer or Officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Company, and such authority may be general or confined to specific instances.

Section 8.2 Checks and Drafts. All checks, drafts or other orders for the payment of money, issued in the name of the Company, shall be signed by such Officer or Officers, agent or agents of the Company and in such manner as shall from time to time be determined by the Board or the Chief Executive Officer.

Section 8.3 Deposits. All funds of the Company not otherwise employed shall be deposited from time to time to the credit of the Company in such depositories as may be selected by or under the authority of the Board.

Section 8.4 Proxies. Unless otherwise provided by the Board, the Chief Executive Officer, the President or any Executive Vice President, Senior Vice President or Vice President may from time to time appoint an attorney or attorneys or agent or agents of the Company, in the name and on behalf of the Company, to cast the votes which the Company may be entitled to cast as the holder of stock or other securities in any other entity, any of whose stock or other securities may be held by the Company, at meetings of the holders of the stock or other securities of such other entity, or to consent in writing, in the name of the Company as such holder, to any action by such other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Company and under seal or otherwise, all such written proxies or other instruments as he or she may deem necessary or proper in the premises.

#### ARTICLE IX

#### CAPITAL CONTRIBUTIONS; ALLOCATIONS AND DISTRIBUTIONS

Section 9.1 Capital Contributions. Upon the formation of the Company, the Member shall not be required to make a Capital Contribution. Capital Contributions shall be made from time to time as the Member shall determine.

Section 9.2 Capital Accounts. A Capital Account shall be maintained for the Member to which shall be credited (i) the Member's Capital Contributions, if any and (ii) all Company revenues. The Capital Account shall be debited with (i) all costs, expenses, and losses of the Company and (ii) the amount of any distributions (including return of capital) made to the Member. No interest shall be paid on the Member's Capital Account.

Section 9.3 Allocation of Profits and Losses. All profits and losses of the Company shall be allocated to the Member.

Section 9.4 Distributions. All distributions of cash or other assets of the Company shall be made to the Member when and as determined by the Member, subject to any limitations or restrictions provided for in the Act.

**ARTICLE X**  
**MAINTENANCE OF BOOKS AND RECORDS, ETC.**

Section 10.1 Books and Records. The Company shall maintain those books and records required to be maintained by the Act, along with such other books and records as the Board or the Controller may determine from time to time. All such books and records shall at all times be made available at the principal office of the Company and shall be open to the reasonable inspection and examination by the Directors or their duly authorized representatives during normal business hours.

Section 10.2 Reports to the North Carolina Secretary of State. Pursuant to Section 57D-2-24 of the Act, the Directors shall cause an annual report to be filed with the North Carolina Secretary of State with respect to each Fiscal Year, which sets forth all of the information as required under that section of the Act.

**ARTICLE XI**  
**INDEMNIFICATION**

Section 11.1 In General. Any person who is or was serving as a Member, Director, Officer, employee or agent of the Company or who, at the request of the Company, is or was serving as a director, manager, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise or person or as a trustee or administrator under an employee benefit plan, shall be indemnified by the Company, to the fullest extent permitted by law, against (a) litigation expenses, including costs, expenses and reasonable attorneys' fees incurred by any such person in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, whether formal or informal, and whether or not brought by or on behalf of the Company, arising out of such person's status as such or such person's activities in any of the foregoing capacities, (b) liability, including payments made by such person in satisfaction of any judgment, money decree, fine (including an excise tax assessed with respect to an employee benefit plan), penalty or settlement for which such person may have become liable in any such action, suit or proceeding, (c) payments made and personal liabilities reasonably incurred in the authorized conduct of the business of the Company or for the preservation of its business and its property and (d) reasonable costs, expenses and attorneys' fees incurred by such person in connection with the enforcement of the indemnification rights provided herein. Any Person who is or was serving in any of the foregoing capacities for or on behalf of the Company shall be conclusively deemed to be doing or to have done so in reliance upon, and as consideration for, the indemnification rights provided herein.

The rights of indemnification provided herein (which shall be deemed to be a contract between any such person and the Company enforceable on the part of such person notwithstanding any subsequent amendment or repeal of this Agreement) shall inure to the benefit of the successors, estates or legal representatives of any such Person and

shall not be exclusive of any other rights to which such Person may be entitled apart from this Agreement, by contract, resolution or otherwise.

## ARTICLE XII

### CESSATION OF MEMBERSHIP, DISSOLUTION, LIQUIDATION AND TERMINATION

Section 12.1 Cessation of Membership. A Person shall cease to be a Member only upon the assignment of such Person's entire Interest and as otherwise expressly provided in this Agreement or the Company's Articles of Organization.

Section 12.2 Dissolution and Termination.

(a) The Company shall be dissolved and its affairs shall be wound up upon the first to occur of any of the following events (an "Event of Dissolution"):

- (i) the decision by the Board to dissolve, wind up and liquidate the Company; or
- (ii) the entry of a judicial dissolution pursuant to Section 57D-6-01 of the Act.

(b) An Event of Bankruptcy affecting any Member or the transfer of any Interests shall not constitute an Event of Dissolution.

(c) Dissolution of the Company shall be effective on the effective date of the Event of Dissolution, but the Company shall not terminate until the assets thereof have been distributed in accordance with the provisions of Section 12.5 hereof and all other provisions of the Act with respect to the dissolution of a limited liability company have been complied with. Notwithstanding the dissolution of the Company, prior to the termination of the Company, the business, assets and affairs of the Company shall continue to be governed by this Agreement.

Section 12.3 Liquidating Trustee. Upon the occurrence of an Event of Dissolution, sole and plenary authority to effectuate the liquidation of the Company shall be vested in the Board or a Person designated by the Board to effectuate the liquidation of the Company or if the Board elects not to effectuate such liquidation and fails to designate a liquidator, such Person as is selected by the Member (the "Liquidating Trustee"). The Liquidating Trustee shall proceed diligently to wind up the affairs of the Company, liquidate the assets of the Company in an orderly and businesslike manner consistent with obtaining the fair value thereof and distribute the assets of the Company in accordance with the provisions of Section 12.5 hereof. A reasonable amount of time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities to creditors so as to enable the Liquidating Trustee to minimize the losses attendant upon such liquidation. Prior to such distribution of the Company's assets, the Liquidating Trustee shall continue

to exploit the rights, activities and properties of the Company consistent with the sale or liquidation thereof, exercising in connection therewith all of the power and authority of the Board as herein set forth.

Section 12.4 Accounting upon Dissolution and Termination. Upon the distribution of the assets of the Company in accordance with the provisions of Section 12.5 hereof, the Liquidating Trustee shall cause the Company's accountants to make a full and proper accounting of the assets, liabilities and operations of the Company, as of and through the date on which such distribution occurs.

Section 12.5 Distribution of Assets.

(a) As expeditiously as possible after the occurrence of an Event of Dissolution and the liquidation of the assets of the Company, the assets of the Company, including the proceeds of any such liquidation, shall be applied and distributed in the following order of priority:

(i) First, all liabilities and obligations of the Company (including, without limitation, loans from the Member) shall be paid to creditors of the Company or provided for (whether by establishing reasonable reserves or otherwise as the Liquidating Trustee shall reasonably deem appropriate); and

(ii) Second, to the Member.

(b) The Liquidating Trustee shall have the authority to establish reasonable reserves for the payment of liabilities and obligations of the Company or to otherwise provide for the payment of Company liabilities and obligations as the Liquidating Trustee shall reasonably deem appropriate (as aforesaid). All saleable assets of the Company may be sold in connection with the liquidation of the Company at public or private sale and at such price and upon such terms as the Liquidating Trustee, in its sole discretion, may deem advisable. The Member or any other Related Person may purchase assets at such sale. The Liquidating Trustee shall determine, in its sole discretion, which assets of the Company shall be liquidated through sale and which assets of the Company shall be distributed in kind.

Section 12.6 Termination. Upon compliance with the foregoing distribution plan, the Company shall cease to be such, and the Liquidating Trustee shall execute, acknowledge and cause to be filed with the North Carolina Secretary of State articles of dissolution of the Company.

**ARTICLE XIII  
MISCELLANEOUS**

Section 13.1 Successors and Assigns; Third Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the Member and its legal representatives, administrators, executors, successors and assigns. Except as set forth in Article XI, none of the provisions of this Agreement shall be for the benefit of or enforceable by any Person not a party hereto.

Section 13.2 Sole Operating Agreement. This Agreement, together with the documents expressly referred to herein, each as amended or supplemented, constitutes the sole operating agreement of the Company.

Section 13.3 Assignment. An assignee of a Member shall automatically become a Member, provided the assignee consents.

Section 13.4 Choice of Law; Forum and Waiver of Jury Trial. This Agreement shall be construed in accordance with the laws of the State of North Carolina, without regard to the choice of laws rules thereof, and the obligations, rights and remedies of the Member hereunder shall be determined in accordance with such laws. Any legal suit, action or proceeding against any of the parties hereto arising out of or relating to this Agreement shall only be instituted in any federal or state court in North Carolina.

Section 13.5 Interpretation. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, the feminine or neuter gender shall include the masculine, the feminine and the neuter.

Section 13.6 Captions. Captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit or extend or otherwise affect the scope or intent of this Agreement or any provision hereof.

Section 13.7 Severability. If any provision of this Agreement, or the application of such provision to any Person or circumstance, shall be held invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions of this Agreement, or the application of such provision in jurisdictions or to Persons or circumstances other than those to which it is held invalid, illegal or unenforceable shall not be affected thereby.

Section 13.8 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

Section 13.9 Non-Waiver. No provision of this Agreement shall be deemed to have been waived unless such waiver is contained in a written notice given to the party claiming such waiver has occurred, provided that no such waiver shall be deemed to be a waiver of any other or further obligation or liability of the party or parties in whose favor the waiver was given.



Section 13.10 Time Periods. In applying any provision of this Agreement which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

Section 13.11 Resignations. Any Director or any Officer, whether elected or appointed, may resign at any time by giving written notice of such resignation to the Board, the Chairman of the Board or the Secretary, and such resignation shall be deemed to be effective when communicated unless the notice specifies a later effective date. No formal action shall be required on behalf of the Company to make any such resignation effective. Upon the effectiveness of any such resignation, such Director shall cease to be a "manager" (within the meaning of the Act).

Section 13.12 Continuation of Obligations. The Company, hereby expressly covenants, agrees and confirms, notwithstanding the Conversion, (i) that its obligation promptly to pay, perform and discharge when due each and every debt, obligation, covenant and agreement incurred, made or to be paid, performed or discharged by the Company under the indenture dated as of January 1, 1944, between Duke Energy Progress, Inc., and The Bank of New York Mellon, as successor trustee, as supplemented (the "Mortgage") continues upon the Conversion, (ii) that, pursuant to Section 57D-9-23 of the Act and Section 55-11A-13 of the North Carolina Business Corporation Act, title to all real estate and other property owned by the Company, prior to the Conversion, continues to be vested in the Company upon the Conversion, without reversion or impairment and that all liabilities of the Company, prior to the Conversion, continue as liabilities of the Company upon the Conversion; (iii) that all rights of holders of First Mortgage Bonds outstanding under the Mortgage and of the Trustees which existed immediately prior to the Conversion are preserved unimpaired; and (iv) that all debts, liabilities and duties of the Company under the Mortgage which existed immediately prior to the Conversion may be enforced against it to the same extent as if said debts, liabilities and duties had originally been incurred or contracted by it in its capacity as a North Carolina limited liability company.

#### **ARTICLE XIV AMENDMENTS**

Section 14.1 Amendment. Except as required by law or as otherwise provided in the Articles of Organization or in this Agreement, this Agreement may be amended or repealed and a new Agreement may be adopted only by the Member.

[Remainder of this page intentionally left blank]

**IN WITNESS WHEREOF**, the undersigned has executed this Agreement as of the date set forth on the first page of this Agreement.

**PROGRESS ENERGY, INC.**

By: /s/ Lynn J. Good  
Lynn J. Good  
Chief Executive Officer

Articles of Conversion  
For  
"Other Business Entity"  
Into  
Florida Limited Liability Company

The Articles of Conversion and attached Articles of Organization are submitted to convert the following "Other Business Entity" into a Florida Limited Liability Company in accordance with s.605.1045, Florida Statutes.

1. The name of the "Other Business Entity" immediately prior to the filing of the Articles of Conversion is: Duke Energy Florida, Inc. - 142019  
(Enter Name of Other Business Entity)

2. The "Other Business Entity" is a Corporation  
(Enter entity type. Example: corporation, limited partnership, general partnership, common law or business trust, etc.)

First organized, formed or incorporated under the laws of Florida  
on 07/14/1999 (Enter state, or if a non-U.S. entity, the name of the country)  
(date of organization, formation or incorporation)

3. The name of the Florida Limited Liability Company as set forth in the attached Articles of Organization: Duke Energy Florida, LLC  
(Enter Name of Florida Limited Liability Company)

4. If not effective on the date of filing, enter the effective date: 08/31/2015 at 10:00 a.m.  
(The effective date: 1) cannot be prior to date of receipt or filed date nor more than 90 days after the date this document is filed by the Florida Department of State; AND 2) must be the same as the effective date listed in the attached Articles of Organization, if an effective date is listed therein.)  
Note: If the date inserted in this block does not meet the applicable statutory filing requirements, this date will not be listed as the document's effective date on the Department of State's records.

5. The plan of conversion has been approved in accordance with all applicable statutes.

Signed this 31 day of July 2015

**Signature of Authorized Representative of Limited Liability Company:**

Signature of Authorized Representative: Nancy M Wright  
Printed Name: Nancy M. Wright Title: Assistant Secretary

**Signature(s) on behalf of Other Business Entity: (See below for required signature(s))**

Signature: Nancy M Wright  
Printed Name: Nancy M. Wright Title: Assistant Secretary

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

Signature: \_\_\_\_\_  
Printed Name: \_\_\_\_\_ Title: \_\_\_\_\_

**If Florida Corporation:**

Signature of Chairman, Vice Chairman, Director, or Officer.  
If Directors or Officers have not been selected, an Incorporator must sign.

**If Florida General Partnership or Limited Liability Partnership:**

Signature of one General Partner.

**If Florida Limited Partnership or Limited Liability Limited Partnership:**

Signatures of ALL General Partners.

**All others:**

Signature of an authorized person.

**Fees:**

Articles of Conversion:	\$25.00
Fees for Florida Articles of Organization:	\$125.00
Certified Copy:	\$30.00 (Optional)
Certificate of Status:	\$5.00 (Optional)

**ARTICLES OF ORGANIZATION FOR FLORIDA LIMITED LIABILITY COMPANY**

**ARTICLE I - Name:**

The name of the Limited Liability Company is:

Duke Energy Florida, LLC

(Must end with the words "Limited Liability Company," "L.L.C.," or "LLC.")

**ARTICLE II - Address:**

The mailing address and street address of the principal office of the Limited Liability Company is:

**Principal Office Address:**

299 1st Avenue North  
St. Petersburg, FL 33701

**Mailing Address:**

550 South Tryon Street (DECASA)  
Charlotte, NC 28202

**ARTICLE III - Registered Agent, Registered Office, & Registered Agent's Signature:**  
(The Limited Liability Company cannot serve as its own Registered Agent. You must designate an individual or another business entity with an active Florida registration.)

The name and the Florida street address of the registered agent are:

C T Corporation System

Name

1200 South Pine Island Road

Florida street address (P.O. Box NOT acceptable)

Plantation

FL 33324

City

Zip

15 JUL 31 AM 11:30

*Having been named as registered agent and to accept service of process for the above stated limited liability company at the place designated in this certificate, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relating to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent as provided for in Chapter 605, F.S..*



Terrell Kearney Asst. Secretary

Registered Agent's Signature (REQUIRED)

(CONTINUED)

**ARTICLE IV-**

The name and address of each person authorized to manage and control the Limited Liability Company:

<u>Title:</u>	<u>Name and Address:</u>
"AMBR" = Authorized Member "MGR" = Manager <u>MGR</u>	<u>Douglas F Esemann</u> <u>550 South Tryon Street</u> <u>Charlotte, NC 28202</u>
<u>MGR</u>	<u>Lynn J. Good</u> <u>550 South Tryon Street</u> <u>Charlotte, NC 28202</u>
<u>MGR</u>	<u>Diana M. Jamil</u> <u>550 South Tryon Street</u> <u>Charlotte, NC 28202</u>
<u>MGR</u>	<u>Julia S. Janson</u> <u>550 South Tryon Street</u> <u>Charlotte, NC 28202</u> (SEE attachment)

(Use attachment if necessary)

**ARTICLE V:** Effective date, if other than the date of filing: 08/01/2015 at 10:00 a.m. (OPTIONAL)  
(If an effective date is listed, the date must be specific and cannot be more than five business days prior to or 90 days after the date of filing.)

**Note:** If the date inserted in this block does not meet the applicable statutory filing requirements, this date will not be listed as the document's effective date on the Department of State's records.

**ARTICLE VI:** Other provisions, if any.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**REQUIRED SIGNATURE:**



Signature of a member or an authorized representative of a member.  
This document is executed in accordance with section 605.0203 (1) (b), Florida Statutes.  
I am aware that any false information submitted in a document to the Department of State constitutes a third degree felony as provided for in s 817.155, F.S.

Nancy M. Wright, Assistant Secretary

Typed or printed name of signee

**Filing Fees**

\$125.00 Filing Fee for Articles of Organization and Designation of Registered Agent  
\$ 30.00 Certified Copy (Optional)      \$ 5.00 Certificate of Status (Optional)

**ARTICLE IV - Continued**

The name and address of each person authorized to manage and control the Limited Liability Company:

**Name and Address:**

Lloyd M. Yates MGR  
550 South Tryon Street  
Charlotte, NC 28202

---

**PLAN OF CONVERSION  
OF  
DUKE ENERGY FLORIDA, INC.**

This Plan of Conversion (the "Plan") of Duke Energy Florida, Inc., a Florida corporation (the "Corporation"), is approved as of July 31, 2015.

WHEREAS, the Corporation is organized under the laws of the State of Florida;

WHEREAS, the Corporation desires to convert into and to hereafter become and continue to exist as a Florida limited liability company pursuant to Section 605.1042 *et seq.* of the Florida Revised Limited Liability Company Act (the "LLC Act") and Section 607.1112 *et seq.* of the Florida Business Corporation Act (the "Business Corporation Act");

WHEREAS, pursuant to Section 605.1042 *et seq.* of the LLC Act and Section 607.1112 *et seq.* of the Business Corporation Act, the Board of Directors of the Corporation has, by resolutions duly adopted, recommended this Plan to the sole shareholder of the Corporation (the "Shareholder") to effect the conversion of the Corporation to a Florida limited liability company pursuant to Section 605.1042 *et seq.* of the LLC Act (the "Conversion"), upon the terms and subject to the conditions set forth in this Plan; and

WHEREAS, this Plan has been approved and adopted by the Shareholder;

NOW, THEREFORE, this Plan is hereby approved to convert the Corporation into a Florida limited liability company:

1. Conversion. Upon the terms and subject to the conditions set forth in this Plan, and pursuant to Section 605.1042 *et seq.* of the LLC Act and Section 607.1112 *et seq.* of the Business Corporation Act, at the Effective Time (as hereinafter defined), the Corporation shall be converted into and shall hereafter become and continue to exist as a Florida limited liability company under the name "Duke Energy Florida, LLC" (the "LLC").
  2. Effective Time. The Conversion shall become effective (the "Effective Time") at the effective time and date specified in the Articles of Conversion and Articles of Organization (the "Articles"), in substantially the form attached hereto as Exhibit A, filed with the Secretary of State in the State of Florida.
-



3. Effects of the Conversion. The consummation of the Conversion shall have all of the effects set forth in Section 605.1046 of the LLC Act and Section 607.1114 of the Business Corporation Act. In furtherance, and not in limitation, of the foregoing, at the Effective Time, all of the obligations of the Corporation as well as all of the rights, privileges and powers of the Corporation, and all property, real, personal and mixed, and all debts due to the Corporation or owed by the Corporation, and all franchises, licenses and permits held by the Corporation, as well as all other things and causes of action belonging to the Corporation, shall remain vested in the LLC and shall be the property of the LLC, and the title to any real property vested by deed or otherwise in the Corporation shall not revert or be in any way impaired by reason of Section 605.1046 of the LLC Act and Section 607.1114 of the Business Corporation Act.

4. Operating Agreement of the LLC. At the Effective Time, the bylaws of the Corporation shall be replaced by and the LLC shall be governed by, the LLC operating agreement, substantially in the form attached hereto as Exhibit B as amended in accordance with the terms thereof (the "Operating Agreement").

5. Directors and Officers. The directors of the Corporation immediately prior to the Effective Time shall be the directors of the LLC from and after the Effective Time until their successors are duly appointed and qualified, to serve in accordance with the relevant provisions of the LLC Act (and deemed managers of the Corporation for purposes of the LLC Act) and the terms of the Operating Agreement. The officers of the Corporation immediately prior to the Effective Time shall be the officers of the LLC from and after the Effective Time until their successors are duly appointed and qualified, to serve in accordance with the relevant provisions of the LLC Act and the terms of the Operating Agreement.

6. Conversion of Shares. At the Effective Time, by virtue of the Conversion and without any action on the part of the Corporation, the LLC or any holder thereof, the shares of common stock, no par value, of the Corporation, issued and outstanding immediately prior to the Effective Time, all of which are held by the Shareholder, shall be automatically converted into one hundred percent (100%) of the limited liability company interests of the LLC. Immediately prior to the Effective Time, there shall be outstanding no class or series of capital stock of the Corporation other than its common stock, no par value.

7. Termination. This Plan and the transactions contemplated hereby may be terminated by resolution of the Board of Directors of the Corporation at any time prior to the Effective Time in the manner and to the extent provided in the LLC Act and the Business Corporation Act.

---

8. Effect of Termination. If this Plan is terminated pursuant to Section 7 hereof, this Plan shall become void and of no effect with no liability on the part of any party hereto.

9. Amendment. This Plan and the transactions contemplated hereby may be amended by resolution of the Board of Directors of the Corporation at any time prior to the Effective Time in the manner and to the extent provided in the LLC Act and the Business Corporation Act.

10. Governing Law. This Plan shall be governed by, enforced under and construed in accordance with the laws of the State of Florida without giving effect to any choice or conflict of law provision or rule thereof.

[Remainder of this page intentionally left blank]

---

IN WITNESS WHEREOF, the undersigned hereby approves this Plan of Conversion as of this 31st day of July, 2015.

**FLORIDA PROGRESS CORPORATION,**  
a Florida corporation

By: /s/ Lynn J. Good  
Lynn J. Good  
President

LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF  
Duke Energy Florida, LLC  
(formerly known as Duke Energy Florida, Inc.)  
a Florida Limited Liability Company

Dated as of August 1, 2015

**THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF Duke Energy Florida, LLC** (formerly known as Duke Energy Florida, Inc.) (the "Company"), a limited liability company organized pursuant to the Florida Revised Limited Liability Company Act (the "Act"), is executed as of this 1st day of August, 2015. Florida Progress, LLC, a Florida limited liability company, is the sole member of the Company (the "Member"). Solely for U.S. federal income tax purposes as provided in Treasury Regulations Section 301.7701-3 (as well as for applicable state, local or foreign tax purposes), the Member and the Company intend the Company to be disregarded as an entity that is separate from the Member. For all other purposes (including, without limitation, limited liability protection for the Member from Company liabilities), however, the Member and the Company intend the Company to be respected as a separate legal entity that is separate and apart from the Member.

**ARTICLE I**  
**FORMATION AND BUSINESS OF THE COMPANY**

Section 1.1 Company Name and Formation. The Company was formed upon the conversion of Duke Energy Florida, Inc., a Florida corporation, on August 1, 2015, effective as of the time set forth in the Articles of Conversion of the Company filed with the Florida Secretary of State (the "Conversion").

Section 1.2 Name. The name of the Company shall be Duke Energy Florida, LLC. All business and affairs of the Company shall be conducted under such name or under an assumed name duly approved by the Board.

Section 1.3 Purpose. The purpose of the Company shall be to engage in any lawful business for which limited liability companies may be organized under the Act.

Section 1.4 Term. The term of the Company shall commence on the date hereof and shall continue indefinitely.

Section 1.5 Place of Business. The principal place of business of the Company within the State of Florida shall be located at St. Petersburg, FL. The Company may have such other offices either within or without the State of Florida the Board may designate or as the business of the Company may from time to time require.

Section 1.6 Registered Office and Agency. The address of the registered office of the Company in the State of Florida is 1200 South Pine Island Road, Plantation, FL 33324, and the name of the registered agent is CT Corporation System.

Section 1.7 Authorized Representatives. The "Authorized Representatives" of a Member that is not a natural person shall be those representatives designated by such Member from time to time to represent such Member in connection with the Company, unless and until replaced or removed by such Member. The written statements and representations of an Authorized Representative for a Member that is not a natural Person shall be authorized statements and representations of such Member with respect to the matters covered by this agreement with respect to a Member that is not a natural Person means a decision or action which has been consented to in writing by any Authorized Representative of such Member.

Section 1.8 Tax Treatment. The Company shall be disregarded as an entity separate from its owner for U.S. federal tax purposes as provided in Treasury Regulations Section 301.7701-3 (as well as for applicable state, local or foreign tax purposes). The Member and the Company shall timely make any and all necessary elections and filings such that the Company shall be treated as disregarded as an entity separate from its owner for U.S. federal income tax purposes (as well as for applicable state, local or foreign tax purposes).

## ARTICLE II

### DEFINITIONS

Section 2.1 Definitions. References to an "Article" or a "Section" are, unless otherwise specified, to an Article or a Section of this Agreement. As used in this Agreement, the following terms shall have the meanings set forth respectively after each:

"Act" shall mean the Florida Revised Limited Liability Company Act, as the same may be amended from time to time.

"Affiliate" shall mean with reference to any Person, any other Person of which such Person is a principal, member, director, officer, general partner or employee or any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person.

"Agreement" shall mean this Limited Liability Company Operating Agreement, as the same may be amended hereafter from time to time as provided herein.

"Authorized Representative" shall have the meaning specified in Section 1.7.

"Board" shall have the meaning set forth in Section 4.1.

"Capital Account" means a separate accounting maintained with respect to the Member pursuant to Section 9.2 of this Agreement.

"Capital Contribution" means the contribution by the Member to capital of the Company.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and as the same may be amended hereafter from time to time.

"Company" shall have the meaning specified in the introductory paragraph to this Agreement.

"Company Expenses" shall have the meaning specified in Section 3.9.

"Director" shall mean each such Person who is hereafter elected or designated as a Director of the Company, in accordance with the terms of this Agreement, who shall be deemed a "manager" of the Company for all purposes under the Act and other applicable law.

"Event of Bankruptcy" shall mean the institution by or against a Person of a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights.

"Interest" shall mean (i) a Member's share of the profits and losses of the Company and a Member's rights to receive distributions from the Company in accordance with the provisions of this Agreement and the Act and (ii) such Member's other rights and privileges as herein provided.

"Liquidating Trustee" shall have the meaning set forth in Section 12.2.

"Member" have the meaning specified in the introductory paragraph to this Agreement.

"Officer" shall mean any individual elected or appointed as an officer of the Company pursuant to Section 7.1.

"Person" shall mean an individual, partnership, limited liability company, joint venture, corporation, trust or unincorporated organization, a government or agency or political subdivision thereof and any other entity.

"Related Persons" shall have the meaning specified in Section 3.3.

"Treasury Regulations" shall mean the Income Tax Regulations promulgated under the Code, as the same may be amended hereafter from time to time.

### ARTICLE III

#### MANAGEMENT OF THE COMPANY

Section 3.1 Designation of Directors. The Directors collectively shall have the power on behalf and in the name of the Company to make all decisions and take all actions which they may deem necessary or desirable, including, without limitation, the following:

- (a) managing the day-to-day operation of the Company;
- (b) entering into, making and performing contracts, agreements and other undertakings binding upon the Company that may be necessary, appropriate or advisable in furtherance of the purposes of the Company and making all decisions and waivers thereunder;
- (c) opening and maintaining bank and investment accounts and arrangements, drawing checks and other orders for the payment of money, and designating individuals with authority to sign or give instructions with respect to those accounts and arrangements;
- (d) investing Company funds;
- (e) maintaining the assets of the Company in good order;
- (f) to the extent that funds of the Company are available therefor, paying debts and obligations of the Company;
- (g) borrowing money or otherwise incurring indebtedness on such terms and conditions as the Directors may deem appropriate and, in connection therewith, hypothecating, encumbering and/or granting security interests in the assets of the Company to secure the repayment of such monies or other indebtedness of the Company, provided that in no event shall any such borrowing be recourse to the Member unless expressly agreed in writing by the Member;
- (h) executing instruments and documents, including, without limitation, checks, drafts, notes and other negotiable instruments, mortgages or deeds of trust, pledge agreements, security agreements, financing statements, documents providing for the acquisition, mortgaging or disposition of the Company's property, assignments, bills of sale, leases and any other instruments or documents necessary, in the opinion of the Directors or a duly elected or appointed Officer of the Company, acting within the scope of his or her authority, to the business of the Company;
- (i) entering into any and all other agreements with any other Person for any purpose in furtherance of the business of the Company, in such form as the Directors or a duly elected or appointed Officer of the Company, acting within the scope of his or her authority, may approve;



(j) the bringing or defending, paying, collecting, compromising, arbitrating, resorting to legal action, or other adjustment of claims or demands of or against the Company;

(k) selecting, removing and changing the authority and responsibility of lawyers, accountants, and other advisers and consultants;

(l) obtaining insurance for the Company;

(m) taking all actions necessary to effectuate transactions pursuant to Article VIII hereof; and

(n) such other matters as may be necessary or advisable in connection with the operation of the business and conduct of affairs of the company and the accomplishment of the purposes of the Company.

The Directors or their duly authorized appointees or Officers of the Company may execute and deliver contracts and agreements on behalf of the Company in furtherance of the foregoing, without the consent of the Member, and otherwise act for and bind the Company. Third parties may conclusively rely upon the act of the Directors as evidence of the authority of the Directors for all purposes in respect of their dealings with the Company.

Section 3.2 Additional Powers, Duties and Limitations with respect to the Directors.

(a) Generally. The Directors shall be responsible for, and shall render to the Company, such services as are reasonably necessary for the daily management, conduct and direction of the property, business and affairs of the Company. No compensation shall be paid to the Directors for the performance of such services, nor shall the Directors be reimbursed for any expenses incurred in their capacity as such, except as otherwise provided in this Agreement, including without limitation Section 4.3 hereof. No Director shall have the ability individually to bind or act for the Company, rather, the Directors may only act collectively through action of the Board subject to and in accordance with the terms and conditions of this agreement.

(b) Limitation on Liability for Acts and Omissions of the Directors. The Company shall pay any and all liability, loss, cost, expense (including reasonable attorneys' fees and disbursements) or damage incurred or sustained by the Directors by reason of any act or omission in the conduct of the business of the Company in accordance with the provisions of Section 11.1 hereof. The Directors, acting in good faith, shall be entitled to rely on the advice of legal counsel, accountants and/or other experts or professional advisers and any act or omission of the Directors acting in reliance upon such advice shall in no event subject such Directors to liability to the Company or any Member.

Section 3.3 Limitation on Liabilities and Powers of the Member. Neither the Directors or their Affiliates or any Member or its Affiliates or any officer, director, partner, member or shareholder, employee or agent of the Directors or any Member (collectively, "Related Persons") shall have (a) any personal liability for any debts, liabilities or obligations of the Company, whether arising in contract or tort or otherwise, or (b) any obligation to the Company, except, in each case, as specifically provided elsewhere in this Agreement or under the Act. Except to the extent expressly provided for herein and permitted under the Act, the Member shall not participate in the operation, management or control (within the meaning of the Act) of the business of the Company and shall have no right or authority to act for or on behalf of the Company or to sign for or bind the Company.

Section 3.4 Employment of Third Parties By the Company. The Company, may, by action of its Officers, from time to time, employ any Person or engage third parties to render accounting, financial advisory and legal services to the Company. Persons retained or engaged by the Officers, on its behalf, may also be engaged, retained or employed by and act on behalf of the Directors, the Member or any of their respective Affiliates.

Section 3.5 Filings. The Directors are hereby authorized to execute and file all instruments, certificates, notices and documents, and to do or cause to be done all such filing, recording, publishing and other acts as may be deemed by the Directors to be necessary or appropriate from time to time to comply with all applicable requirements for the formation or operation or, when appropriate, termination of a limited liability company in the State of Florida and all other jurisdictions where the Company does or shall desire to conduct its business.

Section 3.6 Expenses. The Company will be responsible for all expenses ("Company Expenses"), including, without limitation, (i) all reasonable accounting and legal expenses incurred in connection with Company operations, (ii) all reasonable costs incurred in connection with the preparation of or relating to reports made to the Member, (iii) all reasonable costs related to litigation involving the Company, directly or indirectly, including, without limitation, attorneys' fees incurred in connection therewith, (iv) all reasonable costs related to the Company's obligations set forth in Sections 3.2 and 11.1, and (v) all reasonable out-of-pocket expenses related to the organization and formation of the Company.

#### ARTICLE IV BOARD OF DIRECTORS

Section 4.1 Appointment and Removal of Directors. Except as otherwise expressly provided in this Agreement, the Articles of Conversion and Articles of Organization or the Act, all decisions with respect to the management of the business and affairs of the Company shall be made by a Board of Directors (the "Board"), each of whom shall be appointed by the Member. Any Director may be removed at any time with or

without cause by the Member. Upon the removal of a Director, such Director shall cease to be a "manager" (within the meaning of the Act).

Section 4.2 Number and Qualifications of Directors. The number of Directors constituting the Board may be fixed from time to time by the Member.

Section 4.3 Compensation of Directors. Directors, as such, may receive fixed fees and other compensation for their services as Directors as may be determined by the Member, including, without limitation, their services as members of committees of the Board.

## ARTICLE V MEETINGS OF DIRECTORS

Section 5.1 Special Meetings. Special meetings of the Board may be called at the request of the Member, the Chairman of the Board or a majority of the Board then in office. The person or persons authorized to call special meetings of the Board may fix the place and time of the meetings.

Section 5.2 Notice. Notice of any special meeting of the Board shall be given to each Director at such Director's business or residence in writing by hand delivery, first-class or overnight mail or courier service, facsimile or electronic transmission or orally by telephone. If mailed by first-class mail, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five (5) calendar days before such meeting. If by overnight mail or courier service, such notice shall be deemed adequately delivered when the notice is delivered to the overnight mail or courier service company at least 24 hours before such meeting. If by facsimile or electronic transmission, such notice shall be deemed adequately delivered when the notice is transmitted at least 12 hours before such meeting. If by telephone or by hand delivery, the notice shall be given at least 12 hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice of such meeting.

Section 5.3 Quorum and Manner of Acting. Unless the Articles of Organization or this Operating Agreement provide otherwise, a majority of the number of Directors fixed pursuant to this Operating Agreement shall constitute a quorum for the transaction of business at any meeting of the Board. Unless required by law or the Articles of Organization or this Operating Agreement provide otherwise, the affirmative vote of a majority of the Directors present at a meeting at which a quorum is present and voting on the matter shall be the act of the Board.

Section 5.4 Action by Consent of Board. On any matter that is to be voted on, consented to or approved by the Board, the Board may take such action without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the

action so taken, shall be signed by the Directors having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Directors entitled to vote thereon were present and voted. On any matter that is to be voted on by Directors, the Directors may vote in person or by proxy, and such proxy may be granted in writing, by means of electronic transmission or as otherwise permitted by applicable law. A consent transmitted by electronic transmission by a Director or by a person or persons authorized to act for a Director shall be deemed to be written and signed for purposes of this Agreement. For purposes of this Agreement, the term "electronic transmission" means any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 5.5 Conference Telephone Meetings. Members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

## ARTICLE VI COMMITTEES OF THE BOARD OF DIRECTORS

Section 6.1 Committees and Powers. The Board may designate one or more Committees of the Board, which shall consist of one or more Directors. Any such Committee may to the extent permitted by law exercise such powers and shall have such responsibilities as shall be specified in the designating resolution. A Committee of the Board may not (i) authorize distributions; (ii) approve, or propose to the Member, action that is required by law to be approved by the Member; (iii) fill vacancies on any Committee; (iv) authorize or approve reacquisition of Interests, except according to a formula or method prescribed by the Board; or (v) authorize or approve the issuance or sale or contract for the sale of Interests. The Board shall have power at any time to fill vacancies in, to change the membership of, or to dissolve any such Committee. Nothing herein shall be deemed to prevent the Board from appointing one or more Committees consisting in whole or in part of persons who are not Directors of the Company; provided, however, that no such Committee shall have or may exercise any authority of the Board.

Section 6.2 Quorum and Manner of Acting. Each Committee shall keep written minutes of its proceedings and shall report such proceedings to the Board when required. The provisions of this Agreement governing meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements of the Board apply to Committees of the Board established under Section 6.1.

Section 6.3 Meetings and Notice. Each Committee shall fix the time and place of its meetings, unless the Board shall otherwise provide. Notice of meetings of any

Committee shall be given to each member of the Committee in the manner provided for in Section 5.2.

## ARTICLE VII OFFICERS

Section 7.1 Elected and Appointed Officers. The elected Officers of the Company shall be a Chief Executive Officer, a President, a Secretary, a Treasurer, a Controller and such other Officers (including, without limitation, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents) as the Board may deem proper. Elected Officers shall have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article VII, including, without limitation, the duty to engage third parties to render accounting, financial advisory and legal services to the Company on such terms and for such compensation as the Officers may reasonably determine. Such Officers shall also have such powers and duties as from time to time may be conferred by the Board or by any Committee thereof. The Board or the Chief Executive Officer may from time to time appoint such other Officers (including one or more Vice Presidents, Assistant Secretaries, Assistant Treasurers and Assistant Controllers), as may be necessary or desirable for the conduct of the business of the Company. Such other Officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in this Operating Agreement or, to the extent consistent with this Operating Agreement, as may be prescribed by the Board or the Chief Executive Officer. The Officers of the Company shall consist of such Officers as the Board may designate as Officers from time to time, who may or may not be "executive officers" as defined under rules and regulations of the Securities and Exchange Commission.

Section 7.2 Election and Term of Office. Officers of the Company may be elected by the Board at the regular annual meeting of the Board and at such other times as the Board may deem necessary. Officers may be appointed by the Chief Executive Officer to the extent authority to make such appointments is delegated by the Board to the Chief Executive Officer. Each Officer shall hold office until such person's successor shall have been duly elected and shall have qualified or until such person's death or until he or she shall resign or shall be removed pursuant to Section 7.10.

Section 7.3 Chairman of the Board and Chief Executive Officer. The Chief Executive Officer of the Company shall be the Chairman of the Board and shall be responsible for the general management of the affairs of the Company and shall perform all duties incidental to such person's office which may be required by law and all such other duties as are properly required of the Chief Executive Officer or the Chairman of the Board by the Board. The Chairman of the Board shall preside at all meetings of the Board and shall make reports to the Board and to the Member, and shall see that all orders and resolutions of the Board and of any Committee thereof are carried into effect. The Chief Executive Officer may also serve as President, if so elected by the Board.

Section 7.4 President. The President shall act in a general executive capacity and shall assist the Chief Executive Officer in the administration and operation of the Company's business and general supervision of its policies and affairs. The President shall, unless the President is also serving as the Chief Executive Officer, in the absence of or because of the inability to act of the Chief Executive Officer, perform all duties of the Chief Executive Officer and preside at all meetings of the Board.

Section 7.5 Vice Presidents. The Executive Vice Presidents, the Senior Vice Presidents and the Vice Presidents shall have such powers and duties as may be prescribed for them, respectively, by the Board or the Chief Executive Officer. Each of such Officers shall report to the Chief Executive Officer or such other Officer as the Board or the Chief Executive Officer shall direct.

Section 7.6 Secretary. The Secretary shall attend all meetings of the Board, shall keep a true and faithful record thereof in proper books and shall have the custody and care of the corporate seal, records, minute books and stock books of the Company and of such other books and papers as in the practical business operations of the Company shall naturally belong in the office or custody of the Secretary or as shall be placed in the Secretary's custody by order of the Board. The Secretary shall keep a suitable record of the address of the Member and shall, except as may be otherwise required by statute or this Operating Agreement, sign and issue all notices required for meetings of the Board. The Secretary shall sign all papers to which the Secretary's signature may be necessary or appropriate, shall affix and attest the seal of the Company to all instruments requiring the seal, shall have the authority to certify the Operating Agreement, resolutions of the Member or the Board and other documents of the Company as true and correct copies thereof and shall have such other powers and duties as are commonly incidental to the office of Secretary and as may be prescribed by the Board or the Chief Executive Officer.

Section 7.7 Treasurer. The Treasurer shall have charge of and supervision over and be responsible for the funds, securities, receipts and disbursements of the Company; cause the moneys and other valuable effects of the Company to be deposited in the name and to the credit of the Company in such banks or trust companies or with such bankers or other depositories as shall be selected in accordance with resolutions adopted by the Board; cause the funds of the Company to be disbursed by checks or drafts upon the authorized depositories of the Company, and cause to be taken and preserved proper vouchers for all moneys disbursed; render to the proper Officers and to the Board and the Finance Committee or similar Committee, if any, whenever requested, a statement of the financial condition of the Company and of all his or her transactions as Treasurer; cause to be kept at the principal executive offices of the Company correct books of account of all its business and transactions; and, in general, perform all duties incident to the office of Treasurer and such other duties as are given to him or her by the Operating Agreement or as may be assigned to him or her by the Board or the Chief Executive Officer.

Section 7.8 Controller. The Controller shall be the chief accounting officer of the Company; shall keep full and accurate accounts of all assets, liabilities, commitments,

revenues, costs and expenses, and other financial transactions of the Company in books belonging to the Company, and conform them to sound accounting principles with adequate internal control; shall cause regular audits of these books and records to be made; shall see that all expenditures are made in accordance with procedures duly established, from time to time, by the Company; shall render financial statements upon the request of the Board; and, in general, shall perform all the duties ordinarily connected with the office of Controller and such other duties as may be assigned to him or her by the Board or the Chief Executive Officer.

Section 7.9 Assistant Secretaries, Assistant Treasurers and Assistant Controllers. Assistant Secretaries, Assistant Treasurers and Assistant Controllers, when elected or appointed, shall respectively assist the Secretary, the Treasurer and the Controller in the performance of the respective duties assigned to such principal Officers, and in assisting such principal Officer, each of such assistant Officers shall for such purpose have the powers of such principal Officer; and, in case of the absence, disability, death, resignation or removal from office of any principal Officer, such principal Officer's duties shall, except as otherwise ordered by the Board, temporarily devolve upon such assistant Officer as shall be designated by the Board or the Chief Executive Officer.

Section 7.10 Removal. Any Officer or agent may be removed by the Board at any time and for any reason. In addition, any Officer or agent appointed by the Chief Executive Officer may be removed by the Chief Executive Officer whenever, in his or her judgment, the best interests of the Company would be served thereby. Any removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 7.11 Vacancies. A newly created elected office and a vacancy in any elected office because of death, resignation or removal may be filled by the Board. Any vacancy in any office appointed by the Chief Executive Officer because of death, resignation or removal may be filled by the Chief Executive Officer.

## ARTICLE VIII

### CONTRACTS, CHECKS, DRAFTS, DEPOSITS AND PROXIES

Section 8.1 Contracts. The Board may authorize any Officer or Officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Company, and such authority may be general or confined to specific instances.

Section 8.2 Checks and Drafts. All checks, drafts or other orders for the payment of money, issued in the name of the Company, shall be signed by such Officer or Officers, agent or agents of the Company and in such manner as shall from time to time be determined by the Board or the Chief Executive Officer.

Section 8.3 Deposits. All funds of the Company not otherwise employed shall be deposited from time to time to the credit of the Company in such depositories as may be selected by or under the authority of the Board.

Section 8.4 Proxies. Unless otherwise provided by the Board, the Chief Executive Officer, the President or any Executive Vice President, Senior Vice President or Vice President may from time to time appoint an attorney or attorneys or agent or agents of the Company, in the name and on behalf of the Company, to cast the votes which the Company may be entitled to cast as the holder of stock or other securities in any other entity, any of whose stock or other securities may be held by the Company, at meetings of the holders of the stock or other securities of such other entity, or to consent in writing, in the name of the Company as such holder, to any action by such other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Company and under seal or otherwise, all such written proxies or other instruments as he or she may deem necessary or proper in the premises.

#### **ARTICLE IX CAPITAL CONTRIBUTIONS; ALLOCATIONS AND DISTRIBUTIONS**

Section 9.1 Capital Contributions. Upon the formation of the Company, the Member shall not be required to make a Capital Contribution. Capital Contributions shall be made from time to time as the Member shall determine.

Section 9.2 Capital Accounts. A Capital Account shall be maintained for the Member to which shall be credited (i) the Member's Capital Contributions, if any and (ii) all Company revenues. The Capital Account shall be debited with (i) all costs, expenses, and losses of the Company and (ii) the amount of any distributions (including return of capital) made to the Member. No interest shall be paid on the Member's Capital Account.

Section 9.3 Allocation of Profits and Losses. All profits and losses of the Company shall be allocated to the Member.

Section 9.4 Distributions. All distributions of cash or other assets of the Company shall be made to the Member when and as determined by the Member, subject to any limitations or restrictions provided for in the Act.



**ARTICLE X**  
**MAINTENANCE OF BOOKS AND RECORDS, ETC.**

Section 10.1 Books and Records. The Company shall maintain those books and records required to be maintained by Section 605.0410 of the Act, along with such other books and records as the Board or the Controller may determine from time to time. All such books and records shall at all times be made available at the principal office of the Company and shall be open to the reasonable inspection and examination by the Directors or their duly authorized representatives during normal business hours.

Section 10.2 Reports to the Florida Secretary of State. Pursuant to Section 605.0212 of the Act, the Directors shall cause an annual report to be filed with the Florida Secretary of State with respect to each Fiscal Year, which sets forth all of the information as required under that section of the Act.

**ARTICLE XI**  
**INDEMNIFICATION**

Section 11.1 In General. Any person who is or was serving as a Member, Director, Officer, employee or agent of the Company or who, at the request of the Company, is or was serving as a director, manager, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise or person or as a trustee or administrator under an employee benefit plan, shall be indemnified by the Company, to the fullest extent permitted by law, against (a) litigation expenses, including costs, expenses and reasonable attorneys' fees incurred by any such person in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, whether formal or informal, and whether or not brought by or on behalf of the Company, arising out of such person's status as such or such person's activities in any of the foregoing capacities, (b) liability, including payments made by such person in satisfaction of any judgment, money decree, fine (including an excise tax assessed with respect to an employee benefit plan), penalty or settlement for which such person may have become liable in any such action, suit or proceeding, (c) payments made and personal liabilities reasonably incurred in the authorized conduct of the business of the Company or for the preservation of its business and its property and (d) reasonable costs, expenses and attorneys' fees incurred by such person in connection with the enforcement of the indemnification rights provided herein. Any Person who is or was serving in any of the foregoing capacities for or on behalf of the Company shall be conclusively deemed to be doing or to have done so in reliance upon, and as consideration for, the indemnification rights provided herein.

The rights of indemnification provided herein (which shall be deemed to be a contract between any such person and the Company enforceable on the part of such person notwithstanding any subsequent amendment or repeal of this Agreement) shall inure to the benefit of the successors, estates or legal representatives of any such Person and

shall not be exclusive of any other rights to which such Person may be entitled apart from this Agreement, by contract, resolution or otherwise.

**ARTICLE XII**  
**CESSATION OF MEMBERSHIP, DISSOLUTION, LIQUIDATION AND TERMINATION**

Section 12.1 Cessation of Membership. A Person shall cease to be a Member only upon the assignment of such Person's entire interest and as otherwise expressly provided in this Agreement or the Company's Articles of Organization.

Section 12.2 Dissolution and Termination.

(a) The Company shall be dissolved and its affairs shall be wound up upon the first to occur of any of the following events (an "Event of Dissolution"):

- (i) the decision by the Board to dissolve, wind up and liquidate the Company; or
- (ii) the entry of a judicial dissolution pursuant to Section 605.0705 of the Act.

(b) An Event of Bankruptcy affecting any Member or the transfer of any interests shall not constitute an Event of Dissolution.

(c) Dissolution of the Company shall be effective on the effective date of the Event of Dissolution, but the Company shall not terminate until the assets thereof have been distributed in accordance with the provisions of Section 12.5 hereof and all other provisions of the Act with respect to the dissolution of a limited liability company have been complied with. Notwithstanding the dissolution of the Company, prior to the termination of the Company, the business, assets and affairs of the Company shall continue to be governed by this Agreement.

Section 12.3 Liquidating Trustee. Upon the occurrence of an Event of Dissolution, sole and plenary authority to effectuate the liquidation of the Company shall be vested in the Board or a Person designated by the Board to effectuate the liquidation of the Company or if the Board elects not to effectuate such liquidation and fails to designate a liquidator, such Person as is selected by the Member (the "Liquidating Trustee"). The Liquidating Trustee shall proceed diligently to wind up the affairs of the Company, liquidate the assets of the Company in an orderly and businesslike manner consistent with obtaining the fair value thereof and distribute the assets of the Company in accordance with the provisions of Section 12.5 hereof. A reasonable amount of time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities to creditors so as to enable the Liquidating Trustee to minimize the losses attendant upon such liquidation. Prior to such distribution of the Company's assets, the Liquidating Trustee shall continue

to exploit the rights, activities and properties of the Company consistent with the sale or liquidation thereof, exercising in connection therewith all of the power and authority of the Board as herein set forth.

Section 12.4 Accounting upon Dissolution and Termination. Upon the distribution of the assets of the Company in accordance with the provisions of Section 12.5 hereof, the Liquidating Trustee shall cause the Company's accountants to make a full and proper accounting of the assets, liabilities and operations of the Company, as of and through the date on which such distribution occurs.

Section 12.5 Distribution of Assets.

(a) As expeditiously as possible after the occurrence of an Event of Dissolution and the liquidation of the assets of the Company, the assets of the Company, including the proceeds of any such liquidation, shall be applied and distributed in the following order of priority:

(i) First, all liabilities and obligations of the Company (including, without limitation, loans from the Member) shall be paid to creditors of the Company or provided for (whether by establishing reasonable reserves or otherwise as the Liquidating Trustee shall reasonably deem appropriate); and

(ii) Second, to the Member.

(b) The Liquidating Trustee shall have the authority to establish reasonable reserves for the payment of liabilities and obligations of the Company or to otherwise provide for the payment of Company liabilities and obligations as the Liquidating Trustee shall reasonably deem appropriate (as aforesaid). All saleable assets of the Company may be sold in connection with the liquidation of the Company at public or private sale and at such price and upon such terms as the Liquidating Trustee, in its sole discretion, may deem advisable. The Member or any other Related Person may purchase assets at such sale. The Liquidating Trustee shall determine, in its sole discretion, which assets of the Company shall be liquidated through sale and which assets of the Company shall be distributed in kind.

Section 12.6 Termination. Upon compliance with the foregoing distribution plan, the Company shall cease to be such, and the Liquidating Trustee shall execute, acknowledge and cause to be filed with the Secretary of State of the State of Florida articles of dissolution of the Company.

**ARTICLE XIII**  
**MISCELLANEOUS**

Section 13.1 Successors and Assigns; Third Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the Member and its legal representatives, administrators, executors, successors and assigns. Except as set forth in Article XI, none of the provisions of this Agreement shall be for the benefit of or enforceable by any Person not a party hereto.

Section 13.2 Sole Operating Agreement. This Agreement, together with the documents expressly referred to herein, each as amended or supplemented, constitutes the sole operating agreement of the Company.

Section 13.3 Assignment. An assignee of a Member shall automatically become a Member, provided the assignee consents.

Section 13.4 Choice of Law; Forum and Waiver of Jury Trial. This Agreement shall be construed in accordance with the laws of the State of Florida, without regard to the choice of laws rules thereof, and the obligations, rights and remedies of the Member hereunder shall be determined in accordance with such laws. Any legal suit, action or proceeding against any of the parties hereto arising out of or relating to this Agreement shall only be instituted in any federal or state court in Florida.

Section 13.5 Interpretation. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, the feminine or neuter gender shall include the masculine, the feminine and the neuter.

Section 13.6 Captions. Captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit or extend or otherwise affect the scope or intent of this Agreement or any provision hereof.

Section 13.7 Severability. If any provision of this Agreement, or the application of such provision to any Person or circumstance, shall be held invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions of this Agreement, or the application of such provision in jurisdictions or to Persons or circumstances other than those to which it is held invalid, illegal or unenforceable shall not be affected thereby.

Section 13.8 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

Section 13.9 Non-Waiver. No provision of this Agreement shall be deemed to have been waived unless such waiver is contained in a written notice given to the party claiming such waiver has occurred, provided that no such waiver shall be deemed to be a waiver of any other or further obligation or liability of the party or parties in whose favor the waiver was given.

Section 13.10 Time Periods. In applying any provision of this Agreement which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

Section 13.11 Resignations. Any Director or any Officer, whether elected or appointed, may resign at any time by giving written notice of such resignation to the Board, the Chairman of the Board or the Secretary, and such resignation shall be deemed to be effective when communicated unless the notice specifies a later effective date. No formal action shall be required on behalf of the Company to make any such resignation effective. Upon the effectiveness of any such resignation, such Director shall cease to be a "manager" (within the meaning of the Act).

Section 13.12 Continuation of Obligations. The Company hereby expressly covenants, agrees and confirms, notwithstanding the Conversion, (i) that its obligation promptly to pay, perform and discharge when due each and every debt, obligation, covenant and agreement incurred, made or to be paid, performed or discharged by the Company under the indenture dated as of January 1, 1944, between Duke Energy Florida, Inc., and The Bank of New York Mellon, as successor trustee, as supplemented (the "Mortgage") continues upon the Conversion, (ii) that, pursuant to Section 605.1046 of the Act and Section 607.1114 of the Florida Business Corporation Act, title to all real estate and other property owned by the Company, prior to the Conversion, continues to be vested in the Company upon the Conversion, without reversion or impairment and that all liabilities of the Company, prior to the Conversion, continue as liabilities of the Company upon the Conversion; (iii) that all rights of holders of First Mortgage Bonds outstanding under the Mortgage and of the Trustees which existed immediately prior to the Conversion are preserved unimpaired; and (iv) that all debts, liabilities and duties of the Company under the Mortgage which existed immediately prior to the Conversion may be enforced against it to the same extent as if said debts, liabilities and duties had originally been incurred or contracted by it in its capacity as a Florida limited liability company.

#### ARTICLE XIV AMENDMENTS

Section 14.1 Amendment. Except as required by law or as otherwise provided in the Articles of Organization or in this Agreement, this Agreement may be amended or repealed and a new Agreement may be adopted only by the Member.

**IN WITNESS WHEREOF**, the undersigned has executed this Agreement as of the date set forth on the first page of this Agreement.

**FLORIDA PROGRESS, LLC**

By: /s/ Lynn J. Good  
Lynn J. Good  
Chief Executive Officer

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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 6, 2015**

**DUKE ENERGY CORPORATION**

(Exact Name of Registrant as Specified in Charter)

**Delaware  
(State or Other Jurisdiction  
of Incorporation)**

**001-32853  
(Commission  
File No.)**

**20-2777218  
(IRS Employer  
Identification No.)**

**550 South Tryon Street, Charlotte, North Carolina, 28202  
(Address of principal executive offices, including zip code)**

**(704) 594-6200  
(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))

---

**Item 2.02 Results of Operations and Financial Condition**

On August 6, 2015, Duke Energy Corporation issued a news release announcing its financial results for the second quarter ended June 30, 2015. 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 August 6, 2015



---

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 thereunto duly authorized.

DUKE ENERGY CORPORATION

/s/ BRIAN D. SAVOY

Brian D. Savoy  
Senior Vice President, Chief Accounting Officer and  
Controller

Dated: August 6, 2015

---

**EXHIBIT INDEX**

<u>Exhibit</u>	<u>Description</u>
99.1	News Release issued by Duke Energy Corporation on August 6, 2015

Exhibit 99.1



## News Release

Media Contact: Tom Shiel  
24-Hour: 800.559.3853

Analysts: Bill Currens  
Office: 704.382.1603

Aug. 6, 2015

### Duke Energy reports second quarter 2015 financial results

- Second quarter 2015 adjusted diluted earnings per share (EPS) were 95 cents, compared to \$1.11 for the second quarter of 2014
- Reported diluted EPS of 78 cents for second quarter 2015, compared to 86 cents in second quarter of 2014
- Company remains on track to achieve its 2015 adjusted diluted earnings guidance range of \$4.55 to \$4.75 per share

CHARLOTTE, N.C. -- Duke Energy today announced second quarter 2015 adjusted diluted EPS of 95 cents, compared to \$1.11 for the second quarter of 2014. Second quarter 2015 reported EPS was 78 cents, compared to 86 cents for the same period last year.

Earnings for the second quarter of 2015 were lower than the prior year quarterly results, primarily due to one-time tax items that did not recur in the current year. Results also were affected by continued weakness in the International business, particularly Brazil, and the timing of O&M expenses at Regulated Utilities.

Year-to-date adjusted diluted EPS through the second quarter of 2015 is in line with the company's expectations. The company remains on track to achieve its 2015 adjusted diluted earnings guidance range of \$4.55 to \$4.75 per share.

Strength in the Regulated Utility business, coupled with the execution of the Midwest Generation sale and related share buyback, have served to offset weakness in the International business thus far in 2015.

"Operationally, we met our customers' energy needs in the second quarter during extended periods of warmer than normal temperatures particularly in the Southeast," said Lynn Good, president and CEO. "Equally important, we continued to follow through on the growth initiatives that will provide long-term benefits for our customers.

"We also continue to focus on providing solid returns for our shareholders," Good added. "Last month, our board approved an approximate 4 percent increase in the quarterly dividend payment, reflecting its confidence in the strength of our core businesses and cash flows."

---

Duke Energy News Release

2

### **Business unit results**

In addition to the summary business unit discussion below, a comprehensive table of quarterly and year-to-date adjusted earnings per share drivers compared to the prior year is provided on pages 16 and 17.

The discussion below of second quarter results includes adjusted segment income, which is a non-GAAP financial measure. The tables on pages 25 through 28 present a reconciliation of reported results to adjusted results.

### **Regulated Utilities**

Regulated Utilities recognized second quarter 2015 adjusted segment income of \$632 million, compared to \$689 million in the second quarter 2014, a decrease of 9 cents per share, excluding the benefit of the accelerated stock repurchase program.

Lower quarterly results at Regulated Utilities were primarily driven by:

- Higher O&M expense (-\$0.11 per share) due to the timing of planned outages in the generation fleet. This includes the impact of nuclear outage cost levelization (-\$0.05 per share)
- Higher depreciation and amortization expense (-\$0.05 per share) primarily resulting from additional plant in-service
- Higher effective tax rate (-\$0.04 per share) primarily due to a favorable prior-year state tax settlement

These unfavorable drivers were partially offset by:

- Higher weather-normal retail volumes (+\$0.05 per share) of 1.7 percent compared to 2014
- Favorable weather (+\$0.03 per share) driven by warmer than normal temperatures, primarily in the Carolinas
- Higher revenues from increased pricing and riders (+\$0.03 per share) due to increased energy efficiency programs and prior-year true-ups that did not recur
- Increased wholesale net margins (+\$0.02 per share) primarily resulting from growth in contracted amounts

On a year-to-date basis, Regulated Utilities recognized adjusted segment income of \$1,406 million, compared to \$1,426 million in the comparable year-to-date period of 2014, a decrease of 4 cents per share, excluding the benefit of the accelerated stock repurchase program.

Decreased year-to-date results at Regulated Utilities were primarily driven by:

- Higher O&M expense (-\$0.12 per share) due to the timing of planned outages in the generation fleet. This includes the impact of nuclear outage cost levelization (-\$0.07 per share) and is offset by lower storm costs

---

Duke Energy News Release

3

- Higher depreciation and amortization expense (-\$0.08 per share) primarily resulting from additional plant in-service
- Higher effective tax rate (-\$0.04 per share) primarily due to a favorable prior-year state tax settlement

These unfavorable drivers were partially offset by:

- Higher revenues from increased pricing and riders (+\$0.07 per share) due to increased energy efficiency programs and prior-year true-ups that did not recur
- Increased wholesale net margins (+\$0.06 per share) primarily due to growth in contracted amounts
- Higher AFUDC equity (+\$0.03 per share) due to increased capital spending
- Higher weather-normal retail volumes (+\$0.02 per share) of 0.5 percent compared to 2014
- Favorable weather (+\$0.02 per share) across Duke Energy's service territories

**International Energy**

International Energy recognized second quarter 2015 adjusted segment income of \$52 million, compared to \$146 million in the second quarter 2014, a decrease of 13 cents per share.

Lower quarterly results at International Energy were primarily driven by:

- Unfavorable results in Latin America (-\$0.13 per share) primarily due to a prior-year favorable tax adjustment in Chile (-\$0.07 per share), impacts from the weak economy and lower demand for electricity in Brazil (-\$0.04 per share), as well as foreign currency exchange rates (-\$0.01 per share)

On a year-to-date basis, International Energy recognized adjusted segment income of \$88 million, compared to \$276 million in the comparable year-to-date period of 2014, a decrease of 26 cents per share.

Lower year-to-date earnings at International Energy were driven by:

- Weaker results in Latin America (-\$0.23 per share), primarily due to a prior-year non-recurring tax benefit in Chile (-\$0.07 per share), impacts from the weak economy and lower demand for electricity in Brazil (-\$0.12 per share) as well as unfavorable foreign currency exchange rates (-\$0.01 per share)
- Lower margins at National Methanol (-\$0.03 per share), largely driven by lower MTBE and methanol prices

---

Duke Energy News Release

4

### **Commercial Portfolio**

Subsequent to the sale of its nonregulated Midwest Commercial Generation Business to Dynegy Inc. in April, Commercial Portfolio (formerly Commercial Power) includes Duke Energy's unregulated renewable assets as well as its commercial electric and gas transmission investments.

Commercial Portfolio recognized second quarter 2015 adjusted segment income of \$8 million, compared to \$16 million in the second quarter 2014, a decrease of 1 cent per share. The decline in Commercial Portfolio's quarterly earnings is primarily due to lower earnings from the renewables fleet resulting from lower wind resources.

On a year-to-date basis, Commercial Portfolio recognized adjusted segment income of \$103 million, compared to \$26 million in the comparable year-to-date period of 2014, an increase of 11 cents per share.

Commercial Portfolio's higher year-to-date earnings were driven by higher results from the Midwest Generation fleet during the first quarter 2015 (+\$0.14 per share), partially offset by lower earnings from the renewables fleet (-\$0.01 per share) resulting from lower wind resources.

### **Other**

On an adjusted basis, Other primarily includes corporate interest expense not allocated to the business units, results from Duke Energy's captive insurance company, other investments, and quarterly income tax levelization adjustments.

Other recognized a second quarter 2015 adjusted net expense of \$34 million, compared to net expense of \$65 million in the second quarter 2014, an improvement of 4 cents per share.

On a year-to-date basis, Other recognized adjusted net expense of \$58 million, compared to \$113 million in the comparable period of 2014, an improvement of 8 cents per share. Other's quarterly and year-to-date results were primarily driven by favorable results from the company's captive insurance business and favorable income tax levelization adjustments.

The consolidated adjusted effective tax rate for second quarter 2015 was 31.2 percent, compared to 28.2 percent in the second quarter of 2014. On a year-to-date basis, the consolidated adjusted effective tax rate was 32 percent, compared to 31.1 percent in the prior year. Adjusted effective tax rate is a non-GAAP financial measure. The tables on pages 29 and 30 present a reconciliation of reported effective tax rate to adjusted effective tax rate.

**Accelerated stock repurchase program**

In connection with the transaction to sell the Midwest Generation business to Dynegy for \$2.8 billion, which closed on April 2, 2015, Duke Energy completed a \$1.5 billion accelerated stock repurchase program (ASR). The program resulted in share retirements of approximately 19.8 million, providing a benefit to the second quarter 2015 and year-to-date results of approximately 3 cents per share.

As a result of the ASR, weighted-average shares of Duke Energy common stock outstanding in 2015 are expected to be approximately 695 million.

**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 updates.

The conference call will be hosted by Lynn Good, 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 877-874-1586 in the United States or 719-325-4817 outside the United States. The confirmation code is 2859838. 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. 16, 2015, by calling 888-203-1112 in the United States or 719-457-0820 outside the United States and using the code 2859838. A replay and transcript also will be available by accessing the investors' section of the company's website.

**Special items and non-GAAP reconciliation**

Special items affecting Duke Energy's adjusted diluted EPS for quarterly results in 2015 and 2014 include:

(In millions, except per-share amounts)	<u>After-Tax Amount</u>	<u>2Q2015 EPS Impact</u>	<u>2Q2014 EPS Impact</u>
<b>Second Quarter 2015</b>			
• Cost to achieve, Progress Energy merger	\$ (14)	\$ (0.02)	
• Discontinued operations (1)(2)	\$ (101)	\$ (0.15)	
<b>Second Quarter 2014</b>			
• Cost to achieve, Progress Energy merger	\$ (38)		\$ (0.06)
• Economic hedges (mark-to-market)	\$ (3)		—
• Discontinued operations (1)(3)	\$ (136)		\$ (0.19)
<b>Total diluted EPS impact</b>		<u>\$ (0.17)</u>	<u>\$ (0.25)</u>

- (1) Reported discontinued operations includes the Midwest generation impairment, the economic hedges (mark-to-market) of Midwest generation, and operating results of the Midwest Generation business
- (2) Represents reported discontinued operations of \$(0.09) per diluted share, including the impact of a litigation reserve related to the nonregulated Midwest generation business, and a tax charge resulting from the completion of the sale of the Midwest generation business but not reported as discontinued operations of \$(0.06), which are treated as a special item and reflected in adjusted diluted EPS.
- (3) Represents reported discontinued operations of \$(0.16) per diluted share less the Midwest generation operations results classified as discontinued operations of (+\$0.03) per diluted share. Midwest generation operations are treated as a special item and reflected in adjusted diluted EPS.

Duke Energy News Release

6

Reconciliation of reported to adjusted diluted EPS for the quarter:

	<u>2Q2015</u> EPS	<u>2Q2014</u> EPS
Diluted EPS, as reported	\$ 0.78	\$ 0.86
Adjustments to reported EPS:		
• Diluted EPS impact of special items and discontinued operations (net of tax)	\$ 0.17	\$ 0.25
<b>Diluted EPS, adjusted</b>	<b>\$ 0.95</b>	<b>\$ 1.11</b>

**Non-GAAP financial measures**

Management evaluates financial performance in part based on the non-GAAP financial measures, adjusted earnings and adjusted diluted earnings per share (EPS). These items are measured as income from continuing operations net of income (loss) attributable to non-controlling interests, adjusted for the dollar and per-share impact of mark-to-market impacts of economic hedges in the Commercial Portfolio segment and special items including the operating results of the Midwest Generation business (Disposal Group) classified as discontinued operations for GAAP purposes. Special items represent certain charges and credits, which management believes will not be recurring on a regular basis, although it is reasonably possible such charges and credits could recur. Operating results of the Disposal Group sold to Dynegy are reported as discontinued operations, including a portion of the mark-to-market adjustments associated with derivative contracts. Management believes that including the operating results of the Disposal Group reported as discontinued operations better reflects its financial performance and therefore has included these results in adjusted earnings and adjusted diluted EPS prior to the sale of the Disposal Group. Additionally, as a result of completing the sale of the Disposal Group during the second quarter of 2015, state income tax expense increased as state income tax apportionments changed. The additional tax expense was recognized in Continuing Operations on a GAAP basis. This impact to state income taxes has been reflected in Discontinued Operations in the Commercial Portfolio segment for adjusted diluted EPS purposes as management believes these impacts are incidental to the sale of the Disposal Group. Derivative contracts 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 and, if associated with the Disposal Group, classified as discontinued operations, as such derivative contracts do not qualify for hedge accounting or regulatory treatment. The economic value of generation assets is subject to fluctuations in fair value due to market price volatility of input and output commodities (e.g. coal, electricity, natural gas). Economic hedging



---

Duke Energy News Release

7

involves both purchases and sales of those input and output commodities related to generation assets. Operations of the generation assets are accounted for under the accrual method. Management believes excluding impacts of mark-to-market changes of the derivative contracts from adjusted earnings until settlement better matches the financial impacts of the derivative contract with the portion of economic value of the underlying hedged asset. Management believes the presentation of adjusted earnings and adjusted diluted EPS provides useful information to investors, as it provides them an additional relevant comparison of Duke Energy's performance across periods. Management uses these non-GAAP financial measures for planning and forecasting and for reporting results to the Board of Directors, employees, shareholders, analysts and investors concerning Duke Energy's financial performance. Adjusted diluted EPS is also used as a basis for employee incentive bonuses. The most directly comparable GAAP measures for adjusted earnings and adjusted diluted EPS are Net Income Attributable to Duke Energy Corporation and Diluted EPS Attributable to Duke Energy Corporation common shareholders, which include the dollar and per share impact of special items, mark-to-market impacts of economic hedges in the Commercial Portfolio segment and discontinued operations.

Management evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to non-controlling interests. Segment income, as discussed below, 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 the mark-to-market impacts of economic hedges in the Commercial Portfolio segment and special items, including the operating results of the Disposal Group classified as discontinued operations for GAAP purposes. Management believes the presentation of adjusted segment income as presented 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 is segment income, which represents segment income from continuing operations, including any special items and the mark-to-market impacts of economic hedges in the Commercial Portfolio segment.

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 or mark-to-market adjustments for future periods.

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

---

Duke Energy News Release

8

comparable GAAP financial measures is not available at this time, as the company is unable to forecast all special items, the mark-to-market impacts of economic hedges in the Commercial Portfolio segment, or any amounts that may be reported as discontinued operations or extraordinary items for future periods.

Duke Energy is the largest electric power holding company in the United States with approximately \$120 billion in total assets. Its regulated utility operations serve approximately 7.3 million electric customers located in six states in the Southeast and Midwest. 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 a Fortune 250 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).

**Forward-Looking Information**

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions.

These forward-looking statements are identified by terms and phrases such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook," and similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from the results predicted. Factors that could cause actual results to differ materially from those indicated in any forward-looking statement include, but are not limited to: state, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements or climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices; the extent and timing of the costs and liabilities relating to the Dan River ash basin release and compliance with current regulations and any future regulatory changes related to the management of coal ash; the ability to recover eligible costs, including those associated with future significant weather events, and earn an adequate return on investment through the regulatory process; the costs of decommissioning Crystal River Unit 3 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 customer usage patterns, including energy efficiency efforts and use of alternative energy sources including self-generation and distributed generation

---

Duke Energy News Release

9

technologies; additional competition in electric markets and continued industry consolidation; political and regulatory uncertainty in other countries in which Duke Energy conducts business; the influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts and tornadoes; the ability to successfully operate electric generating facilities and deliver electricity to customers; the impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches and other catastrophic events; the inherent risks associated with the operation and potential construction of nuclear facilities, including environmental, health, safety, regulatory and financial risks; the timing and extent of changes in commodity prices, interest rates and foreign currency exchange rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets; the results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings and general economic conditions; declines in the market prices of equity and fixed income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans and nuclear decommissioning trust funds; construction and development risks associated with the completion of Duke Energy and its subsidiaries' capital investment projects in existing and new generation facilities, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules, and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner or at all; changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants; the ability to control operation and maintenance costs; the level of creditworthiness of counterparties to transactions; employee workforce factors, including the potential inability to attract and retain key personnel; the ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent); the performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities; the effect of accounting pronouncements issued periodically by accounting standard-setting bodies; the impact of potential goodwill impairments; the ability to reinvest prospective undistributed earnings of foreign subsidiaries or repatriate such earnings on a tax-efficient basis; and the ability to successfully complete future merger, acquisition or divestiture plans.

Additional risks and uncertainties are identified and discussed in Duke Energy's and its subsidiaries' reports filed with the SEC and available at the SEC's website at [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 Duke Energy has described. Duke Energy undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

###

June 2015  
**QUARTERLY HIGHLIGHTS**  
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
<i>(In millions, except per-share amounts and where noted)</i>				
<b>Earnings Per Share - Basic and Diluted</b>				
Income from continuing operations attributable to Duke Energy Corporation common shareholders				
Basic	\$ 0.87	\$ 1.02	\$ 1.96	\$ 2.07
Diluted	\$ 0.87	\$ 1.02	\$ 1.96	\$ 2.07
(Loss) Income from discontinued operations attributable to Duke Energy Corporation common shareholders				
Basic	\$ (0.09)	\$ (0.16)	\$ 0.05	\$ (1.35)
Diluted	\$ (0.09)	\$ (0.16)	\$ 0.05	\$ (1.35)
Net income attributable to Duke Energy Corporation common shareholders				
Basic	\$ 0.78	\$ 0.86	\$ 2.01	\$ 0.72
Diluted	\$ 0.78	\$ 0.86	\$ 2.01	\$ 0.72
Weighted-average shares outstanding				
Basic	692	707	700	707
Diluted	692	707	700	707
<b>SEGMENT INCOME (LOSS) BY BUSINESS SEGMENT</b>				
Regulated Utilities	\$ 632	\$ 689	\$ 1,406	\$ 1,426
International Energy	52	146	88	276
Commercial Portfolio(a)(b)	(33)	(21)	(32)	(53)
Total Reportable Segment Income	651	814	1,462	1,649
Other Net Expense(c)(d)	(48)	(90)	(85)	(177)
Intercompany Eliminations	(3)	(2)	(4)	(4)
(Loss) Income from Discontinued Operations, net of tax(e)	(57)	(113)	34	(956)
Net Income Attributable to Duke Energy Corporation	<u>\$ 543</u>	<u>\$ 609</u>	<u>\$ 1,407</u>	<u>\$ 512</u>
<b>CAPITALIZATION</b>				
Total Common Equity			49%	48%
Total Debt			51%	52%
Total Debt			\$41,331	\$42,460
Book Value Per Share			\$ 57.56	\$ 57.80
Actual Shares Outstanding			688	707
<b>CAPITAL AND INVESTMENT EXPENDITURES</b>				
Regulated Utilities	\$ 1,411	\$ 1,073	\$ 2,673	\$ 2,175
International Energy	7	16	19	25
Commercial Portfolio	261	100	383	168
Other	56	25	114	86
Total Capital and Investment Expenditures	<u>\$ 1,735</u>	<u>\$ 1,214</u>	<u>\$ 3,189</u>	<u>\$ 2,454</u>

Note: Prior period operating results reflect reclassifications due to the impacts of discontinued operations.

- (a) Includes a tax charge of \$41 million resulting from the completion of the sale of the nonregulated Midwest generation business for the three months and six months ended June 30, 2015.
- (b) Includes an impairment charge of \$59 million for the six months ended June 30, 2014, related to OVEC (net of tax of \$35 million).
- (c) Includes costs to achieve the Progress merger of \$14 million for the three months ended June 30, 2015 (net of tax of \$8 million) and \$27 million for the six months ended June 30, 2015 (net of tax of \$16 million).
- (d) Includes costs to achieve the Progress merger of \$38 million for the three months ended June 30, 2014 (net of tax of \$23 million) and \$72 million for the six months ended June 30, 2014 (net of tax of \$44 million).
- (e) Includes the impact of a litigation reserve related to the nonregulated Midwest generation business of \$46 million for the three months ended June 30, 2015 (net of tax of \$25 million), and \$53 million for the six months ended June 30, 2015 (net of tax of \$28 million).

June 2015  
QUARTERLY HIGHLIGHTS  
(Unaudited)

(In millions, except for GWh and MW amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
<b>REGULATED UTILITIES</b>				
Operating Revenues	\$ 5,220	\$ 5,283	\$ 10,943	\$ 11,088
Operating Expenses	4,003	4,019	8,308	8,446
Gains on Sales of Other Assets, net	2	—	9	1
Operating Income	1,219	1,264	2,644	2,643
Other Income and Expenses	59	62	131	131
Interest Expense	274	275	549	545
Income Before Income Taxes	1,004	1,051	2,226	2,229
Income Tax Expense	372	362	820	803
Segment Income	<u>\$ 632</u>	<u>\$ 689</u>	<u>\$ 1,406</u>	<u>\$ 1,426</u>
Depreciation and Amortization	\$ 707	\$ 688	\$ 1,405	\$ 1,365
Duke Energy Carolinas GWh sales	21,306	20,836	43,774	44,529
Duke Energy Progress GWh sales	14,952	14,693	31,717	30,854
Duke Energy Florida GWh sales	10,802	9,840	19,275	18,501
Duke Energy Ohio GWh sales	6,233	5,824	13,000	12,303
Duke Energy Indiana GWh sales	7,705	8,455	16,433	17,329
Total GWh sales	<u>60,998</u>	<u>59,648</u>	<u>124,199</u>	<u>123,516</u>
Net Proportional MW Capacity in Operation			49,528	49,452
<b>INTERNATIONAL ENERGY</b>				
Operating Revenues	\$ 287	\$ 364	\$ 560	\$ 746
Operating Expenses	232	254	439	485
(Loss) Gains on Sales of Other Assets, net	(1)	5	(1)	5
Operating Income	54	115	120	266
Other Income and Expenses	31	52	45	109
Interest Expense	22	23	45	46
Income Before Income Taxes	63	144	120	329
Income Tax Expense	10	(5)	30	46
Less: Income Attributable to Noncontrolling Interests	1	3	2	7
Segment Income	<u>\$ 52</u>	<u>\$ 146</u>	<u>\$ 88</u>	<u>\$ 276</u>
Depreciation and Amortization	\$ 23	\$ 27	\$ 46	\$ 50
Sales, GWh	4,520	4,281	8,990	9,522
Proportional MW Capacity in Operation			4,333	4,411
<b>COMMERCIAL PORTFOLIO</b>				
Operating Revenues	\$ 75	\$ 64	\$ 148	\$ 145
Operating Expenses <sup>(a)</sup>	84	80	173	268
Losses on Sales of Other Assets, net	6	—	6	—
Operating Loss	(3)	(16)	(19)	(123)
Other Income and Expenses	(2)	5	—	10
Interest Expense	10	13	22	27
Loss Before Income Taxes	(15)	(24)	(41)	(140)
Income Tax Expense (Benefit) <sup>(b)(c)</sup>	18	(3)	(9)	(87)
Segment Loss	<u>\$ (33)</u>	<u>\$ (21)</u>	<u>\$ (32)</u>	<u>\$ (53)</u>
Depreciation and Amortization	\$ 26	\$ 19	\$ 50	\$ 46
Actual Coal-fired Plant Production, GWh	—	204	—	675
Actual Renewable Plant Production, GWh	1,373	1,469	2,683	3,058
Actual Plant Production, GWh	<u>1,373</u>	<u>1,673</u>	<u>2,683</u>	<u>3,733</u>
Net Proportional MW Capacity in Operation			1,634	1,305
<b>OTHER</b>				
Operating Revenues	\$ 34	\$ 29	\$ 61	\$ 54
Operating Expenses <sup>(d)(e)</sup>	63	101	113	185
Gains on Sales of Other Assets, net	6	1	13	1
Operating Loss	(23)	(71)	(39)	(130)
Other Income and Expenses	9	9	10	15
Interest Expense	97	98	194	201
Loss Before Income Taxes	(111)	(160)	(223)	(316)
Income Tax Benefit <sup>(f)(g)</sup>	(66)	(71)	(143)	(140)
Less: Income Attributable to Noncontrolling Interests	3	1	5	1
Segment Net Expense	<u>\$ (48)</u>	<u>\$ (90)</u>	<u>\$ (85)</u>	<u>\$ (177)</u>
Depreciation and Amortization	\$ 34	\$ 28	\$ 66	\$ 56

Note: Prior period reflects reclassifications due to the impact of discontinued operations.

- (a) Includes a pre-tax impairment charge of \$94 million for the six months ended June 30, 2014, related to OVEC.
- (b) Includes a tax charge of \$41 million resulting from the completion of the sale of the nonregulated Midwest generation business for the three months and six months ended June 30, 2015.
- (c) Includes a tax benefit of \$35 million for the six months ended June 30, 2014, related to OVEC impairment.
- (d) Includes costs to achieve the Progress merger of \$22 million for the three months ended June 30, 2015, and \$43 million for the six months ended June 30, 2015.
- (e) Includes costs to achieve the Progress merger of \$61 million for the three months ended June 30, 2014, and \$114 million for the six months ended June 30, 2014.
- (f) Includes tax benefit related to costs to achieve the Progress merger of \$8 million for the three months ended June 30, 2015, and \$16 million for the six months ended June 30, 2015.
- (g) Includes tax benefit related to costs to achieve the Progress merger of \$23 million for the three months ended June 30, 2014, and \$44 million for the six months ended June 30, 2014.

**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,	
	2015	2014	2015	2014
<b>Operating Revenues</b>				
Regulated electric	\$5,090	\$5,138	\$10,547	\$10,688
Nonregulated electric and other	403	463	780	954
Regulated natural gas	96	107	327	329
Total operating revenues	<u>5,589</u>	<u>5,708</u>	<u>11,654</u>	<u>11,971</u>
<b>Operating Expenses</b>				
Fuel used in electric generation and purchased power - regulated	1,721	1,808	3,662	3,808
Fuel used in electric generation and purchased power - nonregulated	118	126	222	262
Cost of natural gas and other	26	38	137	154
Operation, maintenance and other	1,422	1,396	2,848	2,845
Depreciation and amortization	790	762	1,567	1,517
Property and other taxes	279	311	543	661
Impairment charges	—	(16)	—	80
Total operating expenses	<u>4,356</u>	<u>4,425</u>	<u>8,979</u>	<u>9,327</u>
<b>Gain on Sales of Other Assets and Other, net</b>	13	6	27	7
<b>Operating Income</b>	<u>1,246</u>	<u>1,289</u>	<u>2,702</u>	<u>2,651</u>
<b>Other Income and Expenses</b>				
Equity in earnings of unconsolidated affiliates	23	33	36	69
Other income and expenses, net	72	89	146	184
Total other income and expenses	<u>95</u>	<u>122</u>	<u>182</u>	<u>253</u>
<b>Interest Expense</b>	403	403	806	807
<b>Income from Continuing Operations before Income Taxes</b>	938	1,008	2,078	2,097
<b>Income Tax Expense from Continuing Operations</b>	334	282	698	621
<b>Income from Continuing Operations</b>	604	726	1,380	1,476
<b>(Loss) Income from Discontinued Operations, net of tax</b>	(57)	(113)	34	(956)
<b>Net Income</b>	547	613	1,414	520
<b>Less: Net Income Attributable to Noncontrolling Interests</b>	4	4	7	8
<b>Net Income Attributable to Duke Energy Corporation</b>	<u>\$ 543</u>	<u>\$ 609</u>	<u>\$ 1,407</u>	<u>\$ 512</u>
<b>Earnings Per Share - Basic and Diluted</b>				
Income from continuing operations attributable to Duke Energy Corporation common shareholders				
Basic	\$ 0.87	\$ 1.02	\$ 1.96	\$ 2.07
Diluted	\$ 0.87	\$ 1.02	\$ 1.96	\$ 2.07
(Loss) income from discontinued operations attributable to Duke Energy Corporation common shareholders				
Basic	\$ (0.09)	\$ (0.16)	\$ 0.05	\$ (1.35)
Diluted	\$ (0.09)	\$ (0.16)	\$ 0.05	\$ (1.35)
Net income attributable to Duke Energy Corporation common shareholders				
Basic	\$ 0.78	\$ 0.86	\$ 2.01	\$ 0.72
Diluted	\$ 0.78	\$ 0.86	\$ 2.01	\$ 0.72
Weighted-average shares outstanding				
Basic	692	707	700	707
Diluted	692	707	700	707

DUKE ENERGY CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)  
(In millions)

	June 30, 2015	December 31, 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 960	\$ 2,036
Receivables (net of allowance for doubtful accounts of \$17 at June 30, 2015 and December 31, 2014)	650	791
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$55 at June 30, 2015 and \$51 at December 31, 2014)	2,046	1,973
Inventory	3,469	3,459
Assets held for sale	—	364
Regulatory assets	975	1,115
Other	1,498	1,837
Total current assets	<u>9,598</u>	<u>11,575</u>
<b>Investments and Other Assets</b>		
Investments in equity method unconsolidated affiliates	375	358
Nuclear decommissioning trust funds	5,529	5,546
Goodwill	16,328	16,321
Assets held for sale	—	2,642
Other	3,239	3,008
Total investments and other assets	<u>25,471</u>	<u>27,875</u>
<b>Property, Plant and Equipment</b>		
Cost	107,125	104,861
Accumulated depreciation and amortization	(35,826)	(34,824)
Generation facilities to be retired, net	460	9
Net property, plant and equipment	<u>71,759</u>	<u>70,046</u>
<b>Regulatory Assets and Deferred Debits</b>		
Regulatory assets	11,564	11,042
Other	183	171
Total regulatory assets and deferred debits	<u>11,747</u>	<u>11,213</u>
<b>Total Assets</b>	<u>\$118,575</u>	<u>\$ 120,709</u>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 1,920	\$ 2,271
Notes payable and commercial paper	2,162	2,514
Taxes accrued	550	569
Interest accrued	419	418
Current maturities of long-term debt	2,374	2,807
Liabilities associated with assets held for sale	—	262
Regulatory liabilities	245	204
Other	1,976	2,188
Total current liabilities	<u>9,646</u>	<u>11,233</u>
<b>Long-term Debt</b>		
	<u>36,795</u>	<u>37,213</u>
<b>Deferred Credits and Other Liabilities</b>		
Deferred income taxes	13,664	13,423
Investment tax credits	420	427
Accrued pension and other post-retirement benefit costs	1,152	1,145
Liabilities associated with assets held for sale	—	35
Asset retirement obligations	9,490	8,466
Regulatory liabilities	6,203	6,193
Other	1,588	1,675
Total deferred credits and other liabilities	<u>32,517</u>	<u>31,364</u>
<b>Commitments and Contingencies</b>		
<b>Equity</b>		
Common stock, \$0.001 par value, 2 billion shares authorized; 688 million and 707 million shares outstanding at June 30, 2015 and December 31, 2014, respectively	1	1
Additional paid-in capital	37,933	39,405
Retained earnings	2,294	2,012
Accumulated other comprehensive income	(648)	(543)
Total Duke Energy Corporation stockholder's equity	<u>39,580</u>	<u>40,875</u>
Noncontrolling interests	37	24
Total equity	<u>39,617</u>	<u>40,899</u>
<b>Total Liabilities and Equity</b>	<u>\$118,575</u>	<u>\$ 120,709</u>



**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(In millions)

	Six Months Ended June 30,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 1,414	\$ 520
Adjustments to reconcile net income to net cash provided by operating activities	1,465	2,099
Net cash provided by operating activities	<u>2,879</u>	<u>2,619</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	<u>(294)</u>	<u>(2,367)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash (used in) provided by financing activities	<u>(3,661)</u>	<u>255</u>
Net (decrease) increase in cash and cash equivalents	(1,076)	507
Cash and cash equivalents at the beginning of period	2,036	1,501
Cash and cash equivalents at end of period	<u>\$ 960</u>	<u>\$ 2,008</u>

**DUKE ENERGY CORPORATION**  
**EARNINGS VARIANCES**  
June 2015 QTD vs. Prior Year

(\$ per share)	Regulated Utilities	International Energy	Commercial Portfolio	Other	Consolidated
<b>2014 QTD Reported Earnings Per Share, Diluted</b>	<b>\$ 0.97</b>	<b>\$ 0.21</b>	<b>\$ (0.03)</b>	<b>\$(0.13)</b>	<b>\$ 0.86</b>
Costs to Achieve, Progress Merger	—	—	—	0.06	0.06
Midwest Generation Operations (offset in Discontinued Operations)	—	—	0.05	(0.02)	0.03
Discontinued Operations	—	—	—	—	0.16
<b>2014 QTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 0.97</b>	<b>\$ 0.21</b>	<b>\$ 0.02</b>	<b>\$(0.09)</b>	<b>\$ 1.11</b>
Stock Repurchase (a)	0.03	—	—	—	0.03
Weather	0.03	—	—	—	0.03
Pricing and Riders (b)	0.03	—	—	—	0.03
Volumes	0.05	—	—	—	0.05
Wholesale (c)	0.02	—	—	—	0.02
Operation and Maintenance, net of recoverables (d)	(0.11)	—	—	—	(0.11)
Latin America, including Foreign Exchange Rates (e)	—	(0.13)	—	—	(0.13)
Duke Energy Renewables (f)	—	—	(0.01)	—	(0.01)
Change in effective tax rates	(0.04)	—	—	0.03	(0.01)
Other (g)	(0.07)	—	—	0.01	(0.06)
<b>2015 QTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 0.91</b>	<b>\$ 0.08</b>	<b>\$ 0.01</b>	<b>\$(0.05)</b>	<b>\$ 0.95</b>
Costs to Achieve, Progress Merger	—	—	—	(0.02)	(0.02)
Discontinued Operations	—	—	(0.06)	—	(0.15)
<b>2015 QTD Reported Earnings Per Share, Diluted</b>	<b>\$ 0.91</b>	<b>\$ 0.08</b>	<b>\$ (0.05)</b>	<b>\$(0.07)</b>	<b>\$ 0.78</b>

Note 1: Earnings Per Share amounts are calculated using the consolidated effective income 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: Prior period operating results reflect reclassifications due to the impact of discontinued operations.

- (a) Reflects the impact on earnings per diluted share due to the decrease in weighted-average diluted common shares outstanding as a result of shares repurchased and retired under the Accelerated Stock Repurchase Program. Weighted-average diluted shares outstanding decreased from 707 million shares for the three months ended June 30, 2014, to 692 million shares for the three months ended June 30, 2015.
- (b) Primarily due to prior-year fuel and purchased power costs true-ups (+\$0.02) and higher energy efficiency rider recovery in North Carolina and South Carolina (+\$0.01), partially offset by the impact of a regulatory order that limited the ability to carry forward energy efficiency savings for Duke Energy Ohio (-\$0.02).
- (c) Primarily due to higher volumes and capacity rates due to favorable weather and the implementation of new contracts.
- (d) Primarily due to an increase in planned spending and the prior-year benefit associated with the adoption of nuclear outage levelization (-\$0.05), partially offset by lower storm restoration costs.
- (e) Primarily due to a prior year tax benefit related to the reorganization of the company's operations in Chile (-\$0.07), lower results in Brazil (-\$0.04) due to higher purchased power costs resulting from ongoing drought conditions, lower results in Central America (-\$0.01) due to lower generation and prices from increased competition, and unfavorable foreign currency exchange rates (-\$0.01).
- (f) Primarily due to lower wind production and additional depreciation expense from higher depreciable base.
- (g) Amount for Regulated Utilities includes increased depreciation and amortization expense (-\$0.05) due to higher depreciable base and higher non-income taxes (-\$0.03), partially offset by higher AFUDC-equity (+\$0.01).

**DUKE ENERGY CORPORATION**  
**EARNINGS VARIANCES**  
June 2015 YTD vs. Prior Year

(\$ per share)	Regulated Utilities	International Energy	Commercial Portfolio	Other	Consolidated
<b>2014 YTD Reported Earnings Per Share, Diluted</b>	<b>\$ 2.02</b>	<b>\$ 0.39</b>	<b>\$ (0.08)</b>	<b>\$(0.25)</b>	<b>\$ 0.72</b>
Costs to Achieve, Progress Merger	—	—	—	0.10	0.10
Economic Hedges (Mark-to-Market)	—	—	0.01	—	0.01
Midwest Generation Operations (offset in Discontinued Operations)	—	—	0.02	(0.01)	0.01
Asset Impairment	—	—	0.08	—	0.08
Discontinued Operations	—	—	—	—	1.36
<b>2014 YTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 2.02</b>	<b>\$ 0.39</b>	<b>\$ 0.03</b>	<b>\$(0.16)</b>	<b>\$ 2.28</b>
Stock Repurchase (a)	0.03	—	—	—	0.03
Weather	0.02	—	—	—	0.02
Pricing and Riders (b)	0.07	—	—	—	0.07
Volumes	0.02	—	—	—	0.02
Wholesale (c)	0.06	—	—	—	0.06
Operation and Maintenance, net of recoverables (d)	(0.12)	—	—	—	(0.12)
Latin America, including Foreign Exchange Rates (e)	—	(0.23)	—	—	(0.23)
National Methanol Company	—	(0.03)	—	—	(0.03)
Duke Energy Renewables (f)	—	—	(0.01)	—	(0.01)
Midwest Generation (g)	—	—	0.14	—	0.14
Interest Expense	—	—	—	0.01	0.01
Change in effective tax rates	(0.04)	—	(0.01)	0.06	0.01
Other (h)	(0.05)	—	(0.01)	0.01	(0.05)
<b>2015 YTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 2.01</b>	<b>\$ 0.13</b>	<b>\$ 0.14</b>	<b>\$(0.08)</b>	<b>2.20</b>
Costs to Achieve, Progress Merger	—	—	—	(0.04)	(0.04)
Midwest Generation Operations (offset in Discontinued Operations)	—	—	(0.13)	—	(0.13)
Discontinued Operations	—	—	(0.06)	—	(0.02)
<b>2015 YTD Reported Earnings Per Share, Diluted</b>	<b>\$ 2.01</b>	<b>\$ 0.13</b>	<b>\$ (0.05)</b>	<b>\$(0.12)</b>	<b>\$ 2.01</b>

Note 1: Earnings Per Share amounts are calculated using the consolidated effective income 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: Prior period operating results reflect reclassifications due to the impact of discontinued operations.

- (a) Reflects the impact on earnings per diluted share due to the decrease in weighted-average diluted common shares outstanding as a result of shares repurchased and retired under the Accelerated Stock Repurchase Program. Weighted-average diluted shares outstanding decreased from 707 million shares for the six months ended June 30, 2014, to 700 million shares for the six months ended June 30, 2015.
- (b) Primarily due to prior year fuel and purchased power costs true-ups (+\$0.04) and higher energy efficiency rider recovery in North Carolina and South Carolina (+\$0.03), partially offset by the impact of a regulatory order that limited the ability to carry forward energy efficiency savings for Duke Energy Ohio (-\$0.02).
- (c) Primarily due to higher volumes and capacity rates due to favorable weather and the implementation of new contracts.
- (d) Primarily due to an increase in planned spending and the prior-year benefit associated with the adoption of nuclear outage levelization (-\$0.07), partially offset by lower storm restoration costs.
- (e) Primarily due to lower results in Brazil (-\$0.12) due to lower sales volumes and higher purchased power costs resulting from ongoing drought conditions and decreased demand, a prior year tax benefit related to the reorganization of the company's operations in Chile (-\$0.07), lower results in Central America (-\$0.02) due to lower generation and prices from increased competition and unfavorable foreign currency exchange rates (-\$0.01).
- (f) Primarily due to lower wind production.
- (g) Primarily due to higher capacity revenues, improved generation margins and the suspension of depreciation as a result of held for sale status prior to the sale of the nonregulated Midwest generation business.
- (h) Amount for Regulated Utilities includes increased depreciation and amortization expense (-\$0.08) due to higher depreciable base, partially offset by higher AFUDC-equity (+\$0.03).

**Regulated Utilities  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
June 2015**

	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWH Sales (1)</b>								
Residential	17,989	17,911	0.4%	1.8%	42,019	42,104	(0.2%)	(0.1%)
General Service	18,795	18,725	0.4%	1.3%	37,077	36,872	0.6%	0.6%
Industrial	13,105	13,081	0.2%	1.9%	25,369	25,136	0.9%	1.3%
Other Energy Sales	149	153	(2.6%)		301	303	(0.7%)	
Unbilled Sales	2,378	1,164	104.3%	N/A	1,332	580	129.7%	N/A
Total Retail Sales	52,416	51,034	2.7%	1.7%	106,098	104,995	1.1%	0.5%
Special Sales	8,582	8,614	(0.4%)		18,101	18,521	(2.3%)	
Total Consolidated Electric Sales - Regulated Utilities	60,998	59,648	2.3%		124,199	123,516	0.6%	
<b>Average Number of Customers (Electric)</b>								
Residential	6,348,277	6,266,316	1.3%		6,345,413	6,265,818	1.3%	
General Service	951,642	941,986	1.0%		949,694	940,517	1.0%	
Industrial	18,159	18,308	(0.8%)		18,172	18,341	(0.9%)	
Other Energy Sales	23,012	22,468	2.4%		22,982	22,464	2.3%	
Total Regular Sales	7,341,090	7,249,078	1.3%		7,336,261	7,247,140	1.2%	
Special Sales	61	60	1.7%		64	62	3.2%	
Total Average Number of Customers - Regulated Utilities	7,341,151	7,249,138	1.3%		7,336,325	7,247,202	1.2%	
<b>Heating and Cooling Degree Days</b>								
<b>Carolinas - Actual</b>								
Heating Degree Days	150	156	(3.8%)		2,054	2,125	(3.3%)	
Cooling Degree Days	632	593	6.6%		636	593	7.3%	
<b>Variance from Normal</b>								
Heating Degree Days	(19.5%)	(15.7%)	n/a		11.6%	15.4%	n/a	
Cooling Degree Days	15.3%	10.2%	n/a		14.0%	8.2%	n/a	
<b>Midwest - Actual</b>								
Heating Degree Days	380	443	(14.2%)		3,500	3,756	(6.8%)	
Cooling Degree Days	378	350	8.0%		378	350	8.0%	
<b>Variance from Normal</b>								
Heating Degree Days	(10.4%)	4.2%	n/a		14.6%	22.3%	n/a	
Cooling Degree Days	3.0%	(0.3%)	n/a		1.3%	(1.7%)	n/a	
<b>Florida - Actual</b>								
Heating Degree Days	—	1	(100.0%)		373	418	(10.8%)	
Cooling Degree Days	1,256	1,061	18.4%		1,490	1,205	23.7%	
<b>Variance from Normal</b>								
Heating Degree Days	(100.0%)	(90.9%)	n/a		(6.3%)	0.7%	n/a	
Cooling Degree Days	19.3%	0.7%	n/a		21.6%	(2.1%)	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 Carolinas**  
**Quarterly Highlights**  
**Supplemental Regulated Utilities Electric Information**  
**June 2015**

	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWH Sales (1)</b>								
Residential	5,754	5,872	(2.0%)		14,232	14,436	(1.4%)	
General Service	6,942	6,953	(0.2%)		13,801	13,734	0.5%	
Industrial	5,614	5,467	2.7%		10,689	10,381	3.0%	
Other Energy Sales	76	76	— %		153	149	2.7%	
Unbilled Sales	843	366	(130.3%)		354	185	(91.4%)	
Total Regular Electric Sales	19,229	18,734	2.6%	2.0%	39,229	38,885	0.9%	0.9%
Special Sales	2,077	2,102	(1.2%)		4,545	5,644	(19.5%)	
Total Consolidated Electric Sales - Duke Energy Carolinas	21,306	20,836	2.3%		43,774	44,529	(1.7%)	
<b>Average Number of Customers</b>								
Residential	2,112,443	2,083,576	1.4%		2,110,556	2,082,721	1.3%	
General Service	344,865	341,212	1.1%		344,029	340,700	1.0%	
Industrial	6,446	6,531	(1.3%)		6,459	6,527	(1.0%)	
Other Energy Sales	14,993	14,505	3.4%		14,974	14,495	3.3%	
Total Regular Sales	2,478,747	2,445,824	1.3%		2,476,018	2,444,443	1.3%	
Special Sales	24	24	— %		25	25	— %	
Total Average Number of Customers - Duke Energy Carolinas	2,478,771	2,445,848	1.3%		2,476,043	2,444,468	1.3%	
<b>Heating and Cooling Degree Days</b>								
<u>Actual</u>								
Heating Degree Days	163	181	(9.9%)		2,104	2,223	(5.4%)	
Cooling Degree Days	623	557	11.8%		624	557	12.0%	
<u>Variance from Normal</u>								
Heating Degree Days	(18.9%)	(10.0%)	n/a		9.7%	16.0%	n/a	
Cooling Degree Days	18.7%	8.4%	n/a		16.9%	6.5%	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 Progress  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
June 2015**

	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWH Sales (1)</b>								
Residential	3,673	3,959	(7.2%)		9,440	9,539	(1.0%)	
General Service	3,688	3,769	(2.1%)		7,437	7,410	0.4%	
Industrial	2,565	2,616	(1.9%)		5,002	4,997	0.1%	
Other Energy Sales	27	29	(6.9%)		55	59	(6.8%)	
Unbilled Sales	570	(30)	2,000.0%		129	(27)	577.8%	
Total Regular Electric Sales	10,523	10,343	1.7%	2.4%	22,063	21,978	0.4%	0.4%
Special Sales	4,429	4,350	1.8%		9,654	8,876	8.8%	
Total Consolidated Electric Sales - Duke Energy Progress	14,952	14,693	1.8%		31,717	30,854	2.8%	
<b>Average Number of Customers</b>								
Residential	1,271,806	1,253,519	1.5%		1,270,438	1,252,564	1.4%	
General Service	225,735	223,061	1.2%		225,073	222,477	1.2%	
Industrial	4,229	4,277	(1.1%)		4,229	4,284	(1.3%)	
Other Energy Sales	1,690	1,730	(2.3%)		1,689	1,741	(3.0%)	
Total Regular Sales	1,503,460	1,482,587	1.4%		1,501,429	1,481,066	1.4%	
Special Sales	15	15	— %		15	15	— %	
Total Average Number of Customers - Duke Energy Progress	1,503,475	1,482,602	1.4%		1,501,444	1,481,081	1.4%	
<b>Heating and Cooling Degree Days</b>								
<u>Actual</u>								
Heating Degree Days	136	131	3.8%		2,003	2,027	(1.2%)	
Cooling Degree Days	641	629	1.9%		648	629	3.0%	
<u>Variance from Normal</u>								
Heating Degree Days	(19.0%)	(22.0%)	n/a		13.6%	14.7%	n/a	
Cooling Degree Days	12.5%	11.7%	n/a		11.5%	9.6%	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).

**Duke Energy Florida**  
**Quarterly Highlights**  
**Supplemental Regulated Utilities Electric Information**  
**June 2015**

	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWH Sales (1)</b>								
Residential	4,944	4,396	12.5%		9,048	8,447	7.1%	
General Service	3,857	3,702	4.2%		7,092	6,950	2.0%	
Industrial	821	803	2.2%		1,581	1,604	(1.4%)	
Other Energy Sales	6	6	— %		12	12	— %	
Unbilled Sales	679	592	14.7%		793	731	8.5%	
Total Regular Electric Sales	10,307	9,499	8.5%	3.4%	18,526	17,744	4.4%	0.9%
Special Sales	495	341	45.2%		749	757	(1.1%)	
Total Electric Sales - Duke Energy Florida	10,802	9,840	9.8%		19,275	18,501	4.2%	
<b>Average Number of Customers</b>								
Residential	1,521,460	1,498,175	1.6%		1,518,985	1,495,267	1.6%	
General Service	193,278	190,979	1.2%		192,919	190,708	1.2%	
Industrial	2,245	2,279	(1.5%)		2,251	2,290	(1.7%)	
Other Energy Sales	1,537	1,556	(1.2%)		1,539	1,556	(1.1%)	
Total Regular Sales	1,718,520	1,692,989	1.5%		1,715,694	1,689,821	1.5%	
Special Sales	14	14	— %		15	15	— %	
Total Average Number of Customers - Duke Energy Florida	1,718,534	1,693,003	1.5%		1,715,709	1,689,836	1.5%	
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	—	1	(100.0%)		373	418	(10.8%)	
Cooling Degree Days	1,256	1,061	18.4%		1,490	1,205	23.7%	
<b>Variance from Normal</b>								
Heating Degree Days	(100.0%)	(90.9%)	n/a		(6.3%)	0.7%	n/a	
Cooling Degree Days	19.3%	0.7%	n/a		21.6%	(2.1%)	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 Ohio  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
June 2015**

	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GW Sales (1)</b>								
Residential	1,811	1,813	(0.1%)		4,492	4,592	(2.2%)	
General Service	2,315	2,299	0.7%		4,678	4,671	0.1%	
Industrial	1,479	1,494	(1.0%)		2,927	2,930	(0.1%)	
Other Energy Sales	26	28	(7.1%)		54	56	(3.6%)	
Unbilled Sales	182	160	13.8%		49	(82)	159.8%	
Total Regular Electric Sales	5,813	5,794	0.3%	(0.4%)	12,200	12,167	0.3%	0.4%
Special Sales	420	30	1,300.0%		800	136	488.2%	
Total Electric Sales - Duke Energy Ohio	6,233	5,824	7.0%		13,000	12,303	5.7%	
<b>Average Number of Customers</b>								
Residential	746,005	741,069	0.7%		746,812	742,324	0.6%	
General Service	87,200	86,497	0.8%		87,187	86,374	0.9%	
Industrial	2,530	2,519	0.4%		2,534	2,521	0.5%	
Other Energy Sales	3,218	3,171	1.5%		3,212	3,171	1.3%	
Total Regular Sales	838,953	833,256	0.7%		839,745	834,390	0.6%	
Special Sales	1	1	— %		1	1	— %	
Total Average Number of Customers - Duke Energy Ohio	838,954	833,257	0.7%		839,746	834,391	0.6%	
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	348	361	(3.6%)		3,310	3,470	(4.6%)	
Cooling Degree Days	391	382	2.4%		391	382	2.4%	
<b>Variance from Normal</b>								
Heating Degree Days	(14.5%)	(11.7%)	n/a		12.1%	16.8%	n/a	
Cooling Degree Days	7.7%	10.7%	n/a		6.3%	9.1%	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 Ohio  
Quarterly Highlights  
Supplemental Regulated Utilities Gas Information  
June 2015**

	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
	<b>MCF Sales (1)</b>							
Residential	5,052,315	5,948,555	(15.1%)		27,231,220	29,534,496	(7.8%)	
General Service	3,553,999	3,931,932	(9.6%)		16,625,080	17,624,423	(5.7%)	
Industrial	1,335,427	1,508,405	(11.5%)		4,411,288	4,321,235	2.1%	
Other Energy Sales	4,538,714	4,822,263	(5.9%)		10,754,865	11,419,293	(5.8%)	
Unbilled Sales	(2,892,000)	(2,435,000)	(18.8%)		(3,245,000)	(4,902,000)	33.8%	
<b>Total Gas Sales - Duke Energy Ohio</b>	<b>11,588,455</b>	<b>13,776,155</b>	<b>(15.9%)</b>	<b>(9.3%)</b>	<b>55,777,453</b>	<b>57,997,447</b>	<b>(3.8%)</b>	<b>(1.7%)</b>
<b>Average Number of Customers</b>								
Residential	474,973	472,847	0.4%		476,554	474,482	0.4%	
General Service	43,003	43,330	(0.8%)		44,171	44,316	(0.3%)	
Industrial	1,604	1,609	(0.3%)		1,655	1,663	(0.5%)	
Other Energy Sales	143	155	(7.7%)		144	156	(7.7%)	
<b>Total Average Number of Gas Customers - Duke Energy Ohio</b>	<b>519,723</b>	<b>517,941</b>	<b>0.3%</b>		<b>522,524</b>	<b>520,617</b>	<b>0.4%</b>	
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	348	361	(3.6%)		3,310	3,470	(4.6%)	
Cooling Degree Days	391	382	2.4%		391	382	2.4%	
<b>Variance from Normal</b>								
Heating Degree Days	(14.5%)	(11.7%)	n/a		12.1%	16.8%	n/a	
Cooling Degree Days	7.7%	10.7%	n/a		6.3%	9.1%	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  
June 2015**

	Three Months Ended June 30				Six Months Ended June 30			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWH Sales (1)</b>								
Residential	1,807	1,871	(3.4%)		4,807	5,090	(5.6%)	
General Service	1,993	2,002	(0.4%)		4,069	4,107	(0.9%)	
Industrial	2,626	2,701	(2.8%)		5,170	5,224	(1.0%)	
Other Energy Sales	14	14	— %		27	27	— %	
Unbilled Sales	104	76	36.8%		7	(227)	103.1%	
Total Regular Electric Sales	6,544	6,664	(1.8%)	(1.1%)	14,080	14,221	(1.0%)	(0.9%)
Special Sales	1,161	1,791	(35.2%)		2,353	3,108	(24.3%)	
Total Electric Sales - Duke Energy Indiana	7,705	8,455	(8.9%)		16,433	17,329	(5.2%)	
<b>Average Number of Customers</b>								
Residential	696,563	689,977	1.0%		698,622	692,942	0.8%	
General Service	100,564	100,237	0.3%		100,486	100,258	0.2%	
Industrial	2,709	2,702	0.3%		2,699	2,719	(0.7%)	
Other Energy Sales	1,574	1,506	4.5%		1,568	1,501	4.5%	
Total Regular Sales	801,410	794,422	0.9%		803,375	797,420	0.7%	
Special Sales	7	6	16.7%		8	6	33.3%	
Total Average Number of Customers - Duke Energy Indiana	801,417	794,428	0.9%		803,383	797,426	0.7%	
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	411	525	(21.7%)		3,689	4,042	(8.7%)	
Cooling Degree Days	364	318	14.5%		364	318	14.5%	
<b>Variance from Normal</b>								
Heating Degree Days	(7.0%)	18.5%	n/a		16.9%	27.5%	n/a	
Cooling Degree Days	(1.4%)	(10.9%)	n/a		(2.9%)	(12.2%)	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 CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
Three Months Ended June 30, 2015  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items Costs to Achieve, Progress Merger	Discontinued Operations	Total Adjustments	Reported Earnings
<b>SEGMENT INCOME</b>					
Regulated Utilities	\$ 632	\$ —	\$ —	\$ —	\$ 632
International Energy	52	—	—	—	52
Commercial Portfolio	8	—	(41)D	(41)	(33)
<b>Total Reportable Segment Income</b>	<b>692</b>	<b>—</b>	<b>(41)</b>	<b>(41)</b>	<b>651</b>
Other	(34)	(14)A	—	(14)	(48)
Intercompany Eliminations	—	—	(3)C	(3)	(3)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>658</b>	<b>(14)</b>	<b>(44)</b>	<b>(58)</b>	<b>600</b>
Discontinued Operations	—	—	(57)B	(57)	(57)
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<b>\$ 658</b>	<b>\$ (14)</b>	<b>\$ (101)</b>	<b>\$ (115)</b>	<b>\$ 543</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 0.95</b>	<b>\$ (0.02)</b>	<b>\$ (0.15)</b>	<b>\$ (0.17)</b>	<b>\$ 0.78</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 0.95</b>	<b>\$ (0.02)</b>	<b>\$ (0.15)</b>	<b>\$ (0.17)</b>	<b>\$ 0.78</b>

- A - Net of \$8 million tax benefit. Recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.
- B - 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.
- C - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.
- D - State tax expense resulting from the completion of the sale of the nonregulated Midwest generation business.

**Weighted Average Shares (reported and adjusted) - in millions**

Basic	692
Diluted	692

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
**Six Months Ended June 30, 2015**  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items			Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Midwest Generation Operations	Discontinued Operations		
<b>SEGMENT INCOME</b>						
Regulated Utilities	\$ 1,406	\$ —	\$ —	\$ —	\$ —	\$ 1,406
International Energy	88	—	—	—	—	88
Commercial Portfolio	103	—	(94) <sup>B</sup>	(41) <sup>E</sup>	(135)	(32)
<b>Total Reportable Segment Income</b>	<b>1,597</b>	<b>—</b>	<b>(94)</b>	<b>(41)</b>	<b>(135)</b>	<b>1,462</b>
Other	(58)	(27) <sup>A</sup>	—	—	(27)	(85)
Intercompany Eliminations	—	—	—	(4) <sup>D</sup>	(4)	(4)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>1,539</b>	<b>(27)</b>	<b>(94)</b>	<b>(45)</b>	<b>(166)</b>	<b>1,373</b>
Discontinued Operations	—	—	94 <sup>B</sup>	(60) <sup>C</sup>	34	34
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<b>\$ 1,539</b>	<b>\$ (27)</b>	<b>\$ —</b>	<b>\$ (105)</b>	<b>\$ (132)</b>	<b>\$ 1,407</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 2.20</b>	<b>\$ (0.04)</b>	<b>\$ —</b>	<b>\$ (0.15)</b>	<b>\$ (0.19)</b>	<b>\$ 2.01</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 2.20</b>	<b>\$ (0.04)</b>	<b>\$ —</b>	<b>\$ (0.15)</b>	<b>\$ (0.19)</b>	<b>\$ 2.01</b>

- A - Net of \$16 million tax benefit. Recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.
- B - 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).
- C - Recorded in Income (Loss) 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.
- D - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.
- E - State tax expense resulting from the completion of the sale of the nonregulated Midwest generation business.

**Weighted Average Shares (reported and adjusted) - in millions**

Basic	700
Diluted	700

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
**Three Months Ended June 30, 2014**  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items		Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Midwest Generation Operations				
<b>SEGMENT INCOME</b>							
Regulated Utilities	\$ 689	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 689
International Energy	146	—	—	—	—	—	146
Commercial Portfolio	16	—	(34)B	(3)C	—	(37)	(21)
Total Reportable Segment Income	851	—	(34)	(3)	—	(37)	814
Other	(65)	(38)A	13B	—	—	(25)	(90)
Intercompany Eliminations	—	—	—	—	(2)D	(2)	(2)
Total Reportable Segment Income and Other Net Expense	786	(38)	(21)	(3)	(2)	(64)	722
Discontinued Operations	—	—	21B	—	(134)E	(113)	(113)
Net Income (Loss) Attributable to Duke Energy Corporation	\$ 786	\$ (38)	\$ —	\$ (3)	\$ (136)	\$ (177)	\$ 609
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	\$ 1.11	\$ (0.06)	\$ —	\$ —	\$ (0.19)	\$ (0.25)	\$ 0.86
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	\$ 1.11	\$ (0.06)	\$ —	\$ —	\$ (0.19)	\$ (0.25)	\$ 0.86

- A - Net of \$23 million tax benefit. Recorded in Operating Expenses on the Consolidated Statements of Operations.
- B - Operating results of the nonregulated Midwest generation business that had been classified from discontinued operations after adjustment for special items and economic hedges to the Commercial Portfolio segment (net of \$10 million tax expense) and Other segment (net of \$13 million tax benefit).
- C - Net of \$2 million tax expense. Recorded in Operating Revenues on the Consolidated Statement of Operations.
- D - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.
- E - Recorded in Income (Loss) From Discontinued Operations, net of tax on the Consolidated Statement of Operations. Includes the impairment of the nonregulated Midwest generation business and the mark-to-market of economic hedges of the nonregulated Midwest generation business.

**Weighted Average Shares (reported and adjusted) - in millions**

Basic	707
Diluted	707

\* 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 and also relate to existing derivative positions that may have tenors beyond the planned disposal date of the nonregulated Midwest generation business. 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. However, due to the divestiture of the nonregulated Midwest generation business as mentioned above, certain derivative positions have tenors beyond the planned disposal date of these assets. As such, management has excluded settlements of these derivative positions from adjusted diluted EPS as these realized gains and losses more closely relate to the loss on disposal of these assets. 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 TO REPORTED EARNINGS RECONCILIATION**  
Six Months Ended June 30, 2014  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items			Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Midwest Generation Impairment	Midwest Generation Operations				
<b>SEGMENT INCOME</b>								
Regulated Utilities	\$ 1,426	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,426	
International Energy	276	—	—	—	—	—	276	
Commercial Portfolio	26	—	(59) <sup>B</sup>	(14) <sup>C</sup>	(6) <sup>F</sup>	(79)	(53)	
Total Reportable Segment Income	1,728	—	(59)	(14)	(6)	(79)	1,649	
Other	(113)	(72) <sup>A</sup>	—	8 <sup>C</sup>	—	(64)	(177)	
Intercompany Eliminations	—	—	—	—	—	(4) <sup>E</sup>	(4)	
Total Reportable Segment Income and Other Net Expense	1,615	(72)	(59)	(6)	(6)	(147)	1,468	
Discontinued Operations	—	—	—	6 <sup>C</sup>	—	(962) <sup>D</sup>	(956)	
Net Income (Loss) Attributable to Duke Energy Corporation	<u>\$ 1,615</u>	<u>\$ (72)</u>	<u>\$ (59)</u>	<u>\$ —</u>	<u>\$ (6)</u>	<u>\$ (966)</u>	<u>\$ (1,103)</u>	<u>\$ 512</u>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<u>\$ 2.28</u>	<u>\$ (0.10)</u>	<u>\$ (0.08)</u>	<u>\$ —</u>	<u>\$ (0.01)</u>	<u>\$ (1.37)</u>	<u>\$ (1.56)</u>	<u>\$ 0.72</u>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<u>\$ 2.28</u>	<u>\$ (0.10)</u>	<u>\$ (0.08)</u>	<u>\$ —</u>	<u>\$ (0.01)</u>	<u>\$ (1.37)</u>	<u>\$ (1.56)</u>	<u>\$ 0.72</u>

- A - Net of \$44 million tax benefit. \$1 million recorded as a decrease in Operating Revenues, \$114 million recorded within Operating Expenses and \$1 million recorded within Interest Expense on the Consolidated Statements of Operations.
- B - Net of \$35 million tax benefit. Recorded within Impairment Charges (Operating Expenses) on the 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 to the Commercial Portfolio segment (net of \$19 million tax benefit) and Other segment (net of \$8 million tax benefit).
- D - Recorded in Income (loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations. Includes the impairment of the nonregulated Midwest generation business and the mark-to-market of economic hedges of the nonregulated Midwest generation business.
- E - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.
- F - Net of \$3 million tax benefit. Recorded within Operating Revenues on the Consolidating Statements of Operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	707
Diluted	707

\* 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 and also relate to existing derivative positions that may have tenors beyond the planned disposal date of the nonregulated Midwest generation business. 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. However, due to the divestiture of the nonregulated Midwest generation business as mentioned above, certain derivative positions have tenors beyond the planned disposal date of these assets. As such, management has excluded settlements of these derivative positions from adjusted diluted EPS as these realized gains and losses more closely relate to the loss on disposal of these assets. 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 Six Months Ended June 30, 2015**  
**(Dollars in Millions)**

	Three Months Ended June 30, 2015		Six Months Ended June 30, 2015	
	<u>Balance</u>	<u>Effective Tax Rate</u>	<u>Balance</u>	<u>Effective Tax Rate</u>
<b>Adjusted Earnings, Pre-Tax Income*</b>	\$ 962		\$2,272	
Costs to Achieve, Progress Energy Merger	(22)		(43)	
Midwest Generation Operations	—		(147)	
Intercompany Eliminations	(2)		(4)	
<b>Reported Income From Continuing Operations Before Income Taxes</b>	<u>\$ 938</u>		<u>\$2,078</u>	
<b>Adjusted Tax Expense*</b>	\$ 300	31.2%**	\$ 726	32.0%**
Tax Adjustment Related to Midwest Generation Sale	41		41	
Midwest Generation Operations	—		(53)	
Costs to Achieve, Progress Energy Merger	(8)		(16)	
Intercompany Eliminations	1		—	
<b>Reported Income Tax Expense From Continuing Operations</b>	<u>\$ 334</u>	35.6%	<u>\$ 698</u>	33.6%

\* Includes amounts attributable to noncontrolling interests

\*\* Adjusted effective tax rate is a non-GAAP financial measure as the rate is calculated using a 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 Six Months Ended June 30, 2014**  
(Dollars in Millions)

	Three Months Ended June 30, 2014		Six Months Ended June 30, 2014	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Adjusted Earnings, Pre-Tax Income*</b>	\$1,101		\$2,354	
Costs to Achieve, Progress Energy Merger	(61)		(116)	
Midwest Generation Operations	(24)		(33)	
Economic Hedges (Mark-to-Market)	(5)		(9)	
Asset Impairment	—		(94)	
Intercompany Eliminations	(3)		(5)	
<b>Reported Income From Continuing Operations Before Income Taxes</b>	<u>\$1,008</u>		<u>\$2,097</u>	
<b>Adjusted Tax Expense*</b>	\$ 311	28.2%**	\$ 731	31.1%**
Costs to Achieve, Progress Energy Merger	(23)		(44)	
Midwest Generation Operations	(3)		(27)	
Economic Hedges (Mark-to-Market)	(2)		(3)	
Asset Impairment	—		(35)	
Intercompany Eliminations	(1)		(1)	
<b>Reported Income Tax Expense From Continuing Operations</b>	<u>\$ 282</u>	28.0%	<u>\$ 621</u>	29.6%

\* Includes amounts attributable to noncontrolling interests

\*\* Adjusted effective tax rate is a non-GAAP financial measure as the rate is calculated using a 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


---

**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): **September 18, 2015**

<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
1-3543	<b>DUKE ENERGY INDIANA, INC.</b> (an Indiana corporation) 1000 East Main Street Plainfield, Indiana 46168	35-0594457

---

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 7.01. Regulation FD Disclosure.**

On September 17, 2015, Duke Energy Indiana, Inc. (the "Company") reached a settlement with the Office of Utility Consumer Counselor, the Duke Energy Indiana Industrial Group and Nucor Steel — Indiana on operating costs at the Edwardsport clean coal gasification plant. Per the terms of the settlement, as proposed, the Company would incur an \$85 million reduction in previously deferred operating and maintenance expenses and a \$5 million shareholder funded commitment for attorney fees, trusts and programs. The remaining costs deferred by the Company and incurred prior to the 2016 cap will be recovered from customers over eight years. The parties also agreed that the commercial in-service date of the plant will remain June 7, 2013, for accounting and ratemaking purposes.

In addition, the settlement proposes a cap on ongoing capital expenditures as well as recoverable annual plant operating and maintenance costs billed to customers through 2017, and that future regulatory filings to update plant operating costs and customer rates will be made annually rather than twice a year. The operating and maintenance cap amounts to be included in annual filings in 2016 and 2017 are as follows:

Period	Base Operating and Maintenance Amount	Cap Amount	Amount to be Recovered
12 Months Ended March 31, 2015	\$67.2 million		
Calendar Year 2016 (beginning with the issuance of an IURC order approving the Settlement or July 1, 2016, whichever occurs earlier)		\$73.3 million pro-rated based on the number of months remaining in 2016 after issuance of an IURC order approving the settlement	Lower of retail portion of 2016 actual or cap amount
Calendar Year 2017		\$76.8 million	Lower of retail portion of 2017 actual or cap amount

The cap amounts on ongoing capital expenditures to be included in subsequent annual filings in 2016 and 2017 are as follows:

Period	Cap Amount of Ongoing Capital Additions (Retail)	Incremental Ongoing Capital Additions to be Recovered (Retail)
Balance at March 31, 2015 (to be implemented upon the issuance of an IURC order approving the Settlement)		\$24.6 million
April 1, 2015 through Calendar Year 2016	\$36.1 million, including ongoing capital additions from April 1, 2015 through December 31, 2016	Lower of retail portion of 2015/2016 actual expenditures or cap amount
Calendar Year 2017	\$16.9 million	Lower of retail portion of 2017 actual expenditures or cap amount

As a result of the settlement, the Company expects to take a pre-tax charge of approximately \$90 million in the third quarter of 2015 which will be reflected as a special item and excluded from the Company's adjusted diluted earnings per share.

The settlement is subject to approval by the Indiana Utility Regulatory Commission (the "IURC"). If approved, the settlement would resolve all Edwardsport-related proceedings currently pending at the IURC. A decision on the settlement by the IURC is expected in the first half of 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: September 18, 2015

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

**DUKE ENERGY INDIANA, INC.**

Date: September 18, 2015

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

**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): September 21, 2015

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

On September 21, 2015, Michael J. Angelakis, was appointed to the Board of Directors (the "Board") of Duke Energy Corporation (the "Company"), effective October 1, 2015. Mr. Angelakis recently served as Vice Chairman and Chief Financial Officer for Comcast Corporation ("Comcast") from March, 2007 until July, 2015 and is a Senior Advisor to the Executive Management Committee of Comcast. Mr. Angelakis will be the Chairman and Chief Executive Officer of a new strategic company he is forming in partnership with Comcast that will focus on investing in and operating growth-oriented companies, both domestically and internationally. He also serves as the Deputy Chairman of the board for the Federal Reserve Bank of Philadelphia and a Trustee of Babson College. Mr. Angelakis' directorship will expire, along with the Company's other directors' terms, at the next annual meeting of shareholders. Mr. Angelakis has been appointed to the Finance and Risk Management Committee and Audit Committee of the Board.

As a non-employee director of the Company, Mr. Angelakis will receive a pro-rated payment of the cash and stock annual retainer, will receive meeting fees in accordance with the Company's Director Compensation Program, as set forth on Exhibit 10.2 of the Company's Form 10-Q, filed with the Securities and Exchange Commission on August 7, 2015, and will be eligible to participate in the Company's Directors' Savings Plan, which is described in the Annual Proxy Statement filed with the Securities and Exchange Commission on March 26, 2015. Mr. Angelakis is subject to the Company'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: September 22, 2015

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): **October 24, 2015**



**DUKE ENERGY CORPORATION**

(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other Jurisdiction of Incorporation)

**20-2777218**  
(I.R.S. Employer Identification No.)

**001-32853**  
(Commission File Number)

**550 South Tryon Street**  
**Charlotte, North Carolina**  
(Address of Principal  
Executive Offices)

**28202-1803**  
(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))
- 
-



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

On October 24, 2015, Duke Energy Corporation, a Delaware corporation ("*Duke Energy*"), entered into an Agreement and Plan of Merger (the "*Merger Agreement*"), by and among Piedmont Natural Gas Company, Inc., a North Carolina Corporation ("*Piedmont*"), Duke Energy and Forest Subsidiary, Inc., a North Carolina corporation and a wholly-owned subsidiary of Duke Energy ("*Merger Sub*").

*Merger.* The Merger Agreement provides for the merger of Merger Sub with and into Piedmont, on the terms and subject to the conditions set forth in the Merger Agreement (the "*Merger*"), with Piedmont continuing as the surviving corporation in the Merger. As a result of the Merger, Piedmont will become a wholly-owned subsidiary of Duke Energy.

*Merger Consideration.* 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 are held by Duke Energy, Merger Sub or their respective wholly-owned subsidiaries) will be converted into the right to receive \$60.00 in cash per Share, without interest (the "*Merger Consideration*").

*Duke Energy Board of Directors.* The Merger Agreement provides that upon completion of the Merger, Duke Energy will take all necessary action so that, as soon as practicable after the Effective Time, Duke Energy will expand the size of its board of directors by one seat and appoint a mutually agreeable current member of the board of directors of Piedmont as a director to serve on Duke Energy's board of directors.

*Representations, Warranties and Covenants.* Piedmont, Duke Energy and Merger Sub each have made various representations, warranties and covenants in the Merger Agreement. In addition, among other things, Piedmont has agreed, subject to certain exceptions, to conduct its operations in the ordinary course of business consistent with past practice from the date of the Merger Agreement until the Effective Time. Piedmont has made certain additional customary covenants, including, among others, subject to certain exceptions, (a) to cause meeting of Piedmont's shareholders to be held to consider approval of the Merger Agreement, (b) not to solicit proposals relating to alternative business combination transactions, and (c) not to participate in discussions concerning, or furnish information in connection with, alternative business combination transactions. Piedmont, Duke Energy and Merger Sub are required to use reasonable best efforts to obtain all required regulatory approvals, which will include clearance under federal antitrust laws and approval by state regulatory bodies, subject to certain exceptions, including that such efforts not result in a "Burdensome Condition" (as defined in the Merger Agreement).

*Closing Conditions.* Consummation of the Merger is subject to various conditions, including, among others, (a) approval of the shareholders of Piedmont, (b) absence of any material adverse effect, (c) expiration or termination of the applicable Hart-Scott-Rodino Act waiting period and the receipt of certain required statutory approvals, (d) absence of any law prohibiting the consummation of the Merger, and (e) subject to certain exceptions, the accuracy of representations and warranties with respect to Piedmont's business. The Merger Agreement contains certain termination rights for both Duke Energy and Piedmont, and provides that, upon termination of the Merger Agreement under specified circumstances, Duke Energy would be required to pay a termination fee of \$250 million to Piedmont and Piedmont would be required to pay Duke Energy a termination fee of \$125 million. The termination fee is payable by Duke Energy under specified circumstances relating to the failure to obtain certain regulatory approvals. The termination fee is payable by Piedmont under specified circumstances, including (a) following a withdrawal by Piedmont's Board of Directors of its recommendation of the Merger Agreement and the Merger in order to enter into a definitive agreement with respect to certain business combinations (other than the Merger Agreement), or (b) if Duke Energy terminates the Merger Agreement following a withdrawal by Piedmont's Board of Directors of its recommendation of the Merger Agreement and the Merger under certain circumstances.

The foregoing description of the Merger Agreement and the transactions contemplated thereby is subject to, and qualified in its entirety by, the full text of the Merger Agreement, a copy of which is attached hereto as Exhibit 2.1, and is incorporated herein by reference.

The Merger Agreement has been filed to provide security holders with information regarding its terms. It is not intended to provide any other factual information about Duke Energy, Piedmont or their respective subsidiaries and affiliates. The Merger Agreement contains representations and warranties by each of the parties to the Merger Agreement. These representations and warranties were made solely for the benefit of the other parties to the Merger Agreement and (a) are not intended to be treated as categorical statements of fact, but rather as a way of allocating risk to one of the parties if those statements prove to be inaccurate, (b) in the case of representations, warranties and covenants made by Piedmont, may have been qualified in the Merger Agreement by confidential disclosure schedules that were delivered to Duke Energy in connection with the signing of the Merger Agreement, which disclosure schedules contain information that modifies, qualifies and creates exceptions to the representations, warranties and covenants set forth in the Merger Agreement, (c) may be subject to standards of materiality applicable to the parties that differ from what might be viewed as material to security holders, and (d) were made only as of the date of the Merger Agreement or such other date or dates as may be specified in the Merger Agreement. Moreover, information concerning the subject matter of the representations, warranties and covenants may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in public disclosures by Duke Energy or Piedmont. Accordingly, you should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or condition of Duke Energy or Piedmont.

As previously disclosed by Duke Energy in its Current Report on Form 8-K filed with the United States Securities and Exchange Commission on September 2, 2014, Duke Energy ACP, LLC, an indirect, wholly-owned subsidiary of Duke Energy, and Piedmont ACP Company, LLC, an indirect, wholly-owned subsidiary of Piedmont, own forty percent (40%) and ten percent (10%) Percentage Interests, respectively, in Atlantic Coast Pipeline, LLC, a Delaware limited liability company.

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

To the extent required by Item 5.02 of Form 8-K, the disclosure set forth in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 5.02.

**Item 7.01. Regulation FD Disclosure.**

**Press Release**

On October 26, 2015 Duke Energy and Piedmont issued a joint press release announcing the execution of the Merger Agreement. The press release is filed as Exhibit 99.1 hereto, and is incorporated herein by reference.

## Investor Call

On October 26, 2015, Duke Energy and Piedmont held a conference call with analysts and investors regarding the proposed Merger. Certain materials presented on the conference call are attached as Exhibit 99.2 hereto, and are incorporated herein by reference.

### Item 9.01. Financial Statements and Exhibits.

#### (d) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
2.1	Agreement and Plan of Merger, dated as of October 24, 2015, by and among Piedmont, Duke Energy and Merger Sub.*
99.1	Joint Press Release, dated October 26, 2015.
99.2	Investor Presentation Materials, dated October 26, 2015.

\* Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule will be furnished supplementally to the Securities and Exchange Commission upon request.

#### *Cautionary statements regarding forward-looking information*

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions. These forward-looking statements are identified by terms and phrases such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook," and similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from the results predicted. Such forward-looking statements include, but are not limited to, statements about the benefits of the proposed merger involving Duke Energy or Piedmont, including future financial and operating results, Duke Energy's or Piedmont's plans, objectives, expectations and intentions, the expected timing of completion of the transaction, and other statements that are not historical facts. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include risks and uncertainties relating to: the ability to obtain the requisite approvals of Piedmont's shareholders; the risk that Duke Energy or Piedmont may be unable to obtain governmental and regulatory approvals required for the merger, or that required governmental and regulatory approvals may delay the merger or result in the imposition of conditions that could cause the parties to abandon the merger; the risk that a condition to closing of the merger may not be satisfied; the timing to consummate the proposed merger; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; the diversion of management time on merger-related issues; and the effect of changes in governmental regulations. Additional risks and uncertainties are identified and discussed in Duke Energy's and Piedmont's and their respective 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. Neither Duke Energy nor Piedmont undertakes any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

#### *Additional information and where to find it*

This communication may be deemed to be solicitation material in respect of the merger of Piedmont Natural Gas into Duke Energy. In connection with the merger, Piedmont Natural Gas intends to file relevant materials with the SEC, including a proxy statement in preliminary and definitive form. INVESTORS OF PIEDMONT NATURAL GAS ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT AND OTHER RELEVANT DOCUMENTS CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT PIEDMONT NATURAL GAS AND THE MERGER. Investors may obtain a free copy of these materials (when they are available) and other documents filed by Piedmont Natural Gas with the SEC at the SEC's website at [www.sec.gov](http://www.sec.gov), at Piedmont Natural Gas' website at [www.piedmontng.com](http://www.piedmontng.com) or by sending a written request to Piedmont Natural Gas company, Inc. at Piedmont Natural Gas Company, Inc., Corporate Secretary, 4720 Piedmont Row Drive Charlotte, North Carolina, 28210. Security holders may also read and copy any reports, statements and other information filed by Piedmont Natural Gas with the SEC, at the SEC public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 or visit the SEC's website for further information on its public reference room.

#### *Participants in the solicitation*

Duke Energy, Piedmont Natural Gas and certain of their respective directors, executive officers and other persons may be deemed to be participants in the solicitation of proxies in respect of the transaction. Information regarding Duke Energy's directors and executive officers is available in Duke Energy's proxy statement filed with the SEC on March 26, 2015 in connection with its 2015 annual meeting of stockholders, and information regarding Piedmont Natural Gas' directors and executive officers is available in Piedmont Natural Gas' proxy statement filed with the SEC on January 16, 2015 in connection with its 2015 annual meeting of shareholders. Other information regarding persons who may be deemed participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the SEC when they become available.

**SIGNATURES**

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**  
(Registrant)

Dated: October 26, 2015

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>
2.1	Agreement and Plan of Merger, dated as of October 24, 2015, by and among Piedmont, Duke Energy and Merger Sub.*
99.1	Joint Press Release, dated October 26, 2015.
99.2	Investor Presentation Materials, dated October 26, 2015.

\* Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule will be furnished supplementally to the Securities and Exchange Commission upon request.

Exhibit 2.1

*EXECUTION VERSION*

---

---

AGREEMENT AND PLAN OF MERGER

Dated as of October 24, 2015

by and among

DUKE ENERGY CORPORATION,

FOREST SUBSIDIARY, INC.

and

PIEDMONT NATURAL GAS COMPANY, INC.

---

---

TABLE OF CONTENTS

	Page
<b>Article I The Merger</b>	<b>2</b>
Section 1.1 The Merger	2
Section 1.2 Closing	2
Section 1.3 Effective Time	2
Section 1.4 Effects of the Merger	2
Section 1.5 Articles of Incorporation and Bylaws of the Surviving Corporation	2
Section 1.6 Directors and Officers of the Surviving Corporation	3
Section 1.7 Post-Merger Commitments	3
Section 1.8 Plan of Merger	4
<b>Article II Effect of the Merger on Capital Stock</b>	<b>4</b>
Section 2.1 Effect on Capital Stock	4
Section 2.2 Exchange of Certificates	5
Section 2.3 Treatment of Equity Awards	7
Section 2.4 Treatment of Employee Stock Purchase Plan	9
Section 2.5 Adjustments	9
<b>Article III Representations and Warranties of the Company</b>	<b>9</b>
Section 3.1 Organization, Standing and Corporate Power	10
Section 3.2 Capitalization	11
Section 3.3 Authority; Non-contravention	12
Section 3.4 Governmental Approvals	13
Section 3.5 Company SEC Documents; Undisclosed Liabilities	13
Section 3.6 Absence of Certain Changes	14
Section 3.7 Legal Proceedings	15
Section 3.8 Compliance With Laws; Permits	15
Section 3.9 Tax Matters	15
Section 3.10 Employee Benefits Matters	16
Section 3.11 Environmental Matters	18
Section 3.12 Intellectual Property	19
Section 3.13 Articles 9 and 9A of the NCBCA Not Applicable; Other Takeover Statutes; Appraisal Rights	19
Section 3.14 Real Property	19
Section 3.15 Contracts	19
Section 3.16 Labor	20
Section 3.17 Opinion of Financial Advisor	20
Section 3.18 Brokers and Other Advisors	20
Section 3.19 Company Shareholder Approval	20
<b>Article IV Representations and Warranties of Parent and Merger Sub</b>	<b>21</b>
Section 4.1 Organization, Standing and Corporate Power	21
Section 4.2 Authority; Noncontravention	21

TABLE OF CONTENTS (CONT'D)

		Page
Section 4.3	Governmental Approvals	22
Section 4.4	Brokers and Other Advisors	22
Section 4.5	Ownership and Operations of Merger Sub	22
Section 4.6	Sufficient Funds	22
Section 4.7	Share Ownership	22
Section 4.8	Legal Proceedings	23
Section 4.9	Non-Reliance on Company Estimates, Projections, Forecasts, Forward-Looking Statements and Business Plans	23
<b>Article V Covenants</b>		<b>23</b>
Section 5.1	Conduct of Business	23
Section 5.2	Preparation of the Proxy Statement; Shareholders Meeting	27
Section 5.3	No Solicitation; Change in Recommendation	29
Section 5.4	Reasonable Best Efforts	31
Section 5.5	Public Announcements	34
Section 5.6	Access to Information; Confidentiality	35
Section 5.7	Takeover Laws	35
Section 5.8	Indemnification and Insurance	35
Section 5.9	Transaction Litigation	37
Section 5.10	Section 16	37
Section 5.11	Employee Matters	37
Section 5.12	Merger Sub and Surviving Corporation	40
Section 5.13	No Control of Other Party's Business	40
Section 5.14	Financing Cooperation	40
Section 5.15	Fiscal Year	41
<b>Article VI Conditions Precedent</b>		<b>42</b>
Section 6.1	Conditions to Each Party's Obligation to Effect the Merger	42
Section 6.2	Conditions to Obligations of Parent and Merger Sub	42
Section 6.3	Conditions to Obligations of the Company	43
Section 6.4	Frustration of Closing Conditions	43
<b>Article VII Termination</b>		<b>43</b>
Section 7.1	Termination	43
Section 7.2	Effect of Termination	45
Section 7.3	Company Termination Fee; Parent Termination Fee	46
<b>Article VIII Miscellaneous</b>		<b>47</b>
Section 8.1	No Survival of Representations and Warranties	47
Section 8.2	Fees and Expenses	48
Section 8.3	Amendment or Supplement	48
Section 8.4	Waiver	48
Section 8.5	Assignment	48
Section 8.6	Counterparts	48
Section 8.7	Entire Agreement; Third-Party Beneficiaries	48
Section 8.8	Governing Law; Jurisdiction	49



**TABLE OF CONTENTS (CONT'D)**

	<u>Page</u>	
Section 8.9	Specific Enforcement	50
Section 8.10	WAIVER OF JURY TRIAL	50
Section 8.11	Notices	50
Section 8.12	Severability	51
Section 8.13	Definitions	52
Section 8.14	Interpretation	60

AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER, dated as of October 24, 2015 (this "Agreement"), is entered into by and among Duke Energy Corporation, a Delaware corporation ("Parent"), Forest Subsidiary, Inc., a North Carolina corporation and a wholly owned Subsidiary of Parent ("Merger Sub"), and Piedmont Natural Gas Company, Inc., a North Carolina corporation (the "Company"). Defined terms used herein have the respective meanings set forth in Section 8.13.

WITNESSETH

WHEREAS, the parties intend that, at the Effective Time, Merger Sub will, in accordance with the North Carolina Business Corporation Act (the "NCBCA"), merge with and into the Company, with the Company continuing as the surviving corporation (the "Merger") on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, the board of directors of the Company (the "Company Board") has (a) determined that it is in the best interests of the Company and its shareholders for the Company to enter into this Agreement, (b) adopted this Agreement and approved the Company's execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement (including the consummation of the Merger upon the terms and subject to the conditions set forth in this Agreement and in accordance with the relevant provisions of the NCBCA) and (c) resolved to submit this Agreement to the Company's shareholders and recommend that the Company's shareholders approve this Agreement;

WHEREAS, the board of directors of Parent has (a) determined that it is in the best interests of Parent and its stockholders for Parent to enter into this Agreement and (b) adopted this Agreement and approved Parent's execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement (including the consummation of the Merger upon the terms and subject to the conditions set forth in this Agreement and in accordance with the relevant provisions of the NCBCA);

WHEREAS, the board of directors of Merger Sub has (a) determined that it is in the best interests of Merger Sub and its sole shareholder for Merger Sub to enter into this Agreement, (b) adopted this Agreement and approved Merger Sub's execution, delivery and performance of this Agreement and the consummation of the transactions contemplated by this Agreement (including the consummation of the Merger upon the terms and subject to the conditions set forth in this Agreement and in accordance with the relevant provisions of the NCBCA) and (c) resolved to submit this Agreement to Parent and recommend that Parent, in its capacity as Merger Sub's sole shareholder, approve this Agreement;

WHEREAS, Parent, in its capacity as the sole shareholder of Merger Sub, has approved this Agreement by written consent; and

WHEREAS, Parent, Merger Sub and the Company desire to make certain representations, warranties, covenants and agreements specified herein in connection with this Agreement.

---

NOW, THEREFORE, in consideration of the representations, warranties, covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, Parent, Merger Sub and the Company hereby agree as follows:

**ARTICLE I**

**THE MERGER**

**Section 1.1 The Merger.** Upon the terms and subject to the conditions set forth in this Agreement, and in accordance with the NCBCA, at the Effective Time, Merger Sub shall be merged with and into the Company, and the separate existence of Merger Sub shall thereupon cease, and the Company shall be the surviving corporation in the Merger (the "Surviving Corporation") and shall become, as a result of the Merger, a direct, wholly-owned subsidiary of Parent. At the Effective Time, as a result of the Merger, the name of the Surviving Corporation shall be Piedmont Natural Gas Company, Inc.

**Section 1.2 Closing.** The consummation of the Merger (the "Closing") shall take place at the offices of Kirkland & Ellis LLP, 655 Fifteenth Street, N.W., Washington, D.C. 20005 at 10:00 a.m. (local time) on the date that is two (2) Business Days following the satisfaction or waiver (to the extent permitted by applicable Law) of the conditions set forth in Article VI (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions at such time), or on such other date and at such other time or place as is agreed to in writing by the parties hereto. The date on which the Closing occurs is referred to herein as the "Closing Date."

**Section 1.3 Effective Time.** Subject to the provisions of this Agreement, on the Closing Date the parties hereto shall file with the Secretary of State of the State of North Carolina articles of merger (the "Articles of Merger") executed in accordance with, and containing such information as is required by, Section 55-11-05 of the NCBCA and on or after the Closing Date shall make all other filings or recordings required under the NCBCA to effectuate the Merger. The Merger shall become effective at such time as the Articles of Merger are duly filed with the Secretary of State of the State of North Carolina or at such later time as is permissible under the NCBCA and is specified in the Articles of Merger (the time the Merger becomes effective being hereinafter referred to as the "Effective Time").

**Section 1.4 Effects of the Merger.** The Merger shall have the effects set forth in this Agreement, the Articles of Merger and the applicable provisions of the NCBCA.

**Section 1.5 Articles of Incorporation and Bylaws of the Surviving Corporation.** At the Effective Time, the articles of incorporation and bylaws of the Company, in each case as amended to date and as in effect immediately prior to the Effective Time (the "Company Charter Documents"), shall be amended as of the Effective Time to be in the form of (except with respect to the name of the Company (which shall be "Piedmont Natural Gas Company, Inc.") the articles of incorporation and bylaws of Merger Sub as of the date hereof and as so amended shall be the articles of incorporation and bylaws of Surviving Corporation until thereafter amended as provided therein or by applicable Law.

**Section 1.6 Directors and Officers of the Surviving Corporation.**

(a) The directors of Merger Sub immediately prior to the Effective Time shall be the directors of the Surviving Corporation immediately following the Effective Time, to serve until their respective successors are duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the articles of incorporation and bylaws of the Surviving Corporation.

(b) The officers of the Company immediately prior to the Effective Time shall be the officers of the Surviving Corporation immediately following the Effective Time, to serve until their respective successors are duly appointed and qualified or until their earlier death, resignation or removal in accordance with the articles of incorporation and bylaws of the Surviving Corporation.

**Section 1.7 Post-Merger Commitments.** Parent hereby confirms that, subject to the occurrence of the Effective Time, it:

(a) intends to cause the Surviving Corporation to maintain its headquarters in 4720 Piedmont Row Drive, Charlotte, North Carolina 28210 and to maintain a significant presence in the immediate location of such headquarters;

(b) intends to cause each of its Subsidiaries that is regulated as a public utility or gas utility under applicable Law of the State of North Carolina, the State of South Carolina or the State of Tennessee or is subject to such regulation by any other state to maintain its headquarters in the location of its headquarters as of immediately prior to the Closing and to maintain a significant presence in the immediate location of such headquarters;

(c) will take all necessary action so that, as soon as practicable after the Effective Time, Parent will expand the size of its board of directors by one seat and appoint a mutually agreeable current member of the Company Board as a director to serve on Parent's board of directors;

(d) intends to offer to retain the existing executive operating management team of the Company to manage Parent's and the Company's combined natural gas operations and to offer other senior Company executives the opportunity to join Parent's executive leadership team, and expects the head of such combined operations to report directly to the Chief Executive Officer of Parent and serve on Parent's Senior Management Committee;

(e) intends to establish a newly formed advisory board for its operations (the "Advisory Board"), which would meet several times a year to receive information and provide feedback on financial and operating results, customer service performance, community and government relations and economic development and investment opportunities that affect Parent's and the Company's local stakeholders;

(f) intends to nominate a minimum of six (6) current members of the Company Board for election to the Advisory Board;

(g) intends to cause the Surviving Corporation and its Subsidiaries to maintain the Company brand and continue to operate their business thereunder.

(h) intends to cause the Surviving Corporation and its Subsidiaries to maintain historic levels of community involvement, charitable contributions, low income funding, economic development and support efforts in the existing service territories of the Company and its Subsidiaries; and

(i) intends to maintain historic levels of community involvement, charitable contributions, low income funding, economic development and support efforts in the existing service territories of the Parent and its Subsidiaries.

**Section 1.8** Plan of Merger. This Article I and Article II and, solely to the extent necessary under the NCBCA, the other provisions of this Agreement shall constitute a “plan of merger” for the purposes of the NCBCA, including Section 55-11-01 thereof.

## ARTICLE II

### EFFECT OF THE MERGER ON CAPITAL STOCK

**Section 2.1** Effect on Capital Stock. At the Effective Time, by virtue of the Merger and without any action on the part of the Company, Parent or Merger Sub or any holder of any shares of common stock, no par value per share, of the Company (“Company Common Stock”) or any shares of capital stock of Merger Sub:

(a) Capital Stock of Merger Sub. Each issued and outstanding share of capital stock of Merger Sub shall be converted into and become one validly issued, fully paid and non-assessable share of common stock, no par value per share, of the Surviving Corporation.

(b) Cancellation of Parent-Owned Stock. Any shares of Company Common Stock that are owned by Parent or Merger Sub or any of their respective wholly-owned Subsidiaries, in each case immediately prior to the Effective Time, shall be automatically canceled and shall cease to exist and no consideration shall be delivered in exchange therefor.

(c) Conversion of Company Common Stock. Each issued and outstanding share of Company Common Stock (other than shares to be canceled in accordance with Section 2.1(b)) shall thereupon be converted automatically into and shall thereafter represent solely the right to receive an amount in cash equal to \$60.00 without interest (the “Merger Consideration”). As of the Effective Time, all such shares of Company Common Stock shall no longer be outstanding and shall automatically be canceled and shall cease to exist, and the holders immediately prior to the Effective Time of shares of Company Common Stock not represented by certificates (“Book-Entry Shares”) and the holders of certificates that immediately prior to the Effective Time represented any such shares of Company Common Stock (each, a “Certificate”) shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration to be paid in consideration therefor upon surrender of such Book-Entry Share or Certificate in accordance with Section 2.2(b) without interest (subject to any applicable withholding Tax).

**Section 2.2      Exchange of Certificates.**

(a)      Paying Agent: Investment by Paying Agent of Funds. Prior to the Effective Time, Parent shall designate a bank or trust company reasonably acceptable to the Company (the "Paying Agent") for the purpose of exchanging shares of Company Common Stock for the Merger Consideration and enter into an agreement reasonably acceptable to the Company with the Paying Agent relating to the services to be performed by the Paying Agent. Parent shall deposit, or cause to be deposited, the aggregate Merger Consideration with respect to all shares of Company Common Stock (other than shares to be cancelled in accordance with Section 2.1(b)) with the Paying Agent at or prior to the Effective Time. The aggregate Merger Consideration deposited with the Paying Agent shall, pending its disbursement to such holders, be invested by the Paying Agent in (i) short-term commercial paper obligations of issuers organized under the Laws of a state of the United States of America, rated A-1 or P-1 or better by Moody's Investors Service, Inc. or Standard & Poor's Ratings Service, respectively, or in certificates of deposit, bank repurchase agreements or bankers' acceptances of commercial banks with capital exceeding \$10,000,000,000, or in mutual funds investing in such assets, or (ii) short-term obligations for which the full faith and credit of the United States of America is pledged to provide for the payment of principal and interest, or in mutual funds investing in such assets. Any interest and other income from such investments shall become part of the funds held by the Paying Agent for purposes of paying the Merger Consideration. No investment or investment losses resulting from such investment by the Paying Agent of the aggregate Merger Consideration shall relieve Parent, the Surviving Corporation or the Paying Agent from making the payments required by this Article II and Parent shall promptly replace any funds deposited with the Paying Agent lost through any investment made pursuant to this Section 2.2(a). No investment by the Paying Agent of the aggregate Merger Consideration shall have maturities that could prevent or delay payments to be made pursuant to this Agreement. Following the Effective Time, Parent agrees to make available to the Paying Agent, from time to time as needed, additional cash to pay the Merger Consideration as contemplated by this Article II without interest.

(b)      Payment Procedures. As promptly as practicable after the Effective Time (but in no event more than three (3) Business Days thereafter), the Surviving Corporation shall cause the Paying Agent to mail to each holder of record of Company Common Stock (i) a letter of transmittal (which, in the case of shares of Company Common Stock represented by Certificates, shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Paying Agent, and shall be in such form and have such other provisions as Parent and the Company may reasonably agree and shall be prepared prior to Closing) and (ii) instructions for use in effecting the surrender of the Certificates or Book-Entry Shares in exchange for payment of the Merger Consideration. Upon surrender of Certificates for cancellation to the Paying Agent or, in the case of Book-Entry Shares, receipt of an "agent's message" by the Paying Agent (or such other evidence, if any, of transfer as the Paying Agent may reasonably request), together with such letter of transmittal, duly completed and validly executed in accordance with the instructions (and such other customary documents as may reasonably be required by the Paying Agent), the holder of such Certificates or Book-Entry Shares shall be entitled to receive in exchange therefor, subject to any required withholding Taxes, the Merger Consideration, without interest, for each share of Company Common Stock surrendered, and any Certificates surrendered shall forthwith be

canceled. If payment of the Merger Consideration is to be made to a Person other than the Person in whose name the surrendered Certificate or Book-Entry Share in exchange therefor is registered, it shall be a condition of payment that (A) the Person requesting such exchange present proper evidence of transfer or shall otherwise be in proper form for transfer and (B) the Person requesting such payment shall have paid any transfer and other Taxes required by reason of the payment of the Merger Consideration to a Person other than the registered holder of such Certificate or Book-Entry Share surrendered or shall have established to the reasonable satisfaction of the Surviving Corporation and the Paying Agent that such Tax either has been paid or is not applicable. Until surrendered as contemplated by this Section 2.2, each Certificate and Book-Entry Share shall be deemed at any time after the Effective Time to represent only the right to receive the Merger Consideration as contemplated by this Article II, without interest.

(c) Transfer Books; No Further Ownership Rights in Company Stock. The Merger Consideration paid in respect of shares of Company Common Stock upon the surrender for exchange in accordance with the terms of this Article II shall be deemed to have been paid in full satisfaction of all rights pertaining to the shares of Company Common Stock, and at the Effective Time, the stock transfer books of the Company shall be closed and thereafter there shall be no further registration of transfers on the stock transfer books of the Surviving Corporation of the shares of Company Common Stock that were outstanding immediately prior to the Effective Time. From and after the Effective Time, the holders of Certificates or Book-Entry Shares that evidenced ownership of shares of Company Common Stock outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such shares of Company Common Stock other than the right to receive the Merger Consideration, except as otherwise provided for herein or by applicable Law. If, at any time after the Effective Time, Certificates are presented to the Surviving Corporation for any reason, they shall be canceled and exchanged as provided in this Article II.

(d) Lost, Stolen or Destroyed Certificates. If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by the Surviving Corporation or the Paying Agent, the posting by such Person of a bond, in such reasonable amount as Parent may direct, as indemnity against any claim with respect to such Certificate, the Paying Agent will pay, in exchange for such lost, stolen or destroyed Certificate, the applicable Merger Consideration to be paid in respect of the shares of Company Common Stock formerly represented by such Certificate, as contemplated by this Article II.

(e) Termination of Fund. At any time following the first (1st) anniversary of the Closing Date, the Surviving Corporation shall be entitled to require the Paying Agent to deliver to it any funds (including any interest received with respect thereto) that had been made available to the Paying Agent and which have not been disbursed in accordance with this Article II, and thereafter Persons entitled to receive payment pursuant to this Article II shall be entitled to look only to the Surviving Corporation (subject to abandoned property, escheat or other similar Laws) as general creditors thereof with respect to the payment of any Merger Consideration that may be payable upon surrender of any Company Common Stock held by such holders, as determined pursuant to this Agreement, without any interest thereon. Any amounts remaining unclaimed by such holders at such time at which such amounts would otherwise escheat to or become property of any Governmental Authority shall become, to the extent

permitted by applicable Law, the property of the Surviving Corporation, free and clear of all claims or interest of any Person previously entitled thereto.

(f) No Liability. Notwithstanding any other provision of this Agreement, none of Parent, the Merger Sub, the Surviving Corporation, the Company or the Paying Agent shall be liable to any Person for Merger Consideration delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law.

(g) Withholding Taxes. Parent, the Company, the Surviving Corporation and the Paying Agent shall be entitled to deduct and withhold from the consideration otherwise payable to a holder of shares of Company Common Stock, Company RSUs or Company Performance Share Awards pursuant to this Agreement such amounts as may be required to be deducted and withheld with respect to the making of such payment under the Internal Revenue Code of 1986 (the "Code"), or under any applicable provision of state, local or foreign Law related to Taxes. To the extent amounts are so withheld and timely paid over to the appropriate Taxing authority, the withheld amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such deduction and withholding was made. Parent, the Company, the Surviving Corporation, and the Paying Agent shall reasonably cooperate with such holders in all reasonable respects, and in compliance with applicable Law, at their request and expense to minimize the amount of any applicable withholding.

**Section 2.3 Treatment of Equity Awards.**

(a) Company RSUs. Immediately prior to the Effective Time, each (x) Company RSU that was granted prior to the date of this Agreement and is outstanding immediately prior to the Effective Time and (y) each Company RSU that would result, pursuant to the terms of the applicable Company RSU award agreement, from crediting to an award recipient's account the amount of cash dividends accrued, but not yet credited, in respect of each share of Company Common Stock subject to such Company RSU, shall be converted into a vested right to receive cash in an amount equal to the Merger Consideration.

(b) Currently Outstanding Company Performance Share Awards. Immediately prior to the Effective Time, each Company Performance Share Award that was granted prior to the date of this Agreement and is outstanding and subject to an incomplete performance period immediately prior to the Effective Time shall be converted into a vested right to receive cash in an amount equal to the target number of shares of Company Common Stock subject to such Company Performance Share Award, multiplied by the Merger Consideration, subject to proration consistent with past practice with respect to Applicable Retired Company Employees. In addition, to the extent that the Effective Time occurs within 2½ months following the end of the applicable performance period with respect to a Company Performance Share Award but prior to settlement of such Company Performance Share Award, such Company Performance Share Award shall be converted into a vested right to receive cash in an amount equal to the greater of (x) the target number of shares of Company Common Stock subject to such Company Performance Share Award, multiplied by the Merger Consideration and (y) the actual number of shares of Company Common Stock to which the holder of such Company Performance Share Award would be entitled based on actual performance with respect to the applicable performance



period, multiplied by the Merger Consideration, subject to proration consistent with past practice with respect to Applicable Retired Company Employees.

(c) Future Company Performance Share Awards. Each Company Performance Share Award that is granted after the date of this Agreement and is outstanding immediately prior to the Effective Time shall cease to represent an award that can be settled in shares of Company Common Stock, shall be assumed by Parent and shall be converted into a Parent restricted stock unit award (a "Parent RSU Award"), with the number of Parent Shares subject to such Parent RSU Award being equal to the product (rounded down to the nearest whole number) of (x) one hundred twenty-five percent (125%) of the target number of shares of Company Common Stock subject to such Company Performance Share Award immediately prior to the Effective Time multiplied by (y) the Equity Award Conversion Ratio. Any performance-related vesting conditions applicable to each such Company Performance Share Award shall cease to apply upon the conversion to Parent RSU Awards and the Parent RSU Awards shall be subject to time-based vesting only and shall fully vest at the time the incomplete performance period applicable to such Company Performance Share Awards would otherwise have ended (the "Parent RSU Award Vesting Date"), subject to the holder of the Parent RSU Award (the "Parent RSU Award Recipient") remaining continuously employed by the Surviving Corporation or its affiliates through the applicable Parent RSU Award Vesting Date; provided that in the event, at any time prior to the Parent RSU Award Vesting Date, a Parent RSU Award Recipient is terminated by the Surviving Corporation without "Cause" or resigns for "Good Reason," each as defined in the Company Stock Plan, any Parent RSU Awards held by the Parent RSU Award Recipient that would have vested on such Parent RSU Award Vesting Date shall fully and immediately vest as of the termination date. Except as provided herein, including with respect to vesting conditions, each such Company Performance Share Award that is assumed by Parent hereunder shall continue to be subject to the same terms and conditions that apply to such Company Performance Share Award immediately prior to the Effective Time; provided, however, that the compensation committee of Parent's board of directors shall succeed to the authority and responsibility of the Company Board or any committee thereof with respect to such Company Performance Share Award and such Company Performance Share Award shall be subject to administrative procedures consistent with those in effect under Parent's equity compensation plan. Parent shall register on a Form S-8 (or other appropriate form) all Parent Shares subject to the Parent RSU Awards.

(d) The Surviving Corporation shall be entitled to deduct and withhold from the amounts otherwise payable pursuant to this Section 2.3 to any holder of Company RSUs or Company Performance Share Awards such amounts as the Surviving Corporation is required to deduct and withhold with respect to the making of such payment under the Code, or any applicable provision of state, or local Law related to Tax, and the Surviving Corporation shall timely make any required filings and payments to Tax authorities relating to any such deduction or withholding. To the extent that amounts are so deducted and withheld by the Surviving Corporation, such withheld amounts shall be treated for the purposes of this Agreement as having been paid to the holder of Company RSUs or Company Performance Share Awards in respect of which such deduction and withholding was made by the Surviving Corporation.

(e) No later than the Effective Time, Parent shall provide, or shall cause to be provided, to the Surviving Corporation all funds necessary to fulfill the obligations under this

Section 2.3. All payments required under this Section 2.3 shall be made through the Company's payroll not later than the first payroll date following the Effective Time.

Section 2.4 Treatment of Employee Stock Purchase Plan. Except as otherwise provided in this Section 2.4, each current "Payroll Deduction Period" (as defined in the Company ESPP) (a "Payroll Deduction Period") in progress as of the date of this Agreement under the Company ESPP will continue, and the shares of Company Common Stock will be issued to participants thereunder on the next currently scheduled purchase dates thereunder occurring after the date of this Agreement as provided under, and subject to the terms and conditions of, the Company ESPP. New Payroll Deduction Periods under the Company ESPP will be permitted to commence following the date of this Agreement in the ordinary course of business. Any Payroll Deduction Period in progress as of the Effective Time will be shortened, and the last day of each such Payroll Deduction Period will be a date specified by Parent that is not more than thirty (30) days preceding the Effective Time or such other time as the parties otherwise agree, at which time each participant in the Company ESPP shall have purchased for his or her account as many shares of Company Common Stock as his or her payroll deductions that have accumulated during the relevant Payroll Deduction Period can purchase under the terms of the Company ESPP. Notwithstanding any restrictions on transfer of stock in the Company ESPP, the treatment in the Merger of any shares of Company Common Stock under this provision will be in accordance with Section 2.1. The Company will terminate the Company ESPP as of or prior to the Effective Time. The Company will, promptly after the date of this Agreement, take all actions (including, if appropriate, amending the terms of the Company ESPP) that are necessary to give effect to the transactions contemplated by this Section 2.4.

Section 2.5 Adjustments. If at any time during the period between the date of this Agreement and the Effective Time, any change in the outstanding shares of capital stock of the Company (or any other securities convertible or exchangeable therefor) shall occur as a result of any reclassification, stock split (including a reverse stock split) or combination, exchange or readjustment of shares, or any stock dividend or stock distribution with a record date during such period, or any similar event, the Merger Consideration shall be equitably adjusted; provided, however, that nothing in this Section 2.5 shall be deemed to permit or authorize any party hereto to effect any such change that it is not otherwise authorized or permitted to undertake pursuant to this Agreement.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except (a) as set forth in the disclosure schedule delivered by the Company to Parent simultaneously with the execution of this Agreement (the "Company Disclosure Schedule") (which schedule sets forth, among other things, items the disclosure of which is necessary or appropriate 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 this Article III, or to one or more of the Company's covenants contained in Article V, except that any information set forth in one section of the Company Disclosure Schedule will be deemed to apply to all other sections or subsections thereof to the extent that such information is reasonably applicable) or (b) as set forth in any of the Company SEC Documents filed prior to the date of

this Agreement, but excluding in the case of this clause (b) any risk factor disclosure under the headings “Risk Factors” or “Forward Looking Statements”, the Company represents and warrants to Parent and Merger Sub as follows:

**Section 3.1 Organization, Standing and Corporate Power.**

(a) The Company is a corporation duly organized, validly existing and in good standing under the Laws of the State of North Carolina and has all requisite corporate power and authority necessary to own or lease all of its properties and assets and to carry on its business as it is now being conducted. The Company is duly qualified to do business and is in good standing in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such qualification necessary, except where the failure to be so qualified or in good standing would not reasonably be expected to have, a Company Material Adverse Effect. The Company has made available to Parent true and complete copies of the Company Charter Documents as in effect on the date of this Agreement.

(b) Each of the Company’s subsidiaries that constitutes a “significant subsidiary” of the Company within the meaning of Rule 1-02 of Regulation S-X under the Exchange Act (each, a “Significant Subsidiary”) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, except in each case as would not reasonably be expected to have a Company Material Adverse Effect. Each of the Significant Subsidiaries is duly qualified to do business and is in good standing in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such qualification necessary, except where the failure to be so qualified or in good standing would not reasonably be expected to have a Company Material Adverse Effect. All the outstanding shares of capital stock of, or other equity interests in, each Subsidiary of the Company have been validly issued and are fully paid and non-assessable and are owned directly or indirectly by the Company free and clear of all liens, pledges, security interests and transfer restrictions, except for such transfer restrictions as are contained in the articles of incorporation or bylaws (or any equivalent constituent documents) of such Subsidiary of the Company or for such transfer restrictions of general applicability as may be provided under the Securities Act of 1933 (the “Securities Act”) and other applicable Laws. The Company has made available to Parent true and complete copies of the articles of incorporation and bylaws (or equivalent constituent documents) of each Significant Subsidiary as in effect on the date of this Agreement.

(c) Each of the Company and the Significant Subsidiaries has all requisite entity power and authority to enable it to own, operate, lease or otherwise hold its properties and assets and to conduct its businesses as presently conducted, except where the failure to have such power or authority would not reasonably be expected to have a Company Material Adverse Effect.

(d) Section 3.1(d) of the Company Disclosure Schedule sets forth a list of the Company Joint Ventures, including the name of each such entity and the Company’s percentage ownership interest thereof. The Company has made available to Parent true and complete copies

of the articles of formation and limited liability company agreement (or equivalent constituent documents) of each Company Joint Venture.

**Section 3.2      Capitalization.**

(a) The authorized capital stock of the Company consists of 200,000,000 shares of Company Common Stock and 175,000 shares of preferred stock (the "Company Preferred Stock"). At the close of business on October 22, 2015, (a) 79,354,828 shares of Company Common Stock were issued and outstanding, (b) no shares of Company Preferred Stock were issued and outstanding, (c) Company RSUs with respect to an aggregate of 59,769 shares of Company Common Stock were issued and outstanding (including shares of Company Common Stock issuable in respect of dividends declared through such date), and (d) Company Performance Share Awards with respect to an aggregate of 500,478 shares of Company Common Stock based on achievement of applicable performance criteria at target level were issued and outstanding. From October 22, 2015 through the date of this Agreement, the Company has not issued any shares of Company Common Stock, shares of Company Preferred Stock, Company RSUs, Company Performance Share Awards or any other Equity Securities.

(b) All outstanding shares of Company Common Stock are, and all shares of Company Common Stock that may be issued upon the settlement of Company RSUs and Company Performance Share Awards will be, when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to, or issued in violation of, any preemptive right. Except as set forth in (x) Section 3.2(b) of the Company Disclosure Schedule, (y) in Section 3.2(a), or (z) pursuant to the terms of this Agreement, as of the date hereof, there are not issued, reserved for issuance or outstanding, and there are not any outstanding obligations of the Company or any Subsidiary of the Company to issue, deliver or sell, or cause to be issued, delivered or sold, (i) any capital stock of the Company or any Subsidiary of the Company or any securities of the Company or any Subsidiary of the Company convertible into or exchangeable or exercisable for shares of capital stock or voting securities of, or other equity interests in, the Company or any Subsidiary of the Company or (ii) any warrants, calls, options or other rights to acquire from the Company or any Subsidiary of the Company, or any other obligation of the Company or any Subsidiary of the Company to issue, deliver or sell, or cause to be issued, delivered or sold, any capital stock or voting securities of, or other equity interests in, the Company or any Subsidiary of the Company (the foregoing clauses (i) and (ii), collectively, "Equity Securities"). Except pursuant to the Company Stock Plan, there are not any outstanding obligations of the Company or any Subsidiary of the Company to repurchase, redeem or otherwise acquire any Equity Securities. There is no outstanding Indebtedness of the Company having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which shareholders of the Company may vote.

(c) Section 3.2(c) of the Company Disclosure Schedule sets forth a complete and accurate list of the following information with respect to each Company RSU and each Company Performance Share Award outstanding as of the date of this Agreement: (i) the name of the holder of each Company RSU or Company Performance Share Award; (ii) the number of shares of Company Common Stock subject to each such Company RSU or Company Performance Share Award, with the number of such shares subject to Company Performance Share Awards listed at both target and maximum levels; (iii) the grant date of each such

Company RSU or Company Performance Share Award and (iv) the Company Stock Plan pursuant to which each such Company RSU or Company Performance Share Award was granted.

**Section 3.3      Authority: Non-contravention.**

(a) The Company has all necessary corporate power and authority to execute and deliver this Agreement and, subject to obtaining the Company Shareholder Approval, to perform its obligations hereunder and to consummate the Transactions. The Company Board, at a meeting duly called and held, unanimously adopted resolutions (i) determining that it is in the best interests of the Company and its shareholders for the Company to enter into this Agreement, (ii) adopting this Agreement and approving the Company's execution, delivery and performance of this Agreement and the consummation of the Transactions, and (iii) resolving to recommend that the shareholders of the Company approve this Agreement and directing that this Agreement be submitted to the shareholders of the Company for approval at a duly held meeting of such shareholders for such purpose (the "Company Board Recommendation"). As of the date of this Agreement, such resolutions have not been amended or withdrawn. Except for obtaining the Company Shareholder Approval, no other corporate action on the part of the Company is necessary to authorize the execution and delivery of and performance by the Company under this Agreement and the consummation by it of the Transactions. This Agreement has been duly executed and delivered by the Company and, assuming due authorization, execution and delivery hereof by the other parties hereto, constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except that such enforceability (i) may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other similar laws of general application affecting or relating to the enforcement of creditors' rights generally and (ii) is subject to general principles of equity, whether considered in a proceeding at law or in equity (the "Bankruptcy and Equity Exception").

(b) The execution and delivery of this Agreement by the Company does not, and neither the consummation by the Company of the Transactions nor compliance by the Company with any of the terms or provisions hereof will, (i) assuming the Company Shareholder Approval is obtained, conflict with or violate any provision of the Company Charter Documents or the organizational documents of any Subsidiary of the Company, (ii) assuming that each of the consents, authorizations and approvals referred to in Section 3.4 and the Company Shareholder Approval are obtained (and any condition precedent to any such consent, authorization or approval has been satisfied) and each of the filings referred to in Section 3.4 are made and any applicable waiting periods referred to therein have expired, violate any Law applicable to the Company or any of its Subsidiaries or (iii) assuming that each of the consents and notices specified in Section 3.3(b)(iii) of the Company Disclosure Schedule is obtained or given, as applicable, result in any breach of, or constitute a default (with or without notice or lapse of time, or both) under, or give rise to any right of termination, amendment, acceleration or cancellation of or payment under, any Company Material Contract to which the Company or any of its Subsidiaries is a party or any Company Permit, or result in the creation of a Lien (other than any Permitted Lien) upon any of the properties or assets of the Company or any of its Subsidiaries, other than, in the case of clauses (ii) and (iii), as would not reasonably be expected to have a Company Material Adverse Effect.

**Section 3.4** **Governmental Approvals.** Except for (a) the filing with the SEC of a proxy statement, in preliminary and definitive form, relating to the Company Shareholders Meeting (as amended or supplemented from time to time, the "Proxy Statement") and other filings required under, and compliance with other applicable requirements of, the Securities Exchange Act of 1934 (the "Exchange Act") and the rules of the NYSE in connection with this Agreement and the Merger, (b) the filing of the Articles of Merger with the Secretary of State of the State of North Carolina pursuant to the NCBCA, (c) approvals or filings required under, and compliance with other applicable requirements of, the NCUC (such approvals and filings described in this clause (c), the "Required Statutory Approvals"), (d) the approvals or filings set forth on Section 3.4(d) of the Company Disclosure Schedule, and (e) filings required under, and compliance with other applicable requirements of, the HSR Act, no consents or approvals of, or filings, declarations or registrations with, any Governmental Authority are necessary for the execution and delivery of this Agreement by the Company and the consummation by the Company of the Transactions, other than as would not reasonably be expected to have a Company Material Adverse Effect.

**Section 3.5** **Company SEC Documents: Undisclosed Liabilities.**

(a) The Company has filed with or furnished to the SEC, on a timely basis, all registration statements, reports, proxy statements and other documents with the SEC required to be filed or furnished since October 31, 2013 (collectively, and in each case including all exhibits and schedules thereto and documents incorporated by reference therein, as such statements, reports and documents may have been amended since the date of their filing, the "Company SEC Documents"). As of their respective effective dates (in the case of Company SEC Documents that are registration statements filed pursuant to the requirements of the Securities Act) and as of their respective filing dates (in the case of all other Company SEC Documents), or in the case of amendments thereto, as of the date of the last such amendment (but only amendments prior to the date of this Agreement in the case of any Company SEC Document with a filing or effective date prior to the date of this Agreement), the Company SEC Documents complied in all material respects with the requirements of the Exchange Act, the Securities Act or the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), as the case may be, and the rules and regulations of the SEC promulgated thereunder, applicable to such Company SEC Documents, and none of the Company SEC Documents as of such respective dates (or, if amended, the date of the filing of such amendment, with respect to the disclosures that are amended) 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, in light of the circumstances under which they were made, not misleading.

(b) Except to the extent updated, amended, restated or corrected by a subsequent Company SEC Document (but only amendments, restatements or corrections prior to the date of this Agreement in the case of any Company SEC Document with a filing or effective date prior to the date of this Agreement), as of their respective dates of filing with the SEC, the consolidated financial statements of the Company included in the Company SEC Documents (i) complied as to form in all material respects with all applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto (except, in the case of unaudited statements, as permitted by Form 10-Q of the SEC), (ii) have been prepared in accordance with GAAP applied on a consistent basis during the periods involved (except (A) as

may be indicated in the notes thereto or (B) as permitted by Regulation S-X) and (iii) present fairly, in all material respects, the consolidated financial position of the Company and its Subsidiaries, and the consolidated results of their operations and cash flows, as of each of the dates and for the periods shown, as applicable, in conformity with GAAP.

(c) The Company has established and maintains disclosure controls and procedures and internal control over financial reporting (as such terms are defined in paragraphs (e) and (f), respectively, of Rule 13a-15 under the Exchange Act) as required by Rule 13a-15 under the Exchange Act. The Company's disclosure controls and procedures are reasonably designed to ensure that all material information required to be disclosed by the Company in the reports that it files or furnishes under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC, and that all such material information is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure and to make the certifications required pursuant to Sections 302 and 906 of the Sarbanes-Oxley Act.

(d) Neither the Company nor any of its Subsidiaries has any liabilities which would be required to be reflected or reserved against on a consolidated balance sheet of the Company prepared in accordance with GAAP or the notes thereto, except for liabilities (i) reflected or reserved against on the balance sheet of the Company and its Subsidiaries as of July 31, 2015 (the "Balance Sheet Date") (including the notes thereto) included in the Company SEC Documents, (ii) incurred after the Balance Sheet Date in the ordinary course of business, (iii) as contemplated by this Agreement or otherwise arising in connection with the Transactions or (iv) as would not reasonably be expected to have a Company Material Adverse Effect.

(e) All filings (other than immaterial filings) required to be made by the Company or any of its Subsidiaries since January 1, 2014 under applicable state Laws specifically governing the regulation of public utilities have, to the Knowledge of the Company, been filed with the applicable state public utility commissions (including, to the extent required, the North Carolina Utilities Commission ("NCUC"), the South Carolina Public Service Commission and the Tennessee Regulatory Authority as the case may be, including all forms, statements, reports, agreements (oral or written) and all documents, exhibits, amendments and supplements appertaining thereto (collectively, "Regulatory Filings")), and all such Regulatory Filings complied, in all material respects, as of their respective dates, with all applicable requirements of the applicable statute and the rules and regulations thereunder, except for Regulatory Filings the failure of which to make or the failure of which to make in compliance with all applicable requirements of the applicable statute and the rules and regulations thereunder have not had and would not reasonably be expected to have a Company Material Adverse Effect.

**Section 3.6 Absence of Certain Changes.** From November 1, 2014 to the date of this Agreement, (a) except in connection with the Transactions, the business of the Company and its Subsidiaries has been conducted in all material respects in the ordinary course of business consistent with past practice and (b) there has not been any fact, circumstance, change, event, development, occurrence or effect that has had or would reasonably be expected to have a Company Material Adverse Effect.

**Section 3.7**      **Legal Proceedings.** There is no pending or, to the Knowledge of the Company, threatened, Claim against the Company or any of its Subsidiaries, nor is there any injunction, order, judgment, ruling or decree imposed upon the Company or any of its Subsidiaries, in each case, by or before any Governmental Authority, that would reasonably be expected to have a Company Material Adverse Effect.

**Section 3.8**      **Compliance With Laws; Permits.** The Company and its Subsidiaries are in compliance with all laws, statutes, ordinances, codes, rules, regulations, rulings, decrees, judgments, injunctions and orders of Governmental Authorities (collectively, "Laws") applicable to the Company or any of its Subsidiaries, except for instances of non-compliance as would not reasonably be expected to have a Company Material Adverse Effect. The Company and each of its Subsidiaries hold, and are in compliance with, all licenses, franchises, permits, certificates, approvals and authorizations from Governmental Authorities required by Law for the conduct of their respective businesses as they are now being conducted (collectively, "Company Permits"), except as would not reasonably be expected to have a Company Material Adverse Effect.

**Section 3.9**      **Tax Matters.**

(a) Each of the Company and its Subsidiaries has timely filed, or has caused to be timely filed on its behalf (taking into account any extension of time within which to file), all Tax Returns required to be filed by it, and all such filed Tax Returns are correct and complete, except as would not reasonably be expected to have a Company Material Adverse Effect. Each of the Company and its Subsidiaries has paid all Taxes that are required to be paid by it (whether or not shown or required to be shown as due on any Tax Returns), except as would not reasonably be expected to have a Company Material Adverse Effect. Each of the Company and its Subsidiaries has withheld and timely remitted to the appropriate Governmental Authority all material Taxes required to be withheld from amounts owing to any employee, creditor or third party. No material deficiency with respect to Taxes has been proposed, asserted or assessed against the Company or any of its Subsidiaries which has not been fully paid or otherwise finally resolved or adequately reserved for in the Company's financial statements included in the Company SEC Documents. No material audit or other administrative or court proceedings are pending with any Governmental Authority with respect to Taxes of the Company or any of its Subsidiaries, and no written notice thereof has been received. With respect to any Tax years open for audit, neither the Company nor any of its Subsidiaries has granted in writing any material waiver of any statute of limitations with respect to, or any extension of a period for the assessment of, any Tax, except, with respect to the federal income tax return for the 2011 tax year, for the extension of the statute of limitations to June 30, 2016. Neither the Company nor any of its Subsidiaries has incurred any liability for Taxes since the Balance Sheet Date except in the ordinary course of business.

(b) Neither the Company nor any of its Subsidiaries has any material liability for Taxes of any Person (except for the Company or any of its Subsidiaries) arising from the application of Treasury Regulation Section 1.1502-6 or any analogous provision of state, local or foreign Law, or as a transferee or successor, by contract or otherwise.

(c) Neither the Company nor any of its Subsidiaries is a party to or is otherwise bound by any material Tax sharing, allocation or indemnification agreement or



arrangement, except for such an agreement or arrangement (1) exclusively between or among the Company and its Subsidiaries, or (2) with customers, vendors, lessors or other third parties entered into in the ordinary course of business and not primarily related to Taxes.

(d) No closing agreements, private letter rulings, technical advice memoranda, advance Tax rulings, advance pricing agreements, or similar written agreements or rulings have been entered into or issued by any Governmental Authority with respect to Taxes of the Company or any of its Subsidiaries in each case that could reasonably be expected to have a material effect on the Tax liability of the Company or any of its Subsidiaries after the Closing Date.

(e) There are no material Liens on any of the assets of the Company or any of its Subsidiaries that arose in connection with any failure (or alleged failure) to pay any Tax.

(f) In any Taxable period ending after the Closing Date, neither the Company nor any of its Subsidiaries will be required to include or accelerate the recognition of any material item of income, or exclude or defer any material item of deduction or other Tax benefit, in either case as a result of any change in method of Tax accounting made prior to the Closing Date, any installment sale prior to the Closing Date, any closing agreement entered into prior to the Closing Date, or any prepaid amount received prior to the Closing Date.

(g) Within the past three (3) years, neither the Company nor any of its Subsidiaries has been a “distributing corporation” or a “controlled corporation” in a distribution intended to qualify for tax-free treatment under Section 355 of the Code.

(h) Neither the Company nor any of its Subsidiaries has engaged in any “listed transaction” as defined in Treasury Regulations Section 1.6011-4(b)(2) or Treasury Regulations Section 301.6111-2(b) in any Tax year for which the statute of limitations has not expired.

(i) This Section 3.9 and Section 3.10 constitute the sole and exclusive representations and warranties of the Company regarding Tax matters.

(j) For purposes of this Agreement: (i) “Taxes” shall mean all federal, state, local or foreign taxes, customs, tariffs, duties, charges, fees, imposts, levies or other assessments imposed by a Governmental Authority, including all income, gross receipts, franchise, estimated, alternative minimum, add on minimum, sales, use, transfer, value added, excise, severance, stamp, customs, duties, escheat, unclaimed property, real property, personal property, capital stock, social security, unemployment, payroll, employee, withholding, or other tax imposed by a Governmental Authority, including any interest, penalties or additions to tax imposed by any Governmental Authority in connection with any of the foregoing and (ii) “Tax Returns” shall mean any return, report, claim for refund, estimate, information return or statement or other similar document relating to or required to be filed with any Governmental Authority with respect to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

**Section 3.10** Employee Benefits Matters. Section 3.10(a) of the Company Disclosure Schedule sets forth a complete and accurate list, as of the date of this Agreement, of each

material Company Plan. The Company has made available to Parent correct and complete copies of (a) the current plan document for each material Company Plan (or, if such Company Plan is not in writing, a written description of the material terms thereof), (b) the most recent annual reports on Form 5500 required to be filed with the Department of Labor with respect to each Company Plan (if any such report was required), (c) the most recent summary plan description for each material Company Plan for which such summary plan description is required, (d) each trust agreement relating to any Company Plan, (e) the most recent audited financial statement and the actuarial or other valuation report prepared for the most recently completed plan year with respect thereto and (f) any material and non-routine correspondence with a Governmental Authority regarding any pending audit, investigation, claim or dispute under any Company Plan. Each Company Plan is in compliance with its terms and the applicable provisions of ERISA, the Code and all other applicable laws, except where such noncompliance would not reasonably be expected to have a Company Material Adverse Effect. There are no pending or, to the Knowledge of the Company, threatened claims (other than claims for benefits in the ordinary course) with respect to any Company Plans, nor is any Company Plan under (and the Company has received no notice that there is any threatened) audit or administrative proceeding by the IRS, the Department of Labor, or any other Governmental Authority with respect to any Company Plan that, in each case, would reasonably be expected to have a Company Material Adverse Effect. All Company Plans that are "employee pension plans" (as defined in Section 3(3) of ERISA) that are intended to be tax qualified under Section 401(a) of the Code (each, a "Company Pension Plan") have received a favorable determination letter from the IRS or has filed a timely application therefor and, to the Knowledge of the Company, such Company Pension Plan qualifies in all material respects under Section 401(a) of the Code in operation. The Company has made available to Parent a correct and complete copy of the most recent determination letter received with respect to each Company Pension Plan, as well as a correct and complete copy of each pending application for a determination letter, if any. Except as set forth on Section 3.10(b) of the Company Disclosure Schedule, neither the Company nor any ERISA Affiliate sponsors, maintains or contributes to, nor has any liability with respect to, a multiemployer plan (as defined in Section 3(37) of ERISA) or a plan subject to section 302 or Title IV of ERISA or section 412 of the Code. With respect to each Company Pension Plan set forth on Section 3.10(b) of the Company Disclosure Schedule, (i) no proceeding has been initiated to terminate such plan under Sections 4041 or 4042 of ERISA; (ii) there has been no "reportable event" (as such term is defined in Section 4043(b) of ERISA) for which a reporting waiver does not apply that would reasonably be expected to have a Company Material Adverse Effect; (iii) no such plan has been required to file information pursuant to Section 4010 of ERISA for the current or most recently completed year; (iv) each required installment or any other payment required under Section 412 of the Code or Section 303 of ERISA has been made before the applicable due date except as would not reasonably be expected to have a Company Material Adverse Effect; (v) no such plan has applied for or received a waiver of the minimum funding standards or an extension of any amortization period within the meaning of Section 412 of the Code or Sections 302 or 303 of ERISA that is currently in effect; and (vi) there are no funding-based benefit limitations (within the meaning of Section 436 of the Code) currently in effect. Other than as would not reasonably be expected to have a Company Material Adverse Effect, the Company and its Subsidiaries have reserved the right and power to terminate, suspend, discontinue and amend all Company Plans that provide for post-termination health, medical or other welfare benefits. Except as set forth on Section 3.10(c) of the Company

Disclosure Schedule, the consummation of the Transactions will not, either alone or in combination with another event, except as expressly provided in this Agreement, (i) entitle any employee of the Company to severance pay, unemployment compensation or any other payment, or (ii) accelerate the time of payment or vesting, or increase the amount of compensation due any such employee or officer. Except as set forth on Section 3.10(d) of the Company Disclosure Schedule, no amounts payable under the Company Plans will fail to be deductible for federal income tax purposes by virtue of section 280G of the Code. This Section 3.10 constitutes the sole and exclusive representation and warranty of the Company regarding pension and employee benefit liabilities, obligations, or compliance with Laws.

**Section 3.11 Environmental Matters.** Except for those matters that would not reasonably be expected to have a Company Material Adverse Effect, (a) each of the Company and its Subsidiaries is and for the last five (5) years has been in compliance with all applicable Environmental Laws, which compliance includes obtaining, maintaining or complying with all Company Permits required under Environmental Laws for the operation of their respective businesses, and all such Company Permits are valid and in full force and effect, (b) (i) there is no Claim relating to or arising under Environmental Laws (including, without limitation, relating to or arising from the Release, threatened Release or exposure to any Hazardous Material or alleging violation of or challenging the validity of any environmental Company Permit) that is pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries, or any real property currently owned or operated by the Company or any of its Subsidiaries, and (ii) to the Knowledge of the Company, there is no Claim relating to or arising under Environmental Laws (including, without limitation, relating to or arising from the Release, threatened Release or exposure to any Hazardous Material) that is pending or threatened against any real property currently leased by the Company or any of its Subsidiaries or formerly owned, operated or leased by the Company or any of its Subsidiaries, (c) neither the Company nor any of its Subsidiaries has received any written notice of, or entered into any order, settlement, judgment, injunction or decree involving uncompleted, outstanding or unresolved liabilities or corrective or remedial obligations relating to or arising under Environmental Laws (including, without limitation, relating to or arising from the Release, threatened Release or exposure to any Hazardous Material) and to the Knowledge of the Company, there are no facts or conditions relating to the Company's or any of its Subsidiaries' properties or operations that would reasonably be expected to give rise to any such liability or corrective or remedial obligation, (d) there have been no ruptures or explosions in the Company's or any Company Subsidiary's natural gas, liquefied natural gas, natural gas liquid and other pipelines, lateral lines, pumps, pump stations, storage facilities, terminals and other related operations, assets, machinery and equipment (collectively, "Systems") that have resulted in Claims, including Claims for personal injury, loss of life or property damage, except to the extent any such Claims have been resolved, and (e) there are no defects, corrosion or other damage to any of the Company's or any Company Subsidiary's Systems that would reasonably be expected to result in a pipeline integrity failure, and the Company is in compliance in all material respects with all appropriate inspection and recordkeeping requirements relating thereto. Section 3.4, Section 3.5, Section 3.6 and this Section 3.11 constitute the exclusive representations and warranties of the Company regarding environmental matters, including without limitation all matters arising under Environmental Laws.

**Section 3.12 Intellectual Property.** Except as would not reasonably be expected to have a Company Material Adverse Effect, (a) (i) the conduct of the Company's business as currently conducted does not infringe or otherwise violate any Person's Intellectual Property and (ii) there is no Claim of such infringement or other violation pending, or to the Knowledge of the Company, threatened in writing, against the Company, and (b) (i) to the Knowledge of the Company, no Person is infringing or otherwise violating any Intellectual Property owned by the Company and (ii) no Claims of such infringement or other violation are pending or, to the Knowledge of the Company, threatened in writing against any Person by the Company. This Section 3.12 constitutes the sole and exclusive representation and warranty of the Company with respect to any actual or alleged infringement or other violation of any Intellectual Property of any other Person.

**Section 3.13 Articles 9 and 9A of the NCBCA Not Applicable; Other Takeover Statutes: Appraisal Rights.** The Company is not subject to the prohibitions on certain business combinations set forth in Article 9 or Article 9A of the NCBCA. Assuming that the representations and warranties of Parent and Merger Sub contained in Section 4.7 are true and correct, the Company has taken all necessary actions, if any, so that the Transactions are not subject to any "fair price," "moratorium," "control share acquisition," "interested shareholder," "affiliated transaction" or similar anti-takeover Law (each, a "Takeover Statute") or any similar provision (including any supermajority shareholder approval requirement) in the Company Charter Documents. No holder of Company Common Stock is entitled to appraisal or dissenters' rights under the NCBCA in connection with the Transactions.

**Section 3.14 Real Property.** Except as would not reasonably be expected to have a Company Material Adverse Effect, the Company or a Subsidiary of the Company owns and has either good and valid title, in fee, or valid leasehold, easement or other rights, to the land, buildings, structures and other improvements thereon and fixtures thereto necessary to permit it to conduct its business as currently conducted, in each case free and clear of all Liens (except in all cases for Permitted Liens). Except as would not reasonably be expected to have a Company Material Adverse Effect and except as may be limited by the Bankruptcy and Equity Exception, all leases, easements or other agreements under which the Company or any of its Subsidiaries lease, access or use real property are valid, binding and in full force and effect against the Company or any of its Subsidiaries and, to the Knowledge of the Company, the counterparties thereto, in accordance with their respective terms, and neither the Company nor any of its Subsidiaries are in default under any of such leases, easements or other agreements.

**Section 3.15 Contracts.**

(a) For purposes of this Agreement, "Company Material Contract" means any Contract which is required to be filed by the Company as a "material contract" pursuant to Item 601(b)(10) of Regulation S-K under the Securities Act.

(b) Each Company Material Contract is valid and binding on the Company and any of its Subsidiaries to the extent the Company or such Subsidiary is a party thereto, as applicable, and to the Knowledge of the Company, each other party thereto, and is in full force and effect and enforceable in accordance with its terms (subject to the Bankruptcy and Equity Exception), except where the failure to be valid, binding, enforceable and in full force and effect,

would not reasonably be expected to have a Company Material Adverse Effect. The Company and each of its Subsidiaries, and, to the Knowledge of the Company, any other party thereto, has performed all obligations required to be performed by it under each Company Material Contract, except where such noncompliance would not reasonably be expected to have a Company Material Adverse Effect.

**Section 3.16 Labor.** Except as set forth in Section 3.16 of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries is party to any collective bargaining agreement. Since September 30, 2013, there has been no labor strike, lockout, work stoppage, or picketing, or, to the Knowledge of the Company, threat thereof, by or with respect to any employee of the Company or any of its Subsidiaries, except where such strike, lockout, work stoppage, or picketing has not had or would not reasonably be expected to have a Company Material Adverse Effect. Except as set forth in Section 3.16 of the Company Disclosure Schedule or as has not had and would not reasonably be expected to have a Company Material Adverse Effect, since September 30, 2013, the Company and each of its Subsidiaries (a) has complied and is in compliance with all applicable legal, administrative and regulatory requirements relating to wages, hours, employee and independent contractor classification, immigration, discrimination in employment, collective bargaining, as well as the Workers Adjustment and Retraining Notification Act and comparable local, state, and federal Laws (“WARN”), and all other local, state, and federal Laws pertaining to employment and labor, and (b) are not liable for any arrears of wages or any taxes or penalties for failure to comply with any of the foregoing. Furthermore, except as set forth in Section 3.16 of the Company Disclosure Schedule or as has not had and would not reasonably be expected to have a Company Material Adverse Effect, there are no actions, charges, arbitrations, complaints, or investigations pending or, to the Knowledge of the Company, threatened by or on behalf of any employee or group of employees of the Company or any of its Subsidiaries alleging violations of local, state, or federal Laws pertaining to employment and labor or WARN.

**Section 3.17 Opinion of Financial Advisor.** The Company Board has received the opinion of Goldman, Sachs & Co., dated as of the date of this Agreement, to the effect that, as of such date, and subject to the various assumptions and qualifications set forth therein, the Merger Consideration to be received in the Merger by holders of the Company Common Stock is fair from a financial point of view to the holders of the Company Common Stock.

**Section 3.18 Brokers and Other Advisors.** Except for Goldman, Sachs & Co. (the “Company Financial Advisor”), no broker, investment banker, financial advisor or other Person is entitled to any broker’s, finder’s, financial advisor’s or other similar fee, in connection with the Transactions based upon arrangements made by or on behalf of the Company or any of its Subsidiaries.

**Section 3.19 Company Shareholder Approval.** Assuming the accuracy of the representations and warranties of Parent and Merger Sub set forth in Section 4.7, approval of this Agreement by the affirmative vote (in person or by proxy) of the holders of a majority of the outstanding shares of Company Common Stock entitled to vote at the Company Shareholders Meeting (the “Company Shareholder Approval”) is the only vote or approval of the holders of any class or series of capital stock of the Company necessary to adopt or approve this Agreement and the Transactions.

ARTICLE IV

**REPRESENTATIONS AND WARRANTIES OF PARENT AND MERGER SUB**

Parent and Merger Sub jointly and severally represent and warrant to the Company as follows:

**Section 4.1 Organization, Standing and Corporate Power.** Parent is a corporation duly organized, validly existing and in good standing under the Laws of Delaware and Merger Sub is a corporation duly organized, validly existing and in good standing under the Laws of North Carolina. Each of Parent and Merger Sub has all requisite corporate power and authority necessary to own or lease all of its properties and assets and to carry on its business as it is now being conducted. Parent is duly qualified to do business and is in good standing in each jurisdiction in which the nature of the business conducted by it or the character or location of the properties and assets owned or leased by it makes such qualification necessary, except where the failure to be so qualified or in good standing would not reasonably be expected to have a Parent Material Adverse Effect.

**Section 4.2 Authority: Noncontravention.**

(a) Each of Parent and Merger Sub has all necessary corporate power and authority to execute and deliver this Agreement, to perform their respective obligations hereunder and to consummate the Transactions. The execution and delivery of and performance by Parent and Merger Sub under this Agreement, and the consummation by Parent and Merger Sub of the Transactions, have been duly authorized and approved by all necessary corporate action by Parent and Merger Sub (including by the Parent Board and the board of directors of Merger Sub) and, promptly after the execution and delivery hereof, approved by Parent as the sole shareholder of Merger Sub, and no other corporate action on the part of Parent and Merger Sub is necessary to authorize the execution and delivery of and performance by Parent and Merger Sub under this Agreement and the consummation by them of the Transactions. This Agreement has been duly executed and delivered by Parent and Merger Sub and, assuming due authorization, execution and delivery hereof by the Company, constitutes a legal, valid and binding obligation of each of Parent and Merger Sub, enforceable against each of them in accordance with its terms, subject to the Bankruptcy and Equity Exception. No vote or approval of the holders of any class or series of capital stock of Parent is necessary to adopt or approve this Agreement and the Transactions.

(b) The execution and delivery of this Agreement by Parent and Merger Sub do not and neither the consummation by Parent or Merger Sub of the Transactions, nor compliance by Parent or Merger Sub with any of the terms or provisions hereof, will (i) conflict with or violate any provision of the certificate of incorporation and bylaws of Parent, in each case as amended to the date of this Agreement or (ii) assuming that each of the consents, authorizations and approvals referred to in Section 4.3 (and any condition precedent to any such consent, authorization or approval has been satisfied) is obtained or given, as applicable, and each of the filings referred to in Section 4.3 are made and any applicable waiting periods referred to therein have expired, violate any Law applicable to Parent, Merger Sub or any of their respective Subsidiaries or (iii) result in any breach of, or constitute a default (with or without

notice or lapse of time or both) under, or give rise to any right of termination, amendment, acceleration or cancellation of, any permit or Contract to which Parent, Merger Sub or any of their respective Subsidiaries is a party, except, in the case of clauses (ii) and (iii), as would not reasonably be expected to have a Parent Material Adverse Effect.

**Section 4.3 Governmental Approvals.** Except for (a) the filing with the SEC of the Proxy Statement, in preliminary and definitive form, and other filings required under, and compliance with other applicable requirements of, the Exchange Act and the rules of the NYSE in connection with this Agreement and the Merger, (b) the filing of the Articles of Merger with the Secretary of State of the State of North Carolina pursuant to the NCBCA, (c) the Required Statutory Approvals, (d) the approvals or filings set forth on Section 3.4(d) of the Company Disclosure Schedule and (e) filings required under, and compliance with other applicable requirements of, the HSR Act, no consents or approvals of, or filings, declarations or registrations with, any Governmental Authority are necessary for the execution and delivery of this Agreement by Parent and Merger Sub and the consummation by Parent and Merger Sub of the Transactions, other than as would not reasonably be expected to have a Parent Material Adverse Effect.

**Section 4.4 Brokers and Other Advisors.** Except for Barclays Capital Inc., the fees of which will be paid by Parent, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee, in connection with the Transactions based upon arrangements made by or on behalf of Parent or any of its Subsidiaries.

**Section 4.5 Ownership and Operations of Merger Sub.** Parent owns beneficially and of record all of the outstanding capital stock of Merger Sub, all of which is duly authorized, validly issued, fully paid and non-assessable. Merger Sub was formed solely for the purpose of engaging in the Transactions. Merger Sub has no assets, liabilities or obligations and, since the date of its formation has not engaged in any business activities or conducted any operations except, in each case as arising from the execution of this Agreement and the performance of its covenants and agreements hereunder.

**Section 4.6 Sufficient Funds.** Parent and Merger Sub shall have available at or before the Effective Time, sufficient cash and cash equivalents and other sources of immediately available funds to deliver the aggregate Merger Consideration and make the payments required under Section 2.3, and any other amounts incurred or otherwise payable by Parent, Merger Sub or the Surviving Corporation in connection with the Transactions, and there is no restriction on the use of such cash for such purposes. Parent has, or shall have, the financial resources and capabilities to fully perform its obligations under this Agreement. Parent and Merger Sub acknowledge and agree that their obligations hereunder are not subject to any conditions regarding Parent's, Merger Sub's or any other Person's ability to obtain financing for the consummation of the Transactions.

**Section 4.7 Share Ownership.** Neither Parent nor Merger Sub "beneficially owns" (as such term is defined for purposes of Article 7 of the articles of incorporation of the Company) a number of shares of Company Common Stock equal to or greater than five percent (5%) of the number of issued and outstanding shares of Company Common Stock.

**Section 4.8** Legal Proceedings. There is no pending or, to the Knowledge of Parent, threatened, Claim against Parent, Merger Sub or any of their respective Subsidiaries, nor is there any injunction, order, judgment, ruling or decree imposed upon Parent, Merger Sub or any of their respective Subsidiaries, in each case, by or before any Governmental Authority, that would reasonably be expected to have a Parent Material Adverse Effect.

**Section 4.9** Non-Reliance on Company Estimates, Projections, Forecasts, Forward-Looking Statements and Business Plans. In connection with the due diligence investigation of the Company by Parent and Merger Sub, Parent and Merger Sub have received and may continue to receive from the Company certain estimates, projections, forecasts and other forward-looking information, as well as certain business plans and cost-related plan information, regarding the Company, its Subsidiaries and their respective businesses and operations. Parent and Merger Sub hereby acknowledge that there are uncertainties inherent in attempting to make such estimates, projections, forecasts and other forward-looking information, with which Parent and Merger Sub are familiar, that Parent and Merger Sub are taking full responsibility for making their own evaluation of the adequacy and accuracy of all estimates, projections, forecasts and other forward-looking information, as well as such business plans and cost-related plans, furnished to them (including the reasonableness of the assumptions underlying such estimates, projections, forecasts, forward-looking information, business plans or cost-related plans based on current state and federal rules and regulations), and that neither Parent nor Merger Sub has relied upon or will have any claim against the Company or any of its Subsidiaries, or any of their respective shareholders, directors, officers, employees, Affiliates, advisors, agents or representatives, or any other Person, with respect thereto. Accordingly, each of Parent and Merger Sub hereby acknowledge that neither the Company nor any of its Subsidiaries, nor any of their respective shareholders, directors, officers, employees, Affiliates, advisors, agents or representatives, nor any other Person, has made or is making any representation or warranty or has or shall have any liability (whether pursuant to this Agreement, in tort or otherwise) with respect to such estimates, projections, forecasts, forward-looking information, business plans or cost-related plans (including the reasonableness of the assumptions underlying such estimates, projections, forecasts, forward-looking information, business plans or cost-related plans based on current state and federal rules and regulations).

## ARTICLE V

### COVENANTS

#### **Section 5.1** Conduct of Business.

(a) Except as contemplated or permitted by this Agreement, as required by applicable Laws, as contemplated by any of the matters set forth in Section 5.1(a) of the Company Disclosure Schedule, or with the prior written consent of Parent (which consent shall not be unreasonably withheld, delayed or conditioned), during the period from the date of this Agreement until the earlier of the Effective Time and the termination of this Agreement in accordance with Article VII, (x) the Company shall, and shall cause each of its Subsidiaries to, use reasonable best efforts to conduct its business in all material respects in the ordinary course and to preserve intact its present lines of business, maintain its rights and franchises and preserve



satisfactory relationships with Governmental Authorities, employees, customers and suppliers, and (y) the Company shall not, and shall not permit any of its Subsidiaries to:

(i) issue, sell, or grant any shares of its capital stock, or any securities or rights convertible into, exchangeable or exercisable for, or evidencing the right to subscribe for any shares of its capital stock, or any rights, warrants or options to purchase any shares of its capital stock, or any securities or rights convertible into, exchangeable or exercisable for, or evidencing the right to subscribe for, any shares of its capital stock, except as set forth on Section 5.1(a)(i) of the Company Disclosure Schedule;

(ii) redeem, purchase or otherwise acquire any of its outstanding shares of capital stock, or any rights, warrants or options to acquire any shares of its capital stock, except (A) pursuant to Company Material Contracts set forth on Section 5.1(a)(ii) of the Company Disclosure Schedule as in effect as of the date hereof or (B) in connection with withholding to satisfy Tax obligations with respect to Company RSUs or Company Performance Share Awards, acquisitions in connection with the forfeiture of equity awards, or acquisitions in connection with the settlement of Company RSUs or Company Performance Share Awards;

(iii) (A) declare, authorize, set aside for payment or pay any dividend on, or make any other distribution in respect of, any shares of its capital stock, other than (1) dividends paid by any Subsidiary of the Company to the Company or to any wholly-owned Subsidiary of the Company, (2) quarterly cash dividends with respect to the Company Common Stock not to exceed the current annual per share dividend rate by more than \$0.04 per fiscal year, with record dates and payment dates consistent with the Company's current dividend practice, or (3) a "stub period" dividend to holders of record of Company Common Stock as of immediately prior to the Effective Time equal to the product of (x) the number of days from the record date for payment of the last quarterly dividend paid by the Company prior to the Effective Time, multiplied by (y) a daily dividend rate determined by dividing the amount of the last quarterly dividend prior to the Effective Time by ninety-one (91) or (B) adjust, split, combine, subdivide or reclassify any shares of its capital stock;

(iv) incur any Indebtedness (or amend any Contract relating to Indebtedness) except for Indebtedness (1) incurred to replace, renew, extend, refinance or refund any existing Indebtedness, in the same principal amount of such existing Indebtedness and upon the maturity of such existing Indebtedness in accordance with its terms (2) incurred in accordance with Section 5.1(a)(iv) of the Company Disclosure Schedule, or (3) among the Company and any of its wholly-owned Subsidiaries or among any of such wholly-owned Subsidiaries; provided that, in no event shall any Indebtedness incurred pursuant hereto (or any Contract relating to such Indebtedness) include any term or provision pursuant to which the consummation of the Merger or the other transactions contemplated by this Agreement would reasonably be expected to result in a breach, default or event of default with respect to such Indebtedness (or any Contract relating to such Indebtedness) or permit the holders of any Indebtedness of the Company or any of its Subsidiaries to accelerate the payment of any Indebtedness or require the Company or

any of its Subsidiaries to, voluntarily or involuntarily, redeem, repurchase or repay any Indebtedness prior to its scheduled maturity;

(v) sell, pledge, dispose of, transfer, lease, license or encumber any of its properties, assets or business (including by merger, consolidation or disposition of stock or assets), other than (A) immaterial assets in the ordinary course of business consistent with past practice, (B) pursuant to Company Material Contracts set forth on Section 5.1(a)(v) of the Company Disclosure Schedule as in effect on the date of this Agreement, or (C) transfers among the Company and its wholly owned Subsidiaries;

(vi) make capital expenditures except as budgeted in the Company's current long term plan (plus a 20% variance) that was made available to Parent;

(vii) make any acquisition (including by merger or share exchange) of the capital stock, equity securities, membership interests or a material portion of the assets of any other Person, or make any loans, advances or capital contributions to, or investments in, any other person (other than any wholly owned Subsidiary of the Company), except (A) acquisitions not in excess of \$25,000,000 individually or \$50,000,000 in the aggregate or (B) pursuant to Company Material Contracts set forth on Section 5.1(a)(vii) of the Company Disclosure Schedule as in effect on the date of this Agreement;

(viii) increase in any respect the compensation of any of its directors or employees (provided that payments of bonuses and other grants and awards made in the ordinary course consistent with past practice shall not constitute an increase in compensation), except (A) as required pursuant to applicable Law or the terms of Company Plans or other employee benefit plans or arrangements in effect on the date of this Agreement and (B) increases in salaries, wages and benefits of employees and director fees made in the ordinary course of business;

(ix) adopt or amend any Company Plan except as required by Law or for immaterial or ministerial amendments;

(x) make any material change to its methods of accounting, except as required by GAAP (or any interpretation thereof), Regulation S-X of the Exchange Act, as required by a Governmental Authority or quasi-Governmental Authority (including the Financial Accounting Standards Board or any similar organization) or as required by applicable Law;

(xi) amend the Company Charter Documents, amend the organizational documents of any Subsidiary, or exercise any approval or consent right within its discretion to amend any organizational documents of any Company Joint Venture;

(xii) adopt a plan or agreement of complete or partial liquidation or dissolution;

(xiii) enter into, modify or amend in any material respect, or terminate or waive any material right under, any Company Material Contract, except for any new

agreement, modification, amendment, termination or waiver in the ordinary course of business consistent with past practice;

(xiv) waive, release, assign, settle or compromise any material Claim against the Company or any of its Subsidiaries, other than waivers, releases, assignments, settlements or compromises that (A) with respect to the payment of monetary damages, involve only the payment of monetary damages (i) equal to or less than the amounts specifically reserved with respect thereto on the consolidated financial statements of the Company included in the Company SEC Documents (including the notes thereto) or (ii) do not exceed \$5,000,000 in the aggregate during any consecutive twelve-month period, and (B) except as contemplated by Section 5.9, with respect to any non-monetary terms and conditions therein, impose or require actions that would not reasonably be expected to be material and adverse to the Company and its Subsidiaries, taken as a whole;

(xv) make or change any material Tax election, change any material method of Tax accounting (except as required by applicable Law including the adoption of the tangible property regulations and disposition rules), settle or compromise any material Tax liability or refund, amend any material Tax Return (except that the Company and its Subsidiaries may amend any Tax Return in order to effectuate the carryback of specified liability losses, net operating losses, capital losses or tax credits), enter into any written agreement with a Governmental Authority with respect to Taxes, consent to the extension or waiver of the limitation period applicable to any Tax matter, or materially amend or change any of its methods for reporting income, deductions or accounting for Tax purposes, except, in each case, as required in relation to the items referenced in Section 3.9 of the Company Disclosure Schedule;

(xvi) effectuate a "plant closing" or "mass layoff," as those terms are defined in WARN;

(xvii) enter into a new line of business;

(xviii) materially change any of its energy price risk management and marketing of energy parameters, limits and guidelines (the "Company Risk Management Guidelines") or enter into any physical commodity transactions, exchange-traded futures and options transactions, over-the-counter transactions and derivatives thereof or similar transactions other than as permitted by the Company Risk Management Guidelines;

(xix) take any action that would reasonably be expected to prevent or materially impede, interfere with, hinder or delay the consummation by Parent or any of its Subsidiaries of the Transactions; or

(xx) agree or commit to take any of the foregoing actions.

(b) During the period from the date of this Agreement until the Effective Time, Parent and Merger Sub shall not, and Parent shall cause its Subsidiaries not to, take any action that would reasonably be expected to prevent or materially impede, interfere with, or delay the consummation by Parent or Merger Sub of the Transactions.

(c) Notwithstanding anything to the contrary herein, the Company may, and may cause any of its Subsidiaries to, take reasonable actions in compliance with applicable Law with respect to any operational emergencies (including any restoration measures in response to any hurricane, tomado, tsunami, flood, earthquake or other natural disaster or weather-related event, circumstance or development), equipment failures, outages or an immediate and material threat to the health or safety of natural Persons.

(d) Notwithstanding anything to the contrary contained herein, between the date of this Agreement and the Effective Time, the Company and its Subsidiaries may (i) continue to make Regulatory Filings in the ordinary course of business, including without limitation those filings described on Section 5.1(d) of the Company Disclosure Schedule, and (ii) take any other action contemplated by or described in any such state or federal filings or other submissions filed or submitted in connection with such Regulatory Filings prior to the date of this Agreement in the ordinary course of business.

**Section 5.2 Preparation of the Proxy Statement; Shareholders Meeting.**

(a) As promptly as reasonably practicable following the date of this Agreement, the Company shall prepare and file with the SEC the Proxy Statement, and Parent shall cooperate with the Company with the preparation of the foregoing. The Company, with Parent's cooperation, shall use commercially reasonable efforts to respond as promptly as reasonably practicable to and resolve all comments received from the SEC or its staff concerning the Proxy Statement. The Company agrees that (i) except with respect to any information supplied in writing to the Company by Parent or Merger Sub for inclusion or incorporation by reference in the Proxy Statement, the Proxy Statement will comply in all material respects with the applicable provisions of the Exchange Act and the rules and regulations thereunder and (ii) none of the information supplied or to be supplied by the Company for inclusion or incorporation by reference in the Proxy Statement will, on the date it is first mailed to shareholders of the Company or at the time of the Company Shareholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company will cause the Proxy Statement to be mailed to the Company's shareholders, as promptly as reasonably practicable after the SEC confirms that it has no further comments on the Proxy Statement. No filing of, or amendment or supplement to, or correspondence with the SEC with respect to, the Proxy Statement will be made by the Company without providing Parent a reasonable opportunity to review and comment thereon and with the Company considering in good faith such comments; provided, however, that the foregoing shall not apply with respect to a Takeover Proposal, a Superior Proposal, a Company Adverse Recommendation Change or any matters relating thereto. Each of Parent and Merger Sub shall cooperate with the Company in connection with the preparation and filing of the Proxy Statement, including promptly furnishing to the Company in writing upon request any and all information relating to it as may be required to be set forth in the Proxy Statement under applicable Law. Each of the Parent and Merger Sub agrees that such information supplied by it in writing for inclusion (or incorporation by reference) in the Proxy Statement will not, on the date it is first mailed to shareholders of the Company and at the time of the Company Shareholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in

light of the circumstances under which they were made, not misleading. If, at any time prior to the Effective Time, any information relating to Parent or Merger Sub or any of their respective Affiliates, officers or directors, should be discovered by Parent or Merger Sub which should be set forth in an amendment or supplement to the Proxy Statement so that the Proxy Statement would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, Parent (or Merger Sub, as the case may be) shall promptly notify the Company so that it may file with the SEC an appropriate amendment or supplement describing such information and, to the extent required by Law, disseminate such amendment or supplement to the shareholders of the Company. If, at any time prior to the Effective Time, any information relating to the Company or any of its respective Affiliates, officers or directors, should be discovered by the Company which should be set forth in an amendment or supplement to the Proxy Statement so that the Proxy Statement would not include any misstatement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Company shall promptly notify Parent and the Company shall file with the SEC an appropriate amendment or supplement describing such information and, to the extent required by Law, disseminate such amendment or supplement to the shareholders of the Company.

(b) The Company shall, as promptly as reasonably practicable after the date of the mailing of the definitive Proxy Statement to the Company's shareholders, in accordance with applicable Law, the Company Charter Documents and the NYSE rules, duly give notice of, convene and hold a meeting of its shareholders to consider the approval of this Agreement and such other matters as may be then reasonably required (including any adjournment or postponement thereof, the "Company Shareholders Meeting"); provided, however, that the Company shall be permitted to delay or postpone convening the Company Shareholders Meeting (i) with the consent of Parent, (ii) for the absence of a quorum, (iii) to allow reasonable additional time for any supplemental or amended disclosure which the Company has determined in good faith (after consultation with outside legal counsel) is necessary under applicable Law and for such supplemental or amended disclosure to be disseminated and reviewed by the Company's shareholders prior to the Company Shareholders Meeting as necessary under applicable Law or (iv) to allow additional solicitation of votes in order to obtain the Company Shareholder Approval. Except if there has been a Company Adverse Recommendation Change in accordance with Section 5.3(d), the Company shall use its reasonable best efforts to solicit and secure the Company Shareholder Approval as promptly as practicable.

(c) Subject to Section 5.3 and the right of the Company Board to make a Company Adverse Recommendation Change pursuant thereto, unless and until there has been a Company Adverse Recommendation Change in accordance with Section 5.3, the Company shall include the Company Board Recommendation in the preliminary and definitive Proxy Statement. The Company agrees that, unless this Agreement has been terminated pursuant to Section 7.1, a Company Adverse Recommendation Change shall not relieve the Company of its obligation hereunder to submit this Agreement to the Company's shareholders at the Company Shareholders Meeting.

**Section 5.3      No Solicitation: Change in Recommendation.**

(a) The Company agrees that it shall, and shall cause its Subsidiaries and its and its Subsidiaries' directors, officers and employees to, and shall use its reasonable best efforts to cause its other Representatives to, immediately cease all existing discussions or negotiations with any Person conducted heretofore with respect to any Takeover Proposal, immediately request the prompt return or destruction of all confidential information previously furnished and immediately terminate all physical and electronic data room access previously granted to any such Person or its Representatives. Except as otherwise provided in this Agreement, from the date of this Agreement until the earlier of the Effective Time or the date, if any, on which this Agreement is terminated pursuant to Section 7.1, the Company shall not, and shall cause its Subsidiaries and its and its Subsidiaries' directors, officers and employees not to, and shall use its reasonable best efforts to cause its other Representatives not to, directly or indirectly, (i) solicit, initiate, knowingly encourage or knowingly facilitate any Takeover Proposal or the making or consummation thereof or (ii) enter into, or otherwise participate in any discussions (except to notify such Person of the existence of the provisions of this Section 5.3) or negotiations regarding, or furnish to any Person any information in connection with, any Takeover Proposal.

(b) Notwithstanding anything to the contrary contained in this Agreement, if the Company or any of its Subsidiaries, or any of its or their respective Representatives receives an unsolicited *bona fide* written Takeover Proposal made after the date of this Agreement, the Company, the Company Board (or a duly authorized committee thereof) and the Company's Representatives may engage in negotiations and discussions with, or furnish any information and other access to, any Person making such Takeover Proposal and any of its Representatives or potential sources of financing if the Company Board determines in good faith, after consultation with the Company's outside legal and financial advisors, that such Takeover Proposal is or could reasonably be expected to lead to a Superior Proposal; provided that prior to engaging in any negotiations or discussions with, or furnishing any information to, any such Person or its Representatives, the Company and the Person making such Takeover Proposal shall have entered into an Acceptable Confidentiality Agreement. The Company will promptly (and in any event within the later of twenty-four (24) hours or 5:00 p.m. New York City time on the next Business Day) notify Parent in writing of the receipt of such Takeover Proposal, the material terms and conditions of any such Takeover Proposal and the identity of the Person making such Takeover Proposal. The Company will keep Parent informed in all material respects on a prompt basis (and in any event within the later of twenty-four (24) hours or 5:00 p.m. New York City time on the next Business Day) of the material terms and status of such Takeover Proposal (including any change in the price or any other material terms thereof). The Company shall not terminate, amend, modify, waive or fail to enforce any provision of any "standstill" or similar obligation of any Person unless the Company Board (or a duly authorized committee thereof) determines in good faith, after consultation with its outside legal counsel, that the failure to take such action would reasonably be expected to be inconsistent with its fiduciary duties under applicable Law.

(c) Except as otherwise provided in this Agreement, neither the Company Board nor any committee thereof shall (i)(A) withdraw, change, qualify, withhold or modify, or publicly propose to withdraw, change, qualify, withhold or modify, in a manner adverse to Parent, the Company Board Recommendation, (B) adopt, approve or recommend, or publicly propose to adopt, approve or recommend, any Takeover Proposal, (C) fail to include in the Proxy Statement the Company Board Recommendation, (D) fail to recommend against any Takeover

Proposal subject to Regulation 14D under the Exchange Act in any solicitation or recommendation statement made on Schedule 14D-9 within ten (10) Business Days after Parent so requests reaffirmation in writing (provided, that Parent shall be entitled to make such a written request for reaffirmation only once for each Takeover Proposal and once for each material amendment to such Takeover Proposal), or (E) resolve or publicly propose to do any of the foregoing (any action described in this clause (i) being referred to herein as a “Company Adverse Recommendation Change”) or (ii) cause or permit the Company or any of its Affiliates to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, agreement or commitment (other than an Acceptable Confidentiality Agreement) constituting, or that would reasonably be expected to lead to, any Takeover Proposal (a “Company Acquisition Agreement”).

(d) Notwithstanding anything to the contrary in this Agreement, at any time prior to obtaining the Company Shareholder Approval, the Company Board (or a duly authorized committee thereof) may make a Company Adverse Recommendation Change (and, solely with respect to a Superior Proposal, terminate this Agreement pursuant to Section 7.1(d)(ii)), if (i) (A) a Company Intervening Event has occurred or (B) the Company has received a Superior Proposal other than as a result of a breach of this Section 5.3 (other than immaterial breach), in each case, if the Company Board (or a duly authorized committee thereof) determines in good faith, after consultation with its outside legal counsel, that the failure to make a Company Adverse Recommendation Change as a result of the occurrence of such Company Intervening Event or in response to the receipt of such Superior Proposal, as the case may be, would reasonably be expected to be inconsistent with its fiduciary duties under applicable Law and (ii) (A) the Company provides Parent prior written notice of its intent to make any Company Adverse Recommendation Change or terminate this Agreement pursuant to Section 7.1(d)(ii) at least four (4) Business Days prior to taking such action to the effect that, absent any modification to the terms and conditions of this Agreement, the Company Board has resolved to effect a Company Adverse Recommendation Change or to terminate this Agreement pursuant to Section 7.1(d)(ii), which notice shall specify the basis for such Company Adverse Recommendation Change or termination and attaching the most current draft of any Company Acquisition Agreement with respect to, the Superior Proposal (or, if no such draft exists, a summary of the material terms and conditions of such Superior Proposal), if applicable (a “Notice of Recommendation Change”) (it being understood that such Notice of Recommendation Change shall not in itself be deemed a Company Adverse Recommendation Change and that any change in price or material revision or amendment to the terms of a Superior Proposal, if applicable, shall require a new notice to which the provisions of clauses (ii)(A), (B) and (C) of this Section 5.3(d) shall apply *mutatis mutandis* except that, in the case of such a new notice, all references to four (4) Business Days in this Section 5.3(d) shall be deemed to be two (2) Business Days); (B) during such four (4) Business Day period, if requested by Parent, the Company shall make its Representatives available to negotiate in good faith with Parent and its Representatives regarding any modifications to the terms and conditions of this Agreement that Parent proposes to make; and (C) at the end of such four (4) Business Day period and taking into account any modifications to the terms of this Agreement proposed by Parent, if any, in a written, binding and irrevocable offer, the Company Board determines in good faith (after consultation with outside legal counsel) that the failure to make such a Company Adverse Recommendation Change would reasonably be expected to be inconsistent with its fiduciary duties under applicable Law, and that, in the case of a Company

Adverse Recommendation Change with respect to a Takeover Proposal, such Takeover Proposal still constitutes a Superior Proposal.

(e) Nothing contained in this Agreement shall prohibit the Company or the Company Board (or a duly authorized committee thereof) from (i) taking and disclosing to the shareholders of the Company a position contemplated by Rule 14e-2(a) under the Exchange Act or making a statement contemplated by Item 1012(a) of Regulation M-A or Rule 14d-9 under the Exchange Act, (ii) making any disclosure to the shareholders of the Company if the Company Board (or a duly authorized committee thereof) determines in good faith, after consultation with its outside legal counsel, that the failure to make such disclosure would be reasonably likely to be inconsistent with applicable Law, (iii) informing any Person of the existence of the provisions contained in this Section 5.3 or (iv) making any "stop, look and listen" communication to the shareholders of the Company pursuant to Rule 14d-9(f) under the Exchange Act.

(f) As used in this Agreement, "Takeover Proposal" shall mean any inquiry, proposal or offer (whether or not in writing) from any Person (other than Parent, Merger Sub and any of its Affiliates thereof) to purchase or otherwise acquire, directly or indirectly, in a single transaction or series of related transactions, (a) assets of the Company and its Subsidiaries (including securities of Subsidiaries) that account for 15% or more of the Company's consolidated assets or from which 15% or more of the Company's revenues or earnings on a consolidated basis are derived or (b) 15% or more of the outstanding Company Common Stock pursuant to a merger, consolidation or other business combination, sale or issuance of shares of capital stock, tender offer, share exchange, other business combination, recapitalization, liquidation, dissolution or similar transaction involving the Company, in each case other than the Merger.

(g) As used in this Agreement, "Superior Proposal" shall mean any unsolicited *bona fide* written Takeover Proposal on terms which the Company Board (or a duly authorized committee thereof) determines in good faith, after consultation with the Company's outside legal counsel and independent financial advisors, to be more favorable to the holders of Company Common Stock than the Transaction (after taking into account any revisions to the terms of this Agreement that are proposed by Parent pursuant to Section 5.3(d)), taking into account, to the extent applicable, the legal, financial, regulatory and other aspects of such proposal and this Agreement that the Company Board considers relevant; provided that for purposes of the definition of Superior Proposal, the references to "15%" in the definition of Takeover Proposal shall be deemed to be references to "50%."

(h) As used in this Agreement, "Company Intervening Event" means any fact, circumstance, effect, change, event, occurrence or development that (1) is unknown to or by the Company Board as of the date hereof (or if known, the magnitude or material consequences of which were not known by the Company Board as of the date of this Agreement) and (2) becomes known to or by the Company Board prior to obtaining the Company Shareholder Approval.

**Section 5.4 Reasonable Best Efforts.**

(a) Subject to the terms and conditions of this Agreement, each of the Company, Parent and Merger Sub shall use its respective reasonable best efforts to (i) cause the



Transactions to be consummated as soon as practicable, (ii) make promptly any required submissions and filings under applicable Antitrust Laws or to Governmental Authorities with respect to the Transactions, (iii) cooperate with the other parties and promptly furnish information required in connection with such submissions and filing to such Governmental Authorities or under such Antitrust Laws, (iv) keep the other parties reasonably informed with respect to the status of any such submissions and filings to such Governmental Authorities or under Antitrust Laws, including with respect to: (A) the receipt of any non-action, action, clearance, consent, approval or waiver, (B) the expiration of any waiting period, (C) the commencement or proposed or threatened commencement of any investigation, litigation or administrative or judicial action or proceeding under Antitrust Laws or other applicable Laws, and (D) the nature and status of any objections raised or proposed or threatened to be raised under Antitrust Laws or other applicable Laws with respect to the Transactions and (v) obtain all actions or non-actions, approvals, consents, waivers, registrations, permits, authorizations and other confirmations from any third party and/or Governmental Authority necessary to consummate the Transactions as soon as practicable. For purposes hereof, "Antitrust Laws" means the Sherman Act, the Clayton Act, the HSR Act, the Federal Trade Commission Act, and all applicable foreign Antitrust Laws and all other applicable Laws issued by a Governmental Authority that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening of competition through merger or acquisition.

(b) In furtherance and not in limitation of the foregoing: (i) each party hereto agrees to (A) make an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the Transactions as soon as reasonably practicable after the date hereof (and in any event within twenty-one (21) days after the date hereof, unless the parties otherwise agree to a different date), (B) supply as soon as practicable any additional information and documentary material that may be requested pursuant to the HSR Act and (C) use its reasonable best efforts to take, or cause to be taken, all other actions consistent with this Section 5.4 necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act (including any extensions thereof) as soon as practicable, and (ii) each party agrees to (A) make or cause to be made the appropriate filings as soon as practicable with the NCUC relating to the Merger, (B) supply as soon as practical any additional information and documentary material that may be required or requested by the NCUC and (C) use its reasonable best efforts to take or cause to be taken all other actions consistent with this Section 5.4 as necessary to obtain any necessary approvals, consents, waivers, permits, authorizations or other actions or non-actions from the NCUC as soon as practicable.

(c) The Company, Parent and Merger Sub shall, subject to applicable Law relating to the exchange of information: (i) promptly notify the other parties hereto of (and if in writing, furnish the other parties with copies of) any communication to such Person from a Governmental Authority regarding the filings and submissions described in Section 5.4(a) and permit the others to review and discuss in advance (and to consider in good faith any comments made by the others in relation to) any proposed written response to any communication from a Governmental Authority regarding the filings and submissions described in Section 5.4(a), (ii) keep the others reasonably informed of any developments, meetings or discussions with any Governmental Authority in respect of any filings, investigation, or inquiry concerning the Transactions and (iii) not independently participate in any meeting or discussions with a

Governmental Authority in respect of any filings, investigation or inquiry concerning the Transactions without giving the other party prior notice of such meeting or discussions and, unless prohibited by such Governmental Authority, the opportunity to attend or participate; provided, that the parties shall be permitted to redact any correspondence, filing, submission or communication to the extent such correspondence, filing, submission or communication contains competitively or commercially sensitive information, including information relating to the valuation of the Transactions.

(d) In furtherance and not in limitation of the foregoing, but subject to the other terms and conditions of this Section 5.4, Parent and Merger Sub agree to take promptly any and all steps necessary to avoid, eliminate or resolve each and every impediment and obtain all clearances, consents, approvals and waivers under Antitrust Laws or other applicable Laws that may be required by any Governmental Authority, so as to enable the parties to close the Transactions as soon as practicable (and in any event no later than three (3) Business Days prior to the End Date), including committing to and effecting, by consent decree, hold separate orders, trust, or otherwise, (i) the sale, license, holding separate or other disposition of assets or businesses of Parent or Company or any of their respective Subsidiaries, (ii) terminating, relinquishing, modifying, or waiving existing relationships, ventures, contractual rights, obligations or other arrangements of Parent or Company or their respective Subsidiaries and (iii) creating any relationships, ventures, contractual rights, obligations or other arrangements of Parent or Company or their respective Subsidiaries (each a "Remedial Action"); provided, however, that any Remedial Action may, at the discretion of the Company or Parent, be conditioned upon consummation of the Transactions.

(e) In furtherance and not in limitation of the foregoing, but subject to the other terms and conditions of this Section 5.4, in the event that any litigation or other administrative or judicial action or proceeding is commenced, threatened or is reasonably foreseeable challenging any of the Transactions and such litigation, action or proceeding seeks, or would reasonably be expected to seek, to prevent, materially impede or materially delay the consummation of the Transactions, Parent shall use reasonable best efforts to take any and all action, including a Remedial Action, to avoid or resolve any such litigation, action or proceeding as promptly as practicable and in any event no later than three (3) Business Days prior to the End Date. In addition, each of the Company, Parent and Merger Sub shall cooperate with each other and use its respective reasonable best efforts to contest, defend and resist any litigation, action or proceeding and to have vacated, lifted, reversed or overturned any ruling, decree, judgment, injunction or other order, whether temporary, preliminary or permanent, that is in effect and that prohibits, prevents, delays, interferes with or restricts consummation of the Transactions as promptly as practicable and in any event no later than three (3) Business Days prior to the End Date.

(f) From the date hereof until the earlier of the Effective Time and the date this Agreement is terminated pursuant to Article VII, neither Parent nor Merger Sub shall, nor shall they permit their respective Subsidiaries to, acquire or agree to acquire any rights, assets, business, Person or division thereof (through acquisition, license, joint venture, collaboration or otherwise), if such acquisition, would reasonably be expected to materially increase the risk of not obtaining any applicable clearance, consent, approval or waiver under Antitrust Laws or other applicable Laws with respect to the Transactions, or would reasonably be expected to

materially prevent or prohibit or impede, interfere with or delay obtaining any applicable clearance, consent, approval or waiver under Antitrust Laws or other applicable laws with respect to the Transactions.

(g) Notwithstanding the obligations set forth in this Agreement, Parent and its Affiliates shall not be required to, and, without the prior written consent of Parent (which consent may be withheld at Parent's sole discretion) the Company shall not, and shall cause its Subsidiaries not to, in connection with obtaining any consent or approval of any Governmental Authority in connection with this Agreement or the transactions contemplated hereby, offer or accept, or agree, commit to agree or consent to, any undertaking, term, condition, liability, obligation, commitment, sanction or other measure (including any Remedial Action), that constitutes a Burdensome Condition. For purposes of this Agreement, "Burdensome Condition" shall mean any undertakings, terms, conditions, liabilities, obligations, commitments, sanctions or other measures (including any Remedial Action) that, in the aggregate, would have or would be reasonably likely to have, a material adverse effect on the financial condition, assets, liabilities, businesses or results of operations of the Company and its Subsidiaries, taken as a whole, or of Parent and its Subsidiaries, taken as a whole (and after giving effect to the Merger such that Parent and its Subsidiaries for this purpose shall be deemed to be a consolidated group of entities of the size and scale of a hypothetical company that is 100% of the size and scale of the Company and its Subsidiaries, taken as a whole); provided, however, that any such undertakings, terms, conditions, liabilities, obligations, commitments, sanctions or other measures shall not constitute or be taken into account in determining whether there has been or is such a material adverse effect to the extent such undertakings, terms, conditions, liabilities, obligations, commitments, sanctions or other measures are described in Section 1.7.

(h) Parent shall promptly notify the Company and the Company shall notify Parent of any notice or other communication from any Governmental Authority alleging that such Governmental Authority's consent is or may be required in connection with or as a condition of the Merger.

**Section 5.5** Public Announcements. The initial press release with respect to the execution of this Agreement shall be a joint press release to be reasonably agreed upon by Parent and the Company. Following such initial press release, Parent and the Company shall consult with each other before issuing, and give each other the opportunity to review and comment upon, any press release or other public statements with respect to the Transactions and shall not issue any such press release or make any such public statement prior to such consultation, except as such party may reasonably conclude may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system (and then only after as much advance notice and consultation as is feasible); provided, however, that the restrictions set forth in this Section 5.5 shall not apply to any release or public statement (a) made or proposed to be made by the Company in connection with a Takeover Proposal, a Superior Proposal or a Company Adverse Recommendation Change or any action taken pursuant thereto, (b) in connection with any dispute between the parties regarding this Agreement or the Transactions or (c) not inconsistent in any material respects with the prior public disclosures regarding the Transactions.

**Section 5.6**      **Access to Information; Confidentiality.**

(a) From the date hereof until the earlier of the Effective Time or the date on which this Agreement is terminated in accordance with its terms, the Company shall afford to the Parent and its Representatives reasonable access (at Parent's sole cost and expense) during normal business hours and upon reasonable advance notice to the Company's properties (but excluding for the conduct of Phase I or Phase II environmental assessments or testing), books, Contracts and records and the Company shall furnish promptly to the other party such information concerning its business and properties as such party may reasonably request (other than any publicly available document filed by it pursuant to the requirements of federal or state securities Laws); provided that the Parent and its Representatives shall conduct any such activities in such a manner as not to interfere unreasonably with the business or operations of the other party; provided, further, (x) that the Company shall not be obligated to provide such access or information if the Company determines, in its reasonable judgment, that doing so would violate applicable Law or a Contract or obligation of confidentiality owing to a third party, jeopardize the protection of the attorney-client privilege, or expose such party to risk of liability for disclosure of sensitive or personal information (provided that the Company shall use its reasonable best efforts to provide such access or information (or as much of it as possible) in a manner that does not result in the events set out in this clause (x)), and (y) the conduct of such activities shall be subject to the rights and obligations of the Company referred to in the final proviso of the final sentence of Section 5.4(c) hereof. Until the Effective Time, the information provided will be subject to the terms of the confidentiality letter agreement, dated as of October 2, 2015, between Parent and the Company (as it may be amended from time to time, the "Confidentiality Agreement").

(b) If this Agreement is terminated pursuant to Section 7.1, the Confidentiality Agreement shall automatically be deemed to be amended and restated such that (i) the "Restricted Period" for all purposes of the Confidentiality Agreement shall be the period of eighteen (18) months from the date of such termination, as if the Parties had never entered into this Agreement, and (ii) the other provisions of the Confidentiality Agreement shall remain in force and effect for a period of two (2) years after such termination, as if the parties hereto had never entered into this Agreement.

**Section 5.7**      **Takeover Laws.** If any Takeover Statute or similar statute or regulation becomes applicable to the Transactions, the Company and the Company Board will use reasonable best efforts to ensure that such Transactions may be consummated as promptly as practicable on the terms contemplated by this Agreement and otherwise to minimize the effect of such statute or regulation on the Transactions.

**Section 5.8**      **Indemnification and Insurance.**

(a) From and after the Effective Time, Parent shall, and shall cause the Surviving Corporation to, (i) indemnify, defend and hold harmless each current and former director, officer and employee of the Company and any of its Subsidiaries and each person who served as a director, officer, member, trustee or fiduciary of another corporation, partnership, joint venture, trust, pension or other employee benefit plan or enterprise if such service was at the request or for the benefit of the Company or any of its Subsidiaries (each, an "Indemnitee" and, collectively, the "Indemnitees") against all claims, liabilities, losses, damages, judgments, fines, penalties, costs (including amounts paid in settlement or compromise) and expenses

(including fees and expenses of legal counsel) in connection with any actual or threatened claim, suit, action, proceeding or investigation (whether civil, criminal, administrative or investigative) (each, a "Claim"), whenever asserted, arising out of, relating to or in connection with any action or omission relating to their position with the Company or its Subsidiaries occurring or alleged to have occurred before or at the Effective Time (including any Claim relating in whole or in part to this Agreement or the Transactions), to the fullest extent permitted under applicable Law and (ii) assume all obligations of the Company and its Subsidiaries to the Indemnitees in respect of limitation of liability, exculpation, indemnification and advancement of expenses as provided in (A) the Company Charter Documents and the respective organizational documents of each of the Company's Subsidiaries as currently in effect and (B) any indemnification agreements with an Indemnitee (but only to the extent such indemnification agreement was made available to Parent prior to the date hereof), which shall in each case survive the Transactions and continue in full force and effect to the extent permitted by applicable Law.

(b) From and after the Effective Time, Parent shall, and shall cause the Surviving Corporation to, pay and advance to an Indemnitee any expenses (including fees and expenses of legal counsel) in connection with any Claim relating to any acts or omissions covered under this Section 5.8 or the enforcement of an Indemnitee's rights under this Section 5.8 as and when incurred to the fullest extent permitted under applicable Law, provided that the person to whom expenses are advanced provides an undertaking in accordance with applicable Law to repay such expenses if it is ultimately determined by a court of competent jurisdiction that such Indemnitee is not entitled to indemnification for such matter (but only to the extent such repayment is required by applicable Law, the Company Charter Documents, applicable organizational documents of Subsidiaries of the Company or applicable indemnification agreements).

(c) For a period of six (6) years from the Effective Time, Parent shall cause to be maintained in effect coverage not materially less favorable than the coverage provided by the policies of directors' and officers' liability insurance and fiduciary liability insurance in effect as of the date hereof maintained by the Company and its Subsidiaries with respect to matters arising on or before the Effective Time either through the Company's existing insurance provider or another provider reasonably selected by Parent; provided, however, that, after the Effective Time, Parent shall not be required to pay annual premiums in excess of 300% of the annual premium currently paid by the Company in respect of the coverages required to be obtained pursuant hereto, but in such case shall purchase as much coverage as reasonably practicable for such amount; provided, further, that in lieu of the foregoing insurance coverage, the Company may purchase "tail" insurance coverage, at a cost no greater than the aggregate amount which Parent would be required to spend during the six—year period provided for in this Section 5.8(c), that provides coverage not materially less favorable than the coverage described above to the insured persons than the directors' and officers' liability insurance and fiduciary liability insurance coverage currently maintained by the Company and its Subsidiaries as of the date hereof with respect to matters arising on or before the Effective Time.

(d) The provisions of this Section 5.8 are (i) intended to be for the benefit of, and shall be enforceable by, each Indemnitee, his or her heirs and his or her representatives from and after the Effective Time, and (ii) in addition to, and not in substitution for or limitation of, any other rights to indemnification or contribution that any such Person may have by contract or

otherwise. The obligations of Parent and the Surviving Corporation under this Section 5.8 shall not be terminated or modified in such a manner as to adversely affect the rights of any Indemnitee to whom this Section 5.8 applies unless (A) such termination or modification is required by applicable Law or (B) the affected Indemnitee shall have consented in writing to such termination or modification (it being expressly agreed that the Indemnitees to whom this Section 5.8 applies shall be third party beneficiaries of this Section 5.8).

(e) In the event that Parent, the Surviving Corporation 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 and assets to any Person, then, and in each such case, proper provision shall be made so that the successors and assigns of Parent and the Surviving Corporation shall assume all of the obligations thereof set forth in this Section 5.8.

**Section 5.9 Transaction Litigation.** Each of Parent and the Company shall notify the other promptly of the commencement of any shareholder litigation relating to this Agreement or the Transactions of which it has received notice ("Transaction Litigation"). The Company shall give Parent the opportunity to participate in, but not control, the defense or settlement of any shareholder litigation against the Company or any of its directors or officers relating to this Agreement or the Transactions, and no such settlement of any shareholder litigation shall be agreed to by the Company or any of its Representatives without Parent's prior written consent, such consent not to be unreasonably withheld, conditioned or delayed.

**Section 5.10 Section 16.** Prior to the Effective Time, each of the Company, Parent and Merger Sub shall take all such steps reasonably necessary to cause any dispositions of Company Common Stock (including derivative securities with respect to Company Common Stock) directly resulting from the Merger by each individual who will be subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to the Company immediately prior to the Effective Time to be exempt under Rule 16b-3 promulgated under the Exchange Act.

**Section 5.11 Employee Matters.**

(a) Until the later of twelve (12) months from the Closing Date or December 31, 2017 (the "Continuation Period"), Parent shall provide, or shall cause to be provided, to each individual who is employed by the Company or any of its Subsidiaries (including the Surviving Corporation and its Subsidiaries) immediately prior to the Effective Time (each, a "Company Employee"), annual base salary and base wages, annual target bonus opportunities (based on target amounts calculated as an applicable percentage of annual base salary for the bonus opportunities established for the most recent Company fiscal year commencing before the Effective Time), and the target value (based on target amounts calculated as an applicable percentage of annual base salary) of the annual Company Performance Share Award granted during the most recent Company fiscal year commencing before the Effective Time (without taking into account any discount to the value of Company Stock for purposes of applying such target value to a long-term incentive compensation opportunity granted by Parent) (the "LTIP Target Amount"), provided that the LTIP Target Amount may be paid in cash rather than granted in equity, and aggregate employee benefits, in each case, that are no less favorable than such annual base salary and base wages, annual target bonus opportunities, LTIP Target Amounts and

aggregate employee benefits provided to the Company Employees immediately prior to the Effective Time. Notwithstanding any other provision of this Agreement to the contrary and without limiting the generality of the foregoing, Parent shall or shall cause the Surviving Corporation to provide any Company Employee whose employment terminates following the Effective Time and during the applicable protected period, as described on Section 5.11(b) of the Company Disclosure Schedule, either without "Cause" or for "Good Reason," in each case as defined on Section 5.11(a) of the Company Disclosure Schedule, with severance benefits no less favorable than as set forth on Section 5.11(a) of the Company Disclosure Schedule.

(b) For all purposes (including purposes of vesting, eligibility to participate and level of benefits, but not for purposes of defined benefit pension plan accrual or, for the avoidance of doubt, with respect to the vesting or restoration of any otherwise forfeited benefits accrued prior to the Effective Time under a defined benefit pension plan maintained by Parent or its Subsidiaries (except as required by Law)) under the employee benefit plans of Parent and its Subsidiaries providing benefits to any Company Employee after the Effective Time (including the Company Plans) (the "New Plans"), each Company Employee shall be credited with his or her years of service with the Company and its Subsidiaries and their respective predecessors before the Effective Time, to the same extent as such Company Employee was entitled, before the Effective Time, to credit for such service under any Company Plan in which such Company Employee participated or was eligible to participate immediately prior to the Effective Time, provided that the foregoing shall not apply to the extent that its application would result in a duplication of benefits with respect to the same period of service. Furthermore, to the extent a Company Employee or a "Company Retired Employee" (as defined below) becomes eligible to participant in Parent's retiree medical plan, for all purposes (including purposes of vesting, eligibility to participate and level of benefits) under the retiree medical plan of Parent and its Subsidiaries, each (x) Company Employee and (y) former employee of the Company or any of its Subsidiaries whose employment with the Company or any of its Subsidiaries ended as a result of such former employee's retirement and who is eligible to participate in the Company's retiree medical plan as of the Effective Time (the "Company Retired Employees"), shall be credited with his or her years of service with the Company and its Subsidiaries and their respective predecessors before the Effective Time, to the same extent as such Company Employee or Company Retired Employee was entitled, immediately before the Effective Time, to credit for such service under the Company's retiree medical plan as of the Effective Time. Parent shall, or shall cause an Affiliate to, provide post-retirement medical benefits to Eligible Retirees (as defined below) that are no less favorable than those provided (i) under the Company's post-retirement medical program in effect as of January 1, 2016 (the "Company's Retiree Health Plan") or (ii) to similarly situated, as applicable, employees and retirees who participate in the post-retirement programs of Parent or its Subsidiaries (other than the Surviving Corporation). "Eligible Retirees" means Company Retired Employees and Company Employees who are or become eligible to participant in the Company's Retiree Health Plan as in effect on January 1, 2016. In addition, and without limiting the generality of the foregoing, (i) each Company Employee shall be immediately eligible to participate, without any waiting time, in any and all New Plans to the extent coverage under such New Plan is replacing comparable coverage under a Company Plan in which such Company Employee participated immediately before the Effective Time (such plans, collectively, the "Old Plans"), and (ii) for purposes of each New Plan providing medical, dental, pharmaceutical and/or vision benefits to any Company Employee, Parent shall cause all pre-existing condition exclusions and actively-at-work

requirements of such New Plan to be waived for such Company Employee and his or her covered dependents, to the extent such conditions were inapplicable or waived under the comparable Old Plans of the Company or its Subsidiaries in which such Company Employee participated immediately prior to the Effective Time. Parent shall cause any eligible expenses incurred by any Company Employee and his or her covered dependents during the portion of the plan year of the Old Plan ending on the date such Company Employee's participation in the corresponding New Plan begins to be taken into account under such New Plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such Company Employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such New Plan.

(c) Without limiting the generality of Section 5.11(a), from and after the Effective Time, Parent shall cause the Surviving Corporation and its Subsidiaries to assume, honor, and continue all obligations under the Company Plans and compensation and severance arrangements and agreements in accordance with their terms as in effect immediately before the Effective Time and the Transactions shall be deemed to constitute a "change in control," "change of control", "corporate transaction" or similar words to such effect under such Company Plans, arrangements or agreements.

(d) At the Effective Time, Parent shall cause the Surviving Corporation to pay to each Company Employee and each Applicable Retired Company Employee a pro-rata portion of any bonus that such Company Employee or Applicable Retired Company Employee would have been entitled to receive under the Company's Annual Incentive Plans and any other applicable annual bonus plan for the performance period during which the Effective Time occurs, consistent with past practice and based on achievement of applicable performance criteria at target level. In addition, to the extent that the Effective Time occurs within 2.5 months following the end of a performance period with respect to the Annual Incentive Plans or any other applicable annual bonus plan, but prior to payment of the bonuses for such completed performance, Parent shall cause the Surviving Corporation to pay to each Company Employee, and to each Applicable Retired Company Employee on a prorated basis consistent with past practice, the greater of (i) the Company Employee's or Applicable Retired Company Employee's, as applicable, target bonus for such performance period and (ii) the bonus to which the Company Employee or Applicable Retired Company Employee, as applicable, would be entitled for such performance period based on actual performance.

(e) Notwithstanding anything to the contrary herein, the provisions of this Section 5.11 are solely for the benefit of the parties to this Agreement, and no provision of this Section 5.11 is intended to, or shall, constitute the establishment or adoption of or an amendment to any Company Plans for purposes of ERISA or otherwise and no Company Employee or any other individual associated therewith shall be regarded for any purpose as a third-party beneficiary of this Agreement or have the right to enforce the provisions hereof including in respect of continued employment (or resumed employment). Nothing contained herein shall alter the at-will employment relationship of any Company Employee.

(f) Without limiting the generality of the foregoing provisions of this Section 5.11, the parties hereby agree to take the additional actions set forth in Section 5.11(f) of the Company Disclosure Schedule.



**Section 5.12 Merger Sub and Surviving Corporation.** Parent shall take all actions necessary to (a) cause Merger Sub and the Surviving Corporation to perform promptly their respective obligations under this Agreement and (b) cause Merger Sub to consummate the Merger on the terms and conditions set forth in this Agreement. Prior to the Effective Time, Merger Sub shall not engage in any activity of any nature except for activities related to or in furtherance of the Transactions.

**Section 5.13 No Control of Other Party's Business.** Nothing contained in this Agreement is intended to give Parent or Merger Sub, directly or indirectly, the right to control or direct the Company's or its Subsidiaries' operations prior to the Effective Time. Prior to the Effective Time, the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and its Subsidiaries' respective operations.

**Section 5.14 Financing Cooperation.**

(a) The Company shall, and shall cause the Subsidiaries of the Company to, (i) provide commercially reasonable assistance with the preparation of and any discussions regarding the business, financial statements, projections, and management discussion and analysis of the Company and the Subsidiaries of the Company, all for use in connection with any debt financing to be obtained by Parent in connection with the Merger (the "Financing"), and (ii) request that its independent accountants provide customary and reasonable assistance to Parent in connection with providing customary comfort letters in connection with the Financing; provided, further, that nothing in this Agreement shall require the Company to cause the delivery of (1) legal opinions or reliance letters or any certificate as to solvency or any other certificate necessary for the Financing, other than as allowed by the preceding clause (ii), (2) any audited financial information or any financial information prepared in accordance with Regulation S-K or Regulation S-X under the Securities Act of 1933, as amended, or any financial information in a form not customarily prepared by the Company with respect to any period or (3) any financial information with respect to a month or fiscal period that has not yet ended or has ended less than forty-five (45) days prior to the date of such request.

(b) Notwithstanding anything to the contrary contained in this Agreement (including this Section 5.14): (i) nothing in this Agreement (including this Section 5.14) shall require any such cooperation to the extent that it would (1) require the Company to pay any commitment or other fees, reimburse any expenses or otherwise incur any liabilities or give any indemnities prior to the Closing, (2) unreasonably interfere with the ongoing business or operations of the Company or any of the Subsidiaries of the Company, (3) require the Company or any of the Subsidiaries of the Company to enter into or approve any agreement or other documentation effective prior to the Closing or agree to any change or modification of any existing agreement or other documentation that would be effective prior to the Closing, (4) require the Company to provide *pro forma* financial statements or *pro forma* adjustments reflecting the Financing or any description of all or any component of the Financing (it being understood that the Company shall use reasonable best efforts to assist in preparation of *pro forma* financial adjustments to the extent otherwise relating to the Company and required by the Financing), (5) require the Company or the Subsidiaries of the Company to provide *pro forma* financial statements or *pro forma* adjustments reflecting transactions contemplated or required hereunder (it being understood that the Company shall use reasonable best efforts to assist in

preparation of *pro forma* financial adjustments to the extent otherwise relating to the Company and required by the Financing), or (6) require the Company, any of the Subsidiaries of the Company or any of their respective boards of directors (or equivalent bodies) to approve or authorize the Financing, and (ii) no action, liability or obligation (including any obligation to pay any commitment or other fees or reimburse any expenses) of the Company, the Subsidiaries of the Company, or any of their respective Representatives under any certificate, agreement, arrangement, document or instrument relating to the Financing shall be effective until the Closing.

(c) Parent shall (i) promptly reimburse the Company for all reasonable and out-of-pocket costs or expenses (including reasonable and documented costs and expenses of counsel and accountants) incurred by the Company the Subsidiaries of the Company and any of its or their Representatives in connection with any cooperation provided for in this Section 5.14, and (ii) indemnify and hold harmless the Company, the Subsidiaries of the Company and any of its and their Representatives against any claim, loss, damage, injury, liability, judgment, award, penalty, fine, Tax, cost (including cost of investigation), expense (including fees and expenses of counsel and accountants) or settlement payment incurred as a result of, or in connection with, any cooperation provided for in this Section 5.14 or the Financing and any information used in connection therewith, unless the Company acted in bad faith or with gross negligence and other than in the case of fraud.

(d) Without limiting the generality of the foregoing, promptly following Parent's request, the Company shall deliver to each of the lenders under the Existing Indebtedness (the "Existing Loan Lenders") a notice (an "Existing Loan Notice") prepared by Parent, in form and substance reasonably acceptable to the Company, notifying each of the Existing Loan Lenders of this Agreement and the contemplated Merger. At Parent's election, the Existing Loan Notice with respect to one or more of the Existing Loan Documents may include a request for a consent, in form and substance reasonably acceptable to the Company (an "Existing Loan Consent"), to (1) the consummation of the Merger and the other transactions contemplated by this Agreement, and (2) certain modifications of (or waivers under or other changes to) the Existing Loan Documents; provided, that no such modifications, waivers or changes shall be effective prior to the Effective Time.

**Section 5.15** Fiscal Year. From the date of the receipt of the of the Company Shareholder Approval until the Effective Time, promptly following Parent's request, the Company shall cooperate with Parent to take all actions reasonably requested by Parent to prepare to change the fiscal year of the Company and its Subsidiaries to end on December 31, effective immediately following the Effective Time. Parent shall, promptly upon request by the Company, reimburse the Company for all documented and reasonable out-of-pocket costs incurred by the Company or any of its Subsidiaries in connection with such cooperation under this Section 5.15.

ARTICLE VI

CONDITIONS PRECEDENT

**Section 6.1** Conditions to Each Party's Obligation to Effect the Merger. The respective obligations of each party hereto to effect the Closing shall be subject to the satisfaction (or waiver, if permissible under applicable Law) on or prior to the Closing Date of the following conditions:

- (a) Company Shareholder Approval. The Company Shareholder Approval shall have been obtained.
- (b) Regulatory Approvals. All waiting periods (and any extensions thereof) applicable to the Merger under the HSR Act shall have been terminated or shall have expired and the Required Statutory Approvals shall have been obtained at or prior to the Effective Time (the termination or expiration of such waiting periods and extensions thereof, together with the obtaining of the Required Statutory Approvals, the "Regulatory Approvals").
- (c) No Injunctions. No Law enacted, promulgated, issued, entered, amended or enforced by any Governmental Authority shall be in effect enjoining, restraining, preventing or prohibiting consummation of the Merger or making the consummation of the Merger illegal.

**Section 6.2** Conditions to Obligations of Parent and Merger Sub. The obligations of Parent and Merger Sub to effect the Closing are further subject to the satisfaction (or waiver, if permissible under applicable Law) on or prior to the Closing Date of the following conditions:

- (a) Representations and Warranties. (i) Each of the representations and warranties of the Company set forth in this Agreement (other than the representations and warranties of the Company set forth in Section 3.2(a), Section 3.2(b), Section 3.3(a), Section 3.6(b) and Section 3.19) shall be true and correct (without giving effect to any limitation as to "materiality" or "Company Material Adverse Effect" set forth therein), except where the failure to be true and correct has not had or would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect; (ii) each of the representations and warranties of the Company set forth in Section 3.2(a), Section 3.2(b), Section 3.3(a) and Section 3.19 shall be true and correct in all material respects; and (iii) the representations and warranties set forth in Section 3.6(b) shall be true and correct in all respects; in the case of each of clause (i), (ii) and (iii), as of the Effective Time as though made at and as of the Effective Time (except to the extent that such representation and warranty is expressly made as of a specified date, in which case such representation and warranty shall be true and correct as of such specific date).
- (b) Performance of Covenants and Agreements of the Company. The Company shall have performed in all material respects all covenants and agreements required to be performed by it under this Agreement at or prior to the Closing Date.
- (c) Officer's Certificate. Parent shall have received a certificate signed on behalf of the Company by an executive officer of the Company certifying the satisfaction by the Company of the conditions set forth in Section 6.2(a) and Section 6.2(b).

(d) Absence of Company Material Adverse Effect. Since the date of this Agreement, no circumstance, change, event, development, occurrence or effect that, individually or in the aggregate, has had or would reasonably be expected to have a Company Material Adverse Effect, shall have occurred and be continuing.

(e) Absence of Burdensome Effect. The Regulatory Approvals shall not impose or require any undertakings, terms, conditions, liabilities, obligations, commitments or sanctions, or any structural or remedial actions (including any Remedial Actions), that constitute a Burdensome Condition.

**Section 6.3** Conditions to Obligations of the Company. The obligation of the Company to effect the Closing is further subject to the satisfaction (or waiver, if permissible under applicable Law) on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties. The representations and warranties of Parent and Merger Sub set forth in this Agreement shall be true and correct (without giving effect to any limitation as to "materiality" or "Parent Material Adverse Effect" set forth therein) as of the Effective Time with the same effect as though made on and as of the Effective Time (except to the extent that such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct as of such earlier date), except where the failure to be true and correct has not had and would not reasonably be expected to have a Parent Material Adverse Effect.

(b) Performance of Covenants and Agreements of Parent and Merger Sub. Parent and Merger Sub shall have performed in all material respects all covenants and agreements required to be performed by them under this Agreement at or prior to the Closing Date.

(c) Officer's Certificate. The Company shall have received a certificate signed on behalf of Parent by an executive officer of Parent certifying the satisfaction by Parent and Merger Sub of the conditions set forth in Section 6.3(a) and Section 6.3(b).

**Section 6.4** Frustration of Closing Conditions. None of the Company, Parent or Merger Sub may rely on the failure of any condition set forth in Section 6.1, Section 6.2 or Section 6.3, as the case may be, to be satisfied if such failure was caused by such party's failure to use its reasonable best efforts to consummate the Merger and the other Transactions or due to the failure of such party to perform any of its other obligations under this Agreement.

## **ARTICLE VII** **TERMINATION**

**Section 7.1** Termination. This Agreement may be terminated and the Transactions abandoned at any time prior to the Effective Time:

- (a) by the mutual written consent of the Company and Parent; or
- (b) by either of the Company or Parent:

(i) if the Merger shall not have been consummated on or before October 31, 2016 (the "End Date"); provided that if, prior to the End Date, all of the conditions to the Closing set forth in Article VI have been satisfied or waived, as applicable, or shall then be capable of being satisfied (except for any condition set forth in Section 6.1(b), Section 6.1(c) or Section 6.2(e)), either the Company or Parent may, prior to 5:00 p.m. Charlotte, North Carolina time on the End Date, extend the End Date to a date that is not later than six (6) months after the End Date (and if so extended, such later date shall then, for all purposes under this Agreement, be the "End Date"); provided, further, that neither the Company nor Parent may terminate this Agreement or extend the End Date pursuant to this Section 7.1(b)(i) if it (or, in the case of Parent, Merger Sub) is in breach of any of its covenants or agreements and such breach has primarily caused or resulted in either (1) the failure to satisfy the conditions to its obligations to consummate the Closing set forth in Article VI prior to the End Date or (2) the failure of the Closing to have occurred prior to the End Date;

(ii) if any Law having the effect set forth in Section 6.1(c) shall not have been reversed, stayed, enjoined, set aside, annulled or suspended and shall be in full force and effect and, in the case of any ruling, decree, judgment, injunction or order of any Governmental Authority (each, a "Restraint"), shall have become final and non-appealable; provided, however, that the right to terminate this Agreement under this Section 7.1(b)(ii) shall not be available to a party if the issuance of such final, non-appealable Restraint was primarily due to the failure of such party to perform any of its obligations under this Agreement, including under Section 5.4:

(iii) the Company Shareholder Approval is not obtained at the Company Shareholders Meeting duly convened (unless such Company Shareholders Meeting has been adjourned, in which case at the final adjournment thereof); or

(c) by Parent:

(i) if the Company shall have breached or failed to perform any of its representations, warranties, covenants or agreements set forth in this Agreement, which breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 6.2(a) or Section 6.2(b), respectively, and (B) cannot be cured by the Company by the End Date or, if capable of being cured, shall not have been cured within thirty (30) calendar days following receipt of written notice from the Parent stating the Parent's intention to terminate this Agreement pursuant to this Section 7.1(c)(i) and the basis for such termination; provided that Parent shall not have the right to terminate this Agreement pursuant to this Section 7.1(c)(i) if it or Merger Sub is then in material breach of any of its representations, warranties, covenants or other agreements hereunder; or

(ii) if the Company Board (or a duly authorized committee thereof) shall have effected a Company Adverse Recommendation Change; provided, however, that Parent shall not have the right to terminate this Agreement under this Section 7.1(c)(ii) if the Company Shareholder Approval shall have been obtained; or

(d) by the Company:

(i) if Parent or Merger Sub shall have breached or failed to perform any of its representations, warranties, covenants or agreements set forth in this Agreement, which breach or failure to perform (A) would give rise to the failure of a condition set forth in Section 6.3(a) or Section 6.3(b), respectively, and (B) cannot be cured by Parent or Merger Sub by the End Date or, if capable of being cured, shall not have been cured within thirty (30) calendar days following receipt of written notice from the Company stating the Company's intention to terminate this Agreement pursuant to this Section 7.1(d)(i) and the basis for such termination; provided that, Company shall not have the right to terminate this Agreement pursuant to this Section 7.1(d)(i) if it is then in material breach of any of its representations, warranties, covenants or other agreements hereunder; or

(ii) prior to the receipt of the Company Shareholder Approval, if the Company Board shall have effected a Company Adverse Recommendation Change with respect to a Superior Proposal in accordance with Section 5.3 and shall have approved, and concurrently with the termination hereunder, the Company shall have entered into, a Company Acquisition Agreement providing for the implementation of such Superior Proposal; provided that such termination pursuant to this Section 7.1(d)(ii) shall not be effective and the Company shall not enter into any such Company Acquisition Agreement, unless the Company has paid the Company Termination Fee to Parent or causes the Company Termination Fee to be paid to Parent substantially concurrently with such termination in accordance with Section 7.3; (provided that Parent shall have provided wiring instructions for such payment or, if not, then such payment shall be paid promptly following delivery of such instructions).

**Section 7.2 Effect of Termination.** In the event of the termination of this Agreement as provided in Section 7.1, written notice thereof shall be given to the other party or parties, specifying the provision hereof pursuant to which such termination is made, and this Agreement shall forthwith become null and void and have no further force or effect (other than Section 5.6(b), Section 7.2 and Section 7.3, and Article VIII, all of which shall survive termination of this Agreement), and there shall be no liability on the part of Parent, Merger Sub or the Company or their respective directors, officers, other Representatives or Affiliates, whether arising before or after such termination, based on, arising out of or relating to this Agreement or the negotiation, execution, performance or subject matter hereof (whether in contract or in tort or otherwise, or whether at law (including at common law or by statute) or in equity); provided, however, that, subject to Section 7.3 (including the limitations on liability contained therein), no party shall be relieved or released from any liabilities or damages arising out of any willful and material breach of this Agreement prior to such termination that gave rise to the failure of a condition set forth in Article VI. The Confidentiality Agreement shall survive in accordance with its terms following termination of this Agreement. Without limiting the meaning of a willful and material breach, the parties acknowledge and agree that any failure by a party hereto to consummate the Merger and the other transactions contemplated hereby after the applicable conditions to the Closing set forth in Article VI have been satisfied or waived (except for those conditions that by their nature are to be satisfied at the Closing, which conditions would be capable of being satisfied at the time of such failure to consummate the Merger) shall constitute a willful and material breach of this Agreement.

**Section 7.3      Company Termination Fee; Parent Termination Fee.**

(a) In the event that this Agreement is terminated by the Company pursuant to Section 7.1(d)(ii), the Company shall pay or cause to be paid as directed by Parent the Company Termination Fee substantially concurrently with the termination of this Agreement.

(b) In the event that this Agreement is terminated by Parent pursuant to Section 7.1(c)(ii), the Company shall pay or cause to be paid as directed by Parent the Company Termination Fee within two (2) Business Days of such termination.

(c) In the event that (i) this Agreement is terminated (A) by Parent or the Company pursuant to Section 7.1(b)(i) or Section 7.1(b)(iii) or (B) by Parent pursuant to Section 7.1(c)(i) (solely with respect to a breach or failure to perform a covenant), (ii) a Takeover Proposal shall have been publicly disclosed or made to the Company after the date hereof (x) in the case of termination pursuant to Section 7.1(b)(i) or Section 7.1(c)(i), prior to the date of such termination, or (y) in the case of termination pursuant to Section 7.1(b)(iii), prior to the date of the Company Shareholder Meeting, and (iii) within twelve (12) months of the date this Agreement is terminated, the Company enters into a Company Acquisition Agreement which is subsequently consummated or consummates a Takeover Proposal (provided that for purposes of clause (iii) of this Section 7.3(c), the references to "15%" in the definition of Takeover Proposal shall be deemed to be references to "50%"), then the Company shall pay or cause to be paid as directed by Parent the Company Termination Fee on the date of consummation of such transaction.

(d) For purposes of this Agreement, "Company Termination Fee" shall mean an amount equal to \$125,000,000 in cash.

(e) Parent shall pay to the Company a fee of \$250,000,000 in cash (the "Parent Termination Fee") if each of the following clauses (i), (ii) and (iii) of this Section 7.3(e) is true:

(i) this Agreement is terminated by Parent or the Company:

(A) pursuant to Section 7.1(b)(i) and, at the time of such termination, any of the conditions set forth in Section 6.1(b) or Section 6.1(e) (in the case of Section 6.1(c), if and only if the applicable Restraint giving rise to termination arises in connection with the Regulatory Approvals), shall have not been satisfied; or

(B) pursuant to Section 7.1(b)(ii), (if, and only if, the applicable Restraint giving rise to such termination arises in connection with the Regulatory Approvals); or

(ii) this Agreement is terminated by the Company pursuant to Section 7.1(d)(i) because of a failure by Parent or Merger Sub to comply with its obligations under Section 5.4; and

(iii) at the time of such termination, the conditions to the Closing set forth in Section 6.1(a) and Section 6.2 (other than Section 6.2(c) and Section 6.2(e)) shall have been satisfied or waived (except for any such conditions that have not been satisfied as a result of a breach by Parent or Merger Sub of its respective obligations under this Agreement).

Parent shall pay the Parent Termination Fee to the Company (to an account designated in writing by the Company) no later than three (3) Business Days after the date of the applicable termination.

(f) Notwithstanding the foregoing, in no event shall the Company be required to pay the Company Termination Fee on more than one occasion. Notwithstanding anything to the contrary in this Agreement, the parties agree that if this Agreement is terminated under circumstances in which the Company is obligated to pay the Company Termination Fee under this Section 7.3 and the Company Termination Fee is paid, the payment of the Company Termination Fee shall be the sole and exclusive remedy available to Parent and Merger Sub with respect to this Agreement and the Transactions, and, upon payment of the Company Termination Fee pursuant to this Section 7.3, the Company (and the Company's Affiliates and its and their respective directors, officers, employees, shareholders and other Representatives) shall have no further liability with respect to this Agreement or the Transactions to Parent, Merger Sub or any of their respective Affiliates or Representatives; provided, that regardless of whether the Company pays or is obligated to pay the Company Termination Fee, nothing in this Section 7.3(f) shall release the Company from liability for a willful and material breach of this Agreement. In no event shall Parent be required to pay the Parent Termination Fee on more than one occasion. Notwithstanding anything to the contrary in this Agreement, the parties agree that if this Agreement is terminated under circumstances in which Parent is obligated to pay the Parent Termination Fee under this Section 7.3 and the Parent Termination Fee is paid, the payment of the Parent Termination Fee shall be the sole and exclusive remedy available to the Company with respect to this Agreement and the Transactions, and, upon payment of the Parent Termination Fee pursuant to this Section 7.3, Parent, Merger Sub and the Persons providing the Financing (the "Financing Parties") (and Parent's, Merger Sub's and the Financing Parties' Affiliates and their respective directors, officers, employees, shareholders and other Representatives) shall have no further liability with respect to this Agreement or the Transactions to the Company or any of their respective Affiliates or Representatives; provided, that regardless of whether Parent pays or is obligated to pay the Parent Termination Fee, nothing in this Section 7.3(f) shall release Parent from liability for a willful and material breach of this Agreement.

(g) Any amount that becomes payable pursuant to Section 7.3 shall be paid by wire transfer of immediately available funds to an account designated by Parent or the Company, as applicable, and shall be reduced by any amounts required to be deducted or withheld therefrom under applicable Law in respect of Taxes.

#### ARTICLE VIII MISCELLANEOUS

**Section 8.1** No Survival of Representations and Warranties. None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time and all rights, claims and causes of action (whether



in contract or in tort or otherwise, or whether at Law (including at common law or by statute) or in equity) with respect thereto shall terminate at, the Effective Time. This Section 8.1 shall not limit any covenant or agreement of the parties that by its terms contemplates performance in whole or in part after the Effective Time. The Confidentiality Agreement shall (a) survive termination of this Agreement in accordance with its terms and (b) terminate as of the Effective Time.

**Section 8.2** Fees and Expenses. Except as otherwise provided in Section 5.8 and Section 7.3, whether or not the Transactions are consummated, all fees and expenses incurred in connection with the Transactions and this Agreement shall be paid by the party incurring or required to incur such fees or expenses.

**Section 8.3** Amendment or Supplement. At any time prior to the Effective Time, this Agreement may be amended or supplemented in any and all respects, whether before or after receipt of the Company Shareholder Approval, by written agreement of the parties hereto and delivered by duly authorized officers of the respective parties; provided, however, that (a) following receipt of the Company Shareholder Approval, there shall be no amendment or change to the provisions hereof which by Law would require further approval by the shareholders of the Company without such approval and (b) after the Effective Time, this Agreement may not be amended or supplemented in any respect.

**Section 8.4** Waiver. At any time prior to the Effective Time, any party may, subject to applicable Law, (a) waive any inaccuracies in the representations and warranties of any other party hereto, (b) extend the time for the performance of any of the obligations or acts of any other party hereto or (c) waive compliance by the other party with any of the agreements contained herein or, except as otherwise provided herein, waive any of such party's conditions. Notwithstanding the foregoing, no failure or delay by the Company, Parent or Merger Sub 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 hereunder. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

**Section 8.5** Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned, in whole or in part, by operation of Law or otherwise, by any of the parties without the prior written consent of the other parties. Subject to the preceding sentence, this Agreement shall be binding upon, inure to the benefit of, and be enforceable by, the parties hereto and their respective successors and permitted assigns. Any purported assignment not permitted under this Section shall be null and void.

**Section 8.6** Counterparts. This Agreement may be executed in counterparts (each of which shall be deemed to be an original but all of which taken together shall constitute one and the same agreement) and shall become effective when one or more counterparts have been signed by each of the parties and delivered (by electronic communication, facsimile or otherwise) to the other parties.

**Section 8.7** Entire Agreement; Third-Party Beneficiaries. This Agreement, including the Company Disclosure Schedule, and the exhibits hereto, together with the other

instruments referred to herein, including the Confidentiality Agreement (a) constitute the entire agreement, and supersede all other prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter hereof and thereof and (b) except for (i) the rights of the Company's shareholders and holders of Company RSUs and Company Performance Share Awards to receive the Merger Consideration and payments pursuant to Article II, respectively, after the Effective Time, (ii) the right of the Company, on behalf of its shareholders, to pursue damages in the event of Parent or Merger Sub's willful and material breach of this Agreement, in which event the damages recoverable by the Company for itself and on behalf of its shareholders (without duplication) shall be determined by reference to the total amount that would have been recoverable by the holders of the Company Common Stock (including, "lost premium" and time value of money) if all such holders brought an action against Parent and Merger Sub and were recognized as intended third party beneficiaries hereunder, which right is hereby acknowledged and agreed by Parent and Merger Sub, and (iii) the provisions of Section 5.8, is not intended to and shall not confer upon any Person other than the parties hereto any rights or remedies hereunder. Each of Parent, Merger Sub, and the Company hereby acknowledges and agrees that, except for the representations and warranties contained in this Agreement (as modified by the Company Disclosure Schedule, in the case of the representations and warranties of the Company), none of them, or any of their respective Affiliates or Representatives, or any other Person acting on behalf of any of them, makes, and none of them or any of their respective Representatives relies on or has been induced by any other representations, warranties, information (including estimates, projections, forecasts and other forward-looking information, business plans and cost-related plan information) or inducements, and each of the parties to this Agreement, on behalf of itself, its Affiliates, and its and their respective Representatives, hereby disclaims any other representations, warranties or inducements, express or implied, as to the accuracy or completeness of any information, made by, or made available by, itself, any of its Affiliates or any of its or their respective Representatives, with respect to, or in connection with, the negotiation, execution or delivery of this Agreement or the Transactions contemplated hereby, notwithstanding the delivery or disclosure to the other or the other's Representatives of any documentation or other information with respect to any one or more of the foregoing.

**Section 8.8**      **Governing Law: Jurisdiction.**

(a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to any choice or conflict of laws provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware, except that matters related to the fiduciary obligations of the Company Board shall be governed by the laws of the State of North Carolina.

(b) Each of the parties (i) irrevocably submits itself to the personal jurisdiction of each state or federal court sitting in the State of Delaware, as well as to the jurisdiction of all courts to which an appeal may be taken from such courts, in any suit, action or proceeding arising out of or relating to this Agreement or any of the transactions contemplated herein, (ii) agrees that every such suit, action or proceeding shall be brought, heard and determined exclusively in the Court of Chancery of the State of Delaware (provided that, in the event subject matter jurisdiction is unavailable in or declined by the Court of Chancery, then all

such claims shall be brought, heard and determined exclusively in any other state or federal court sitting in the State of Delaware), (iii) agrees that it shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from such court, (iv) agrees not to bring any suit, action or proceeding arising out of or relating to this Agreement or any of the transactions contemplated herein in any other court, and (v) waives any defense of inconvenient forum to the maintenance of any suit, action or proceeding so brought.

(c) Each party irrevocably consents to the service of process outside the territorial jurisdiction of the courts referred to in this Section 8.8 in any such action or proceeding by mailing copies thereof by registered or certified United States mail, postage prepaid, return receipt requested, to its address as specified in or pursuant to this Article VIII. However, the foregoing shall not limit the right of a party to effect service of process on the other party by any other legally available method.

**Section 8.9** Specific Enforcement.

(a) The parties agree that immediate, extensive and irreparable damage would occur for which monetary damages would not be an adequate remedy in the event that any of the provisions of this Agreement are not performed in accordance with their specific terms or are otherwise breached. Accordingly, the parties agree that, if for any reason Parent, Merger Sub or the Company shall have failed to perform its obligations under this Agreement or otherwise breached this Agreement, then the party seeking to enforce this Agreement against such nonperforming party under this Agreement shall be entitled to specific performance and the issuance of immediate injunctive and other equitable relief without the necessity of proving the inadequacy of money damages as a remedy, and the parties further agree to waive any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief, this being in addition to and not in limitation of any other remedy to which they are entitled at Law or in equity. If any party hereto brings any Claim to enforce specifically the performance of the terms and provisions of this Agreement when expressly available to such party pursuant to the terms of this Agreement, then, notwithstanding anything to the contrary herein, the End Date shall automatically be extended by the period of time between the commencement of such Claim and ten (10) Business Days following the date on which such Claim is fully and finally resolved.

**Section 8.10** WAIVER OF JURY TRIAL. Each party hereto hereby waives, to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in respect of any suit, action or other proceeding arising out of this Agreement or the Transactions. Each Party (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such party would not, in the event of any action, suit or proceeding, seek to enforce the foregoing waiver and (b) acknowledges that it and the other Parties have been induced to enter into this Agreement by, among other things, the mutual waiver and certifications in this Section 8.10.

**Section 8.11** Notices. All notices, requests and other communications to any party hereunder shall be in writing and shall be deemed given if delivered personally, facsimiled (which is confirmed) or sent by overnight courier (providing proof of delivery) to the parties at the following addresses:

If to Parent or Merger Sub, to:

Duke Energy Corporation  
550 South Tryon Street, DEC-45A  
Charlotte, North Carolina 28202  
Attention: Greer Mendelow, Deputy General Counsel  
Facsimile: (980) 373-9962

with a copy (which shall not constitute notice) to:

Sidley Austin LLP  
One South Dearborn  
Chicago, Illinois 60603  
Attention: Thomas A. Cole  
Imad I. Qasim  
Facsimile: (312) 853-7036

If to the Company, to:

Piedmont Natural Gas Company, Inc.  
4720 Piedmont Row Drive  
Charlotte, North Carolina 28210  
Attention: Thomas E. Skains, Jane R. Lewis-Raymond  
Facsimile: (704) 731-4099

with a copy (which shall not constitute notice) to:

Kirkland & Ellis LLP  
655 Fifteenth Street, N.W., Suite 1200  
Washington, D.C. 20005  
Attention: George P. Stamas  
Facsimile: (202) 879-5200

or such other address or facsimile number as such party may hereafter specify by like notice to the other parties hereto. 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 p.m. in the place of receipt and such day is a Business Day in the place of receipt. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding Business Day in the place of receipt.

**Section 8.12 Severability.** If any term or other provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or incapable of being enforced by any rule of law or public policy, all other terms, provisions and conditions 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 hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by applicable law in an acceptable manner to the end that the Transactions are fulfilled to the extent possible.

**Section 8.13 Definitions.** As used in this Agreement, the following terms shall have the meanings ascribed to them below:

**“Acceptable Confidentiality Agreement”** shall mean a confidentiality agreement (which need not prohibit the making of a Takeover Proposal) that contains provisions that are not materially less favorable in the aggregate to the Company than those contained in the Confidentiality Agreement.

**“Advisory Board”** shall have the meaning set forth in Section 1.7.

**“Affiliate”** shall mean, as to any Person, any other Person that, directly or indirectly, controls, or is controlled by, or is under common control with, such Person. For this purpose, “control” (including, with its correlative meanings, “controlled by” and “under common control with”) shall mean the possession, directly or indirectly, of the power to direct or cause the direction of management or policies of a Person, whether through the ownership of securities or partnership or other ownership interests, by contract or otherwise.

**“Agreement”** shall have the meaning set forth in the Preamble.

**“Annual Incentive Plans”** shall mean the Company’s Short-Term Incentive Plan and the Company’s Mission, Values and Performance Plan.

**“Antitrust Laws”** shall have the meaning set forth in Section 5.4(a).

**“Applicable Retired Company Employee”** shall mean an individual who was employed by the Company or any of its Subsidiaries (i) at any time during the performance period under the Company Stock Plan, Annual Incentive Plans, and any other applicable bonus plan during which the Effective Time occurs, or (ii) at any time during the performance period under the Company Stock Plan, Annual Incentive Plans, and any other applicable bonus plan that was completed prior to the Effective Time, but with respect to which Company Performance Share Awards have not been settled or bonuses have not been paid, as applicable, as of the Effective Time, but who in each case is no longer employed by the Company or any of its Subsidiaries as of the Effective Time due to such individual’s retirement in accordance with Company policy.

**“Articles of Merger”** shall have the meaning set forth in Section 1.3.

**“Balance Sheet Date”** shall have the meaning set forth in Section 3.5(d).

**“Bankruptcy and Equity Exception”** shall have the meaning set forth in Section 3.3(a).

**“Book-Entry Shares”** shall have the meaning set forth in Section 2.1(c).

**“Burdensome Condition”** shall have the meaning set forth in Section 5.4(g).

**“Business Day”** shall mean a day except a Saturday, a Sunday or other day on which the SEC or banks in the cities of Charlotte, North Carolina or New York, New York are authorized or required by Law to be closed.

“Certificate” shall have the meaning set forth in Section 2.1(c).

“Claim” shall have the meaning set forth in Section 5.8(a).

“Clayton Act” shall mean the Clayton Act of 1914.

“Closing” shall have the meaning set forth in Section 1.2.

“Closing Date” shall have the meaning set forth in Section 1.2.

“Code” shall have the meaning set forth in Section 2.2(g).

“Company” shall have the meaning set forth in the Preamble.

“Company Adverse Recommendation Change” shall have the meaning set forth in Section 5.3(c).

“Company Acquisition Agreement” shall have the meaning set forth in Section 5.3(c).

“Company Board” shall have the meaning set forth in the recitals.

“Company Board Recommendation” shall have the meaning set forth in Section 3.3(a).

“Company Charter Documents” shall have the meaning set forth in Section 1.5.

“Company Common Stock” shall have the meaning set forth in Section 2.1.

“Company Disclosure Schedule” shall have the meaning set forth in the Article III Preamble.

“Company Employee” shall have the meaning set forth in Section 5.11(a).

“Company ESPP” shall mean the Company Employee Stock Purchase Plan, amended and restated as of April 1, 2009, as amended from time to time.

“Company Financial Advisor” shall have the meaning set forth in Section 3.18.

“Company Intervening Event” shall have the meaning set forth in Section 5.3(h).

“Company Joint Venture” shall mean any Joint Venture of the Company.

“Company Material Adverse Effect” shall mean any circumstance, change, event, development, occurrence or effect that (a) has, individually or in the aggregate, a material adverse effect on the business, properties, assets, results of operations or financial condition of the Company and its Subsidiaries taken as a whole; provided that no circumstance, change, event, development, occurrence or effect, directly or indirectly, arising out of, resulting from or relating to the following, individually or in the aggregate, shall constitute or be taken into account in determining whether a Company Material Adverse Effect has occurred: (i) any condition, change, event, occurrence or effect in any of the industries or markets in which the

Company or its Subsidiaries operates, including natural gas distribution or transmission industries (including, in each case, any changes in the operations thereof or with respect to system-wide changes or developments in natural gas transmission or distribution systems); (ii) any enactment of, change in, or change in interpretation of, any Law or GAAP or governmental policy; (iii) general economic, regulatory or political conditions (or changes therein) or conditions (or changes therein) in the financial, credit or securities markets (including changes in interest or currency exchange rates) in any country or region in which the Company or any of its Subsidiaries conducts business; (iv) any change in the price of natural gas or any other raw material, mineral or commodity used or sold by the Company or any of its Subsidiaries or in the cost of hedges relating to such prices, any change in the price of interstate natural gas transportation services or any change in customer usage patterns or customer selection of third-party suppliers for natural gas; (v) any acts of God, natural disasters, terrorism, armed hostilities, sabotage, war or any escalation or worsening of acts of terrorism, armed hostilities or war; (vi) the announcement, pendency of or performance of the Transactions, including by reason of the identity of Parent or any communication by Parent regarding the plans or intentions of Parent with respect to the conduct of the business of the Company or any of its Subsidiaries and including the impact of any of the foregoing on any relationships, contractual or otherwise, with customers, suppliers, distributors, collaboration partners, joint venture partners, employees or regulators; (vii) any action taken by the Company or any of its Subsidiaries that is required or expressly permitted by the terms of this Agreement or with the consent or at the direction of Parent or Merger Sub; (viii) any change in the market price, or change in trading volume, of the capital stock of the Company (it being understood that the facts or occurrences giving rise or contributing to such change shall be taken into account in determining whether there has been a Company Material Adverse Effect); (ix) any failure by the Company or its Subsidiaries to meet internal, analysts' or other earnings estimates or financial projections or forecasts for any period, or any changes in credit ratings and any changes in any analysts recommendations or ratings with respect to the Company or any of its Subsidiaries (it being understood that the underlying facts or occurrences giving rise to such failure shall be taken into account in determining whether there has been a Company Material Adverse Effect if not otherwise falling within any of the exceptions set forth in clauses (a)(i) through (a)(viii) or (a)(x) through (a)(xi) of this proviso); (x) any fact, circumstance, effect, change, event or development that results from any shutdown or suspension of operations at any third-party facilities from which the Company or any of its Subsidiaries obtains natural gas (excluding the Company Joint Ventures); (xi) any pending, initiated or threatened Transaction Litigation, in each case to the extent, in each of clauses (i) through (v), that such change, event, occurrence or effect does not affect the Company and its Subsidiaries, taken as a whole, in a materially disproportionate manner relative to other similarly situated participants in the business and industries in which the Company and its Subsidiaries operate; or (b) would, individually or in the aggregate, reasonably be expected to prevent or materially impede, interfere with or delay the consummation by the Company of the Transactions.

"Company Material Contract" shall have the meaning set forth in Section 3.15(a).

"Company Pension Plan" shall have the meaning set forth in Section 3.10.

“Company Performance Share Awards” means all performance share awards payable in shares of Company Common Stock subject to performance-based vesting or delivery requirements, whether granted under a Company Stock Plan or otherwise.

“Company Permits” shall have the meaning set forth in Section 3.8.

“Company Plans” shall mean (a) each “employee benefit plan” (as such term is defined in Section 3(3) of ERISA) that the Company or any of its Subsidiaries sponsors, participates in, is a party or contributes to, or with respect to which the Company or any of its Subsidiaries could reasonably be expected to have any material liability and (b) each other employee benefit plan, program or arrangement, including without limitation, any stock option, stock purchase, stock appreciation right or other stock or stock-based incentive plan, cash bonus or incentive compensation arrangement, retirement or deferred compensation plan, profit sharing plan, unemployment or severance compensation plan, that the Company or any of its Subsidiaries sponsors, participates in, is a party or contributes to, or with respect to which the Company or any of its Subsidiaries could reasonably be expected to have any material liability.

“Company Preferred Stock” shall have the meaning set forth in Section 3.2.

“Company Retired Employees” shall have the meaning set forth in Section 5.11(b).

“Company Risk Management Guidelines” shall have the meaning set forth in Section 5.1(a)(xviii).

“Company RSUs” means any share unit payable in shares of Company Common Stock or whose value is determined with reference to the value of shares of Company Common Stock, whether granted under a Company Stock Plan or otherwise.

“Company SEC Documents” shall have the meaning set forth in Section 3.5(a).

“Company Stock Plan” shall mean the Company’s Incentive Compensation Plan.

“Company Shareholder Approval” shall have the meaning set forth in Section 3.19.

“Company Shareholders Meeting” shall have the meaning set forth in Section 5.2(b).

“Company Termination Fee” shall have the meaning set forth in Section 7.3(d).

“Company’s Retiree Health Plan” shall have the meaning set forth in Section 5.11(b).

“Confidentiality Agreement” shall have the meaning set forth in Section 5.6(a).

“Continuation Period” shall have the meaning set forth in Section 5.11(a).

“Contract” means any loan or credit agreement, debenture, note, bond, mortgage, indenture, deed of trust, lease, license, contract or other agreement.

“Effective Time” shall have the meaning set forth in Section 1.3.



“Eligible Retirees” shall have the meaning set forth in Section 5.11(b).

“Encumbrances” shall mean any mortgage, deed of trust, lease, license, restriction, hypothecation, option to purchase or lease or otherwise acquire any interest, right of first refusal or offer, conditional sales or other title retention agreement, adverse claim of ownership or use, easement, encroachment, right of way or other title defect, or encumbrance of any kind or nature.

“End Date” shall have the meaning set forth in Section 7.1(b)(i).

“Environmental Laws” means all Laws relating to workplace safety or health, safety in respect of the transportation, storage and delivery of hazardous liquids and natural gas, and pollution or protection of the environment and natural resources, including without limitation, Laws (including common law) relating to the exposure to, or Releases or threatened Releases of, natural gas, asbestos and any hazardous or toxic materials, substances or wastes, as the foregoing are enacted or in effect on or prior to Closing.

“Equity Award Conversion Ratio” means the quotient of (i) the Merger Consideration divided by (ii) the average of the volume weighted averages of the trading prices of Parent Shares on the NYSE, on each of the five (5) consecutive trading days ending on (and including) the trading day that is two (2) trading days prior to the Closing Date.

“Equity Securities” shall have the meaning set forth in Section 3.2.

“ERISA” means the Employee Retirement Income Security Act of 1974.

“ERISA Affiliate” means each corporation or trade or business that would be treated as a single employer with the Company pursuant to Section 4001(b)(1) of ERISA.

“Exchange Act” shall have the meaning set forth in Section 3.4.

“Existing Indebtedness” means the Indebtedness evidenced by the Existing Loan Documents.

“Existing Loan Consent” shall have the meaning set forth in Section 5.14(d).

“Existing Loan Documents” means the Contracts (and all amendments thereto) to which the Company or any of its Subsidiaries is a party or by which it is bound or to which any of their respective assets are subject (other than any of the foregoing solely between the Company and any of its wholly owned Subsidiaries or solely between any of the Company’s wholly owned Subsidiaries) that evidences Indebtedness for borrowed money in excess of \$5,000,000 of the Company or any of its Subsidiaries, whether unsecured or secured.

“Existing Loan Lenders” shall have the meaning set forth in Section 5.14(d).

“Existing Loan Notice” shall have the meaning set forth in Section 5.14(d).

“Federal Trade Commission Act” shall mean the Federal Trade Commission Act of 1914.

“Financing” shall have the meaning set forth in Section 5.14(a).

“Financing Parties” shall have the meaning set forth in Section 7.3(f).

“GAAP” shall mean generally accepted accounting principles in the United States.

“Governmental Authority” shall mean any federal, state or local, domestic, foreign or multinational government, court, regulatory or administrative agency, commission, authority or other governmental instrumentality.

“Hazardous Materials” means any materials or substances or wastes which are limited, controlled or otherwise regulated under, or as to which liability or standards of conduct may be imposed under any Environmental Law.

“HSR Act” shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

“Indebtedness” shall mean, with respect to any Person, without duplication, (a) all obligations of such Person for borrowed money (other than intercompany indebtedness), (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person evidenced by letters of credit, bankers’ acceptances or similar facilities to the extent drawn upon by the counterparty thereto, (d) all capitalized lease obligations of such Person and (e) all guarantees or other assumptions of liability for any of the foregoing.

“Indemnitee(s)” shall have the meaning set forth in Section 5.8(a).

“Intellectual Property” shall mean all intellectual property and industrial property rights of any kind or nature to the extent recognized in any and all jurisdictions throughout the world, including all (a) patents all related continuations, continuations-in-part, divisionals, reissues, reexaminations, substitutions, and extensions thereof, and pending applications for any of the foregoing, (b) registered and unregistered trademarks, trade names, service marks, logos, corporate names, internet domain names, and any applications for registration of any of the foregoing, together with all goodwill associated with each of the foregoing, (c) registered and unregistered copyrights and works of authorship, including copyrights in computer software, mask works and databases, and any applications for registration of any of the foregoing, and (d) trade secrets and other proprietary rights in know-how, customer lists, databases, technical information, invention disclosures, research and development, computer software, data, formulas, algorithms, methods, systems, processes and technology.

“IRS” means the U.S. Internal Revenue Service.

“Joint Venture” of a Person shall mean any Person that is not a Subsidiary of such first Person, in which such first Person owns directly or indirectly an equity interest.

“Knowledge” shall mean, (a) in the case of the Company, the actual knowledge, as of the date of this Agreement, of the individuals listed on Section 8.13 of the Company Disclosure Schedule and (b) in the case of Parent and Merger Sub, the actual knowledge, as of the date of this Agreement, of Patricia C. Smith and Julia S. Janson.

“Laws” shall have the meaning set forth in Section 3.8.

“Liens” shall mean any pledges, liens, charges, Encumbrances, options to purchase or lease or otherwise acquire any interest, and security interests of any kind or nature whatsoever.

“LTI Target Amount” shall have the meaning set forth in Section 5.11(a).

“Merger” shall have the meaning set forth in the recitals.

“Merger Consideration” shall have the meaning set forth in Section 2.1(c).

“Merger Sub” shall have the meaning set forth in the Preamble.

“NCBCA” shall have the meaning set forth in the recitals.

“NCUC” shall have the meaning set forth in Section 3.5(e).

“New Plans” shall have the meaning set forth in Section 5.11(b).

“Notice of Recommendation Change” shall have the meaning set forth in Section 5.3(d).

“NYSE” shall mean the New York Stock Exchange.

“Old Plans” shall have the meaning set forth in Section 5.11(b).

“Parent” shall have the meaning set forth in the Preamble.

“Parent Board” shall mean the board of directors of Parent.

“Parent Material Adverse Effect” shall mean any change, event, occurrence or effect that, individually or in the aggregate, has had or would reasonably be expected to have a material and adverse effect on the ability of Parent or Merger Sub to consummate, or that would reasonably be expected to prevent or materially impede, interfere with or delay the consummation by Parent or Merger Sub of the Transactions.

“Parent RSU Award” shall have the meaning set forth in Section 2.3(c).

“Parent RSU Award Recipient” shall have the meaning set forth in Section 2.3(c).

“Parent RSU Award Vesting Date” shall have the meaning set forth in Section 2.3(c).

“Parent Shares” means shares of Parent common stock, par value \$0.001 per share.

“Parent Termination Fee” shall have the meaning set forth in Section 7.3(e).

“Paying Agent” shall have the meaning set forth in Section 2.2(a).

“Payroll Deduction Period” shall have the meaning set forth in Section 2.4.

“Permitted Encumbrances” shall mean (a) zoning, building codes and other state and federal land use Laws regulating the use or occupancy of such real property or the activities conducted thereon which are imposed by any Governmental Authority having jurisdiction over such real property and (b) easements, rights-of-way, encroachments, restrictions, covenants, conditions and other similar Encumbrances that (i) are disclosed in the public records, (ii) would be set forth in a title policy, title report or survey with respect to the applicable real property or (iii) individually or in the aggregate, (A) are not substantial in character, amount or extent in relation to the applicable real property and (B) do not materially and adversely impact the Company’s current or contemplated use, utility or value of the applicable real property or otherwise materially and adversely impair the Company’s present or contemplated business operations at such location.

“Permitted Liens” shall mean (a) statutory Liens for Taxes, assessments or other charges by Governmental Authorities not yet due and payable or the amount or validity of which is being contested in good faith and by appropriate proceedings, (b) mechanics’, materialmen’s, carriers’, workmen’s, warehouseman’s, repairmen’s, landlords’ and similar Liens granted or which arise in the ordinary course of business, (c) Liens reflected in the Company SEC Documents, (d) Permitted Encumbrances, (e) Liens permitted under or pursuant to any Contracts relating to Indebtedness and (f) such other Liens that would not have a Company Material Adverse Effect.

“Person” means an individual, corporation, limited liability company, partnership, association, trust, unincorporated organization, other entity or group (as defined in the Exchange Act), including a Governmental Authority.

“Proxy Statement” shall have the meaning set forth in Section 3.4.

“Regulatory Filings” shall have the meaning set forth in Section 3.5(e).

“Release” means any release, spill, emission, discharge, leaking, pumping, injection, deposit, disposal, dispersal, leaching or migration into the indoor or outdoor environment (including, without limitation, ambient air, surface water, groundwater and surface or subsurface strata) or into or out of any property, including the migration of released Hazardous Materials through or in the soil, surface water or groundwater.

“Regulatory Approvals” shall have the meaning set forth in Section 6.1(b).

“Remedial Action” shall have the meaning set forth in Section 5.4(d).

“Representatives” means, with respect to any Person, the professional (including financial) advisors, attorneys, accountants, consultants or other representatives (acting in such capacity) retained by such Person or any of its controlled Affiliates, together with directors, officers, employees, agents and representatives of such Person and its Subsidiaries.

“Required Statutory Approvals” shall have the meaning set forth in Section 3.4.

“Restrain” shall have the meaning set forth in Section 7.1(b)(ii).

“Sarbanes-Oxley Act” shall have the meaning set forth in Section 3.5(a).

“SEC” means the U.S. Securities and Exchange Commission.

“Securities Act” shall have the meaning set forth in Section 3.1(b).

“Sherman Act” means the Sherman Antitrust Act of 1890.

“Significant Subsidiary” shall have the meaning set forth in Section 3.1(b).

“Subsidiary” when used with respect to any party, shall mean any corporation, limited liability company, partnership, association, trust or other entity of which securities or other ownership interests representing more than 50% of the equity and more than 50% of the ordinary voting power (or, in the case of a limited partnership, more than 50% of the general partnership interests) are, as of such date, owned by such party or one or more Subsidiaries of such party or by such party and one or more Subsidiaries of such party. For the avoidance of doubt, the Company Joint Ventures are not Subsidiaries of the Company.

“Superior Proposal” shall have the meaning set forth in Section 5.3(g).

“Surviving Corporation” shall have the meaning set forth in Section 1.1.

“Systems” shall have the meaning set forth in Section 3.11.

“Takeover Statute” shall have the meaning set forth in Section 3.13.

“Takeover Proposal” shall have the meaning set forth in Section 5.3(f).

“Tax Returns” shall have the meaning set forth in Section 3.9(j).

“Taxes” shall have the meaning set forth in Section 3.9(i).

“Transaction Litigation” shall have the meaning set forth in Section 5.9.

“Transactions” refers collectively to this Agreement and the transactions contemplated hereby, including the Merger.

“WARN” shall have the meaning set forth in Section 3.16.

**Section 8.14 Interpretation.**

(a) Time Periods. When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, (i) the date that is the reference date in calculating such period shall be excluded and (ii) if the last day of such period is a not a Business Day, the period in question shall end on the next succeeding Business Day.

(b) Dollars. Unless otherwise specifically indicated, any reference herein to \$ means U.S. dollars.

- (c) Gender and Number. Any reference herein to gender shall include all genders, and words imparting the singular number only shall include the plural and vice versa.
- (d) Articles, Sections and Headings. When a reference is made herein to an Article or a Section, such reference shall be to an Article or a Section of this Agreement unless otherwise indicated. The table of contents and headings contained herein are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.
- (e) Include. Whenever the words "include", "includes" or "including" are used herein, they shall be deemed to be followed by the words "without limitation."
- (f) Hereof, Defined Terms. The words "hereof," "hereto," "hereby," "herein" and "hereunder" and words of similar import when used herein shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All terms defined in this Agreement shall have the defined meanings when used in any document made or delivered pursuant hereto unless otherwise defined therein.
- (g) Contracts; Laws. Any Contract or Law defined or referred to herein means such Contract or Law as from time to time amended, modified or supplemented, unless otherwise specifically indicated.
- (h) Persons. References to a Person are also to its successors and permitted assigns.
- (i) Exhibits and Disclosure Schedules. The Exhibits to this Agreement and the Company Disclosure Schedules are hereby incorporated and made a part hereof. The Company may include in the Company Disclosure Schedule items that are not material in order to avoid any misunderstanding, and such inclusion, or any references to dollar amounts herein or in the Company Disclosure Schedule, shall not be deemed to be an acknowledgement or representation that such items are material, to establish any standard of materiality or to define further the meaning of such terms for purposes of this Agreement or otherwise. Any capitalized term used in any Exhibit or any Company Disclosure Schedule but not otherwise defined therein shall have the meaning given to such term herein.
- (j) Construction. Each of the parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

*[Signature page follows]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

PIEDMONT NATURAL GAS COMPANY, INC.

By: /s/ Thomas E. Skains  
Name: Thomas E. Skains  
Title: Chairman of the Board, President and Chief Executive Officer

FOREST SUBSIDIARY, INC.

By: /s/ Julia S. Janson  
Name: Julia S. Janson  
Title: President

DUKE ENERGY CORPORATION

By: /s/ Lynn J. Good  
Name: Lynn J. Good  
Title: President, CEO and Vice Chair

*[Signature Page to Agreement and Plan of Merger]*

---

Exhibit 99.1

## News Release



Media Contact: Tom Williams, Duke Energy  
24-Hour: 800.559.3853

Analysts: Bill Currens, Duke Energy  
Office: 704.382.1603

Media Contact: David Trusty, Piedmont Natural Gas  
704.731.4391

Analysts: Nick Giaimo, Piedmont Natural Gas  
Office: 704.731.4952

Oct. 26, 2015

### **Duke Energy to acquire Piedmont Natural Gas for \$4.9 billion in cash**

- Establishes an attractive natural gas growth platform that expands Duke Energy's capabilities for customers
- Transaction expected to be accretive to Duke Energy's adjusted earnings per share (EPS) in first full year post-closing
- Enhances Duke Energy's long-term 4 to 6 percent earnings per share growth rate target

CHARLOTTE, N.C. — Duke Energy and Piedmont Natural Gas today announced the boards of directors of both companies have unanimously approved a definitive agreement for Duke Energy to acquire Piedmont for approximately \$4.9 billion in cash.

"We look forward to welcoming Piedmont's employees and one million customers in the Carolinas and Tennessee to Duke Energy," said Lynn Good, president and CEO of Duke Energy. "This combination provides us with a growing natural gas platform, benefitting our customers, communities and investors."

"This is an exciting moment for Piedmont Natural Gas, its shareholders, customers and employees," said Tom Skains, chairman, president and CEO of Piedmont Natural Gas. "The strategic combination of our two companies will deliver compelling value to our shareholders, greatly expand our platform for future growth, enhance our ability to provide excellence in customer service and give our employees more opportunities in one of the largest energy companies in the United States."

Piedmont Natural Gas began operations in 1951 in Charlotte and Duke Energy was founded in the city in 1904. Both companies have played leading roles in supporting economic development in the Carolinas and establishing the Charlotte region as a major hub for energy companies.

---



Duke Energy and Piedmont also are key partners in the \$5 billion Atlantic Coast Pipeline that will be the first major natural gas pipeline to serve Eastern North Carolina.

**Terms and leadership**

Upon transaction closing, Piedmont shareholders will receive \$60 in cash for each share of Piedmont Natural Gas common stock. This represents an approximate 40 percent premium to Piedmont's Oct. 23, 2015, closing stock price.

Duke Energy will also assume approximately \$1.8 billion in Piedmont Natural Gas existing net debt, representing a total enterprise value of approximately \$6.7 billion.

A fully underwritten bridge facility is in place with Barclays to complete the transaction. Duke Energy will finance the transaction with a combination of debt, between \$500 million and \$750 million of newly issued equity and other cash sources.

Piedmont Natural Gas will retain its name, operate as a business unit of Duke Energy and maintain its significant presence and its headquarters in Southeast Charlotte. Duke Energy and Piedmont will maintain their current levels of community involvement and charitable giving.

Duke Energy will add one member of Piedmont's board of directors to its board after the transaction is closed. An existing member of Piedmont's management team will lead Duke Energy's natural gas operations in the Carolinas, Tennessee, Ohio and Kentucky, and report to Good.

**Approvals and timing**

Completion of the transaction is conditioned upon approval by the North Carolina Utilities Commission, expiration or termination of any applicable waiting period under the federal Hart-Scott-Rodino Antitrust Improvements Act of 1976, and Piedmont shareholder approval.

The companies also will provide information regarding the acquisition to the Public Service Commission of South Carolina and the Tennessee Regulatory Authority.

The companies are targeting a closing by the end of 2016.

The companies will continue to operate as separate entities until the transaction is completed.

**Advisors**

Barclays served as the exclusive financial advisor to Duke Energy. Goldman Sachs & Co. served as the exclusive financial advisor to Piedmont Natural Gas. Sidley Austin LLP served as legal counsel to Duke Energy and Kirkland & Ellis LLP served as legal counsel to Piedmont Natural Gas.

See fact sheet (<http://www.duke-energy.com/pdfs/png-factsheet.pdf>) for specific transaction and company details.

**Conference call and webcast**

A conference call will be conducted at 8:30 a.m. ET today to discuss the acquisition. The conference call will be hosted by Duke Energy management.

The call can be accessed via the investors' section (<http://www.duke-energy.com/investors/>) of Duke Energy's website or by dialing 877-447-0294 in the United States. Please use conference code 2604 and PIN 4044935. Please call in five to 10 minutes prior to the scheduled start time.

A replay and transcript will be available by accessing the investors' section of the company's website.

**About Duke Energy**

Duke Energy is the largest electric power holding company in the United States. Its regulated utility operations serve approximately 7.3 million electric customers located in six states in the Southeast and Midwest. Its commercial power and international energy 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 a Fortune 250 company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available at [www.duke-energy.com](http://www.duke-energy.com). Follow Duke Energy on Twitter, LinkedIn and Facebook.

**About Piedmont Natural Gas**

Piedmont Natural Gas is an energy services company primarily engaged in the distribution of natural gas to more than one million residential, commercial, industrial and power-generation utility customers in portions of North Carolina, South Carolina and Tennessee, including customers served by municipalities that are wholesale customers. Its subsidiaries are invested in joint venture, energy-related businesses, including unregulated retail natural gas marketing, regulated interstate natural gas transportation and storage, and regulated intrastate natural gas transportation businesses. More information about Piedmont Natural Gas is available at [www.piedmontng.com](http://www.piedmontng.com).

**Cautionary statements regarding forward-looking information**

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

Forward-looking statements are based on management's beliefs and assumptions.

These forward-looking statements are identified by terms and phrases such as “anticipate,” “believe,” “intend,” “estimate,” “expect,” “continue,” “should,” “could,” “may,” “plan,” “project,” “predict,” “will,” “potential,” “forecast,” “target,” “guidance,” “outlook,” and similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from the results predicted. Such forward-looking statements include, but are not limited to, statements about the benefits of the proposed merger involving Duke Energy or Piedmont, including future financial and operating results, Duke Energy’s or Piedmont’s plans, objectives, expectations and intentions, the expected timing of completion of the transaction, and other statements that are not historical facts. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include risks and uncertainties relating to: the ability to obtain the requisite approvals of Piedmont’s shareholders; the risk that Duke Energy or Piedmont may be unable to obtain governmental and regulatory approvals required for the merger, or that required governmental and regulatory approvals may delay the merger or result in the imposition of conditions that could cause the parties to abandon the merger; the risk that a condition to closing of the merger may not be satisfied; the timing to consummate the proposed merger; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; the diversion of management time on merger-related issues; and the effect of changes in governmental regulations. Additional risks and uncertainties are identified and discussed in Duke Energy’s and Piedmont’s and their respective 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. Neither Duke Energy nor Piedmont undertakes any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

#### **Non-GAAP Financial Measures Adjusted Earnings per Share Accretion in Year One**

This news release includes a discussion of Duke Energy’s assumption that the merger transaction is anticipated to be accretive in the first year after closing, based upon adjusted diluted EPS.

This accretion assumption and long-term targeted growth rate of 4%-6% are based upon adjusted diluted EPS from continuing operations attributable to Duke Energy Corporation shareholders, a non-GAAP financial measure. Adjusted diluted EPS is adjusted for the per-share impact of special items and the mark-to-market impacts of economic hedges in the Commercial Portfolio segment.

Special items represent certain charges and credits, which management believes will not be recurring on a regular basis, although it is reasonably possible such charges and credits could recur. Mark-to-market adjustments reflect the mark-to-market impact of derivative contracts, which is recognized in GAAP earnings immediately as such derivative contracts do not qualify for hedge accounting or regulatory accounting treatment, used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Portfolio. The economic value of the generation assets is subject to fluctuations in fair value due to market price volatility of the input and output commodities (e.g., electricity, natural gas) and, as such, the economic hedging involves both purchases and sales of those input and output commodities related to the generation assets. Because the operations of the generation assets are accounted for under the accrual method, management believes that excluding the impact of mark-to-market changes of the economic hedge contracts from adjusted earnings until settlement better matches the financial impacts of the hedge contract with the portion of the economic value of the underlying hedged asset. Management believes that the presentation of adjusted diluted EPS provides useful information to investors, as it provides them an additional relevant comparison of the company's performance across periods. Adjusted diluted EPS is also used as a basis for employee incentive bonuses.

The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS from continuing operations attributable to Duke Energy Corporation common shareholders, which includes the impact of special items (including costs-to-achieve the merger) and the mark-to-market impacts of economic hedges in the Commercial Portfolio segment. On a reported diluted EPS basis, this transaction is not anticipated to be accretive due to the level of costs-to-achieve the merger. Due to the forward-looking nature of this non-GAAP financial measure for future periods, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project special items or mark-to-market adjustments for future periods.

**Additional information and where to find it**

This communication may be deemed to be solicitation material in respect of the merger of Piedmont Natural Gas into Duke Energy. In connection with the merger, Piedmont Natural Gas intends to file relevant materials with the SEC, including a proxy statement in preliminary and definitive form. **INVESTORS OF PIEDMONT NATURAL GAS ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT AND OTHER RELEVANT DOCUMENTS CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT PIEDMONT NATURAL GAS AND THE MERGER.** Investors may obtain a free copy of these materials (when they are available) and other documents filed by Piedmont Natural Gas with the SEC at the SEC's website at [www.sec.gov](http://www.sec.gov), at Piedmont Natural

Gas' website at [www.piedmontng.com](http://www.piedmontng.com) or by sending a written request to Piedmont Natural Gas company, Inc. at Piedmont Natural Gas Company, Inc., Corporate Secretary, 4720 Piedmont Row Drive Charlotte, North Carolina, 28210. Security holders may also read and copy any reports, statements and other information filed by Piedmont Natural Gas with the SEC, at the SEC public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 or visit the SEC's website for further information on its public reference room.

**Participants in the solicitation**

Duke Energy, Piedmont Natural Gas and certain of their respective directors, executive officers and other persons may be deemed to be participants in the solicitation of proxies in respect of the transaction. Information regarding Duke Energy's directors and executive officers is available in Duke Energy's proxy statement filed with the SEC on March 26, 2015 in connection with its 2015 annual meeting of stockholders, and information regarding Piedmont Natural Gas' directors and executive officers is available in Piedmont Natural Gas' proxy statement filed with the SEC on January 16, 2015 in connection with its 2015 annual meeting of shareholders. Other information regarding persons who may be deemed participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the SEC when they become available.

###

Exhibit 99.2

## Duke Energy To Acquire Piedmont Natural Gas

October 26, 2015



*Lynn Good, President and CEO (Duke Energy)*

*Tom Skains, Chairman, President and CEO (Piedmont Natural Gas)*

*Steve Young, Executive VP and CFO (Duke Energy)*

## Safe Harbor

### Safe Harbor statement

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions.

These forward-looking statements are identified by terms and phrases such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook," and similar expressions.

Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from the results predicted. Such forward-looking statements include, but are not limited to, statements about the benefits of the proposed merger involving Duke Energy or Piedmont, including future financial and operating results, Duke Energy's or Piedmont's plans, objectives, expectations and intentions, the expected timing of completion of the transaction, and other statements that are not historical facts.

Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include risks and uncertainties relating to: the ability to obtain the requisite approvals of Piedmont's shareholders; the risk that Duke Energy or Piedmont may be unable to obtain governmental and regulatory approvals required for the merger, or that required governmental and regulatory approvals may delay the merger or result in the imposition of conditions that could cause the parties to abandon the merger; the risk that a condition to closing of the merger may not be satisfied; the timing to consummate the proposed merger; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; the diversion of management time on merger-related issues; and the effect of changes in governmental regulations. Additional risks and uncertainties are identified and discussed in Duke Energy's and Piedmont's and their respective 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. Neither Duke Energy nor Piedmont undertakes any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



## Safe Harbor (cont'd)

### Additional Information and Where to Find It

This communication may be deemed to be solicitation material in respect of the merger of Piedmont Natural Gas into Duke Energy. In connection with the merger, Piedmont Natural Gas intends to file relevant materials with the SEC, including a proxy statement in preliminary and definitive form. INVESTORS OF PIEDMONT NATURAL GAS ARE URGED TO READ THE DEFINITIVE PROXY STATEMENT AND OTHER RELEVANT DOCUMENTS CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT PIEDMONT NATURAL GAS AND THE MERGER. Investors may obtain a free copy of these materials (when they are available) and other documents filed by Piedmont Natural Gas with the SEC at the SEC's website at [www.sec.gov](http://www.sec.gov), at Piedmont Natural Gas' website at [www.piedmontng.com](http://www.piedmontng.com) or by sending a written request to Piedmont Natural Gas Company, Inc. at Piedmont Natural Gas Company, Inc., Corporate Secretary, 4720 Piedmont Row Drive Charlotte, North Carolina, 28210. Security holders may also read and copy any reports, statements and other information filed by Piedmont Natural Gas with the SEC, at the SEC public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 or visit the SEC's website for further information on its public reference room.





## Safe Harbor (cont'd)

### Participants in the Merger Solicitation

Duke Energy, Piedmont Natural Gas and certain of their respective directors, executive officers and other persons may be deemed to be participants in the solicitation of proxies in respect of the transaction. Information regarding Duke Energy's directors and executive officers is available in Duke Energy's proxy statement filed with the SEC on March 26, 2015 in connection with its 2015 annual meeting of stockholders, and information regarding Piedmont Natural Gas' directors and executive officers is available in Piedmont Natural Gas' proxy statement filed with the SEC on January 16, 2015 in connection with its 2015 annual meeting of shareholders. Other information regarding persons who may be deemed participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the SEC when they become available.

### Reg G disclosure

In addition, today's discussion includes certain non-GAAP financial measures as defined under SEC Regulation G. A reconciliation of those measures to the most directly comparable GAAP measures is available on our Investor Relations website at [www.duke-energy.com/investors/](http://www.duke-energy.com/investors/).

### Supplemental information

Supplemental information related to today's presentation can be accessed via Duke Energy's Investor Relations website at [www.duke-energy.com/investors/](http://www.duke-energy.com/investors/) and Piedmont Natural Gas' Investor Relations website at [www.piedmontng.com/investors/](http://www.piedmontng.com/investors/). This supplemental information includes presentation appendix materials.



## Topics for today's call

### ***Lynn Good, Duke Energy President & CEO***

- Transaction Overview
- Piedmont Natural Gas Overview
- Strategic Rationale for Duke Energy

### ***Tom Skains, Piedmont Natural Gas Chairman, President & CEO***

- Strategic Rationale for Piedmont Natural Gas

### ***Steve Young, Duke Energy CFO***

- Financial Considerations
- Required Approvals and Timeline

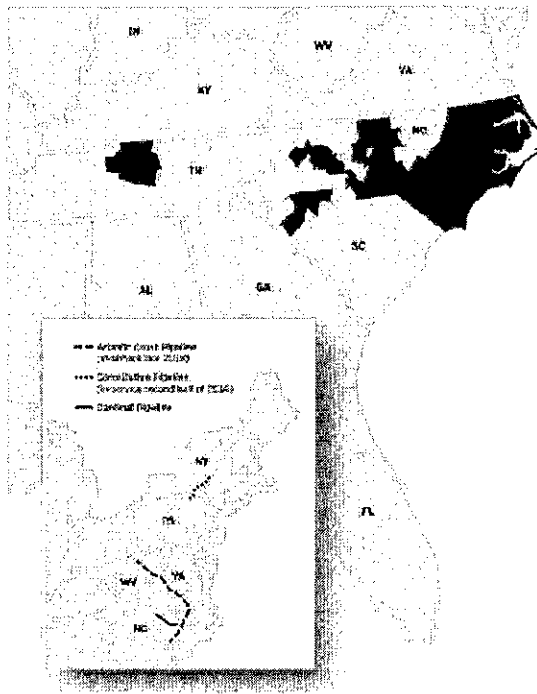
## Transaction overview



Key Terms	
<b>Purchase Price</b>	<ul style="list-style-type: none"> <li>\$60.00 per share cash transaction, representing an approximate 40% premium to October 23, 2015, closing price</li> <li>Transaction purchase price of \$4.9 billion; enterprise value of \$6.7 billion</li> </ul>
<b>Structure</b>	<ul style="list-style-type: none"> <li>Piedmont Natural Gas becomes a wholly-owned subsidiary of Duke Energy</li> </ul>
<b>Board</b>	<ul style="list-style-type: none"> <li>One Piedmont Board member elected to Duke Energy Board</li> </ul>
<b>Senior Management</b>	<ul style="list-style-type: none"> <li>Existing Piedmont executive expected to manage combined company's natural gas operations under the Piedmont Natural Gas name</li> </ul>
<b>Headquarters</b>	<ul style="list-style-type: none"> <li>Piedmont to remain headquartered in Charlotte, North Carolina</li> </ul>
<b>Timing</b>	<ul style="list-style-type: none"> <li>Targeting to close transaction by end of 2016</li> </ul>



## Piedmont Natural Gas overview



- Preeminent U.S. gas LDC, serving over 1 million gas customers in North Carolina, South Carolina and Tennessee
  - 90% residential; 9% commercial; 1% industrial/other
  - Strong earnings growth driven by customer growth (between 1.6% to 2.0%) and system integrity improvements
- Joint venture ownership interests
  - Hardy storage
  - Pine Needle LNG storage
  - Cardinal Pipeline
  - Constitution Pipeline (*under development*)
  - Atlantic Coast Pipeline (*under development*)
  - SouthStar Energy Services (*retail natural gas marketing company*)
- Strong investment grade credit ratings (A and A2)



## Compelling strategic rationale for Duke Energy

- Establishes a **valuable natural gas infrastructure platform, with strong growth opportunities**
- Enhances our capabilities to provide **safe, reliable energy solutions and world-class customer service**
- Combines two companies that are **fully dedicated to our communities and the customers we serve**
- Continues Duke Energy's transformation towards a **highly-regulated utility business mix, supporting Duke Energy's financial objectives**



## Compelling strategic rationale for Piedmont Natural Gas

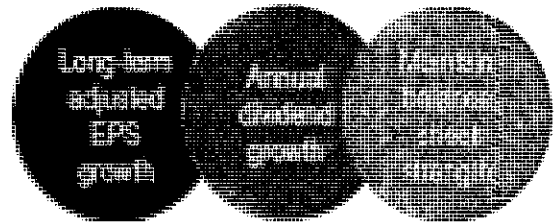
- Delivers **compelling value** to Piedmont's shareholders
- Expands **platform for future natural gas growth** beyond collective North Carolina, South Carolina, Tennessee, Ohio and Kentucky markets
- **Consolidates critical natural gas and power infrastructure** into one Company to enhance customer service, safety, reliability, and integrity
- Combines two corporate cultures dedicated to **service, stewardship and economic development** in the markets they serve
- Provides **employee opportunities** at one of the largest energy companies in the United States



## Strong financial benefits of Piedmont Natural Gas acquisition

- Transaction supports Duke Energy's financial objectives
  - Accretive to Duke Energy's stand-alone adjusted earnings per share (EPS) in first full year after closing (2017)
  - Enhances Duke Energy's long-term 4 to 6 percent earnings per share growth target post-closing
    - Piedmont Natural Gas has strong growth prospects driven by customer growth (between 1.6% to 2.0%) and system integrity improvements

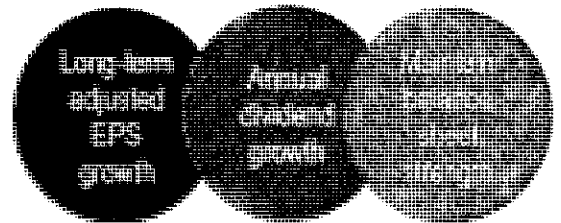
### Duke Energy's Long-Term Financial Objectives



## Strong financial benefits of Piedmont Natural Gas acquisition (cont'd)

- Transaction supports Duke Energy's financial objectives (cont'd)
  - **Enhanced regulated cash flows** supports Duke Energy's dividend policy
    - Growth in future annual dividends at a rate in line with long-term adjusted EPS growth target (subject to discretion and approval of the board)
  - Supports **strong, investment-grade credit metrics**
    - Duke Energy remains committed to the current strength of its balance sheet and expects to finance the transaction in a manner that supports credit quality

### Duke Energy's Long-Term Financial Objectives





## Purchase price funding

- Strength of balance sheet allows flexibility in financing **\$4.9 billion** purchase price
  - Debt: majority of purchase price to be funded with new Holding Company debt issuances
  - Equity: will issue between \$500 - \$750 million in equity
  - Other cash flow sources to reduce funding requirements
- Fully underwritten bridge facility with Barclays in place to complete transaction
- Committed to preserving strong credit quality



## Indicative timeline to close and regulatory approvals

Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Transaction announcement				
Make regulatory filings <i>U.S. DOJ/FTC</i> <i>North Carolina</i> Provide Notice <i>South Carolina*</i> <i>Tennessee*</i>		Secure appropriate state and federal regulatory approvals		
Piedmont to file proxy statement	Piedmont special shareholder meeting			Target closing

## Targeting to close transaction by end of 2016

\* Notice to be filed in South Carolina and Tennessee; we will work collaboratively with each state regulator



## Transaction highlights

- Compelling **strategic transaction**, establishing scale and a platform for future expansion opportunities in natural gas
- Ability to provide a **complete offering of safe, reliable energy solutions and world-class customer service**
- **Expands regulated business mix** in attractive jurisdictions
- The strength of Piedmont's business and its **strong growth prospects** enhance Duke Energy's financial objectives



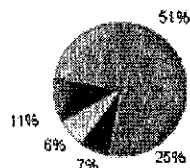
Appendix materials

## Piedmont Natural Gas overview

Piedmont Natural Gas (A2/A)		
Regulated Utility Operations	Regulated Non-Utility	Unregulated Non-Utility
<ul style="list-style-type: none"> <li>Regulated gas LDC</li> <li>As of 2014, 96% of total assets and 88% of consolidated earnings</li> <li>Over 1.0 million customers               <ul style="list-style-type: none"> <li>90% Residential</li> <li>9% Commercial</li> <li>1% Industrial and Other</li> </ul> </li> <li>Serves North Carolina, South Carolina and Tennessee</li> <li>22,700 miles of distribution pipeline</li> <li>2,910 miles of transmission pipeline</li> </ul>	<ul style="list-style-type: none"> <li>Consists of equity method investments in joint venture regulated energy-related businesses that are held by wholly owned subsidiaries</li> <li>As of 2014, 2% of total assets and 4% of consolidated earnings</li> <li>In service joint ventures include Hardy Storage, Pine Needle LNG and Cardinal Pipeline</li> <li>Future projects include:               <ul style="list-style-type: none"> <li>Constitution Pipeline, targeted in-service 4Q 2016</li> <li>The Atlantic Coast Pipeline, targeted in-service by November 2019</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Consists of equity method investment in SouthStar Energy Services</li> <li>As of 2014, 1% of total assets and 9% of consolidated earnings</li> </ul>

### Margin by Customer

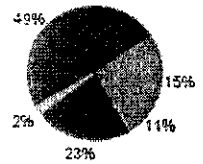
\$690mm (2014)



Power Generation  
 Commercial  
 Industrial  
 Residential  
 Other

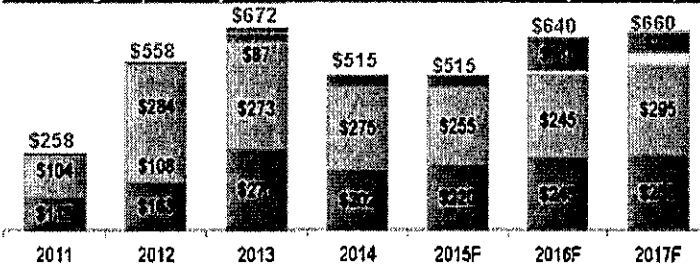
### Volume by Customer

411MMcf (2014)



Power Generation  
 Commercial  
 Industrial  
 Residential  
 Other

### Utility Capital Expenditures and JV Contributions (\$ millions)



■ Customer Growth & Other Utility Cap-Ex  
 ■ Power Generation Cap-Ex  
 ■ Joint Venture Contributions  
 ■ System Integrity Cap-Ex  
 ■ Utility Cap-Ex Under ACP Redelivery Contracts

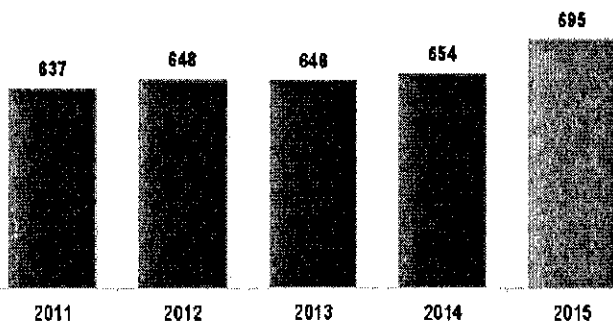


Headquarters	Charlotte, North Carolina
CEO	Thomas E. Skains
Market capitalization (on Oct. 23, 2015)	\$3.4 billion



## Piedmont Natural Gas customer growth-oriented strategy

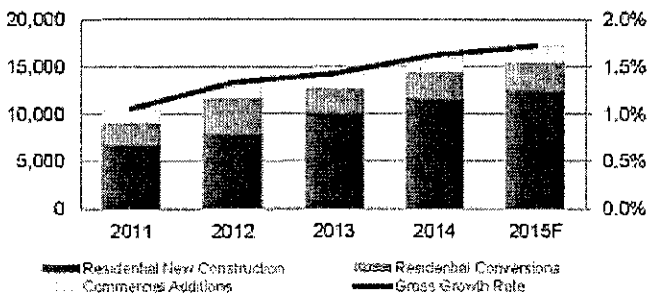
### JD Power Overall Satisfaction Score



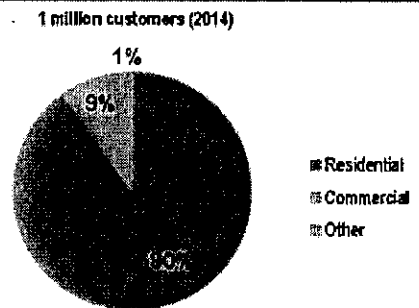
### Customer Growth

- Operating, safety and financial fundamentals support above national average customer growth at Piedmont Natural Gas
  - Ranked 8th nationally (Top 10%) in JD Power overall satisfaction in 2015
  - Ranked 4th nationally (Top 5%) in JD Power Field Customer Service satisfaction
  - Named one of the Most Trusted Brands in the utility sector by Cogent Reports in 2015; 2nd in natural gas category
- Forecast continued improvement in retail customer growth led by strength in the residential new construction market

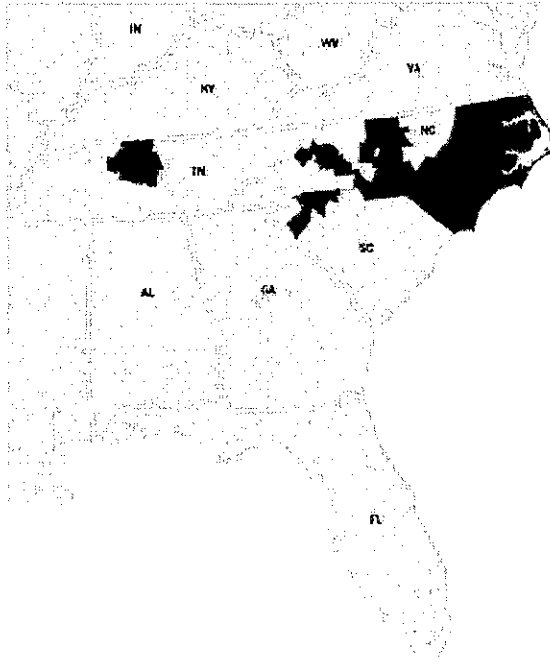
### Historical Customer Growth



### Customer Breakdown



## Piedmont Natural Gas regulatory overview



Base Rates	North Carolina	South Carolina	Tennessee
Rate Base	\$1.8 billion	\$0.2 billion	\$0.3 billion
Authorized ROE	10.0%	10.2%	10.2%
Equity Ratio	50.7%	55.0%	52.7%
Effective Date	1/1/2014	11/1/2014	3/1/2012

Integrity Management Rider (IMR) Filings	North Carolina	South Carolina	Tennessee
Incremental Annual Margin	\$27 million	N/A	\$6 million
Effective Date	Feb. 2015	N/A	Jan. 2015



## Piedmont Natural Gas joint venture overview

In-Service JV's	Description	Location	Regulation	Piedmont Ownership	Piedmont Subscription
Hardy Storage	12.4 MMcf reservoir storage	WV	FERC	50%	40%
Pine Needle LNG	4.14 MMcf LNG storage	NC	FERC	45%	64%
Cardinal Pipeline	104 mile 469 Mcf/day intrastate pipeline	NC	NCUC	21%	53%
SouthStar Energy Services	Retail natural gas marketing company	Eastern U.S.	N/A	15%	N/A

Under Development JV's	Description	Location	Regulation	Piedmont Ownership	Total Project Costs
Constitution Pipeline (Estimated COD: 4Q 2016)	120 mile 650 Mcf/day interstate pipeline	PA/NY	FERC	24%	\$0.9 billion
Atlantic Coast Pipeline (Estimated COD: November 2018)	550 mile 1.5 Bcf/day interstate pipeline	WV/VANC	FERC	10%	\$4.5-5.0 billion <sup>(1)</sup>

(1) – Piedmont has an incremental investment opportunity of \$190 million to redeliver ACP volumes to NC markets.







For additional information on Duke Energy, please visit: [www.duke-energy.com/investors](http://www.duke-energy.com/investors)



**Duke Energy Corporation**  
**Non-GAAP Reconciliations**  
**Duke Energy to Acquire Piedmont Natural Gas**  
**October 26, 2015**

Today's presentation materials and related website content include a discussion of Duke Energy's assumption that the merger transaction is anticipated to be accretive in the first year after closing, based upon adjusted diluted EPS.

The accretion assumption and long-term targeted growth rate of 4%-6% are based upon adjusted diluted EPS from continuing operations attributable to Duke Energy Corporation shareholders, a non-GAAP financial measure. Adjusted diluted EPS is adjusted for the per-share impact of special items and the mark-to-market impacts of economic hedges in the Commercial Portfolio segment.

Special items represent certain charges and credits, which management believes will not be recurring on a regular basis, although it is reasonably possible such charges and credits could recur. Mark-to-market adjustments reflect the mark-to-market impact of derivative contracts, which is recognized in GAAP earnings immediately as such derivative contracts do not qualify for hedge accounting or regulatory accounting treatment, used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Portfolio. The economic value of the generation assets is subject to fluctuations in fair value due to market price volatility of the input and output commodities (e.g., electricity, natural gas) and, as such, the economic hedging involves both purchases and sales of those input and output commodities related to the generation assets. Because the operations of the generation assets are accounted for under the accrual method, management believes that excluding the impact of mark-to-market changes of the economic hedge contracts from adjusted earnings until settlement better matches the financial impacts of the hedge contract with the portion of the economic value of the underlying hedged asset. Management believes that the presentation of adjusted diluted EPS provides useful information to investors, as it provides them an additional relevant comparison of the company's performance across periods. Adjusted diluted EPS is also used as a basis for employee incentive bonuses.

The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS from continuing operations attributable to Duke Energy Corporation common shareholders, which includes the impact of special items (including costs-to-achieve the merger) and the mark-to-market impacts of economic hedges in the Commercial Portfolio segment. On a reported diluted EPS basis, this transaction is not anticipated to be accretive due to the level of costs-to-achieve the merger. Due to the forward-looking nature of this non-GAAP financial measure for future periods, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project special items or mark-to-market adjustments for future periods.

---

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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 5, 2015**

**DUKE ENERGY CORPORATION**  
(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-32853**  
(Commission  
File No.)

**20-2777218**  
(IRS Employer  
Identification No.)

**550 South Tryon Street, Charlotte, North Carolina, 28202**  
(Address of principal executive offices, including zip code)

**(704) 594-6200**  
(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))

---

Item 2.02 Results of Operations and Financial Condition

On November 5, 2015, Duke Energy Corporation issued a news release announcing its financial results for the third quarter ended September 30, 2015. 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 5, 2015

---

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 thereunto duly authorized.

DUKE ENERGY CORPORATION

/s/ BRIAN D. SAVOY

Brian D. Savoy  
Senior Vice President, Chief Accounting Officer and  
Controller

Dated: November 5, 2015

---

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
99.1	News Release issued by Duke Energy Corporation on November 5, 2015

Exhibit 99.1

## News Release



Media Contact: Tom Shiel  
24-Hour: 800.559.3853

Analysts: Bill Currens  
Office: 704.382.1603

Nov. 5, 2015

### **Duke Energy reports third quarter 2015 financial results**

- **Third quarter 2015 adjusted diluted earnings per share (EPS) were \$1.47, compared to \$1.40 for the third quarter of 2014**
- **Reported diluted EPS of \$1.35 for third quarter 2015, compared to \$1.80 for the third quarter of 2014**
- **Company narrows its 2015 adjusted diluted earnings guidance range from \$4.55 to \$4.75 per share to \$4.55 to \$4.65 per share**

CHARLOTTE, N.C. – Duke Energy today announced third quarter 2015 adjusted diluted EPS of \$1.47, compared to \$1.40 for the third quarter of 2014. Third quarter 2015 reported EPS was \$1.35, compared to \$1.80 for the same period last year.

Earnings for the third quarter of 2015 were higher than the prior year quarterly results, primarily due to warmer weather compared to the previous year. The company also experienced strong growth in the Regulated Utilities business, including the impact of the recently completed North Carolina Eastern Municipal Power Agency (NCEMPA) acquisition.

During 2015, the company has been able to offset weakness in the International business with favorable weather, solid operational performance in the regulated business, and benefits from closing certain strategic initiatives earlier than anticipated. The company has narrowed its 2015 adjusted diluted earnings guidance range from \$4.55 to \$4.75 per share to \$4.55 to \$4.65 per share.

"I am pleased with our overall operational and financial performance to date in 2015," said Lynn Good, president and CEO. "We are on-track to achieve our financial objectives for the year and our regulated generation fleet continues to reliably meet customer needs.

"Additionally, we are taking significant steps to grow our low-risk regulated business mix as highlighted by last week's announced acquisition of Piedmont Natural Gas, which provides us with additional capabilities and growth potential around natural gas infrastructure," Good added.

---

Duke Energy News Release

2

### **Business unit results**

In addition to the summary business unit discussion below, a comprehensive table of quarterly and year-to-date adjusted earnings per share drivers by segment compared to the prior year is provided on pages 16 and 17.

The discussion below of third quarter results includes adjusted segment income, which is a non-GAAP financial measure. The tables on pages 25 through 28 present a reconciliation of reported results to adjusted results.

### **Regulated Utilities**

Regulated Utilities recognized third quarter 2015 adjusted segment income of \$965 million, compared to \$920 million in the third quarter 2014, an increase of 7 cents per share, excluding the benefit of the \$1.5 billion accelerated stock repurchase program that was completed in June.

Higher quarterly results at Regulated Utilities were primarily driven by:

- Favorable weather (+\$0.09 per share) driven by warmer temperatures in the Carolinas. This was the first above normal summer weather experienced since 2012.
- Higher revenues from increased pricing and riders (+\$0.07 per share) due to increased energy efficiency programs and prior year true-ups that did not recur
- Increased wholesale net margins (+\$0.05 per share) resulting from growth in contracted amounts and earnings from the long-term wholesale contract associated with the recent NCEMPA asset purchase

These favorable drivers were partially offset by:

- Higher O&M expense (-\$0.06 per share) due to the timing of planned work, increased costs related to the recent NCEMPA asset purchase and storm costs
- Higher effective tax rate (-\$0.04 per share) primarily due to additional deductions in the prior year

On a year-to-date basis, Regulated Utilities recognized adjusted segment income of \$2,371 million, compared to \$2,346 million for the same period last year, an increase of 3 cents per share, excluding the benefit of the accelerated stock repurchase program.

Higher year-to-date results at Regulated Utilities were primarily driven by:

- Higher revenues from increased pricing and riders (+\$0.14 per share) due to increased energy efficiency programs and prior year true-ups that did not recur, partially offset by a regulatory order in Ohio related to energy efficiency (-\$0.03 per share)



---

Duke Energy News Release

3

- Favorable weather (+\$0.11 per share) across Duke Energy's service territories
- Increased wholesale net margins (+\$0.12 per share) due to growth in contracted amounts and earnings from the long-term wholesale contract associated with the recent NCEMPA asset purchase
- Higher AFUDC equity (+\$0.03 per share) due to increased capital spending
- Higher weather-normal retail volumes (+\$0.03 per share) of 0.4 percent compared to 2014

These favorable drivers were partially offset by:

- Higher O&M expense (-\$0.19 per share) due to timing of planned outages, increased costs related to the recent NCEMPA asset purchase and nuclear outage cost levelization. These costs were partially offset by lower storm costs.
- Higher effective tax rate (-\$0.08 per share) primarily due to a favorable prior year state tax settlement and additional deductions in the prior year
- Higher depreciation and amortization expense (-\$0.04 per share) primarily resulting from additional plant in-service

**International Energy**

International Energy recognized third quarter 2015 adjusted segment income of \$69 million, compared to \$80 million in the third quarter 2014, a decrease of 2 cents per share, excluding the benefit of the accelerated stock repurchase program.

Lower quarterly results at International Energy were primarily driven by:

- Lower results in Latin America (-\$0.01 per share) principally driven by unfavorable foreign exchange rates and an asset impairment in Ecuador. These drivers were partially offset by lower purchased power costs in Brazil.
- Lower margins at National Methanol (-\$0.01 per share) due to lower MTBE prices

On a year-to-date basis, International Energy recognized adjusted segment income of \$157 million, compared to \$356 million for the same period in 2014, a decrease of 29 cents per share, excluding the benefit of the accelerated stock repurchase program.

Lower year-to-date earnings at International Energy were driven by:

- Weaker results in Latin America (-\$0.25 per share) primarily due to lower sales volumes and higher purchased power costs resulting from ongoing drought conditions and decreased demand in Brazil, a prior-year tax benefit in Chile, unfavorable foreign currency exchange rates, and an asset impairment in Ecuador
- Lower margins at National Methanol (-\$0.04 per share) largely driven by lower MTBE and methanol prices

---

Duke Energy News Release

4

**Commercial Portfolio**

Subsequent to the sale of its nonregulated Midwest Commercial Generation Business to Dynegy Inc. in April, Commercial Portfolio (formerly Commercial Power) includes Duke Energy's unregulated renewable assets as well as its commercial electric and gas transmission investments.

Commercial Portfolio recognized a third quarter 2015 adjusted segment loss of \$4 million, compared to income of \$51 million in the third quarter 2014, a decrease of 8 cents per share. The decline in Commercial Portfolio's quarterly earnings was primarily due to the sale of the Midwest Generation business to Dynegy, which was completed in April 2015.

On a year-to-date basis, Commercial Portfolio recognized adjusted segment income of \$99 million, compared to \$77 million in the comparable year-to-date period of 2014, an increase of 3 cents per share.

Commercial Portfolio's higher year-to-date earnings were driven by higher results from the Midwest Generation fleet (+\$0.06 per share), which was sold in April 2015, partially offset by lower earnings from the renewables fleet (-\$0.01 per share) resulting from lower wind resources during 2015.

**Other**

On an adjusted basis, Other primarily includes corporate interest expense not allocated to the business units, results from Duke Energy's captive insurance company, other investments, and quarterly income tax levelization adjustments.

Other recognized a third quarter 2015 adjusted net expense of \$19 million, compared to net expense of \$58 million in the third quarter 2014, an improvement of 6 cents per share, excluding the impact of the accelerated stock repurchase program. Other's quarterly results were primarily driven by a prior year tax charge and quarterly tax levelization, including the recognition of renewable tax credits.

On a year-to-date basis, Other recognized adjusted net expense of \$77 million, compared to \$171 million in the comparable period of 2014, an improvement of 14 cents per share, excluding the impact of the accelerated stock repurchase program. Other's year-to-date results were primarily driven by favorable tax resolution, a prior year tax charge and quarterly tax levelization, including the recognition of renewable tax credits.

---

Duke Energy News Release

5

The consolidated adjusted effective tax rate for third quarter 2015 was 31 percent, compared to 34 percent in the third quarter of 2014. On a year-to-date basis, the consolidated adjusted effective tax rate was 32 percent, consistent with the prior year. Adjusted effective tax rate is a non-GAAP financial measure. The tables on pages 29 and 30 present a reconciliation of reported effective tax rate to adjusted effective tax rate.

**Accelerated stock repurchase program**

In connection with the transaction to sell the Midwest Generation business to Dynegy for \$2.8 billion, which closed on April 2, 2015, Duke Energy completed a \$1.5 billion accelerated stock repurchase program (ASR). The program resulted in share retirements of approximately 19.8 million, providing a benefit to the third quarter 2015 and year-to-date results of approximately 4 cents per share and 6 cents per share, respectively.

As a result of the ASR, weighted-average shares of Duke Energy common stock outstanding in 2015 are expected to be approximately 695 million.

**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 updates.

The conference call will be hosted by Lynn Good, president and chief executive officer, and Steve Young, executive vice president and chief financial officer.

The conference call will be webcast live through the investor relations page of Duke Energy's website at [www.duke-energy.com/investors](http://www.duke-energy.com/investors). In order to expedite access to the call, participants can register in advance through the webcast event link included on the company's investor relations website. A replay of the webcast will be accessible through the company's Investor Relations website and mobile app.

Duke Energy News Release

6

**Special items and non-GAAP reconciliation**

Special items affecting Duke Energy's quarterly adjusted diluted EPS results in 2015 and 2014 include:

(In millions, except per-share amounts)	After-Tax Amount	3Q2015 EPS Impact	3Q2014 EPS Impact
<b>Third Quarter 2015</b>			
• Costs to achieve, Progress Energy merger	\$ (15)	\$ (0.02)	
• Edwardsport settlement	\$ (56)	\$ (0.08)	
• Ash basin settlement	\$ (4)	\$ (0.01)	
• Discontinued operations	\$ (5)	\$ (0.01)	
<b>Third Quarter 2014</b>			
• Costs to achieve, Progress Energy merger	\$ (35)		\$ (0.05)
• Asset sales	\$ 9		\$ 0.01
• Discontinued operations (1)(2)	\$ 307		\$ 0.44
<b>Total diluted EPS impact</b>		<b>\$ (0.12)</b>	<b>\$ 0.40</b>

- (1) Reported discontinued operations includes the Midwest generation impairment, the economic hedges (mark-to-market) of Midwest generation, and operating results of the Midwest Generation business.
- (2) Represents reported discontinued operations of (+\$0.55) per diluted share less the Midwest generation operations results classified as discontinued operations of (+\$0.11) per diluted share. Midwest generation operations are treated as a special item and reflected in adjusted diluted EPS.

Reconciliation of reported to adjusted diluted EPS for the quarter:

	3Q2015 EPS	3Q2014 EPS
Diluted EPS, as reported	\$ 1.35	\$ 1.80
Adjustments to reported EPS:		
• Diluted EPS impact of special items and discontinued operations (net of tax)	\$ 0.12	\$ (0.40)
<b>Diluted EPS, adjusted</b>	<b>\$ 1.47</b>	<b>\$ 1.40</b>

**Non-GAAP financial measures**

Management evaluates financial performance in part based on the non-GAAP financial measures, adjusted earnings and adjusted diluted earnings per share (EPS). These items are measured as income from continuing operations net of income (loss) attributable to non-controlling interests, adjusted for the dollar and per-share impact of mark-to-market impacts of economic hedges in the Commercial Portfolio segment and special items including the operating results of the Midwest Generation business (Disposal Group) classified as discontinued operations for GAAP purposes. Special items represent certain charges and credits, which management believes will not be recurring on a regular basis, although it is reasonably possible such charges and credits could recur. Operating results of the Disposal Group sold to Dynegy are reported as discontinued operations, including a portion of the mark-to-market adjustments associated with derivative contracts. Management believes that including the operating

results of the Disposal Group reported as discontinued operations better reflects its financial performance and therefore has included these results in adjusted earnings and adjusted diluted EPS prior to the sale of the Disposal Group. Additionally, as a result of completing the sale of the Disposal Group during the second quarter of 2015, state income tax expense increased as state income tax apportionments changed. The additional tax expense was recognized in Continuing Operations on a GAAP basis. This impact to state income taxes has been reflected in Discontinued Operations in the Commercial Portfolio segment for adjusted diluted EPS purposes as management believes these impacts are incidental to the sale of the Disposal Group. Derivative contracts 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 and, if associated with the Disposal Group, classified as discontinued operations, as such derivative contracts do not qualify for hedge accounting or regulatory treatment. The economic value of generation assets is subject to fluctuations in fair value due to market price volatility of input and output commodities (e.g. coal, electricity, natural gas). Economic hedging involves both purchases and sales of those input and output commodities related to generation assets. Operations of the generation assets are accounted for under the accrual method. Management believes excluding impacts of mark-to-market changes of the derivative contracts from adjusted earnings until settlement better matches the financial impacts of the derivative contract with the portion of economic value of the underlying hedged asset. Management believes the presentation of adjusted earnings and adjusted diluted EPS provides useful information to investors, as it provides them an additional relevant comparison of Duke Energy's performance across periods. Management uses these non-GAAP financial measures for planning and forecasting and for reporting results to the Board of Directors, employees, shareholders, analysts and investors concerning Duke Energy's financial performance. Adjusted diluted EPS is also used as a basis for employee incentive bonuses. The most directly comparable GAAP measures for adjusted earnings and adjusted diluted EPS are Net Income Attributable to Duke Energy Corporation and Diluted EPS Attributable to Duke Energy Corporation common shareholders, which include the dollar and per share impact of special items, mark-to-market impacts of economic hedges in the Commercial Portfolio segment and discontinued operations.

Management evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to non-controlling interests. Segment income, as discussed below, 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 the mark-to-market impacts of economic hedges in the Commercial Portfolio segment and special items,

---

Duke Energy News Release

8

including the operating results of the Disposal Group classified as discontinued operations for GAAP purposes. Management believes the presentation of adjusted segment income as presented 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 is segment income, which represents segment income from continuing operations, including any special items and the mark-to-market impacts of economic hedges in the Commercial Portfolio segment.

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 or mark-to-market adjustments for future periods.

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, the mark-to-market impacts of economic hedges in the Commercial Portfolio segment, or any amounts that may be reported as discontinued operations or extraordinary items for future periods.

Duke Energy is the largest electric power holding company in the United States with approximately \$120 billion in total assets. Its regulated utility operations serve approximately 7.3 million electric customers located in six states in the Southeast and Midwest. 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 a Fortune 250 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).

#### **Forward-Looking Information**

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions.

These forward-looking statements are identified by terms and phrases such as "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook," and similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual results to be materially different from the results predicted. Factors that could cause actual results to differ materially from those

---

Duke Energy News Release

9

indicated in any forward-looking statement include, but are not limited to: state, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements or climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices; the extent and timing of the costs and liabilities relating to the Dan River ash basin release and compliance with current regulations and any future regulatory changes related to the management of coal ash; the ability to recover eligible costs, including those associated with future significant weather events, and earn an adequate return on investment through the regulatory process; the costs of decommissioning Crystal River Unit 3 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 customer usage patterns, including energy efficiency efforts and use of alternative energy sources including self-generation and distributed generation technologies; additional competition in electric markets and continued industry consolidation; political and regulatory uncertainty in other countries in which Duke Energy conducts business; the influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts and tornadoes; the ability to successfully operate electric generating facilities and deliver electricity to customers; the impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches and other catastrophic events; the inherent risks associated with the operation and potential construction of nuclear facilities, including environmental, health, safety, regulatory and financial risks; the timing and extent of changes in commodity prices, interest rates and foreign currency exchange rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets; the results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings and general economic conditions; declines in the market prices of equity and fixed income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans and nuclear decommissioning trust funds; construction and development risks associated with the completion of Duke Energy and its subsidiaries' capital investment projects in existing and new generation facilities, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules, and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner or at all; changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants; the ability to control operation and maintenance costs; the level of creditworthiness of

---

Duke Energy News Release

10

counterparties to transactions; employee workforce factors, including the potential inability to attract and retain key personnel; the ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent); the performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities; the effect of accounting pronouncements issued periodically by accounting standard-setting bodies; the impact of potential goodwill impairments; the ability to reinvest prospective undistributed earnings of foreign subsidiaries or repatriate such earnings on a tax-efficient basis; the expected timing and likelihood of completion of the proposed acquisition of Piedmont, including the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the proposed acquisition that could reduce anticipated benefits or cause the parties to abandon the acquisition, as well as the ability to successfully integrate the businesses 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; and the ability to successfully complete future merger, acquisition or divestiture plans.

Additional risks and uncertainties are identified and discussed in Duke Energy's and its subsidiaries' reports filed with the SEC and available at the SEC's website at [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 Duke Energy has described. Duke Energy undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

###



September 2015  
**QUARTERLY HIGHLIGHTS**  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
<i>(In millions, except per-share amounts and where noted)</i>				
<b>Earnings Per Share - Basic and Diluted</b>				
Income from continuing operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ 1.36	\$ 1.25	\$ 3.31	\$ 3.33
Diluted	\$ 1.36	\$ 1.25	\$ 3.31	\$ 3.33
(Loss) Income from discontinued operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ (0.01)	\$ 0.55	\$ 0.05	\$ (0.81)
Diluted	\$ (0.01)	\$ 0.55	\$ 0.05	\$ (0.81)
Net income attributable to Duke Energy Corporation common stockholders				
Basic	\$ 1.35	\$ 1.80	\$ 3.36	\$ 2.52
Diluted	\$ 1.35	\$ 1.80	\$ 3.36	\$ 2.52
Weighted-average shares outstanding				
Basic	688	707	696	707
Diluted	688	707	696	707
<b>SEGMENT INCOME (LOSS) BY BUSINESS SEGMENT</b>				
Regulated Utilities(a)	\$ 905	\$ 920	\$ 2,311	\$ 2,346
International Energy	69	80	157	356
Commercial Portfolio(b)(c)	(3)	(17)	(35)	(70)
Total Reportable Segment Income	971	983	2,433	2,632
Other Net Expense(d)(e)	(34)	(92)	(119)	(269)
Intercompany Eliminations	—	(3)	(4)	(7)
(Loss) Income from Discontinued Operations, net of tax(f)	(5)	386	29	(570)
Net Income Attributable to Duke Energy Corporation	\$ 932	\$ 1,274	\$ 2,339	\$ 1,786
<b>CAPITALIZATION</b>				
Total Common Equity			48%	50%
Total Debt			52%	50%
Total Debt			\$42,622	\$41,645
Book Value Per Share			\$ 57.92	\$ 58.61
Actual Shares Outstanding			688	707
<b>CAPITAL AND INVESTMENT EXPENDITURES</b>				
Regulated Utilities(g)	\$ 2,539	\$ 1,182	\$ 5,212	\$ 3,357
International Energy	14	15	33	40
Commercial Portfolio	374	156	757	324
Other	52	29	166	115
Total Capital and Investment Expenditures	\$ 2,979	\$ 1,382	\$ 6,168	\$ 3,836

- (a) Includes a charge of \$56 million related to the Edwardsport settlement for the three and nine months ended September 30, 2015 (net of tax of \$34 million).
- (b) Includes a tax charge of \$41 million resulting from the completion of the sale of the nonregulated Midwest generation business for the nine months ended September 30, 2015.
- (c) Includes an impairment charge of \$59 million for the nine months ended September 30, 2014, related to OVEC (net of tax of \$35 million).
- (d) Includes costs to achieve the 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).
- (e) Includes costs to achieve the Progress merger of \$35 million for the three months ended September 30, 2014 (net of tax of \$21 million) and \$107 million for the nine months ended September 30, 2014 (net of tax of \$65 million).
- (f) Includes the impact of a settlement agreement related to the nonregulated Midwest generation business of \$53 million for the nine months ended September 30, 2015 (net of tax of \$28 million).
- (g) Includes \$1.25 billion related to the NCEMPA acquisition for the three and nine months ended September 30, 2015.

September 2015  
**QUARTERLY HIGHLIGHTS**  
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2015	2014	2015	2014
<i>(In millions, except for GWh and MW amounts)</i>				
<b>REGULATED UTILITIES</b>				
Operating Revenues	\$ 6,147	\$ 5,986	\$ 17,090	\$ 17,074
Operating Expenses <sup>(a)</sup>	4,481	4,361	12,789	12,807
Gains on Sales of Other Assets, net	1	1	10	2
Operating Income	1,667	1,626	4,311	4,269
Other Income and Expenses	56	75	187	206
Interest Expense	280	271	829	816
Income Before Income Taxes	1,443	1,430	3,669	3,659
Income Tax Expense <sup>(b)</sup>	538	510	1,358	1,313
Segment Income	\$ 905	\$ 920	\$ 2,311	\$ 2,346
Depreciation and Amortization	\$ 691	\$ 710	\$ 2,096	\$ 2,075
Duke Energy Carolinas GWh sales	23,737	22,821	67,511	67,350
Duke Energy Progress GWh sales	18,283	16,540	50,000	47,394
Duke Energy Florida GWh sales	11,513	11,550	30,788	30,051
Duke Energy Ohio GWh sales	6,698	6,465	19,698	18,768
Duke Energy Indiana GWh sales	8,784	8,224	25,217	25,553
Total GWh sales	69,015	65,600	193,214	189,116
Net Proportional MW Capacity in Operation			50,033	49,471
<b>INTERNATIONAL ENERGY</b>				
Operating Revenues	\$ 281	\$ 366	\$ 841	\$ 1,111
Operating Expenses	200	275	639	760
Gains (Losses) on Sales of Other Assets, net	—	2	(1)	7
Operating Income	81	93	201	358
Other Income and Expenses	24	43	69	152
Interest Expense	21	25	66	71
Income Before Income Taxes	84	111	204	439
Income Tax Expense	14	29	44	74
Less: Income Attributable to Noncontrolling Interests	1	2	3	9
Segment Income	\$ 69	\$ 80	\$ 157	\$ 356
Depreciation and Amortization	\$ 23	\$ 23	\$ 69	\$ 74
Sales, GWh	4,590	4,292	13,580	13,814
Proportional MW Capacity in Operation			4,333	4,358
<b>COMMERCIAL PORTFOLIO</b>				
Operating Revenues	\$ 66	\$ 50	\$ 214	\$ 195
Operating Expenses <sup>(c)</sup>	82	87	255	355
Gains on Sales of Other Assets, net	—	—	6	—
Operating Loss	(16)	(37)	(35)	(160)
Other Income and Expenses	(3)	5	(3)	15
Interest Expense	11	14	33	41
Loss Before Income Taxes	(30)	(46)	(71)	(186)
Income Tax Benefit <sup>(d)(e)</sup>	(26)	(29)	(35)	(116)
Less: Loss Attributable to Noncontrolling Interests	\$ (1)	\$ —	\$ (1)	\$ —
Segment Loss	\$ (3)	\$ (17)	\$ (35)	\$ (70)
Depreciation and Amortization	\$ 27	\$ 24	\$ 77	\$ 70
Actual Coal-fired Plant Production, GWh	—	192	—	867
Actual Renewable Plant Production, GWh	1,230	1,054	3,913	4,112
Actual Plant Production, GWh	1,230	1,246	3,913	4,979
Net Proportional MW Capacity in Operation			1,634	1,698
<b>OTHER</b>				
Operating Revenues	\$ 17	\$ 25	\$ 78	\$ 79
Operating Expenses <sup>(f)(g)</sup>	64	84	177	269
Gains on Sales of Other Assets, net	3	1	16	2
Operating Loss	(44)	(58)	(83)	(188)
Other Income and Expenses	(2)	18	8	33
Interest Expense	91	101	285	302
Loss Before Income Taxes	(137)	(141)	(360)	(457)
Income Tax Benefit <sup>(h)(i)</sup>	(106)	(50)	(249)	(190)
Less: Income Attributable to Noncontrolling Interests	3	1	8	2

Segment Net Expense	\$ (34)	\$ (92)	\$ (119)	\$ (269)
Depreciation and Amortization	\$ 33	\$ 31	\$ 99	\$ 86

- (a) Includes a pre-tax charge of \$85 million for the three and nine months ended September 30, 2015, related to the Edwardsport settlement.
- (b) Includes a tax benefit of \$34 million for the three and nine months ended September 30, 2015, related to the Edwardsport settlement.
- (c) Includes a pre-tax impairment charge of \$94 million for the nine months ended September 30, 2014, related to OVEC.
- (d) Includes a tax charge of \$41 million resulting from the completion of the sale of the nonregulated Midwest generation business for the nine months ended September 30, 2015.
- (e) Includes a tax benefit of \$35 million for the nine months ended September 30, 2014, related to OVEC.
- (f) Includes costs to achieve the Progress merger of \$24 million for the three months ended September 30, 2015, and \$67 million for the nine months ended September 30, 2015.
- (g) Includes costs to achieve the Progress merger of \$51 million for the three months ended September 30, 2014, and \$165 million for the nine months ended September 30, 2014.
- (h) Includes tax benefit related to costs to achieve the Progress merger of \$9 million for the three months ended September 30, 2015, and \$25 million for the nine months ended September 30, 2015.
- (i) Includes tax benefit related to costs to achieve the Progress merger of \$21 million for the three months ended September 30, 2014, and \$65 million for the nine months ended September 30, 2014.

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)  
(In millions, except per-share amounts)

	Three Months		Nine Months	
	Ended September 30,		Ended September 30,	
	2015	2014	2015	2014
<b>Operating Revenues</b>				
Regulated electric	\$ 6,017	\$ 5,861	\$16,564	\$16,549
Nonregulated electric and other	377	449	1,157	1,403
Regulated natural gas	89	85	416	414
Total operating revenues	<u>6,483</u>	<u>6,395</u>	<u>18,137</u>	<u>18,366</u>
<b>Operating Expenses</b>				
Fuel used in electric generation and purchased power - regulated	2,113	2,132	5,775	5,940
Fuel used in electric generation and purchased power - nonregulated	61	148	283	410
Cost of natural gas and other	21	27	158	181
Operation, maintenance and other	1,426	1,409	4,274	4,254
Depreciation and amortization	774	788	2,341	2,305
Property and other taxes	293	275	836	936
Impairment charges	111	1	111	81
Total operating expenses	<u>4,799</u>	<u>4,780</u>	<u>13,778</u>	<u>14,107</u>
Gain on Sales of Other Assets and Other, net	4	4	31	11
<b>Operating Income</b>	<u>1,688</u>	<u>1,619</u>	<u>4,390</u>	<u>4,270</u>
<b>Other Income and Expenses</b>				
Equity in earnings of unconsolidated affiliates	17	28	53	97
Other income and expenses, net	57	109	203	293
Total other income and expenses	<u>74</u>	<u>137</u>	<u>256</u>	<u>390</u>
<b>Interest Expense</b>	<u>402</u>	<u>405</u>	<u>1,208</u>	<u>1,212</u>
<b>Income from Continuing Operations before Income Taxes</b>	<u>1,360</u>	<u>1,351</u>	<u>3,438</u>	<u>3,448</u>
<b>Income Tax Expense from Continuing Operations</b>	<u>420</u>	<u>460</u>	<u>1,118</u>	<u>1,081</u>
<b>Income from Continuing Operations</b>	<u>940</u>	<u>891</u>	<u>2,320</u>	<u>2,367</u>
<b>(Loss) Income from Discontinued Operations, net of tax</b>	<u>(5)</u>	<u>378</u>	<u>29</u>	<u>(578)</u>
<b>Net Income</b>	<u>935</u>	<u>1,269</u>	<u>2,349</u>	<u>1,789</u>
<b>Less: Net Income Attributable to Noncontrolling Interests</b>	<u>3</u>	<u>(5)</u>	<u>10</u>	<u>3</u>
<b>Net Income Attributable to Duke Energy Corporation</b>	<u>\$ 932</u>	<u>\$ 1,274</u>	<u>\$ 2,339</u>	<u>\$ 1,786</u>
<b>Earnings Per Share - Basic and Diluted</b>				
Income from continuing operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ 1.36	\$ 1.25	\$ 3.31	\$ 3.33
Diluted	\$ 1.36	\$ 1.25	\$ 3.31	\$ 3.33
(Loss) income from discontinued operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ (0.01)	\$ 0.55	\$ 0.05	\$ (0.81)
Diluted	\$ (0.01)	\$ 0.55	\$ 0.05	\$ (0.81)
Net income attributable to Duke Energy Corporation common stockholders				
Basic	\$ 1.35	\$ 1.80	\$ 3.36	\$ 2.52
Diluted	\$ 1.35	\$ 1.80	\$ 3.36	\$ 2.52
Weighted-average shares outstanding				
Basic	688	707	696	707
Diluted	688	707	696	707

DUKE ENERGY CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)

<i>(in million, except per-share amounts)</i>	September 30, 2015	December 31, 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,370	\$ 2,036
Receivables (net of allowance for doubtful accounts of \$17 at September 30, 2015 and December 31, 2014)	722	791
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$54 at September 30, 2015 and \$51 at December 31, 2014)	2,037	1,973
Inventory	3,537	3,459
Assets held for sale	—	364
Regulatory assets	963	1,115
Other	1,566	1,837
<b>Total current assets</b>	<b>10,195</b>	<b>11,575</b>
<b>Investments and Other Assets</b>		
Investments in equity method unconsolidated affiliates	501	358
Nuclear decommissioning trust funds	5,566	5,546
Goodwill	16,312	16,321
Assets held for sale	—	2,642
Other	3,205	3,008
<b>Total investments and other assets</b>	<b>25,584</b>	<b>27,875</b>
<b>Property, Plant and Equipment</b>		
Cost	110,795	104,861
Accumulated depreciation and amortization	(37,479)	(34,824)
Generation facilities to be retired, net	460	9
<b>Net property, plant and equipment</b>	<b>73,776</b>	<b>70,046</b>
<b>Regulatory Assets and Deferred Debits</b>		
Regulatory assets	11,290	11,042
Other	188	171
<b>Total regulatory assets and deferred debits</b>	<b>11,478</b>	<b>11,213</b>
<b>Total Assets</b>	<b>\$ 121,033</b>	<b>\$ 120,709</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,078	\$ 2,271
Notes payable and commercial paper	2,419	2,514
Taxes accrued	628	569
Interest accrued	483	418
Current maturities of long-term debt	2,536	2,807
Liabilities associated with assets held for sale	—	262
Regulatory liabilities	320	204
Other	2,052	2,188
<b>Total current liabilities</b>	<b>10,516</b>	<b>11,233</b>
<b>Long-term Debt</b>		
	<b>37,667</b>	<b>37,213</b>
<b>Deferred Credits and Other Liabilities</b>		
Deferred income taxes	13,999	13,423
Investment tax credits	416	427
Accrued pension and other post-retirement benefit costs	1,130	1,145
Liabilities associated with assets held for sale	—	35
Asset retirement obligations	9,713	8,466
Regulatory liabilities	6,129	6,193
Other	1,595	1,675
<b>Total deferred credits and other liabilities</b>	<b>32,982</b>	<b>31,364</b>
<b>Commitments and Contingencies</b>		
<b>Equity</b>		
Common stock, \$0.001 par value, 2 billion shares authorized; 688 million and 707 million shares outstanding at September 30, 2015 and December 31, 2014, respectively	1	1
Additional paid-in capital	37,953	39,405
Retained earnings	2,656	2,012
Accumulated other comprehensive income	(778)	(543)
<b>Total Duke Energy Corporation stockholder's equity</b>	<b>39,832</b>	<b>40,875</b>
Noncontrolling interests	36	24
<b>Total equity</b>	<b>39,868</b>	<b>40,899</b>
<b>Total Liabilities and Equity</b>	<b>\$ 121,033</b>	<b>\$ 120,709</b>

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(In millions)

	Nine Months Ended September 30,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 2,349	\$ 1,789
Adjustments to reconcile net income to net cash provided by operating activities	3,047	3,378
Net cash provided by operating activities	<u>5,396</u>	<u>5,167</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	<u>(3,291)</u>	<u>(3,734)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash used in financing activities	<u>(2,771)</u>	<u>(1,003)</u>
Net (decrease) increase in cash and cash equivalents	(666)	430
Cash and cash equivalents at the beginning of period	<u>2,036</u>	<u>1,501</u>
Cash and cash equivalents at end of period	<u>\$ 1,370</u>	<u>\$ 1,931</u>

**DUKE ENERGY CORPORATION**  
**EARNINGS VARIANCES**  
September 2015 QTD vs. Prior Year

(\$ per share)	Regulated Utilities	International Energy	Commercial Portfolio	Other	Consolidated
<b>2014 QTD Reported Earnings Per Share, Diluted</b>	<b>\$ 1.30</b>	<b>\$ 0.11</b>	<b>\$ (0.03)</b>	<b>\$(0.13)</b>	<b>\$ 1.80</b>
Costs to Achieve, Progress Merger	—	—	—	0.05	0.05
Asset Sales	—	—	—	(0.01)	(0.01)
Midwest Generation Operations (offset in Discontinued Operations)	—	—	0.10	0.01	0.11
Discontinued Operations	—	—	—	—	(0.55)
<b>2014 QTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 1.30</b>	<b>\$ 0.11</b>	<b>\$ 0.07</b>	<b>\$(0.08)</b>	<b>\$ 1.40</b>
Stock Repurchase (a)	0.03	0.01	—	—	0.04
Weather	0.09	—	—	—	0.09
Pricing and Riders (b)	0.07	—	—	—	0.07
Wholesale (c)	0.05	—	—	—	0.05
Operation and Maintenance, net of recoverables (d)	(0.06)	—	—	—	(0.06)
Latin America, including Foreign Exchange Rates (e)	—	(0.01)	—	—	(0.01)
National Methanol Company	—	(0.01)	—	—	(0.01)
Midwest Generation (f)	—	—	(0.08)	—	(0.08)
Interest Expense	(0.01)	—	—	0.01	—
Change in effective tax rates	(0.04)	—	—	0.07	0.03
Other (g)	(0.03)	—	—	(0.02)	(0.05)
<b>2015 QTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 1.40</b>	<b>\$ 0.10</b>	<b>\$ (0.01)</b>	<b>\$(0.02)</b>	<b>1.47</b>
Edwardsport Settlement	(0.08)	—	—	—	(0.08)
Costs to Achieve, Progress Merger	—	—	—	(0.02)	(0.02)
Ash Basin Settlement	(0.01)	—	—	—	(0.01)
Discontinued Operations	—	—	—	—	(0.01)
<b>2015 QTD Reported Earnings Per Share, Diluted</b>	<b>\$ 1.31</b>	<b>\$ 0.10</b>	<b>\$ (0.01)</b>	<b>\$(0.04)</b>	<b>\$ 1.35</b>

Note 1: Earnings Per Share amounts are calculated using the consolidated effective income tax rate.

Note 2: Adjusted and Reported Earnings Per Share amounts by segment may not recompute from other published schedules due to rounding.

- (a) Due to the decrease in common shares outstanding as a result of shares repurchased and retired under the Accelerated Stock Repurchase Program. Weighted-average diluted shares outstanding decreased from 707 million shares for the three months ended September 30, 2014, to 688 million shares for the three months ended September 30, 2015.
- (b) Primarily due to prior-year fuel and purchased power cost true-ups that did not recur (+\$0.04) and higher energy efficiency and other rider recoveries across jurisdictions (+\$0.02).
- (c) Primarily due to higher volumes and capacity rates due to favorable weather and the implementation of new contracts, including the new 30-year contract with NCEMPA.
- (d) Primarily due to an increase in planned spending, increased costs related to the recent NCEMPA asset purchase and higher storm restoration costs.
- (e) Primarily due to weakness in foreign currency exchange rates (-\$0.03) and an asset impairment in Ecuador (-\$0.02), partially offset by higher results in Brazil (+\$0.04) due to lower purchased power costs.
- (f) Due to the sale of the nonregulated Midwest generation business.
- (g) Amount for Regulated Utilities includes increased depreciation and amortization expense (-\$0.01) and an impairment of the Crystal River Unit 3 regulatory asset (-\$0.02).

DUKE ENERGY CORPORATION  
EARNINGS VARIANCES  
September 2015 YTD vs. Prior Year

(\$ per share)	Regulated Utilities	International Energy	Commercial Portfolio	Other	Consolidated
<b>2014 YTD Reported Earnings Per Share, Diluted</b>	<b>\$ 3.32</b>	<b>\$ 0.50</b>	<b>\$ (0.10)</b>	<b>\$(0.38)</b>	<b>\$ 2.52</b>
Asset Sales	—	—	—	(0.01)	(0.01)
Costs to Achieve, Progress Merger	—	—	—	0.15	0.15
Midwest Generation Operations (offset in Discontinued Operations)	—	—	0.12	—	0.12
Asset Impairment	—	—	0.08	—	0.08
Economic Hedges (Mark-to-Market)	—	—	0.01	—	0.01
Discontinued Operations	—	—	—	—	0.82
<b>2014 YTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 3.32</b>	<b>\$ 0.50</b>	<b>\$ 0.11</b>	<b>\$(0.24)</b>	<b>\$ 3.69</b>
Stock Repurchase (a)	0.06	0.01	—	(0.01)	0.06
Weather	0.11	—	—	—	0.11
Pricing and Riders (b)	0.14	—	—	—	0.14
Volumes	0.03	—	—	—	0.03
Wholesale (c)	0.12	—	—	—	0.12
Operation and Maintenance, net of recoverables (d)	(0.19)	—	—	—	(0.19)
Latin America, including Foreign Exchange Rates (e)	—	(0.25)	—	—	(0.25)
National Methanol Company	—	(0.04)	—	—	(0.04)
Duke Energy Renewables (f)	—	—	(0.01)	—	(0.01)
Midwest Generation (g)	—	—	0.06	—	0.06
Interest Expense	(0.01)	—	—	0.01	—
Change in effective tax rates	(0.08)	—	(0.01)	0.14	0.05
Other (h)	(0.09)	—	(0.01)	(0.01)	(0.11)
<b>2015 YTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 3.41</b>	<b>\$ 0.22</b>	<b>\$ 0.14</b>	<b>\$(0.11)</b>	<b>3.66</b>
Edwardsport Settlement	(0.08)	—	—	—	(0.08)
Costs to Achieve, Progress Merger	—	—	—	(0.05)	(0.05)
Ash Basin Settlement	(0.01)	—	—	—	(0.01)
Midwest Generation Operations (offset in Discontinued Operations)	—	—	(0.14)	—	(0.14)
Discontinued Operations	—	—	(0.06)	—	(0.06)
<b>2015 YTD Reported Earnings Per Share, Diluted</b>	<b>\$ 3.32</b>	<b>\$ 0.22</b>	<b>\$ (0.06)</b>	<b>\$(0.16)</b>	<b>\$ 3.36</b>

Note 1: Earnings Per Share amounts are calculated using the consolidated effective income tax rate.

Note 2: Adjusted and Reported Earnings Per Share amounts by segment may not recompute from other published schedules due to rounding.

- (a) Due to the decrease in common shares outstanding as a result of shares repurchased and retired under the Accelerated Stock Repurchase Program. Weighted-average diluted shares outstanding decreased from 707 million shares for the nine months ended September 30, 2014, to 696 million shares for the nine months ended September 30, 2015.
- (b) Primarily due to prior-year fuel and purchased power cost true-ups that did not recur (+\$0.08), and higher energy efficiency and other rider recoveries in most jurisdictions (+\$0.05), partially offset by the impact of a regulatory order that limited the ability to carry forward energy efficiency savings for Duke Energy Ohio (-\$0.03).
- (c) Primarily due to higher volumes and capacity rates due to favorable weather and the implementation of new contracts, including the new 30-year contract with NCEMPA.
- (d) Primarily due to an increase in planned spending, increased costs related to the recent NCEMPA asset purchase and nuclear outage cost levelization, partially offset by lower storm restoration costs.
- (e) Primarily due to lower results in Brazil (-\$0.09) due to lower sales volumes and higher purchased power costs resulting from ongoing drought conditions and decreased demand, a prior year tax benefit related to the reorganization of the company's operations in Chile (-\$0.07), lower results in Central America (-\$0.04) due to lower generation and prices from increased competition and unfavorable foreign currency exchange rates (-\$0.03).
- (f) Primarily due to lower wind results.
- (g) Primarily due to higher capacity revenues, improved generation margins and the suspension of depreciation as a result of held for sale status prior to the sale of the nonregulated Midwest generation business.
- (h) Amount for Regulated Utilities includes increased depreciation and amortization expense (-\$0.04) due to higher depreciable base and an impairment of the Crystal River Unit 3 regulatory asset (-\$0.02), partially offset by higher AFUDC-equity (+\$0.03).



**Regulated Utilities  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
September 2015**

	Three Months Ended September 30				Nine Months Ended September 30			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWH Sales (1)</b>								
Residential	24,176	22,960	5.3%	1.0%	66,195	65,064	1.7%	0.3%
General Service	22,047	21,494	2.6%	— %	59,124	58,366	1.3%	0.4%
Industrial	14,001	13,837	1.2%	(0.4)%	39,370	38,973	1.0%	0.7%
Other Energy Sales	149	152	(2.0)%		450	455	(1.1)%	
Unbilled Sales	(1,808)	(1,500)	(20.5)%	n/a	(476)	(920)	48.3%	n/a
<b>Total Retail Sales</b>	<b>58,565</b>	<b>56,943</b>	<b>2.8%</b>	<b>0.3%</b>	<b>164,663</b>	<b>161,938</b>	<b>1.7%</b>	<b>0.4%</b>
Special Sales	10,450	8,657	20.7%		28,551	27,178	5.1%	
<b>Total Consolidated Electric Sales - Regulated Utilities</b>	<b>69,015</b>	<b>65,600</b>	<b>5.2%</b>		<b>193,214</b>	<b>189,116</b>	<b>2.2%</b>	
<b>Average Number of Customers (Electric)</b>								
Residential	6,365,092	6,281,374	1.3%		6,351,973	6,271,001	1.3%	
General Service	954,659	944,484	1.1%		951,350	941,839	1.0%	
Industrial	18,105	18,260	(0.8)%		18,150	18,315	(0.9)%	
Other Energy Sales	23,113	22,810	1.3%		23,024	22,579	2.0%	
<b>Total Regular Sales</b>	<b>7,360,969</b>	<b>7,266,928</b>	<b>1.3%</b>		<b>7,344,497</b>	<b>7,253,734</b>	<b>1.3%</b>	
Special Sales	64	62	3.2%		63	62	1.6%	
<b>Total Average Number of Customers - Regulated Utilities</b>	<b>7,361,033</b>	<b>7,266,990</b>	<b>1.3%</b>		<b>7,344,560</b>	<b>7,253,796</b>	<b>1.3%</b>	
<b>Heating and Cooling Degree Days</b>								
<b>Carolinas - Actual</b>								
Heating Degree Days	3	10	(70.0)%		2,057	2,135	(3.7)%	
Cooling Degree Days	1,108	942	17.6%		1,744	1,535	13.6%	
<b>Variance from Normal</b>								
Heating Degree Days	(57.1)%	25.0%	n/a		11.3%	15.4%	n/a	
Cooling Degree Days	4.3%	(11.2)%	n/a		7.7%	(4.7)%	n/a	
<b>Midwest - Actual</b>								
Heating Degree Days	23	73	(68.5)%		3,523	3,829	(8.0)%	
Cooling Degree Days	704	568	23.9%		1,082	918	17.9%	
<b>Variance from Normal</b>								
Heating Degree Days	(48.9)%	46.0%	n/a		13.7%	22.7%	n/a	
Cooling Degree Days	(13.1)%	(29.4)%	n/a		(8.5)%	(20.9)%	n/a	
<b>Florida - Actual</b>								
Heating Degree Days	—	—	— %		373	418	(10.8)%	
Cooling Degree Days	1,487	1,497	(0.7)%		2,977	2,702	10.2%	
<b>Variance from Normal</b>								
Heating Degree Days	— %	— %	n/a		(6.2)%	0.5%	n/a	
Cooling Degree Days	(1.6)%	(0.7)%	n/a		8.8%	(1.3)%	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).

**Duke Energy Carolinas**  
**Quarterly Highlights**  
**Supplemental Regulated Utilities Electric Information**  
**September 2015**

	Three Months Ended September 30				Nine Months Ended September 30			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWH Sales (1)</b>								
Residential	8,213	7,501	9.5%		22,445	21,937	2.3%	
General Service	8,273	7,951	4.0%		22,074	21,685	1.8%	
Industrial	6,041	5,849	3.3%		16,730	16,230	3.1%	
Other Energy Sales	76	77	(1.3%)		229	226	1.3%	
Unbilled Sales	(1,047)	(677)	(54.7%)		(693)	(492)	(40.9%)	
Total Regular Electric Sales	21,556	20,701	4.1%	(0.3)%	60,785	59,586	2.0%	0.4%
Special Sales	2,181	2,120	2.9%		6,726	7,764	(13.4%)	
Total Consolidated Electric Sales - Duke Energy Carolinas	23,737	22,821	4.0%		67,511	67,350	0.2%	
<b>Average Number of Customers</b>								
Residential	2,120,091	2,091,669	1.4%		2,113,735	2,085,703	1.3%	
General Service	346,039	342,340	1.1%		344,699	341,246	1.0%	
Industrial	6,414	6,515	(1.6%)		6,444	6,524	(1.2%)	
Other Energy Sales	15,095	14,862	1.6%		15,014	14,617	2.7%	
Total Regular Sales	2,487,639	2,455,386	1.3%		2,479,892	2,448,090	1.3%	
Special Sales	24	26	(7.7%)		25	25	— %	
Total Average Number of Customers - Duke Energy Carolinas	2,487,663	2,455,412	1.3%		2,479,917	2,448,115	1.3%	
<b>Heating and Cooling Degree Days</b>								
<u>Actual</u>								
Heating Degree Days	5	12	(58.3%)		2,109	2,235	(5.6%)	
Cooling Degree Days	1,085	884	22.7%		1,709	1,441	18.6%	
<u>Variance from Normal</u>								
Heating Degree Days	(51.6%)	20.0%	n/a		9.4%	16.0%	n/a	
Cooling Degree Days	6.2%	(13.3%)	n/a		9.8%	(6.7%)	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).

**Duke Energy Progress  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
September 2015**

	Three Months Ended September 30				Nine Months Ended September 30			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWH Sales (1)</b>								
Residential	5,107	4,736	7.8%		14,547	14,275	1.9%	
General Service	4,563	4,357	4.7%		12,000	11,767	2.0%	
Industrial	2,788	2,819	(1.1%)		7,790	7,816	(0.3%)	
Other Energy Sales	26	29	(10.3%)		81	88	(8.0%)	
Unbilled Sales	(481)	(291)	(65.3%)		(352)	(318)	(10.7%)	
<b>Total Regular Electric Sales</b>	<b>12,003</b>	<b>11,650</b>	<b>3.0%</b>	<b>0.3%</b>	<b>34,066</b>	<b>33,628</b>	<b>1.3%</b>	<b>0.4%</b>
Special Sales	6,280	4,890	28.4%		15,934	13,766	15.7%	
<b>Total Consolidated Electric Sales - Duke Energy Progress</b>	<b>18,283</b>	<b>16,540</b>	<b>10.5%</b>		<b>50,000</b>	<b>47,394</b>	<b>5.5%</b>	
<b>Average Number of Customers</b>								
Residential	1,276,474	1,258,769	1.4%		1,272,450	1,254,632	1.4%	
General Service	227,015	223,986	1.4%		225,721	222,980	1.2%	
Industrial	4,204	4,266	(1.5%)		4,221	4,278	(1.3%)	
Other Energy Sales	1,683	1,705	(1.3%)		1,687	1,729	(2.4%)	
<b>Total Regular Sales</b>	<b>1,509,376</b>	<b>1,488,726</b>	<b>1.4%</b>		<b>1,504,079</b>	<b>1,483,619</b>	<b>1.4%</b>	
Special Sales	15	15	— %		15	15	— %	
<b>Total Average Number of Customers - Duke Energy Progress</b>	<b>1,509,391</b>	<b>1,488,741</b>	<b>1.4%</b>		<b>1,504,094</b>	<b>1,483,634</b>	<b>1.4%</b>	
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	1	7	(85.7%)		2,004	2,034	(1.5%)	
Cooling Degree Days	1,131	1,000	13.1%		1,779	1,629	9.2%	
<b>Variance from Normal</b>								
Heating Degree Days	(78.3%)	16.7%	n/a		13.3%	14.7%	n/a	
Cooling Degree Days	2.7%	(9.3%)	n/a		5.8%	(2.9%)	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 Florida**  
**Quarterly Highlights**  
**Supplemental Regulated Utilities Electric Information**  
**September 2015**

	Three Months Ended September 30				Nine Months Ended September 30			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWH Sales (1)</b>								
Residential	6,152	6,207	(0.9%)		15,200	14,654	3.7%	
General Service	4,309	4,320	(0.3%)		11,401	11,270	1.2%	
Industrial	861	840	2.5%		2,442	2,444	(0.1%)	
Other Energy Sales	6	6	— %		18	18	— %	
Unbilled Sales	(226)	(270)	16.3%		567	461	23.0%	
<b>Total Regular Electric Sales</b>	<b>11,102</b>	<b>11,103</b>	<b>— %</b>	<b>1.4%</b>	<b>29,628</b>	<b>28,847</b>	<b>2.7%</b>	<b>1.1%</b>
Special Sales	411	447	(8.1%)		1,160	1,204	(3.7%)	
<b>Total Electric Sales - Duke Energy Florida</b>	<b>11,513</b>	<b>11,550</b>	<b>(0.3%)</b>		<b>30,788</b>	<b>30,051</b>	<b>2.5%</b>	
<b>Average Number of Customers</b>								
Residential	1,526,065	1,502,074	1.6%		1,521,345	1,497,535	1.6%	
General Service	193,645	191,274	1.2%		193,161	190,897	1.2%	
Industrial	2,249	2,259	(0.4%)		2,250	2,280	(1.3%)	
Other Energy Sales	1,534	1,547	(0.8%)		1,537	1,553	(1.0%)	
<b>Total Regular Sales</b>	<b>1,723,493</b>	<b>1,697,154</b>	<b>1.6%</b>		<b>1,718,293</b>	<b>1,692,265</b>	<b>1.5%</b>	
Special Sales	14	14	— %		14	15	(6.7%)	
<b>Total Average Number of Customers - Duke Energy Florida</b>	<b>1,723,507</b>	<b>1,697,168</b>	<b>1.6%</b>		<b>1,718,307</b>	<b>1,692,280</b>	<b>1.5%</b>	
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	—	—	— %		373	418	(10.8%)	
Cooling Degree Days	1,487	1,497	(0.7%)		2,977	2,702	10.2%	
<b>Variance from Normal</b>								
Heating Degree Days	— %	— %	n/a		(6.2%)	0.5%	n/a	
Cooling Degree Days	(1.6%)	(0.7%)	n/a		8.8%	(1.3%)	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).

**Duke Energy Ohio  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
September 2015**

	Three Months Ended September 30				Nine Months Ended September 30			
	2015	2014	% Inc. (Dec.) Weather Normal (2)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.) Weather Normal (2)	% Inc. (Dec.) Weather Normal (2)
<b>GWH Sales (1)</b>								
Residential	2,399	2,332	2.9%		6,891	6,924	(0.5%)	
General Service	2,603	2,602	— %		7,281	7,273	0.1%	
Industrial	1,580	1,571	0.6%		4,507	4,501	0.1%	
Other Energy Sales	28	28	— %		82	84	(2.4%)	
Unbilled Sales	(57)	(160)	64.4%		(8)	(242)	96.7%	
<b>Total Regular Electric Sales</b>	<b>6,553</b>	<b>6,373</b>	<b>2.8%</b>	<b>(0.5%)</b>	<b>18,753</b>	<b>18,540</b>	<b>1.1%</b>	<b>— %</b>
Special Sales	145	92	57.6%		945	228	314.5%	
<b>Total Electric Sales - Duke Energy Ohio</b>	<b>6,698</b>	<b>6,465</b>	<b>3.6%</b>		<b>19,698</b>	<b>18,768</b>	<b>5.0%</b>	
<b>Average Number of Customers</b>								
Residential	744,927	739,300	0.8%		746,183	741,316	0.7%	
General Service	87,234	86,456	0.9%		87,203	86,402	0.9%	
Industrial	2,525	2,526	— %		2,531	2,522	0.4%	
Other Energy Sales	3,223	3,184	1.2%		3,215	3,175	1.3%	
<b>Total Regular Sales</b>	<b>837,909</b>	<b>831,466</b>	<b>0.8%</b>		<b>839,132</b>	<b>833,415</b>	<b>0.7%</b>	
Special Sales	1	1	— %		1	1	— %	
<b>Total Average Number of Customers - Duke Energy Ohio</b>	<b>837,910</b>	<b>831,467</b>	<b>0.8%</b>		<b>839,133</b>	<b>833,416</b>	<b>0.7%</b>	
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	21	58	(63.8%)		3,331	3,528	(5.6%)	
Cooling Degree Days	703	629	11.8%		1,094	1,011	8.2%	
<b>Variance from Normal</b>								
Heating Degree Days	(50.0%)	26.1%	n/a		11.3%	16.9%	n/a	
Cooling Degree Days	(13.6%)	(22.3%)	n/a		(7.5%)	(12.8%)	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).

**Duke Energy Ohio  
Quarterly Highlights  
Supplemental Regulated Utilities Gas Information  
September 2015**

	Three Months Ended September 30				Nine Months Ended September 30			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>MCF Sales (1)</b>								
Residential	1,755,562	1,819,907	(3.5%)		28,986,782	31,354,403	(7.6%)	
General Service	1,838,773	1,711,398	7.4%		18,463,853	19,335,821	(4.5%)	
Industrial	1,192,994	1,104,399	8.0%		5,604,282	5,425,634	3.3%	
Other Energy Sales	4,439,138	4,197,435	5.8%		15,194,003	15,616,728	(2.7%)	
Unbilled Sales	24,000	(125,000)	119.2%		(3,221,000)	(5,027,000)	35.9%	
<b>Total Gas Sales - Duke Energy Ohio</b>	<b>9,250,467</b>	<b>8,708,139</b>	<b>6.2%</b>	<b>6.9%</b>	<b>65,027,920</b>	<b>66,705,586</b>	<b>(2.5%)</b>	<b>(0.4%)</b>
<b>Average Number of Customers</b>								
Residential	471,005	468,840	0.5%		474,704	472,600	0.4%	
General Service	41,294	41,505	(0.5%)		43,212	43,379	(0.4%)	
Industrial	1,544	1,558	(0.9%)		1,618	1,627	(0.6%)	
Other Energy Sales	142	149	(4.7%)		143	154	(7.1%)	
<b>Total Average Number of Gas Customers - Duke Energy Ohio</b>	<b>513,985</b>	<b>512,052</b>	<b>0.4%</b>		<b>519,677</b>	<b>517,760</b>	<b>0.4%</b>	
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	21	58	(63.8%)		3,331	3,528	(5.6%)	
Cooling Degree Days	703	629	11.3%		1,094	1,011	8.2%	
<b>Variance from Normal</b>								
Heating Degree Days	(50.0%)	26.1%	n/a		11.3%	16.9%	n/a	
Cooling Degree Days	(13.6%)	(22.3%)	n/a		(7.5%)	(12.8%)	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).

**Duke Energy Indiana  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
September 2015**

	Three Months Ended September 30				Nine Months Ended September 30			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWH Sales (1)</b>								
Residential	2,305	2,184	5.5%		7,112	7,274	(2.2%)	
General Service	2,299	2,264	1.5%		6,368	6,371	— %	
Industrial	2,731	2,758	(1.0%)		7,901	7,982	(1.0%)	
Other Energy Sales	13	12	8.3%		40	39	2.6%	
Unbilled Sales	3	(102)	102.9%		10	(329)	103.0%	
<b>Total Regular Electric Sales</b>	<b>7,351</b>	<b>7,116</b>	<b>3.3%</b>	<b>1.2%</b>	<b>21,431</b>	<b>21,337</b>	<b>0.4%</b>	<b>(0.2%)</b>
Special Sales	1,433	1,108	29.3%		3,786	4,216	(10.2%)	
<b>Total Electric Sales - Duke Energy Indiana</b>	<b>8,784</b>	<b>8,224</b>	<b>6.8%</b>		<b>25,217</b>	<b>25,553</b>	<b>(1.3%)</b>	
<b>Average Number of Customers</b>								
Residential	697,535	689,562	1.2%		698,260	691,815	0.9%	
General Service	100,726	100,428	0.3%		100,566	100,314	0.3%	
Industrial	2,713	2,694	0.7%		2,704	2,711	(0.3%)	
Other Energy Sales	1,578	1,512	4.4%		1,571	1,505	4.4%	
<b>Total Regular Sales</b>	<b>802,552</b>	<b>794,196</b>	<b>1.1%</b>		<b>803,101</b>	<b>796,345</b>	<b>0.8%</b>	
Special Sales	10	6	66.7%		8	6	33.3%	
<b>Total Average Number of Customers - Duke Energy Indiana</b>	<b>802,562</b>	<b>794,202</b>	<b>1.1%</b>		<b>803,109</b>	<b>796,351</b>	<b>0.8%</b>	
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	26	88	(70.5%)		3,715	4,130	(10.0%)	
Cooling Degree Days	706	507	39.3%		1,070	825	29.7%	
<b>Variance from Normal</b>								
Heating Degree Days	(45.7%)	66.0%	n/a		15.9%	28.1%	n/a	
Cooling Degree Days	(12.6%)	36.6%	n/a		(9.5%)	(28.9%)	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 CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
**Three Months Ended September 30, 2015**  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items			Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Edwardsport Settlement	Ash Basin Settlement				
<b>SEGMENT INCOME</b>								
Regulated Utilities	\$ 965	\$ —	\$ (56)B	\$ (4)C	\$ —	\$ —	\$ (60)	\$ 905
International Energy	69	—	—	—	—	—	—	69
Commercial Portfolio	(4)	—	—	—	1D	—	1	(3)
<b>Total Reportable Segment Income</b>	<b>1,030</b>	<b>—</b>	<b>(56)</b>	<b>(4)</b>	<b>1</b>	<b>—</b>	<b>(59)</b>	<b>971</b>
Other	(19)	(15)A	—	—	—	—	(15)	(34)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>1,011</b>	<b>(15)</b>	<b>(56)</b>	<b>(4)</b>	<b>1</b>	<b>—</b>	<b>(74)</b>	<b>937</b>
Discontinued Operations	—	—	—	—	—	(5)E	(5)	(5)
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<b>\$ 1,011</b>	<b>\$ (15)</b>	<b>\$ (56)</b>	<b>\$ (4)</b>	<b>\$ 1</b>	<b>\$ (5)</b>	<b>\$ (79)</b>	<b>\$ 932</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 1.47</b>	<b>\$ (0.02)</b>	<b>\$ (0.08)</b>	<b>\$ (0.01)</b>	<b>\$ —</b>	<b>\$ (0.01)</b>	<b>\$ (0.12)</b>	<b>\$ 1.35</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.47</b>	<b>\$ (0.02)</b>	<b>\$ (0.08)</b>	<b>\$ (0.01)</b>	<b>\$ —</b>	<b>\$ (0.01)</b>	<b>\$ (0.12)</b>	<b>\$ 1.35</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 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.
- 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 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**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
**Nine Months Ended September 30, 2015**  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items				Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Edwardsport Settlement	Midwest Generation Operations	Ash Basin Settlement				
<b>SEGMENT INCOME</b>									
Regulated Utilities	\$ 2,371	\$ —	\$ (56)B	\$ —	\$ (4)D	\$ —	\$ —	\$ (60)	\$ 2,311
International Energy	157	—	—	—	—	—	—	—	157
Commercial Portfolio	99	—	—	(94)C	—	1E	(41)F	(134)	(35)
<b>Total Reportable Segment Income</b>	<b>2,627</b>	<b>—</b>	<b>(56)</b>	<b>(94)</b>	<b>(4)</b>	<b>1</b>	<b>(41)</b>	<b>(194)</b>	<b>2,433</b>
Other	(77)	(42)A	—	—	—	—	—	(42)	(119)
Intercompany Eliminations	—	—	—	—	—	—	(4)G	(4)	(4)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>2,550</b>	<b>(42)</b>	<b>(56)</b>	<b>(94)</b>	<b>(4)</b>	<b>1</b>	<b>(45)</b>	<b>(240)</b>	<b>2,310</b>
Discontinued Operations	—	—	—	94C	—	—	(65)H	29	29
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 2,550</b>	<b>\$ (42)</b>	<b>\$ (56)</b>	<b>\$ —</b>	<b>\$ (4)</b>	<b>\$ 1</b>	<b>\$ (110)</b>	<b>\$ (211)</b>	<b>\$ 2,339</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 3.66</b>	<b>\$ (0.05)</b>	<b>\$ (0.08)</b>	<b>\$ —</b>	<b>\$ (0.01)</b>	<b>\$ —</b>	<b>\$ (0.16)</b>	<b>\$ (0.30)</b>	<b>\$ 3.36</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 3.66</b>	<b>\$ (0.05)</b>	<b>\$ (0.08)</b>	<b>\$ —</b>	<b>\$ (0.01)</b>	<b>\$ —</b>	<b>\$ (0.16)</b>	<b>\$ (0.30)</b>	<b>\$ 3.36</b>

- 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 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.
- 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 TO REPORTED EARNINGS RECONCILIATION**  
**Three Months Ended September 30, 2014**  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items				Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Midwest Generation Operations	Asset Sales	Discontinued Operations		
<b>SEGMENT INCOME</b>							
Regulated Utilities	\$ 920	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 920
International Energy	80	—	—	—	—	—	80
Commercial Portfolio	51	—	(68) <sup>B</sup>	—	—	(68)	(17)
<b>Total Reportable Segment Income</b>	<b>1,051</b>	<b>—</b>	<b>(68)</b>	<b>—</b>	<b>—</b>	<b>(68)</b>	<b>983</b>
Other	(58)	(35) <sup>A</sup>	(8) <sup>B</sup>	9 <sup>D</sup>	—	(34)	(92)
Intercompany Eliminations	—	—	—	—	(3) <sup>E</sup>	(3)	(3)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>993</b>	<b>(35)</b>	<b>(76)</b>	<b>9</b>	<b>(3)</b>	<b>(105)</b>	<b>888</b>
Discontinued Operations	—	—	76 <sup>B</sup>	—	310 <sup>C</sup>	386	386
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 993</b>	<b>\$ (35)</b>	<b>\$ —</b>	<b>\$ 9</b>	<b>\$ 307</b>	<b>\$ 281</b>	<b>\$ 1,274</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 1.40</b>	<b>\$ (0.05)</b>	<b>\$ —</b>	<b>\$ 0.01</b>	<b>\$ 0.44</b>	<b>\$ 0.40</b>	<b>\$ 1.80</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.40</b>	<b>\$ (0.05)</b>	<b>\$ —</b>	<b>\$ 0.01</b>	<b>\$ 0.44</b>	<b>\$ 0.40</b>	<b>\$ 1.80</b>

- A - Net of \$21 million tax benefit, \$4 million recorded as a decrease in Operating Revenues, \$51 million recorded in Operating Expenses and \$1 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations.
- B - Midwest Generation Operations reclassifies the operating results of the nonregulated Midwest generation business that had been classified as discontinued operations after adjustment for special items and economic hedges from discontinued operations to the Commercial Power segment (net of \$32 million tax benefit) and Other segment (net of \$10 million tax expense).
- C - Recorded in Income (loss) From Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations. Includes the adjustment to the impairment of the nonregulated Midwest generation business and the mark-to-market of economic hedges of the nonregulated Midwest generation business.
- D - Net of \$5 million tax expense. Recorded in Other Income and Expenses on the Condensed Consolidated Statements of Operations.
- E - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	707
Diluted	707

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
**Nine Months Ended September 30, 2014**  
**(Dollars in millions, except per-share amounts)**

	Adjusted Earnings	Special Items				Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Asset Impairment	Midwest Generation Operations	Asset Sales				
<b>SEGMENT INCOME</b>									
Regulated Utilities	\$ 2,346	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,346	
International Energy	356	—	—	—	—	—	—	356	
Commercial Portfolio	77	—	(59) <sup>F</sup>	(82) <sup>C</sup>	—	(6) <sup>B</sup>	—	(147)	
<b>Total Reportable Segment Income</b>	<b>2,779</b>	<b>—</b>	<b>(59)</b>	<b>(82)</b>	<b>—</b>	<b>(6)</b>	<b>—</b>	<b>(147)</b>	
Other	(171)	(107) <sup>A</sup>	—	—	9 <sup>E</sup>	—	—	(98)	
Intercompany Eliminations	—	—	—	—	—	—	(7) <sup>G</sup>	(7)	
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>2,608</b>	<b>(107)</b>	<b>(59)</b>	<b>(82)</b>	<b>9</b>	<b>(6)</b>	<b>(7)</b>	<b>(252)</b>	
Discontinued Operations	—	—	—	82 <sup>C</sup>	—	—	(652) <sup>D</sup>	(570)	
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 2,608</b>	<b>\$ (107)</b>	<b>\$ (59)</b>	<b>\$ —</b>	<b>\$ 9</b>	<b>\$ (6)</b>	<b>\$ (659)</b>	<b>\$ (822)</b>	
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 3.69</b>	<b>\$ (0.15)</b>	<b>\$ (0.08)</b>	<b>\$ —</b>	<b>\$0.01</b>	<b>\$ (0.01)</b>	<b>\$ (0.94)</b>	<b>\$ (1.17)</b>	
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 3.69</b>	<b>\$ (0.15)</b>	<b>\$ (0.08)</b>	<b>\$ —</b>	<b>\$0.01</b>	<b>\$ (0.01)</b>	<b>\$ (0.94)</b>	<b>\$ (1.17)</b>	

- A - Net of \$65 million tax benefit. \$5 million recorded as a decrease in Operating Revenues, \$165 million recorded within Operating Expenses and \$2 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations.
- B - Net of \$3 million tax benefit. Recorded within Operating Revenues on the Condensed Consolidated Statements of Operations.
- C - Midwest Generation Operations reclassifies the operating results of the nonregulated Midwest generation business that had been classified as discontinued operations after adjustment for special items and economic hedges from discontinued operations to the Commercial Power segment (net of \$51 million tax benefit).
- D - Recorded in Income (loss) From Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations. Includes the impairment of the nonregulated Midwest generation business and the mark-to-market of economic hedges of the nonregulated Midwest generation business.
- E - Net of \$5 million tax expense. Recorded in Other Income and Expenses on the Condensed Consolidated Statements of Operations.
- F - Net of \$35 million tax benefit. Recorded in impairment charges on the Condensed Consolidated Statements of Operations.
- G - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.

**Weighted Average Shares (reported and adjusted) - in millions**

Basic	707
Diluted	707

\* 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 and also relate to existing derivative positions that may have tenors beyond the planned disposal date of the nonregulated Midwest generation business. 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. However, due to the divestiture of the nonregulated Midwest generation business as mentioned above, certain derivative positions have tenors beyond the planned disposal date of these assets. As such, management has excluded settlements of these derivative positions from adjusted diluted EPS as these realized gains and losses more closely relate to the loss on disposal of these assets. 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, 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>Adjusted Earnings, Pre-Tax Income*</b>	\$1,480		\$3,752	
Midwest Generation Operations	—		(147)	
Edwardsport Settlement	(90)		(90)	
Costs to Achieve, Progress Energy Merger	(24)		(67)	
Ash Basin Settlement	(7)		(7)	
Economic Hedges (Mark-to-Market)	1		1	
Intercompany Eliminations	—		(4)	
<b>Reported Income From Continuing Operations Before Income Taxes</b>	<b>\$1,360</b>		<b>\$3,438</b>	
<b>Adjusted Tax Expense*</b>	<b>\$ 466</b>	<b>31%**</b>	<b>\$1,192</b>	<b>32%**</b>
Tax Adjustment Related to Midwest Generation Sale	—		41	
Midwest Generation Operations	—		(53)	
Edwardsport Settlement	(34)		(34)	
Costs to Achieve, Progress Energy Merger	(9)		(25)	
Ash Basin Settlement	(3)		(3)	
Intercompany Eliminations	—		—	
<b>Reported Income Tax Expense From Continuing Operations</b>	<b>\$ 420</b>	<b>31%</b>	<b>\$1,118</b>	<b>33%</b>

\* Includes amounts attributable to noncontrolling interests

\*\* Adjusted effective tax rate is a non-GAAP financial measure as the rate is calculated using a 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, 2014**  
(Dollars in Millions)

	Three Months Ended September 30, 2014		Nine Months Ended September 30, 2014	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Adjusted Earnings, Pre-Tax Income*</b>	<u>\$1,491</u>		<u>\$3,842</u>	
Costs to Achieve, Progress Energy Merger	(56)		(172)	
Midwest Generation Operations	(98)		(133)	
Asset Impairment	—		(94)	
Economic Hedges (Mark-to-Market)	—		(9)	
Asset Sales	14		14	
<b>Reported Income From Continuing Operations Before Income Taxes</b>	<u>\$1,351</u>		<u>\$3,448</u>	
<b>Adjusted Tax Expense*</b>	\$ 498	34%**	\$1,230	32%**
Costs to Achieve, Progress Energy Merger	(21)		(65)	
Midwest Generation Operations	(22)		(51)	
Asset Impairment	—		(35)	
Economic Hedges (Mark-to-Market)	—		(3)	
Asset Sales	5		5	
<b>Reported Income Tax Expense From Continuing Operations</b>	<u>\$ 460</u>	34%	<u>\$1,081</u>	31%

\* Includes amounts attributable to noncontrolling interests

\*\* Adjusted effective tax rate is a non-GAAP financial measure as the rate is calculated using a 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

**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 19, 2015

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 704-382-6200	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> (formerly DUKE ENERGY PROGRESS, INC.) (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, INC.</b> (an Indiana corporation) 1000 East Main Street Plainfield, Indiana 46168 704-382-3853 35-0594457
1-3274	<b>DUKE ENERGY FLORIDA, LLC</b> (formerly DUKE ENERGY FLORIDA, INC.) (a Florida limited liability company) 299 First Avenue North St. Petersburg, Florida 33701 704-382-3853 59-0247770		

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.

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

(d) *Exhibits.*

99.1 Third Quarter 2015 Statistical Supplement

---

**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  
DUKE ENERGY CAROLINAS, LLC  
DUKE ENERGY PROGRESS, LLC  
DUKE ENERGY FLORIDA, LLC  
DUKE ENERGY OHIO, INC.  
DUKE ENERGY INDIANA, INC.**

Date: November 19, 2015

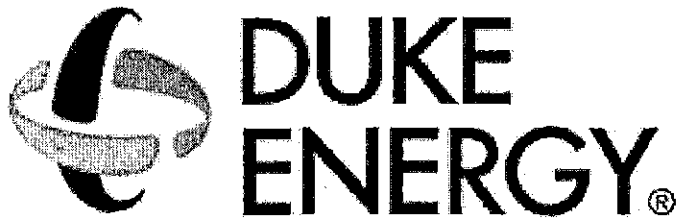
By: /s/ Brian D. Savoy  
Name: Brian D. Savoy  
Title: Senior Vice President, Chief Accounting Officer and Controller

---



**EXHIBIT INDEX**

<u>Exhibit</u>	<u>Description</u>
99.1	Third Quarter 2015 Statistical Supplement



## 3rd Quarter 2015 Statistical Supplement

---

**Table of Contents**

**DUKE ENERGY CORPORATION (Unaudited)**

3 Consolidating Statements of Operations

5 Consolidating Balance Sheets

**REGULATED UTILITIES (Unaudited)**

7 Consolidating Segment Income

9 Consolidating Balance Sheets

11 Operating Statistics (Regulated Utilities)

13 Operating Statistics (Duke Energy Carolinas)

15 Operating Statistics (Duke Energy Progress)

17 Operating Statistics (Duke Energy Florida)

19 Operating Statistics (Duke Energy Ohio - Electric)

Operating Statistics (Duke Energy Ohio - Natural  
21 Gas)

22 Operating Statistics (Duke Energy Indiana)

**DUKE ENERGY OHIO SUPPLEMENT (Unaudited)**

24 Consolidating Statements of Operations

---

DUKE ENERGY CORPORATION  
Consolidating Statements of Operations  
(Unaudited)

Nine Months Ended September 30, 2015						
(in millions)	Regulated Utilities	International Energy	Commercial Portfolio <sup>(a)</sup>	Other	Eliminations / Adjustments	Duke Energy
<b>Operating Revenues</b>						
Regulated electric	\$ 16,670	\$ —	\$ —	\$ 3	\$ (109)	\$ 16,564
Nonregulated electric and other	—	841	214	75	27	1,157
Regulated natural gas	420	—	—	—	(4)	416
Total operating revenues	17,090	841	214	78	(86)	18,137
<b>Operating Expenses</b>						
Fuel used in electric generation and purchased power - regulated	5,775	—	—	—	—	5,775
Fuel used in electric generation and purchased power - nonregulated	—	262	14	7	—	283
Cost of natural gas and other	117	42	—	—	(1)	158
Operation, maintenance and other	3,910	247	149	47	(79)	4,274
Depreciation and amortization	2,096	69	77	99	—	2,341
Property and other taxes	798	5	15	19	(1)	836
Impairment charges <sup>(b)</sup>	93	14	—	5	(1)	111
Total operating expenses	12,789	639	255	177	(82)	13,778
Gains (Loss) on Sales of Other Assets and Other, net	10	(1)	6	16	—	31
Operating income (Loss)	4,311	201	(35)	(83)	(4)	4,390
Other Income and Expenses	187	69	(3)	8	(5)	256
Interest Expense	829	66	33	285	(5)	1,208
Income (Loss) from Continuing Operations Before Income Taxes	3,669	204	(71)	(360)	(4)	3,438
Income Tax Expense (Benefit) from Continuing Operations <sup>(c)</sup>	1,358	44	(35)	(249)	—	1,118
Income (Loss) from Continuing Operations	2,311	160	(36)	(111)	(4)	2,320
Less: Net Income (Loss) Attributable to Noncontrolling Interest	—	3	(1)	8	—	10
Segment Income (Loss) / Net Expense	\$ 2,311	\$ 157	\$ (35)	\$ (119)	\$ (4)	\$ 2,310
Income from Discontinued Operations, net of tax <sup>(d)</sup>						29
Net Income Attributable to Duke Energy Corporation						\$ 2,339

- (a) Subsequent to the sale of the nonregulated Midwest generation business, certain immaterial results of operations previously presented in Commercial Portfolio are presented in Regulated Utilities and Other.
- (b) The amount for Regulated Utilities includes a pretax charge of \$85 million related to the Edwardsport settlement.
- (c) The amount for Regulated Utilities includes a tax benefit of \$34 million related to the Edwardsport settlement. The amount for Commercial Portfolio includes state tax expense of \$41 million, resulting from changes to state apportionment factors due to the sale of the nonregulated Midwest generation business, that does not qualify for discontinued operations.
- (d) Includes the after-tax impact of \$53 million for the settlement agreement reached in a lawsuit related to the nonregulated Midwest generation business.

DUKE ENERGY CORPORATION  
Consolidating Statements of Operations  
(Unaudited)

(in millions)	Nine Months Ended September 30, 2014					
	Regulated Utilities	International Energy	Commercial Portfolio	Other	Eliminations / Adjustments	Duke Energy
<b>Operating Revenues</b>						
Regulated electric	\$ 16,656	\$ —	\$ —	\$ (3)	\$ (104)	\$ 16,549
Nonregulated electric and other	—	1,111	195	82	15	1,403
Regulated natural gas	418	—	—	—	(4)	414
Total operating revenues	17,074	1,111	195	79	(93)	18,366
<b>Operating Expenses</b>						
Fuel used in electric generation and purchased power - regulated	5,940	—	—	—	—	5,940
Fuel used in electric generation and purchased power - nonregulated	—	365	24	26	(5)	410
Cost of natural gas and other	129	51	—	1	—	181
Operation, maintenance and other	3,748	263	154	168	(79)	4,254
Depreciation and amortization	2,075	74	70	86	—	2,305
Property and other taxes	913	7	13	3	—	936
Impairment charges <sup>(a)</sup>	2	—	94	(15)	—	81
Total operating expenses	12,807	760	355	269	(84)	14,107
Gains on Sales of Other Assets and Other, net	2	7	—	2	—	11
Operating Income (Loss)	4,269	358	(160)	(188)	(9)	4,270
Other Income and Expenses	206	152	15	33	(16)	390
Interest Expense	816	71	41	302	(18)	1,212
Income (Loss) from Continuing Operations Before Income Taxes	3,659	439	(186)	(457)	(7)	3,448
Income Tax Expense (Benefit) from Continuing Operations	1,313	74	(116)	(190)	—	1,081
Income (Loss) from Continuing Operations	2,346	365	(70)	(267)	(7)	2,367
Less: Net Income Attributable to Noncontrolling Interest	—	9	—	2	—	11
Segment Income (Loss) / Net Expense	\$ 2,346	\$ 356	\$ (70)	\$ (269)	\$ (7)	\$ 2,356
Loss from Discontinued Operations, net of tax						(570)
Net Income Attributable to Duke Energy Corporation						\$ 1,786

(a) The impairment charge for Commercial Portfolio relates to OVEC.

DUKE ENERGY CORPORATION  
Consolidating Balance Sheets - Assets  
(Unaudited)

(in millions)	September 30, 2015					
	Regulated Utilities	International Energy	Commercial Portfolio	Other	Eliminations / Adjustments	Duke Energy
<b>Current Assets</b>						
Cash and cash equivalents	\$ 424	\$ 710	\$ 17	\$ 219	\$ —	\$ 1,370
Receivables, net	447	236	3	36	—	722
Restricted receivables of variable interest entities, net	2,003	—	13	21	—	2,037
Receivables from affiliated companies	121	117	487	2,860	(3,585)	—
Notes receivable from affiliated companies	840	—	—	49	(889)	—
Inventory	3,438	66	8	25	—	3,537
Regulatory assets	890	—	—	73	—	963
Other	682	41	227	636	(20)	1,566
<b>Total current assets</b>	<b>8,845</b>	<b>1,170</b>	<b>755</b>	<b>3,919</b>	<b>(4,494)</b>	<b>10,195</b>
<b>Investments and Other Assets</b>						
Investments in equity method unconsolidated affiliates	3	81	390	27	—	501
Investments and advances to (from) subsidiaries	50	(22)	(61)	50,081	(50,048)	—
Nuclear decommissioning trust funds	5,566	—	—	—	—	5,566
Goodwill	15,950	274	88	—	—	16,312
Other	2,043	383	76	1,178	(475)	3,205
<b>Total investments and other assets</b>	<b>23,612</b>	<b>716</b>	<b>493</b>	<b>51,286</b>	<b>(50,523)</b>	<b>25,584</b>
<b>Property, Plant and Equipment</b>						
Cost	102,890	2,854	3,394	1,657	—	110,795
Accumulated depreciation and amortization	(35,202)	(921)	(412)	(944)	—	(37,479)
Generation facilities to be retired, net	460	—	—	—	—	460
<b>Net property, plant and equipment</b>	<b>68,148</b>	<b>1,933</b>	<b>2,982</b>	<b>713</b>	<b>—</b>	<b>73,776</b>
<b>Regulatory Assets and Deferred Debits</b>						
Regulatory assets	10,836	—	—	454	—	11,290
Other	105	6	37	40	—	188
<b>Total regulatory assets and deferred debits</b>	<b>10,941</b>	<b>6</b>	<b>37</b>	<b>494</b>	<b>—</b>	<b>11,478</b>
<b>Total Assets</b>	<b>111,546</b>	<b>3,825</b>	<b>4,267</b>	<b>56,412</b>	<b>(55,017)</b>	<b>121,033</b>
Segment reclassifications, intercompany balances and other	(1,026)	(95)	(426)	(53,655)	55,202	—
<b>Reportable Segment Assets</b>	<b>\$ 110,520</b>	<b>\$ 3,730</b>	<b>\$ 3,841</b>	<b>\$ 2,757</b>	<b>\$ 185</b>	<b>\$ 121,033</b>

DUKE ENERGY CORPORATION  
Consolidating Balance Sheets - Liabilities and Equity  
(Unaudited)

(In millions)	September 30, 2015					
	Regulated Utilities	International Energy	Commercial Portfolio	Other	Eliminations / Adjustments	Duke Energy
<b>Current Liabilities</b>						
Accounts payable	\$ 1,681	\$ 50	\$ 33	\$ 314	\$ —	\$ 2,078
Accounts payable to affiliated companies	3,203	6	34	237	(3,480)	—
Notes payable to affiliated companies	49	—	—	840	(889)	—
Notes payable and commercial paper	—	—	—	2,419	—	2,419
Taxes accrued	674	1,151	(218)	(979)	—	628
Interest accrued	375	17	—	91	—	483
Current maturities of long-term debt	2,089	47	73	327	—	2,536
Regulatory liabilities	312	—	—	8	—	320
Other	1,502	150	42	483	(125)	2,052
Total current liabilities	9,885	1,421	(36)	3,740	(4,494)	10,516
<b>Long-Term Debt</b>	25,780	854	916	10,117	—	37,667
<b>Notes Payable to Affiliated Companies</b>	475	—	—	—	(475)	—
<b>Deferred Credits and Other Liabilities</b>						
Deferred income taxes	14,965	(603)	525	(888)	—	13,999
Investment tax credits	416	—	—	—	—	416
Accrued pension and other post-retirement benefit costs	724	1	—	405	—	1,130
Asset retirement obligations	9,657	6	49	1	—	9,713
Regulatory liabilities	6,147	—	—	(18)	—	6,129
Other	1,082	75	64	376	(2)	1,595
Total deferred credits and other liabilities	32,991	(521)	638	(124)	(2)	32,982
<b>Equity</b>						
Total Duke Energy Corporation stockholders' equity	42,415	2,033	2,749	42,692	(50,057)	39,832
Noncontrolling interests	—	38	—	(13)	11	36
Total equity	42,415	2,071	2,749	42,679	(50,046)	39,868
<b>Total Liabilities and Equity</b>	111,546	3,825	4,267	56,412	(55,017)	121,033
Segment reclassifications, intercompany balances and other	(1,026)	(95)	(426)	(53,655)	55,202	—
<b>Reportable Segment Liabilities and Equity</b>	\$ 110,520	\$ 3,730	\$ 3,841	\$ 2,757	\$ 185	\$ 121,033

REGULATED UTILITIES  
Consolidating Segment Income  
(Unaudited)

(In millions)	Nine Months Ended September 30, 2015						
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Eliminations / Adjustments	Regulated Utilities
<b>Operating Revenues</b>							
Regulated electric	\$ 5,669	\$ 4,130	\$ 3,803	\$ 1,005	\$ 2,223	\$ (160)	\$ 16,670
Regulated natural gas	—	—	—	419	—	1	420
Total operating revenues	5,669	4,130	3,803	1,424	2,223	(159)	17,090
<b>Operating Expenses</b>							
Fuel used in electric generation and purchased power	1,553	1,608	1,665	350	779	(180)	5,775
Cost of natural gas	—	—	—	116	—	1	117
Operation, maintenance and other	1,424	1,046	583	332	516	9	3,910
Depreciation and amortization	779	462	369	172	320	(6)	2,096
Property and other taxes	204	102	265	187	41	(1)	798
Impairment charges <sup>(a)</sup>	—	—	7	—	85	1	93
Total operating expenses	3,960	3,218	2,889	1,157	1,741	(176)	12,789
<b>Gains on Sales of Other Assets and Other, net</b>							
	—	2	—	8	—	—	10
<b>Operating Income</b>	1,709	914	914	275	482	17	4,311
<b>Other Income and Expenses<sup>(b)</sup></b>	125	49	12	(2)	9	(6)	187
<b>Interest Expense</b>	313	175	149	58	132	2	829
<b>Income from Continuing Operations Before Income Taxes</b>							
	1,521	788	777	215	359	9	3,669
<b>Income Tax Expense<sup>(c)</sup></b>	553	279	274	80	131	41	1,358
<b>Segment Income</b>	\$ 968	\$ 509	\$ 503	\$ 135	\$ 228	\$ (32)	\$ 2,311

(a) The amount for Duke Energy Indiana relates to the Edwardsport settlement.

(b) Includes an equity component of allowance for funds used during construction of \$73 million for Duke Energy Carolinas, \$35 million for Duke Energy Progress, \$4 million for Duke Energy Florida, \$2 million for Duke Energy Ohio, and \$9 million for Duke Energy Indiana.

(c) The amount for Duke Energy Indiana includes a \$34 million tax benefit related to the Edwardsport settlement.



REGULATED UTILITIES  
Consolidating Segment Income  
(Unaudited)

Nine Months Ended September 30, 2014							
(in millions)	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Eliminations / Adjustments	Regulated Utilities
<b>Operating Revenues</b>							
Regulated electric	\$ 5,697	\$ 3,982	\$ 3,832	\$ 999	\$ 2,383	\$ (237)	\$ 16,656
Regulated natural gas	—	—	—	418	—	—	418
Total operating revenues	5,697	3,982	3,832	1,417	2,383	(237)	17,074
<b>Operating Expenses</b>							
Fuel used in electric generation and purchased power	1,669	1,566	1,655	360	945	(255)	5,940
Cost of natural gas	—	—	—	129	—	—	129
Operation, maintenance and other	1,329	1,033	600	310	469	7	3,748
Depreciation and amortization	750	441	410	165	309	—	2,075
Property and other taxes	263	150	266	167	69	(2)	913
Impairment charges	—	—	2	—	—	—	2
Total operating expenses	4,011	3,190	2,933	1,131	1,792	(250)	12,807
Gains on Sales of Other Assets and Other, net	—	1	—	—	—	1	2
Operating Income	1,686	793	899	286	591	14	4,269
Other Income and Expenses <sup>(a)</sup>	137	34	17	9	16	(7)	206
Interest Expense	307	172	150	60	127	—	816
Income from Continuing Operations Before Income Taxes	1,516	655	766	235	480	7	3,659
Income Tax Expense	516	241	295	84	169	8	1,313
Segment Income	\$ 1,000	\$ 414	\$ 471	\$ 151	\$ 311	\$ (1)	\$ 2,346

(a) Contains equity component of allowance for funds used during construction of \$68 million for Duke Energy Carolinas, \$17 million for Duke Energy Progress, \$1 million for Duke Energy Florida, \$3 million for Duke Energy Ohio, and \$10 million for Duke Energy Indiana.

REGULATED UTILITIES  
Consolidating Balance Sheets - Assets  
(Unaudited)

(in millions)	September 30, 2015							Regulated Utilities
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Eliminations / Adjustments <sup>(a)</sup>		
<b>Current Assets</b>								
Cash and cash equivalents	\$ 198	\$ 123	\$ 16	\$ 24	\$ 62	\$ 1	\$	424
Receivables, net	110	63	107	76	90	1		447
Restricted receivables of variable interest entities, net	687	468	395	—	—	453		2,003
Receivables from affiliated companies	75	6	98	24	66	(148)		121
Notes receivable from affiliated companies	699	307	—	—	166	(332)		840
Inventory	1,167	986	618	103	564	—		3,438
Regulatory assets	322	333	108	23	97	7		890
Other	164	51	197	77	167	26		682
Total current assets	3,422	2,337	1,539	327	1,212	8		8,845
<b>Investments and Other Assets</b>								
Investments in equity method unconsolidated affiliates	—	1	2	—	—	—		3
Investments and advances to subsidiaries	13	36	2	—	—	(1)		50
Nuclear decommissioning trust funds	2,953	1,943	669	—	—	1		5,566
Goodwill	—	—	—	920	—	15,030		15,950
Other	1,018	482	306	28	239	(30)		2,043
Total investments and other assets	3,984	2,462	979	948	239	15,000		23,612
<b>Property, Plant and Equipment</b>								
Cost	38,653	26,919	15,011	7,649	13,765	893		102,890
Accumulated depreciation and amortization	(13,445)	(10,207)	(4,648)	(2,474)	(4,425)	(3)		(35,202)
Generation facilities to be retired, net	—	460	—	—	—	—		460
Net property, plant and equipment	25,208	17,172	10,363	5,175	9,340	890		68,148
<b>Regulatory Assets and Deferred Debits</b>								
Regulatory assets	2,741	2,773	2,719	503	645	1,455		10,836
Other	44	41	35	8	22	(45)		105
Total regulatory assets and deferred debits	2,785	2,814	2,754	511	667	1,410		10,941
<b>Total Assets</b>	<b>35,399</b>	<b>24,785</b>	<b>15,635</b>	<b>6,961</b>	<b>11,458</b>	<b>17,308</b>		<b>111,546</b>
Intercompany balances and other	(152)	(150)	(80)	—	(40)	(604)		(1,026)
<b>Reportable Segment Assets</b>	<b>\$ 35,247</b>	<b>\$ 24,635</b>	<b>\$ 15,555</b>	<b>\$ 6,961</b>	<b>\$ 11,418</b>	<b>\$ 16,704</b>		<b>\$ 110,520</b>

(a) Includes the elimination of intercompany balances, purchase accounting adjustments and restricted receivables related to Cinergy Receivables Company.

REGULATED UTILITIES  
Consolidating Balance Sheets - Liabilities and Equity  
(Unaudited)

(In millions)	September 30, 2015							Regulated Utilities
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio	Duke Energy Indiana	Eliminations / Adjustments <sup>(a)</sup>		
<b>Current Liabilities</b>								
Accounts payable	\$ 623	\$ 381	\$ 316	\$ 211	\$ 149	\$ 1	\$ 1,681	
Accounts payable to affiliated companies	139	138	78	14	2	2,832	3,203	
Notes payable to affiliated companies	—	—	245	134	—	(330)	49	
Taxes accrued	337	83	111	93	43	7	674	
Interest accrued	146	86	62	28	53	—	375	
Current maturities of long-term debt	506	402	563	56	480	82	2,089	
Regulatory liabilities	36	80	113	17	67	(1)	312	
Other	416	376	553	68	89	—	1,502	
<b>Total current liabilities</b>	<b>2,203</b>	<b>1,546</b>	<b>2,041</b>	<b>621</b>	<b>883</b>	<b>2,591</b>	<b>9,885</b>	
<b>Long-Term Debt</b>	<b>8,078</b>	<b>6,449</b>	<b>4,287</b>	<b>1,524</b>	<b>3,160</b>	<b>2,282</b>	<b>25,780</b>	
<b>Long-Term Debt Payable to Affiliated Companies</b>	<b>300</b>	<b>—</b>	<b>—</b>	<b>25</b>	<b>150</b>	<b>—</b>	<b>475</b>	
<b>Deferred Credits and Other Liabilities</b>								
Deferred income taxes	6,081	3,089	2,598	1,384	1,774	39	14,965	
Investment tax credits	200	74	—	4	138	—	416	
Accrued pension and other post-retirement benefit costs	107	277	249	49	83	(41)	724	
Asset retirement obligations	3,599	4,489	732	143	449	245	9,657	
Regulatory liabilities	2,747	1,825	556	258	758	3	6,147	
Other	619	47	156	162	107	(9)	1,082	
<b>Total deferred credits and other liabilities</b>	<b>13,353</b>	<b>9,801</b>	<b>4,291</b>	<b>2,000</b>	<b>3,309</b>	<b>237</b>	<b>32,991</b>	
<b>Equity</b>	<b>11,465</b>	<b>6,989</b>	<b>5,016</b>	<b>2,791</b>	<b>3,956</b>	<b>12,198</b>	<b>42,415</b>	
<b>Total Liabilities and Equity</b>	<b>35,399</b>	<b>24,785</b>	<b>15,635</b>	<b>6,961</b>	<b>11,458</b>	<b>17,308</b>	<b>111,546</b>	
Intercompany balances and other	(152)	(150)	(80)	—	(40)	(604)	(1,026)	
<b>Reportable Segment Liabilities and Equity</b>	<b>\$ 35,247</b>	<b>\$ 24,635</b>	<b>\$ 15,555</b>	<b>\$ 6,961</b>	<b>\$ 11,418</b>	<b>\$ 16,704</b>	<b>\$ 110,520</b>	

(a) Includes the elimination of intercompany balances, purchase accounting adjustments and restricted receivables related to Cinergy Receivables Company.

REGULATED UTILITIES  
Operating Statistics (Regulated Utilities)  
(Unaudited)

	Nine Months Ended September 30,	
	2015	2014
<b>Sources of Electric Energy (GWh)</b>		
Generated - net output <sup>(e)</sup>		
Coal	62,433	69,281
Nuclear	52,580	51,239
Hydro	1,025	1,701
Oil and natural gas	46,054	38,060
Renewable energy	10	11
<b>Total generation <sup>(b)</sup></b>	<b>162,102</b>	<b>160,292</b>
Purchased power and net interchange <sup>(c)</sup>	24,461	22,210
<b>Total sources of energy</b>	<b>186,563</b>	<b>182,502</b>
Less: Line loss and company usage	9,128	8,841
<b>Total GWh Sources</b>	<b>177,435</b>	<b>173,661</b>
<b>Electric Energy Sales (GWh) <sup>(d)</sup></b>		
Residential	66,195	65,064
General service	59,124	58,366
Industrial	39,370	38,973
Other energy and wholesale	29,001	27,633
Change in unbilled	(476)	(920)
<b>Total GWh Sales</b>	<b>193,214</b>	<b>189,116</b>
<b>Owned MW Capacity <sup>(a)</sup></b>		
Summer	50,081	49,471
Winter	53,346	52,790
<b>Nuclear Capacity Factor (%) <sup>(e)</sup></b>	<b>95</b>	<b>93</b>

- (a) Statistics reflect Duke Energy's ownership share of jointly owned stations.
- (b) Generation by source is reported net of auxiliary power.
- (c) Purchased power includes renewable energy purchases.
- (d) 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.
- (e) Statistics reflect 100% of jointly owned stations.

**Note:** Total GWh Sources will not equal Total GWh Sales. Sales include Duke Energy Ohio's retail sales fulfilled through auction purchases under the current ESP.

REGULATED UTILITIES  
Operating Statistics (Regulated Utilities)  
(Unaudited)

	Nine Months Ended September 30,	
	2015	2014
<b>Revenues from Generation, Transmission and Distribution of Electricity (in millions)</b>		
Residential	\$ 7,325	\$ 7,213
General service	4,844	4,876
Industrial	2,383	2,397
Other energy and wholesale <sup>(a)</sup>	1,645	1,716
Change in unbilled	(68)	(67)
<b>Total Revenues</b>	<b>\$ 16,129</b>	<b>\$ 16,135</b>
<b>Average Number of Customers</b>		
Residential	6,351,973	6,271,001
General service	951,350	941,839
Industrial	18,150	18,315
Other energy and wholesale	23,087	22,641
<b>Total Average Number of Customers</b>	<b>7,344,560</b>	<b>7,253,796</b>

(a) Net of Joint Dispatch Agreement intercompany sales.

REGULATED UTILITIES  
Operating Statistics (Duke Energy Carolinas)  
(Unaudited)

	Nine Months Ended September 30,	
	2015	2014
<b>Sources of Electric Energy (GWh)</b>		
Generated - net output <sup>(a)</sup>		
Coal	22,127	25,684
Nuclear	34,110	32,710
Hydro	436	939
Oil and natural gas	7,936	6,029
Renewable energy	10	11
Total generation <sup>(b)</sup>	64,619	65,373
Purchased power and net interchange <sup>(c)</sup>	6,988	5,884
Total sources of energy	71,607	71,257
Less: Line loss and company usage	4,096	3,907
<b>Total GWh Sources</b>	<b>67,511</b>	<b>67,350</b>
<b>Electric Energy Sales (GWh) <sup>(d)</sup></b>		
Residential	22,445	21,937
General service	22,074	21,685
Industrial	16,730	16,230
Other energy and wholesale	6,955	7,990
Change in unbilled	(693)	(492)
<b>Total GWh Sales</b>	<b>67,511</b>	<b>67,350</b>
<b>Owned MW Capacity <sup>(e)</sup></b>		
Summer	19,645	19,789
Winter	20,360	20,496
<b>Nuclear Capacity Factor (%) <sup>(e)</sup></b>	<b>97</b>	<b>94</b>

- (a) Statistics reflect Duke Energy Carolinas' ownership share of jointly owned stations.
- (b) Generation by source is reported net of auxiliary power.
- (c) Purchased power includes renewable energy purchases.
- (d) 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.
- (e) Statistics reflect 100% of jointly owned stations.

REGULATED UTILITIES  
Operating Statistics (Duke Energy Carolinas)  
(Unaudited)

	Nine Months Ended September 30,	
	2015	2014
<b>Revenues from Generation, Transmission and Distribution of Electricity (in millions)</b>		
Residential	\$ 2,389	\$ 2,306
General service	1,756	1,744
Industrial	1,007	960
Other energy and wholesale	432	478
Change in unbilled	(50)	(38)
<b>Total Revenues</b>	<b>\$ 5,534</b>	<b>\$ 5,450</b>
<b>Average Number of Customers</b>		
Residential	2,113,735	2,085,703
General service	344,699	341,246
Industrial	6,444	6,524
Other energy and wholesale	15,039	14,642
<b>Total Average Number of Customers</b>	<b>2,479,917</b>	<b>2,448,115</b>

REGULATED UTILITIES  
Operating Statistics (Duke Energy Progress)  
(Unaudited)

	Nine Months Ended September 30,	
	2015	2014
<b>Sources of Electric Energy (GWh)</b>		
Generated - net output <sup>(a)</sup>		
Coal	11,454	12,074
Nuclear	18,470	18,529
Hydro	389	560
Oil and natural gas	17,183	13,365
Total generation <sup>(b)</sup>	47,496	44,528
Purchased power and net interchange <sup>(c)</sup>	4,627	4,841
Total sources of energy	52,123	49,369
Less: Line loss and company usage	2,123	1,975
Total GWh Sources	50,000	47,394
<b>Electric Energy Sales (GWh) <sup>(d)</sup></b>		
Residential	14,547	14,275
General service	12,000	11,767
Industrial	7,790	7,816
Other energy and wholesale	16,015	13,854
Change in unbilled	(352)	(318)
Total GWh Sales	50,000	47,394
<b>Owned MW Capacity <sup>(e)</sup></b>		
Summer	12,923	12,221
Winter	14,042	13,334
<b>Nuclear Capacity Factor (%) <sup>(e)</sup></b>	89	93

- (a) Statistics reflect Duke Energy Progress' ownership share of jointly owned stations.
- (b) Generation by source is reported net of auxiliary power.
- (c) Purchased power includes renewable energy purchases.
- (d) 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.
- (e) Statistics reflect 100% of jointly owned stations.



REGULATED UTILITIES  
Operating Statistics (Duke Energy Progress)  
(Unaudited)

	Nine Months Ended September 30,	
	2015	2014
<b>Revenues from Generation, Transmission and Distribution of Electricity (in millions)</b>		
Residential	\$ 1,565	\$ 1,497
General service	1,036	1,004
Industrial	508	510
Other energy and wholesale	915	867
Change in unbilled	(16)	(19)
<b>Total Revenues</b>	<b>\$ 4,008</b>	<b>\$ 3,859</b>
<b>Average Number of Customers</b>		
Residential	1,272,450	1,254,632
General service	225,721	222,980
Industrial	4,221	4,278
Other energy and wholesale	1,702	1,744
<b>Total Average Number of Customers</b>	<b>1,504,094</b>	<b>1,483,634</b>

REGULATED UTILITIES  
Operating Statistics (Duke Energy Florida)  
(Unaudited)

	Nine Months Ended September 30,	
	2015	2014
<b>Sources of Electric Energy (GWh)</b>		
Generated - net output <sup>(a)</sup>		
Coal	8,106	9,212
Oil and natural gas	19,128	18,013
Total generation <sup>(b)</sup>	27,234	27,225
Purchased power and net interchange <sup>(c)</sup>	5,280	4,589
Total sources of energy	32,514	31,814
Less: Line loss and company usage	1,726	1,763
Total GWh Sources	30,788	30,051
<b>Electric Energy Sales (GWh) <sup>(d)</sup></b>		
Residential	15,200	14,654
General service	11,401	11,270
Industrial	2,442	2,444
Other energy and wholesale	1,178	1,222
Change in unbilled	567	461
Total GWh Sales	30,788	30,051
<b>Owned MW Capacity <sup>(a)</sup></b>		
Summer	8,958	8,929
Winter	9,909	9,948

- (a) Statistics reflect Duke Energy Florida's ownership share of jointly owned stations.  
(b) Generation by source is reported net of auxiliary power.  
(c) Purchased power includes renewable energy purchases.  
(d) 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.

REGULATED UTILITIES  
Operating Statistics (Duke Energy Florida)  
(Unaudited)

	Nine Months Ended September 30,	
	2015	2014
<b>Revenues from Generation, Transmission and Distribution of Electricity (in millions)</b>		
Residential	\$ 2,028	\$ 2,026
General service	1,156	1,183
Industrial	219	225
Other energy and wholesale	188	341
Change in unbilled	15	32
<b>Total Revenues</b>	<b>\$ 3,606</b>	<b>\$ 3,807</b>
<b>Average Number of Customers</b>		
Residential	1,521,345	1,497,535
General service	193,161	190,897
Industrial	2,250	2,280
Other energy and wholesale	1,551	1,568
<b>Total Average Number of Customers</b>	<b>1,718,307</b>	<b>1,692,280</b>

REGULATED UTILITIES  
Operating Statistics (Duke Energy Ohio - Electric)  
(Unaudited)

	Nine Months Ended September 30,	
	2015	2014
<b>Sources of Electric Energy (GWh)</b>		
Generated - net output <sup>(a)</sup>		
Coal	3,453	1,961
Natural gas	43	16
Total generation <sup>(b)</sup>	3,496	1,977
Purchased power and net interchange <sup>(c)</sup>	725	1,648
Total sources of energy	4,221	3,625
Less: Line loss and company usage	302	312
Total GWh Sources	3,919	3,313
<b>Electric Energy Sales (GWh) <sup>(d)</sup></b>		
Residential	6,891	6,924
General service	7,281	7,273
Industrial	4,507	4,501
Other energy and wholesale	1,027	312
Change in unbilled	(8)	(242)
Total GWh Sales	19,698	18,768
<b>Owned MW Capacity <sup>(a)</sup></b>		
Summer	1,062	1,039
Winter	1,164	1,141

- (a) Statistics reflect Duke Energy Ohio's ownership share of jointly owned stations.
- (b) Generation by source is reported net of auxiliary power.
- (c) Purchased power includes renewable energy purchases.
- (d) 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.

Note: Total GWh Sources will not equal Total GWh Sales. Sources include only Duke Energy Kentucky's regulated generation for all periods. Sales include Duke Energy Ohio's and its subsidiary Duke Energy Kentucky's retail sales. Ohio retail sales are fulfilled through auction purchases under the current ESP.

REGULATED UTILITIES  
 Operating Statistics (Duke Energy Ohio - Electric)  
 (Unaudited)

	Nine Months Ended September 30,	
	2015	2014
<b>Revenues from Generation, Transmission and Distribution of Electricity (in millions)</b>		
Residential	\$ 558	\$ 552
General service	328	334
Industrial	87	86
Other energy and wholesale	34	22
Change in unbilled	2	(15)
<b>Total Revenues</b>	<b>\$ 1,009</b>	<b>\$ 979</b>
<b>Average Number of Electric Customers</b>		
Residential	746,183	741,316
General service	87,203	86,402
Industrial	2,531	2,522
Other energy and wholesale	3,216	3,176
<b>Total Average Number of Customers</b>	<b>839,133</b>	<b>833,416</b>

REGULATED UTILITIES  
Operating Statistics (Duke Energy Ohio - Natural Gas)  
(Unaudited)

	Nine Months Ended September 30,	
	2015	2014
<b>MCF Sales <sup>(a)</sup></b>		
Residential	28,986,782	31,354,403
General service	18,463,853	19,335,821
Industrial	5,604,282	5,425,634
Other energy and wholesale	15,194,003	15,616,728
Change in unbilled	(3,221,000)	(5,027,000)
<b>Total MCF Sales</b>	<b>65,027,920</b>	<b>66,705,586</b>
<b>Revenues from Distribution of Natural Gas (in millions)</b>		
Residential	\$ 286	\$ 284
General service	118	116
Industrial	17	16
Other energy and wholesale	15	15
Change in unbilled	(13)	(20)
<b>Total Revenues</b>	<b>\$ 423</b>	<b>\$ 411</b>
<b>Average Number of Natural Gas Customers</b>		
Residential	474,704	472,600
General service	43,212	43,379
Industrial	1,618	1,627
Other energy and wholesale	143	154
<b>Total Average Number of Customers</b>	<b>519,677</b>	<b>517,760</b>

(a) Represents non-weather normalized billed sales, with gas delivered but not yet billed (i.e. unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

REGULATED UTILITIES  
Operating Statistics (Duke Energy Indiana)  
(Unaudited)

	Nine Months Ended September 30,	
	2015	2014
<b>Sources of Electric Energy (GWh)</b>		
Generated - net output <sup>(a)</sup>		
Coal	17,293	20,350
Hydro	200	202
Natural gas	1,764	637
Total generation <sup>(b)</sup>	19,257	21,189
Purchased power and net interchange <sup>(c)</sup>	6,841	5,248
Total sources of energy	26,098	26,437
Less: Line loss and company usage	881	884
Total GWh Sources	25,217	25,553
<b>Electric Energy Sales (GWh) <sup>(d)</sup></b>		
Residential	7,112	7,274
General service	6,368	6,371
Industrial	7,901	7,982
Other energy and wholesale	3,826	4,255
Change in unbilled	10	(329)
Total GWh Sales	25,217	25,553
<b>Owned MW Capacity <sup>(a)</sup></b>		
Summer	7,493	7,493
Winter	7,871	7,871

- (a) Statistics reflect Duke Energy Indiana's ownership share of jointly owned stations.  
(b) Generation by source is reported net of auxiliary power.  
(c) Purchased power includes renewable energy purchases.  
(d) 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.

REGULATED UTILITIES  
 Operating Statistics (Duke Energy Indiana)  
 (Unaudited)

	Nine Months Ended September 30,	
	2015	2014
<b>Revenues from Generation, Transmission and Distribution of Electricity (In millions)</b>		
Residential	\$ 785	\$ 832
General service	568	611
Industrial	562	616
Other energy and wholesale	233	246
Change in unbilled	(19)	(27)
<b>Total Revenues</b>	<b>\$ 2,129</b>	<b>\$ 2,278</b>
<b>Average Number of Customers</b>		
Residential	698,260	691,815
General service	100,566	100,314
Industrial	2,704	2,711
Other energy and wholesale	1,579	1,511
<b>Total Average Number of Customers</b>	<b>803,109</b>	<b>796,351</b>



DUKE ENERGY OHIO SUPPLEMENT  
Consolidating Statements of Operations  
(Unaudited)

(In millions)	Nine Months Ended September 30, 2015				
	Regulated Utilities		Commercial Portfolio	Other	Duke Energy Ohio
	Ohio Transmission & Distribution	Duke Energy Kentucky			
<b>Operating Revenues</b>					
Regulated electric	\$ 725	\$ 280	\$ —	\$ —	\$ 1,005
Nonregulated electric and other	—	—	14	15	29
Regulated natural gas	339	80	—	—	419
<b>Total operating revenues</b>	<b>1,064</b>	<b>360</b>	<b>14</b>	<b>15</b>	<b>1,453</b>
<b>Operating Expenses</b>					
Fuel used in electric generation and purchased power - regulated	235	115	—	—	350
Fuel used in electric generation and purchased power - nonregulated	—	—	14	22	36
Cost of natural gas	82	34	—	—	116
Operation, maintenance and other	233	99	13	25	370
Depreciation and amortization	137	35	—	—	172
Property and other taxes	177	10	1	(1)	187
<b>Total operating expenses</b>	<b>864</b>	<b>293</b>	<b>28</b>	<b>46</b>	<b>1,231</b>
<b>Gain on Sales of Other Assets and Other, net</b>	<b>7</b>	<b>1</b>	<b>—</b>	<b>—</b>	<b>8</b>
<b>Operating Income (Loss)</b>	<b>207</b>	<b>68</b>	<b>(14)</b>	<b>(31)</b>	<b>230</b>
<b>Other Income and Expenses</b>	<b>(3)</b>	<b>1</b>	<b>—</b>	<b>—</b>	<b>(2)</b>
<b>Interest Expense</b>	<b>47</b>	<b>11</b>	<b>—</b>	<b>—</b>	<b>58</b>
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	<b>157</b>	<b>58</b>	<b>(14)</b>	<b>(31)</b>	<b>170</b>
<b>Income Tax Expense (Benefit) from Continuing Operations</b>	<b>59</b>	<b>21</b>	<b>(5)</b>	<b>(11)</b>	<b>64</b>
<b>Segment Income (Loss) / Net Expense</b>	<b>\$ 98</b>	<b>\$ 37</b>	<b>\$ (9)</b>	<b>\$ (20)</b>	<b>\$ 106</b>
<b>Income from Discontinued Operations, net of tax <sup>(a)</sup></b>					<b>23</b>
<b>Net Income</b>					<b>\$ 129</b>

(a) Includes the after-tax impact of \$53 million for the settlement agreement reached in a lawsuit related to the nonregulated Midwest generation business.

DUKE ENERGY OHIO SUPPLEMENT  
Consolidating Statements of Operations  
(Unaudited)

	Nine Months Ended September 30, 2014				
	Regulated Utilities		Commercial Portfolio	Other	Duke Energy Ohio
	Ohio Transmission & Distribution	Duke Energy Kentucky			
<b>(in millions)</b>					
<b>Operating Revenues</b>					
Regulated electric	\$ 716	\$ 283	\$ —	\$ (1)	\$ 998
Nonregulated electric and other	—	—	17	—	17
Regulated natural gas	329	89	—	—	418
Total operating revenues	1,045	372	17	(1)	1,433
<b>Operating Expenses</b>					
Fuel used in electric generation and purchased power - regulated	221	139	—	—	360
Fuel used in electric generation and purchased power - nonregulated	—	—	24	—	24
Cost of natural gas	86	43	—	—	129
Operation, maintenance and other	210	100	52	16	378
Depreciation and amortization	132	33	2	—	167
Property and other taxes	158	9	3	—	170
Impairment charges <sup>(a)</sup>	—	—	94	—	94
Total operating expenses	807	324	175	16	1,322
<b>Operating Income (Loss)</b>	<b>238</b>	<b>48</b>	<b>(158)</b>	<b>(17)</b>	<b>111</b>
<b>Other Income and Expenses</b>	<b>7</b>	<b>2</b>	<b>—</b>	<b>—</b>	<b>9</b>
<b>Interest Expense</b>	<b>48</b>	<b>12</b>	<b>—</b>	<b>—</b>	<b>60</b>
<b>Income (Loss) from Continuing Operations before Income Taxes</b>	<b>197</b>	<b>38</b>	<b>(158)</b>	<b>(17)</b>	<b>60</b>
<b>Income Tax Expense (Benefit) from Continuing Operations</b>	<b>70</b>	<b>14</b>	<b>(57)</b>	<b>(6)</b>	<b>21</b>
<b>Segment Income (Loss) / Net Expense</b>	<b>\$ 127</b>	<b>\$ 24</b>	<b>\$ (101)</b>	<b>\$ (11)</b>	<b>\$ 39</b>
<b>Loss from Discontinued Operations, net of tax</b>					<b>(597)</b>
<b>Net Loss</b>					<b>\$ (558)</b>

(a) The impairment charge Commercial Portfolio relates to OVEC.

---

---

**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 16, 2015



**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))
- 
-

**Item 8.01. Other Events.**

On November 19, 2015, Duke Energy Corporation (the “Company”) consummated the issuance and sale of the securities described below pursuant to an underwriting agreement, dated November 16, 2015 (the “Underwriting Agreement”), with J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc., Morgan Stanley & Co. LLC and Scotia Capital (USA) Inc., as representatives of the several underwriters named therein (the “Underwriters”), pursuant to which the Company agreed to issue and sell to the Underwriters \$400,000,000 aggregate principal amount of the Company’s 3.75% Senior Notes due 2024 (the “2024 Notes”) and \$600,000,000 aggregate principal amount of the Company’s 4.80% Senior Notes due 2045 (the “2045 Notes” and together with the 2024 Notes, 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 Eleventh Supplemental Indenture, dated as of April 4, 2014, relating to the 2024 Notes (the “Eleventh Supplemental Indenture”) and the Twelfth Supplemental Indenture, dated as of November 19, 2015, relating to the 2045 Notes (the “Twelfth Supplemental Indenture”), each 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 Eleventh Supplemental Indenture, the Twelfth Supplemental Indenture, together with the forms of global notes evidencing the Securities are included therein, is filed as Exhibit 4.1 and Exhibit 4.2 hereto respectively, 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 No. 333-191462.

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

(d) Exhibits

Exhibit	Description
Exhibit 4.1	Eleventh Supplemental Indenture, dated as of April 4, 2014, 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 and Calculation Agent (incorporated by reference to Exhibit 4.1 to the Company’s Current Report on Form 8-K filed on April 4, 2014, File No. 1-32853)
Exhibit 4.2	Twelfth Supplemental Indenture, dated as of November 19, 2015, 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
Exhibit 5.1	Opinion regarding validity of the Securities
Exhibit 23.1	Consent (included as part of Exhibit 5.1)
Exhibit 99.1	Underwriting Agreement, dated November 16, 2015, among the Company and J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc., Morgan Stanley & Co. LLC and Scotia Capital (USA) 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: November 19, 2015

**DUKE ENERGY CORPORATION**

By: /s/ Robert T. Lucas III

Name: Robert T. Lucas III

Title: Assistant Secretary

**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
Exhibit 4.1	Eleventh Supplemental Indenture, dated as of April 4, 2014, 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 and Calculation Agent (incorporated by reference to Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 4, 2014, File No. 1-32853)
Exhibit 4.2	Twelfth Supplemental Indenture, dated as of November 19, 2015, 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
Exhibit 5.1	Opinion regarding validity of the Securities
Exhibit 23.1	Consent (included as part of Exhibit 5.1)
Exhibit 99.1	Underwriting Agreement, dated November 16, 2015, among the Company and J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc., Morgan Stanley & Co. LLC and Scotia Capital (USA) Inc., as representatives of the several underwriters named therein

Exhibit 4.2

---

DUKE ENERGY CORPORATION  
TO  
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

Trustee

---

Twelfth Supplemental Indenture  
Dated as of November 19, 2015

---

\$600,000,000 4.80% SENIOR NOTES DUE 2045

---

---

TABLE OF CONTENTS(1)

ARTICLE I

4.80% SENIOR NOTES DUE 2045

Section 1.01.	Establishment	1
Section 1.02.	Definitions	2
Section 1.03.	Payment of Principal and Interest	2
Section 1.04.	Denominations	3
Section 1.05.	Global Securities	3
Section 1.06.	Redemption	3
Section 1.07.	Paying Agent	5

ARTICLE II

MISCELLANEOUS PROVISIONS

Section 2.01.	Recitals by the Corporation	5
Section 2.02.	Ratification and Incorporation of Original Indenture	5
Section 2.03.	Executed in Counterparts	5

Exhibit A — Form of 4.80% Senior Note Due 2045  
Exhibit B — Certificate of Authentication

---

(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.



**THIS TWELFTH SUPPLEMENTAL INDENTURE** is made as of the 19<sup>th</sup> day of November, 2015, 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 Twelfth 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 one 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 Twelfth 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 1**

**4.80% SENIOR NOTES DUE 2045**

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 4.80% Senior Notes due 2045 (the "2045 Notes").

There are to be authenticated and delivered \$600,000,000 principal amount of the 2045 Notes, and no further 2045 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 2045 Notes shall be issued in fully registered form without coupons.

The 2045 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 2045 Notes shall be in substantially the form set forth in Exhibit B hereto.

---

Each 2045 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 2045 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 June 15 and December 15 of each year, commencing on June 15, 2016.

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

“Original Issue Date” means November 19, 2015.

“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 December 15, 2045.

Section 1.03. Payment of Principal and Interest. The principal of the 2045 Notes shall be due at Stated Maturity (unless earlier redeemed). The unpaid principal amount of the 2045 Notes shall bear interest at the rate of 4.80% per annum until paid or duly provided for, such interest to accrue from November 19, 2015 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 2045 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 2045 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 2045 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 2045 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 2045 Notes shall include interest accrued to but excluding the respective Interest Payment Dates. Interest payments for the 2045 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 2045 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 2045 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 2045 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 2045 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 2045 Notes shall be made at the office of the Paying Agent upon surrender of such 2045 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 2045 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 2045 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, 2045 Notes represented by such Global Security or Global Securities shall not be exchangeable for, and shall not otherwise be issuable as, 2045 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 2045 Notes shall be exchangeable for 2045 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 2045 Notes and beneficial owners of a majority in aggregate principal amount of the 2045 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 2045 Notes registered in such names as the Depository shall direct.

Section 1.06. Redemption. At any time before June 15, 2045 (the "2045 Par Call Date"), the 2045 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 2045 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 2045 Bonds were redeemed on the 2045 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 30 basis points, plus, in either case, accrued and unpaid

interest on the principal amount of the 2045 Notes being redeemed to, but excluding, such Redemption Date.

At any time on or after the 2045 Par Call Date, the 2045 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 2045 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 2045 Notes to be redeemed (assuming, for this purpose, that the 2045 Notes matured on the 2045 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 2045 Notes.

“Comparable Treasury Price” means, with respect to any Redemption Date for the 2045 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.

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

“Reference Treasury Dealer” means each of J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, The Bank of Nova Scotia, New York Agency (an affiliate of Scotia Capital (USA) Inc.) and a Primary Treasury Dealer (as defined below) selected by Mitsubishi UFJ Securities (USA), Inc., plus one other financial institution appointed by the Corporation at the time of any redemption of the 2045 Notes, 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 2045 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 2045 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 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 2045 Notes occurring before the 2045 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 2045 Notes are to be redeemed, the Trustee shall select the 2045 Notes or portions of 2045 Notes to be redeemed by such method as the Trustee shall deem fair and appropriate. The Trustee may select for redemption 2045 Notes and portions of 2045 Notes in amounts of \$2,000 or any integral multiple of \$1,000 in excess thereof. As long as the 2045 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 2045 Notes shall not have a sinking fund.

Section 1.07. Paying Agent. The Trustee shall initially serve as Paying Agent with respect to the 2045 Notes, with the Place of Payment initially being the Corporate Trust Office.

## ARTICLE II

### MISCELLANEOUS PROVISIONS

Section 2.01. Recitals by the Corporation. The recitals in this Twelfth 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 2045 Notes and this Twelfth Supplemental Indenture as fully and with like effect as if set forth herein in full.

Section 2.02. 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 Twelfth Supplemental Indenture shall be read, taken and construed as one and the same instrument.

Section 2.03. Executed in Counterparts. This Twelfth 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/ Sandra S. Wyckoff  
Name: Sandra S. Wyckoff  
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

---

EXHIBIT A  
FORM OF  
4.80% SENIOR NOTE DUE 2045

No.

CUSIP No. 26441C AP0

DUKE ENERGY CORPORATION  
4.80% SENIOR NOTE DUE 2045

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: November 19, 2015

Stated Maturity: December 15, 2045

Interest Payment Dates: Semi-annually on June 15 and December 15 of each year, commencing on June 15, 2016

Interest Rate: 4.80% 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 June 15, 2016 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 4.80% Senior Note due 2045 (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 November 19, 2015 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 June 15, 2045 (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 30 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.

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

“Reference Treasury Dealer” means each of J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, The Bank of Nova Scotia, New York Agency (an affiliate of Scotia Capital (USA) Inc.) and a Primary Treasury Dealer (as defined below) selected by Mitsubishi UFJ Securities (USA), Inc., plus one other financial institution appointed by the Corporation at the time of any redemption of the Securities of this series, 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 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 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

A-5

---

(Reverse Side of Security)

This 4.80% Senior Note due 2045 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 4.80% Senior Notes due 2045 initially in the aggregate principal amount of \$600,000,000. 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

---



Exhibit 5.1

**DUKE ENERGY BUSINESS SERVICES, LLC**  
550 S. Tryon Street  
Charlotte, North Carolina 28202  
November 19, 2015

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

Re: Duke Energy Corporation \$400 million 3.75% Senior Notes due 2024 and \$600 million 4.80% Senior Notes due 2045

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 \$400 million aggregate principal amount of the Company's 3.75% Senior Notes due 2024 (the "2024 Notes") and \$600 million aggregate principal amount of the Company's 4.80% Senior Notes due 2045 (the "2045 Notes" and together with the 2024 Notes, 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 Eleventh Supplemental Indenture, dated as of April 4, 2014, relating to the 2024 Notes (the "Eleventh Supplemental Indenture") and the Twelfth Supplemental Indenture, dated as of November 19, 2015, relating to the 2045 Notes (the "Twelfth Supplemental Indenture"), each between the Company and the Trustee (the Original Indenture, as amended and supplemented, being referred to as the "Indenture"). On November 16, 2015, the Company entered into an Underwriting Agreement (the "Underwriting Agreement") with J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc., Morgan Stanley & Co. LLC and Scotia Capital (USA) 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:

- (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 November 16, 2015, 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 November 16, 2015, 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 April 3, 2006, 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 October 29, 2014;
  - (g) an executed copy of the Original Indenture;
  - (h) an executed copy of the Eleventh Supplemental Indenture;
  - (i) the form of Twelfth Supplemental Indenture;
  - (j) an executed copy of the Underwriting Agreement;
  - (k) certificates representing the Securities;
  - (l) the issuer free writing prospectus issued at or prior to 4:14 p.m. (Eastern time) on November 16, 2015, 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;
  - (m) the Statement of Eligibility under the Trust Indenture Act of 1939, as amended, on Form T-1, of the Trustee;
-

(n) 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

(o) the written consent of the Assistant Treasurer of the Company, effective as of April 1, 2014 and the written consent of the Assistant Treasurer of the Company, effective as of November 16, 2015.

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.

---

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.

---

Exhibit 99.1

EXECUTION COPY

**DUKE ENERGY CORPORATION**

**\$400,000,000 3.75% SENIOR NOTES DUE 2024**  
**\$600,000,000 4.80% SENIOR NOTES DUE 2045**

**UNDERWRITING AGREEMENT**

November 16, 2015

J.P. Morgan Securities LLC  
Mitsubishi UFJ Securities (USA), Inc.  
Morgan Stanley & Co. LLC  
Scotia Capital (USA) Inc.

As Representatives of the several Underwriters

c/o J.P. Morgan Securities LLC  
383 Madison Avenue  
New York, New York 10179

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) \$400,000,000 aggregate principal amount of 3.75% Senior Notes due 2024 (the "2024 Notes"), which will be part of the same series of notes as the \$600,000,000 aggregate principal amount of the Corporation's 3.75% Senior Notes due 2024 issued on April 4, 2014 (the "Previously Issued 2024 Notes") and (ii) \$600,000,000 aggregate principal amount of 4.80% Senior Notes due 2045 (the "2045 Notes" and, together with the 2024 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 Eleventh Supplemental Indenture, dated as of April 4, 2014 with respect to the 2024 Notes and by the Twelfth Supplemental Indenture, to be dated as of November 19, 2015 with respect to the 2045 Notes (collectively, the "Indenture"), between the Corporation and The Bank of New York Mellon Trust Company, N.A. (the "Trustee"). J.P. Morgan Securities LLC, Mitsubishi UFJ Securities (USA), Inc., Morgan Stanley & Co. LLC and Scotia Capital (USA) 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 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. 333-191462), 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 4:14 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, Inc., an Indiana corporation, Duke Energy Ohio, Inc., an Ohio corporation, Progress Energy, Inc., a North Carolina corporation, Duke Energy Progress, LLC (f/k/a Duke Energy Progress, Inc.), a North Carolina limited liability company, and Duke Energy Florida, LLC (f/k/a Duke Energy Florida, Inc.), a Florida limited liability company, is a "significant subsidiary" of the Corporation within the meaning of Rule 405 of the 1933 Act Regulations (herein collectively referred to 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 set forth on Schedule D hereto or 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, 2014 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.

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) 100.276% of the principal amount of the 2024 Notes plus accrued interest for the period from and including October 15, 2015 to but excluding the date of delivery (if the Closing Date is November 19, 2015, accrued interest should be \$1,416,666.67) (and in the manner set forth below) and (ii) 98.789% of the principal amount of the 2045 Notes plus accrued interest, if any, from November 19, 2015 (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 \$1,550,000 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

November 19, 2015 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 2024 Notes and the 2045 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 2024 Notes and 2045 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 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 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., 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:
  - (i) Each of the Principal Subsidiaries, other than each of Duke Energy Carolinas, LLC, Duke Energy Florida, LLC and Duke Energy Progress, LLC, 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 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, 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 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 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) This Agreement has been duly authorized, executed and delivered by the Corporation.
  - (ii) The execution and delivery by the Corporation of this Agreement 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 Corporation's certificate of incorporation or Bylaws, (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. "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 our having made any special investigation as to the applicability of any specific law, rule or regulation.)
  - (iii) 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. "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.

- (iv) The Corporation has been duly incorporated and is validly existing in good standing under the laws of the State of Delaware, and has the corporate power and corporate authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby.
- (v) 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.
- (vi) 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, 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.
- (vii) 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 Supplement, insofar as such statements purport to summarize certain provisions of the Indenture and the Notes, fairly summarize such provisions in all material respects.
- (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 an "investment company," as such term is defined in the Investment Company Act of 1940, as amended.
- (ix) The statements in 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 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 they have 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 they request 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 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 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 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 2024 Notes or the 2045 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 2024 Notes and/or 2045 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 J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179, Attention: Investment Grade Syndicate Desk — 3rd floor, (Fax no.: (212) 834-6081); Mitsubishi UFJ Securities (USA), Inc., 1633 Broadway, 29th Floor, New York, New York 10019, attention of the Capital Markets Group (Fax no.: (646) 434-3455); Morgan Stanley & Co. LLC, 1585 Broadway, 29th Floor, New York, New York 10036, attention: Investment Banking Division (Fax no.: (212) 507-8999); Scotia Capital (USA) Inc., 250 Vesey Street, New York, New York 10281, Attention: Debt Capital Markets (Fax no.: (212) 225-6550) 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/ Sandra S. Wyckoff  
Name: Sandra S. Wyckoff  
Title: Assistant Treasurer

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

J.P. MORGAN SECURITIES LLC  
MITSUBISHI UFJ SECURITIES (USA), INC.  
MORGAN STANLEY & CO. LLC  
SCOTIA CAPITAL (USA) INC.

On behalf of each of the Underwriters

J.P. MORGAN SECURITIES LLC

By: /s/ Robert Bottamedi  
Name: Robert Bottamedi  
Title: Vice President

MORGAN STANLEY & CO. LLC

By: /s/ Yuri Slyz  
Name: Yuri Slyz  
Title: Executive Director

MITSUBISHI UFJ SECURITIES (USA), INC.

By: /s/ Richard Testa  
Name: Richard Testa  
Title: Managing Director

SCOTIA CAPITAL (USA) INC.

By: /s/ Paul McKeown  
Name: Paul McKeown  
Title: Managing Director

SCHEDULE A

Underwriter	Principal Amount of 2024 Notes to be Purchased	Principal Amount of 2045 Notes to be Purchased
J.P. Morgan Securities LLC	\$ 73,000,000	\$ 109,500,000
Mitsubishi UFJ Securities (USA), Inc.	73,000,000	109,500,000
Morgan Stanley & Co. LLC	73,000,000	109,500,000
Scotia Capital (USA) Inc.	73,000,000	109,500,000
Loop Capital Markets LLC	40,000,000	60,000,000
BNY Mellon Capital Markets, LLC	16,000,000	24,000,000
KeyBanc Capital Markets Inc.	16,000,000	24,000,000
SMBC Nikko Securities America, Inc.	16,000,000	24,000,000
The Williams Capital Group, L.P.	16,000,000	24,000,000
Drexel Hamilton, LLC	2,000,000	3,000,000
Samuel A. Ramirez & Company, Inc.	2,000,000	3,000,000
Total	\$ 400,000,000	\$ 600,000,000

**SCHEDULE B**

**PRICING DISCLOSURE PACKAGE**

- 1) Base Prospectus
- 2) Preliminary Prospectus Supplement dated November 16, 2015
- 3) Permitted Free Writing Prospectus
  - a) Pricing Term Sheet attached as Schedule C hereto

B-1

---

**SCHEDULE C**

*Filed pursuant to Rule 433  
 November 16, 2015  
 Relating to  
 Preliminary Prospectus Supplement dated November 16, 2015  
 to  
 Prospectus dated September 30, 2013  
 Registration Statement No. 333-191462*

**Duke Energy Corporation  
 \$400,000,000 3.75% Senior Notes due 2024  
 \$600,000,000 4.80% Senior Notes due 2045**

Pricing Term Sheet

Issuer:	Duke Energy Corporation	
Trade Date:	November 16, 2015	
Settlement:	November 19, 2015 (T+3)	
Security Description:	3.75% Senior Notes due 2024 (the "2024 Notes")	4.80% Senior Notes due 2045 (the "2045 Notes")
Principal Amount:	\$400,000,000	\$600,000,000
	The 2024 Notes will be part of the same series of notes as the \$600,000,000 aggregate principal amount of Duke Energy Corporation's 3.75% Senior Notes due 2024 offered and sold by the prospectus supplement dated April 1, 2014 and the accompanying prospectus.	
Interest Payment Dates:	April 15 and October 15 of each year, beginning on April 15, 2016	June 15 and December 15 of each year, beginning on June 15, 2016
Maturity Date:	April 15, 2024	December 15, 2045
Benchmark Treasury:	2.250% due November 15, 2025	2.875% due August 15, 2045
Benchmark Treasury Yield:	2.268%	3.071%
Spread to Benchmark Treasury:	+135 bps	+175 bps
Yield to Maturity:	3.618%	4.821%

Coupon:	3.75% (interest on the 2024 Notes will accrue from October 15, 2015)	4.80%
Price to Public:	100.926% per 2024 Note (plus accrued interest of \$1,416,666.67 for the period from and including October 15, 2015 to but excluding the date of delivery)	99.664% per 2045 Note, plus accrued interest, if any, from November 19, 2015
Redemption Provisions:	At any time before January 15, 2024 (which is the date that is three months prior to maturity of the 2024 Notes), redeemable at the Treasury Rate + 15 bps. At any time on or after January 15, 2024, redeemable at par.	At any time before June 15, 2045 (which is the date that is six months prior to maturity of the 2045 Notes (the "2045 Par Call Date")), redeemable at the Treasury Rate + 30 bps. At any time on or after the 2045 Par Call Date, redeemable at par.
Denominations:	\$2,000 or any integral multiple of \$1,000 in excess thereof	\$2,000 or any integral multiple of \$1,000 in excess thereof
CUSIP / ISIN:	26441CAN5 / US26441CAN56	26441CAP0 / US26441CAP05
Joint Book-Running Managers:	J.P. Morgan Securities LLC Mitsubishi UFJ Securities (USA), Inc. Morgan Stanley & Co. LLC Scotia Capital (USA) Inc.	
Senior Co-Manager:	Loop Capital Markets LLC	
Co-Managers:	BNY Mellon Capital Markets, LLC KeyBanc Capital Markets Inc. SMBC Nikko Securities America, Inc. The Williams Capital Group, L.P.	
Junior Co-Managers:	Drexel Hamilton, LLC 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 J.P. Morgan Securities LLC (collect) at (212)

834-4533, Mitsubishi UFJ Securities (USA), Inc. toll-free at (877) 649-6848, Morgan Stanley & Co. LLC toll-free at (866) 718-1649 or Scotia Capital (USA) Inc. toll-free at (800) 372-3930.

**Schedule D**

1. 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


---

**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): December 10, 2015

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

---

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 8.01. Other Events.**

On December 10, 2015, the Board of Directors of Duke Energy Corporation (the "Corporation") unanimously elected Lynn J. Good, Vice Chairman, President and Chief Executive Officer of the Corporation, as its new Chairman of the Board, effective January 1, 2016. As Chairman of the Board, Ms. Good will succeed Ann Maynard Gray, who will remain on the Board as a director and former chairman.

In addition, the Board unanimously elected Michael G. Browning to serve as the Corporation's independent lead director, effective January 1, 2016. In connection with Mr. Browning's appointment as independent lead director, the Board amended the Corporation's Principles for Corporate Governance to specify the duties and responsibilities of the independent lead director. The Principles for Corporate Governance, as amended, can be found on the Corporation's website at [www.duke-energy.com/corporate-governance/principles.asp](http://www.duke-energy.com/corporate-governance/principles.asp).

**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 10, 2015

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): January 1, 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 CORPORATION</b> (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-3853	20-2777218
1-03543	<b>DUKE ENERGY INDIANA, LLC</b> (an Indiana limited liability company) 1000 East Main Street Plainfield, Indiana 46168 704-382-3853	35-0594457

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 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

**Duke Energy Indiana, Inc.**

On January 1, 2016, Duke Energy Indiana, Inc. converted its form of business organization from an Indiana corporation to an Indiana limited liability company. Upon the conversion, Duke Energy Indiana, Inc. changed its name to Duke Energy Indiana, LLC. In connection with the conversion, the former Articles of Incorporation and By-Laws were terminated and Duke Energy Indiana, LLC adopted a Certificate of Conversion, Articles of Entity Conversion, a Plan of Entity Conversion, Articles of Organization, and a Limited Liability Company Operating Agreement.

The foregoing description of the conversion is not complete and is qualified in its entirety by reference to the Certificate of Conversion, Articles of Entity Conversion, Plan of Entity Conversion, Articles of Organization, and Limited Liability Company Operating Agreement which are attached as Exhibits 3.1, 3.2, 3.3, 3.4, and 3.5, respectively, to this Current Report on Form 8-K and are incorporated herein by reference.

**Item 9.01 Financial Statements And Exhibits.**

(d) Exhibits

- 3.1 Certificate of Conversion of Duke Energy Indiana, Inc.
- 3.2 Articles of Entity Conversion of Duke Energy Indiana, Inc.
- 3.3 Plan of Entity Conversion of Duke Energy Indiana, Inc.
- 3.4 Articles of Organization of Duke Energy Indiana, LLC.
- 3.5 Limited Liability Company Operating Agreement of Duke Energy Indiana, LLC.

**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 INDIANA, LLC**

Date: January 1, 2016

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

**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
3.1	Certificate of Conversion of Duke Energy Indiana, Inc.
3.2	Articles of Entity Conversion of Duke Energy Indiana, Inc.
3.3	Plan of Entity Conversion of Duke Energy Indiana, Inc.
3.4	Articles of Organization of Duke Energy Indiana, LLC.
3.5	Limited Liability Company Operating Agreement of Duke Energy Indiana, LLC.

Exhibit 3.1

**State of Indiana  
Office of the Secretary of State**

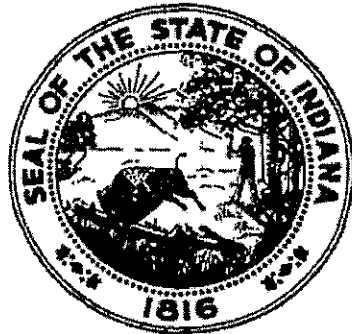
**CERTIFICATE OF CONVERSION  
of  
DUKE ENERGY INDIANA, INC.**

I, **CONNIE LAWSON**, Secretary of State of Indiana, hereby certify that Articles of Conversion of the above Domestic Limited Liability Company (LLC) have been presented to me at my office, accompanied by the fees prescribed by law and that the documentation presented conforms to law as prescribed by the provisions of the Indiana Business Flexibility Act.

The name following said transaction will be:

**DUKE ENERGY INDIANA, LLC**

NOW, THEREFORE, with this document I certify that said transaction will become effective Friday, January 01, 2016.



In Witness Whereof, I have caused to be affixed my signature and the seal of the State of Indiana, at the City of Indianapolis, December 16, 2015.

*Connie Lawson*

CONNIE LAWSON,  
SECRETARY OF STATE

Exhibit 3.2



**ARTICLES OF ENTITY CONVERSION**  
 Conversion of a Corporation into a Limited Liability Company  
Form 52 (REV 03/14)  
 Approved by State Board of Accountancy, 2014

2015 DEC 16 PM 3:56  
 RECEIVED

CORRIE LAWSON  
 SECRETARY OF STATE  
 CORPORATE DIVISION  
 302 W. Washington Street, Room E818  
 Indianapolis, IN 46204  
 Telephone (317) 232-4374  
 www.sos.in.gov

- INSTRUCTIONS:**
1. Use 8 1/2" x 11" white paper for attachments.
  2. Present original and one (1) copy to the address in upper right corner of this form.
  3. PLEASE TYPE or PRINT.
  4. Please visit our office on the web at <http://sos.in.gov>

Indiana Code 23-1-18-3  
 FILING FEE: \$36.00

<b>ARTICLES OF CONVERSION</b> OF <u>Duke Energy Indiana, Inc.</u> <small>(hereinafter "Non-surviving Corporation")</small>	<b>APPROVED AND FILED</b>  <i>Corrie Lawson</i> <b>IND. SECRETARY OF STATE</b>
INTO <u>Duke Energy Indiana, LLC</u> <small>(hereinafter "Surviving LLC")</small>	

ARTICLE I PLAN OF ENTITY CONVERSION		
<p>a. PLEASE set forth the Plan of Conversion, containing such information as required by Indiana Code 23-1-28.5-11 and Indiana Code 23-1-28.5-12, attach herewith, and designate it as "Exhibit A." The following is basic information that must be included in the Plan of Entity Conversion (please refer to Indiana Code 23-1-28.5-12 for a more complete listing of requirements before submitting the plan):</p> <ul style="list-style-type: none"> <li>• A statement of the type of business entity that Surviving LLC will be and, if it will be a foreign non-corporation, its jurisdiction of organization;</li> <li>• The terms and conditions of the conversion;</li> <li>• The manner and basis of converting the shares of Non-surviving Corporation into the interests, securities, obligations, rights to acquire interests or other securities of Surviving LLC following its conversion; and</li> <li>• The full text, as in effect immediately after the consummation of the conversion, of the organic document (if any) of Surviving LLC.*</li> </ul> <p>*If, as a result of the conversion, one or more shareholders of Non-surviving Corporation would be subject to personal liability for debts, obligations, or liabilities of any other person or entity, those shareholders must consent in writing to such liabilities in order for the Plan of Merger to be valid.</p> <p style="text-align: center;">*Set forth in the Articles of Organization attached</p> <p>b. Please read and sign the following statement: <u>here to as "Exhibit B."</u>          I hereby affirm under penalty of perjury that the plan of conversion is in accordance with the articles of incorporation or bylaws of Non-surviving Corporation and is duly authorized by the shareholders of Non-surviving Corporation as required by the laws of the State of Indiana.</p>		
Signed: <i>Nancy M. Wright</i>	Printed Name: Nancy M. Wright	Title: Assistant Corporate Secretary

ARTICLE II NAME AND DATE OF INCORPORATION OF NON SURVIVING CORPORATION	
a.	The name of Non-surviving Corporation immediately before filing these Articles of Entity Conversion is the following: <u>Duke Energy Indiana, Inc.</u>
b.	The date on which Non-surviving Corporation was incorporated in the State of Indiana is the following (month, day, year): <u>September 6, 1941</u>

ARTICLE III NAME AND PRINCIPLE OFFICE OF SURVIVING LLC			
a. The name of Surviving LLC is the following: • (Please note pursuant to Indiana Code 23-18-2-8, this name must include the words "Limited Liability Company", "LLC", or "LLC") • (If Surviving LLC is a foreign LLC, then its name must adhere to the laws of the state in which it is domiciled) <u>Duke Energy Indiana, LLC</u>			
b. The address of Surviving LLC's Principal Office is the following:			
Street Address (number and street) <u>1000 East Main Street</u>	City <u>Plainfield</u>	State <u>IN</u>	ZIP code <u>46168</u>

ARTICLE IV REGISTERED OFFICE AND AGENT OF SURVIVING LLC			
Registered Agent: The name and street address of Surviving LLC's Registered Agent and Registered Office for service of process are the following:			
Name of Registered Agent C T Corporation			
Address of Registered Office (number and street or suite)		City	State
150 West Market Street, Suite 800		Indianapolis	Indiana
			ZIP code 46204

ARTICLE V JURISDICTION OF SURVIVING LLC AND CHARTER SURRENDER OF NON-SURVIVING CORPORATION	
<b>SECTION 1:</b>	<b>JURISDICTION</b>
Please state the jurisdiction in which Surviving LLC will be organized and governed. Indiana	
<b>SECTION 2:</b>	<b>CHARTER SURRENDER</b> (Please complete this section only if Surviving LLC is organized outside of Indiana.)
If the jurisdiction stated above is not Indiana, please set forth the Articles of Charter Surrender for the Non-surviving Corporation and attach herewith as "Exhibit B."	
Pursuant to Indiana Code 23-7-38 5-14, the Articles of Charter Surrender must include:	
<ol style="list-style-type: none"> <li>1. The name of Non-surviving Corporation;</li> <li>2. A statement that the Articles of Charter Surrender are being filed in connection with the conversion of Non-surviving Corporation into an LLC that will be organized in a jurisdiction other than the State of Indiana;</li> <li>3. A signed statement under penalty of perjury that the conversion was duly approved by the shareholders of Non-surviving Corporation in a manner required by Indiana Law and consistent with the Articles of Incorporation or the bylaws of Non-surviving Corporation;</li> <li>4. The jurisdiction under which the Surviving LLC will be organized; and</li> <li>5. The address of Surviving LLC's executive office.</li> </ol>	

ARTICLE VI DISSOLUTION OF SURVIVING LLC	
Please indicate when dissolution will take place in Surviving LLC:	
<input type="checkbox"/> The latest date upon which Surviving LLC is to dissolve is _____ OR <input checked="" type="checkbox"/> Surviving LLC is perpetual until dissolution.	

ARTICLE VII MANAGEMENT OF SURVIVING LLC	
Surviving LLC will be managed by:	
<input type="checkbox"/> The members of Surviving LLC, OR <input checked="" type="checkbox"/> A manager or managers	

In Witness Whereof, the undersigned being an officer or other duly authorized representative of Non-surviving Corporation executes these Articles of Entry Conversion and verifies, subject to penalties of perjury, that the statements contained herein are true, this <u>16<sup>th</sup></u> day of <u>December</u> , 20 <u>15</u>	
Required: <input checked="" type="checkbox"/> By checking the box, the Signator(s) represent(s) that the registered agent named in the application has consented to the appointment of registered agent.	
Signature <i>Nancy M Wright</i>	Printed name Nancy M. Wright
Title Assistant Corporate Secretary	

The effective date of these Articles of Conversion shall be January 1, 2016



Exhibit 3.3

PLAN OF ENTITY CONVERSION

OF

DUKE ENERGY INDIANA, INC.

This Plan of Entity Conversion (the "Plan") of Duke Energy Indiana, Inc., an Indiana corporation (the "Corporation"), is approved as of July 31, 2015.

WHEREAS, the Corporation is organized under the laws of the State of Indiana; and

WHEREAS, the Corporation desires to convert into and to hereafter become and continue to exist as an Indiana limited liability company pursuant to Ind. Code § 23-1-38.5 *et seq.* of the Indiana Business Corporation Law (the "Business Corporation Law") and Ind. Code § 23-18-1 *et seq.* of the Indiana Business Flexibility Act (the "Business Flexibility Act"); and

WHEREAS, pursuant to Section 23-18-7-10(b) of the Business Flexibility Act and Section 23-1-38.5-10(a), of the Business Corporation Law, the Board of Directors of the Corporation has, by resolutions duly adopted, recommended this Plan to the sole shareholder of the Corporation (the "Shareholder") to effect the conversion of the Corporation to an Indiana limited liability company pursuant to Sections 23-1-38.5-11 and 23-1-38.5-12 of the Business Corporation Law (the "Conversion"), upon the terms and subject to the conditions set forth in this Plan; and

WHEREAS, this Plan has been approved and adopted by the Shareholder;

NOW, THEREFORE, this Plan is hereby approved to convert the Corporation into an Indiana limited liability company:

1. Conversion. Upon the terms and subject to the conditions set forth in this Plan, and pursuant to Section 23-1-38.5-15 of the Business Corporation Law, at the Effective Time (as hereinafter defined), the Corporation shall be converted into and shall hereafter become and continue to exist as an Indiana limited liability company under the name "Duke Energy Indiana, LLC" (the "LLC").

---

2. Effective Time. The Conversion shall become effective (the "Effective Time") at the effective time and date specified in the Articles of Entity Conversion, in substantially the form attached hereto as Exhibit A, filed with the Secretary of State in the State of Indiana.
  3. Effects of the Conversion. The consummation of the Conversion shall have all of the effects set forth in Section 23-1-38.5-15 of the Business Corporation Law. In furtherance, and not in limitation, of the foregoing, at the Effective Time, all of the obligations of the Corporation as well as all of rights, privileges and powers of the Corporation, and all property, real, personal and mixed, and all debts due to the Corporation or owed by the Corporation, and all franchises, licenses and permits held by the Corporation, as well as all other things and causes of action belonging to the Corporation, shall remain vested in the LLC and shall be the property of the LLC, and the title to any real property vested by deed or otherwise in the Corporation shall not revert or be in any way impaired by reason of Section 23-1-38.5-15 of the Business Corporation Law.
  4. Operating Agreement of the LLC. At the Effective Time, the By-Laws of the Corporation shall be replaced by and the LLC shall be governed by, the Operating Agreement, substantially in the form attached hereto as Exhibit B in accordance with the terms thereof (the "Operating Agreement").
  5. Directors and Officers. The directors of the Corporation immediately prior to the Effective Time shall be the directors of the LLC from and after the Effective Time until their successors are duly appointed and qualified, to serve in accordance with the relevant provisions of Section 23-18-1 *et seq.* of the Business Flexibility Act (and deemed managers of the LLC for purposes of the Business Flexibility Act) and the terms of the Operating Agreement. The officers of the Corporation immediately prior to the Effective Time shall be the officers of the LLC from and after the Effective Time until their successors are duly appointed and qualified, to serve in accordance with the relevant provisions of the Business Flexibility Act and the terms of the Operating Agreement.
  6. Conversion of Shares. At the Effective Time, by virtue of the Conversion and without any action on the part of the Corporation, the LLC or any holder thereof, the shares of common stock, no par value, of the Corporation, issued and outstanding immediately prior to the Effective Time, all of which are held by the Shareholder, shall be automatically converted into one hundred percent (100%) of the limited liability company interests of the LLC. Immediately prior to the Effective Time, there shall be
-

outstanding no class or series of capital stock of the Corporation other than its common stock, no par value.

7. Termination. This Plan and the transactions contemplated hereby may be terminated by resolution of the Board of Directors of the Corporation at any time prior to the Effective Time in the manner and to the extent provided in the Business Corporation Law.

8. Effect of Termination. If this Plan is terminated pursuant to Section 7 hereof, this Plan shall become void and of no effect with no liability on the part of any party hereto.

9. Amendment. This Plan and the transactions contemplated hereby may be amended by resolution of the Board of Directors of the Corporation at any time prior to the Effective Time in the manner and to the extent provided in the Business Flexibility Act and the Business Corporation Law.

10. Governing Law. This Plan shall be governed by, enforced under and construed in accordance with the laws of the State of Indiana without giving effect to any choice or conflict of law provision or rule thereof.

[Remainder of this Page Intentionally Left Blank]

---

IN WITNESS WHEREOF, the undersigned hereby approves this Plan of Entity Conversion as of this 31st day of July, 2015.

CINERGY CORP.

By: /s/Lynn J. Good  
Lynn J. Good  
Chief Executive Officer

---

Exhibit A

---

Exhibit B

---

Exhibit 3.4

**ARTICLES OF ORGANIZATION  
OF  
DUKE ENERGY INDIANA, LLC**

Pursuant to the provisions of the Indiana Business Flexibility Act, Ind. Code § 23-18-1-1, *et seq.*, as amended (the "Act"), the undersigned hereby executes the following Articles of Organization.

**ARTICLE I  
NAME AND PRINCIPAL OFFICE**

The name of the limited liability company is Duke Energy Indiana, LLC (the "Company"). The address of the principal office of the Company is 1000 East Main Street, Plainfield, Indiana 46168.

**ARTICLE II  
REGISTERED AGENT**

The address of the registered office of the Company is 150 West Market Street, Indianapolis, Indiana 46204, and the name of the registered agent at that office is C T Corporation. By executing these Articles of Organization, the undersigned represents that the above-named registered agent has consented to its appointment as registered agent.

**ARTICLE III  
PERIOD OF EXISTENCE**

The Company was originally incorporated under the laws of the State of Indiana on September 6, 1941, and is being converted from an Indiana corporation to an Indiana limited liability company. Upon the effective time of the conversion on January 1, 2016, the Company shall continue without interruption and shall be deemed to have been organized on the date it was originally incorporated. Its existence shall be perpetual until dissolved as provided in the Company's Operating Agreement as in effect from time to time (the "Operating Agreement").

**ARTICLE IV  
MANAGEMENT**

The Company shall be managed by its managers. The managers shall have such rights, powers and duties as provided in the Act and the Operating Agreement.

*[Signature on following page]*

---

**IN WITNESS WHEREOF**, the undersigned executes these Articles of Organization and verifies, subject to penalties of perjury, that the statements contained herein are true, this 16th day of December, 2015.

/s/Nancy M. Wright  
Nancy M. Wright



Exhibit 3.5

LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF  
DUKE ENERGY INDIANA, LLC

An Indiana Limited Liability Company

(Formerly known as DUKE ENERGY INDIANA, INC.)

Dated as of January 1, 2016

---

**THIS LIMITED LIABILITY COMPANY OPERATING AGREEMENT OF DUKE ENERGY INDIANA, LLC** (formerly known as DUKE ENERGY INDIANA, INC.), (the "Company"), a limited liability company organized pursuant to the Indiana Business Flexibility Act, is executed as of this 1st day of January, 2016. Cinergy Corp., a Delaware corporation, is the sole member of the Company (the "Member"). Solely for U.S. federal income tax purposes as provided in Treasury Regulations Section 301.7701-3 (as well as for applicable state, local or foreign tax purposes), the Member and the Company intend the Company to be disregarded as an entity that is separate from the Member. For all other purposes (including, without limitation, limited liability protection for the Member from Company liabilities), however, the Member and the Company intend the Company to be respected as a separate legal entity that is separate and apart from the Member.

#### ARTICLE I

##### FORMATION AND BUSINESS OF THE COMPANY

Section 1.1 Company Name and Formation. The Company was formed upon the conversion of Duke Energy Indiana, Inc., an Indiana corporation, on January 1, 2016, effective as of the time set forth in the Articles of Entity Conversion (the "Conversion") of the Company filed with the Secretary of State of the State of Indiana.

Section 1.2 Name. The name of the Company shall be Duke Energy Indiana, LLC. All business and affairs of the Company shall be conducted under such name or under an assumed name duly approved by the Board.

Section 1.3 Purpose. The purpose of the Company shall be to engage in any lawful business for which limited liability companies may be organized under the Act.

Section 1.4 Term. The term of the Company shall commence on the date hereof and shall continue indefinitely.

Section 1.5 Place of Business. The principal place of business of the Company shall be located in Plainfield, Indiana. The Company may have such other offices either within or without the State of Indiana as the Board may designate or as the business of the Company may from time to time require.

Section 1.6 Registered Office and Agency. The address of the registered office of the Company in the State of Indiana is 150 West Market Street, Suite 800, Indianapolis, Indiana 46204, and the name of the registered agent is C T Corporation System.

Section 1.7 Authorized Representatives. The “Authorized Representatives” of a Member that is not a natural person shall be those representatives designated by such Member from time to time to represent such Member in connection with the Company, unless and until replaced or removed by such Member. The written statements and representations of an Authorized Representative for a Member that is not a natural Person shall be authorized statements and representations of such Member with respect to the matters covered by this Agreement with respect to a Member that is not a natural Person means a decision or action which has been consented to in writing by any Authorized Representative of such Member.

Section 1.8 Tax Treatment. The Company shall be disregarded as an entity separate from its owner for U.S. federal tax purposes as provided in Treasury Regulations Section 301.7701-3 (as well as for applicable state, local or foreign tax purposes). The Member and the Company shall timely make any and all necessary elections and filings such that the Company shall be treated as disregarded as an entity separate from its owner for U.S. federal income tax purposes (as well as for applicable state, local or foreign tax purposes).

## ARTICLE II DEFINITIONS

Section 2.1 Definitions. References to an “Article” or a “Section” are, unless otherwise specified, to an Article or a Section of this Agreement. As used in this Agreement, the following terms shall have the meanings set forth respectively after each:

“Act” shall mean the Indiana Business Flexibility Act (Ind. Code Section 23-18-1, *et seq.*), as the same may be amended from time to time.

“Affiliate” shall mean with reference to any Person, any other Person of which such Person is a principal, member, director, officer, general partner or employee or any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such Person.

“Agreement” shall mean this Limited Liability Company Operating Agreement, as the same may be amended hereafter from time to time as provided herein.

“Authorized Representative” shall have the meaning specified in Section 1.7.

“Board” shall have the meaning set forth in Section 4.1.

“Capital Account” means a separate accounting maintained with respect to the Member pursuant to Section 9.2 of this Agreement.

“Capital Contribution” means the contribution by the Member to capital of the Company.

“Code” shall mean the Internal Revenue Code of 1986, as amended, and as the same may be amended hereafter from time to time.

“Company” shall have the meaning specified in the introductory paragraph to this Agreement.

“Company Expenses” shall have the meaning specified in Section 3.9.

“Director” shall mean each such Person who is hereafter elected or designated as a Director of the Company, in accordance with the terms of this Agreement, who shall be deemed a “manager” of the Company for all purposes under the Act and other applicable law.

“Event of Bankruptcy” shall mean the institution by or against a Person of a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors’ rights.

“Interest” shall mean (i) a Member’s share of the profits and losses of the Company and a Member’s rights to receive distributions from the Company in accordance with the provisions of this Agreement and the Act and (ii) such Member’s other rights and privileges as herein provided.

“Liquidating Trustee” shall have the meaning set forth in Section 12.2.

“Member” shall have the meaning specified in the introductory paragraph to this Agreement.

“Officer” shall mean any individual elected or appointed as an officer of the Company pursuant to Section 7.1.

“Person” shall mean an individual, partnership, limited liability company, joint venture, corporation, trust or unincorporated organization, a government or agency or political subdivision thereof and any other entity.

“Related Persons” shall have the meaning specified in Section 3.3.

“Treasury Regulations” shall mean the Income Tax Regulations promulgated under the Code, as the same may be amended hereafter from time to time.

**ARTICLE III**  
**MANAGEMENT OF THE COMPANY**

Section 3.1 Designation of Directors. The Directors collectively shall have the power on behalf and in the name of the Company to make all decisions and take all actions which they may deem necessary or desirable, including, without limitation, the following:

- (a) managing the day-to-day operation of the Company;
- (b) entering into, making and performing contracts, agreements and other undertakings binding upon the Company that may be necessary, appropriate or advisable in furtherance of the purposes of the Company and making all decisions and waivers thereunder;
- (c) opening and maintaining bank and investment accounts and arrangements, drawing checks and other orders for the payment of money, and designating individuals with authority to sign or give instructions with respect to those accounts and arrangements;
- (d) investing Company funds;
- (e) maintaining the assets of the Company in good order;
- (f) to the extent that funds of the Company are available therefor, paying debts and obligations of the Company;
- (g) borrowing money or otherwise incurring indebtedness on such terms and conditions as the Directors may deem appropriate and, in connection therewith, hypothecating, encumbering and/or granting security interests in the assets of the Company to secure the repayment of such monies or other indebtedness of the Company, provided that in no event shall any such borrowing be recourse to the Member unless expressly agreed in writing by the Member;
- (h) executing instruments and documents, including, without limitation, checks, drafts, notes and other negotiable instruments, mortgages or deeds of trust, pledge agreements, security agreements, financing statements, documents providing for the acquisition, mortgaging or disposition of the Company's property, assignments, bills of sale, leases and any other instruments or documents necessary, in the opinion of the Directors or a duly elected or appointed Officer of the Company, acting within the scope of his or her authority, to the business of the Company;
- (i) entering into any and all other agreements with any other Person for any purpose in furtherance of the business of the Company, in such form as the

Directors or a duly elected or appointed Officer of the Company, acting within the scope of his or her authority, may approve;

- (j) the bringing or defending, paying, collecting, compromising, arbitrating, resorting to legal action, or other adjustment of claims or demands of or against the Company;
- (k) selecting, removing and changing the authority and responsibility of lawyers, accountants, and other advisers and consultants;
- (l) obtaining insurance for the Company;
- (m) taking all actions necessary to effectuate transactions pursuant to Article VIII hereof; and
- (n) such other matters as may be necessary or advisable in connection with the operation of the business and conduct of affairs of the company and the accomplishment of the purposes of the Company.

The Directors or their duly authorized appointees or Officers of the Company may execute and deliver contracts and agreements on behalf of the Company in furtherance of the foregoing, without the consent of the Member, and otherwise act for and bind the Company. Third parties may conclusively rely upon the act of the Directors as evidence of the authority of the Directors for all purposes in respect of their dealings with the Company.

Section 3.2 Additional Powers, Duties and Limitations with respect to the Directors.

(a) Generally. The Directors shall be responsible for, and shall render to the Company, such services as are reasonably necessary for the daily management, conduct and direction of the property, business and affairs of the Company. No compensation shall be paid to the Directors for the performance of such services, nor shall the Directors be reimbursed for any expenses incurred in their capacity as such, except as otherwise provided in this Agreement, including without limitation Section 4.3 hereof. No Director shall have the ability individually to bind or act for the Company, rather, the Directors may only act collectively through action of the Board, subject to and in accordance with the terms and conditions of this Agreement.

(b) Limitation on Liability for Acts and Omissions of the Directors. The Company shall pay any and all liability, loss, cost, expense (including reasonable attorneys' fees and disbursements) or damage incurred or sustained by the Directors by reason of any act or omission in the conduct of the business of the Company in accordance with the provisions of Section 11.1 hereof. The Directors, acting in good faith, shall be entitled to rely on the advice of legal counsel, accountants and/or other experts or professional advisers and any act or omission of the Directors acting in

reliance upon such advice shall in no event subject such Directors to liability to the Company or any Member.

Section 3.3 Limitation on Liabilities and Powers of the Member. Neither the Directors or their Affiliates or any Member or its Affiliates or any officer, director, partner, member or shareholder, employee or agent of the Directors or any Member (collectively, "Related Persons") shall have (a) any personal liability for any debts, liabilities or obligations of the Company, whether arising in contract or tort or otherwise, or (b) any obligation to the Company, except, in each case, as specifically provided elsewhere in this Agreement or under the Act. Except to the extent expressly provided for herein and permitted under the Act, the Member shall not participate in the operation, management or control (within the meaning of the Act) of the business of the Company and shall have no right or authority to act for or on behalf of the Company or to sign for or bind the Company.

Section 3.4 Employment of Third Parties By the Company. The Company, may, by action of its Officers, from time to time, employ any Person or engage third parties to render accounting, financial advisory and legal services to the Company. Persons retained or engaged by the Officers, on its behalf, may also be engaged, retained or employed by and act on behalf of the Directors, the Member or any of their respective Affiliates.

Section 3.5 Filings. The Directors are hereby authorized to execute and file all instruments, certificates, notices and documents, and to do or cause to be done all such filing, recording, publishing and other acts as may be deemed by the Directors to be necessary or appropriate from time to time to comply with all applicable requirements for the formation or operation or, when appropriate, termination of a limited liability company in the State of Indiana and all other jurisdictions where the Company does or shall desire to conduct its business.

Section 3.6 Expenses. The Company will be responsible for all expenses ("Company Expenses"), including, without limitation, (i) all reasonable accounting and legal expenses incurred in connection with Company operations, (ii) all reasonable costs incurred in connection with the preparation of or relating to reports made to the Member, (iii) all reasonable costs related to litigation involving the Company, directly or indirectly, including, without limitation, attorneys' fees incurred in connection therewith, (iv) all reasonable costs related to the Company's obligations set forth in Sections 3.2 and 11.1, and (v) all reasonable out-of-pocket expenses related to the organization and formation of the Company.

#### ARTICLE IV

##### BOARD OF DIRECTORS

Section 4.1 Appointment and Removal of Directors. Except as otherwise expressly provided in this Agreement, the Articles of Organization or the Act, all decisions with respect to the management of the business and affairs of the Company shall be made by a Board of Directors (the "Board"), each of whom shall be appointed by the Member. Any Director may be removed at any time with or without cause by the Member. Upon the removal of a Director, such Director shall cease to be a "manager" (within the meaning of the Act).

Section 4.2 Number and Qualifications of Directors. The number of Directors constituting the Board may be fixed from time to time by the Member.

Section 4.3 Compensation of Directors. Directors, as such, may receive fixed fees and other compensation for their services as Directors as may be determined by the Member, including, without limitation, their services as members of committees of the Board.

Section 4.4 Vacancies. Newly created directorships resulting from any increase in the authorized number of Directors or any vacancies in the Board resulting from death, resignation, disqualification, removal from office or any other cause shall be filled by a majority of the Directors then in office, although less than a quorum, or by a sole remaining Director; provided, that in the event that a Director is removed by the Member pursuant to Section 4.1, the Member may at the same time as such removal fill the vacancy caused by such removal; provided further, that if the Directors fail to fill any such vacancy within a reasonable period as determined by the Member in its sole discretion, the Member may fill any such vacancy. Directors so chosen to fill a newly created directorship or other vacancies shall serve until such Director's successor has been duly elected and qualified or until his or her earlier death, resignation or removal as provided in this Agreement. If any vacancies shall occur in the Board, by reason of death, resignation, disqualification, removal from office or any other cause, the Directors then in office shall continue to act, and actions may be taken by a majority of the Directors then in office, although less than a quorum, or by a sole remaining Director.

#### ARTICLE V

##### MEETINGS OF DIRECTORS

Section 5.1 Special Meetings. Special meetings of the Board may be called at the request of the Member, the Chairman of the Board or a majority of the Board then in office. The person or persons authorized to call special meetings of the Board may fix the place and time of the meetings.

Section 5.2 Notice. Notice of any special meeting of the Board shall be given to each Director at such Director's business or residence in writing by hand



delivery, first-class or overnight mail or courier service, facsimile or electronic transmission or orally by telephone. If mailed by first-class mail, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least 5 calendar days before such meeting. If by overnight mail or courier service, such notice shall be deemed adequately delivered when the notice is delivered to the overnight mail or courier service company at least 24 hours before such meeting. If by facsimile or electronic transmission, such notice shall be deemed adequately delivered when the notice is transmitted at least 12 hours before such meeting. If by telephone or by hand delivery, the notice shall be given at least 12 hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice of such meeting.

Section 5.3 Quorum and Manner of Acting. Unless the Articles of Organization or this Agreement provide otherwise, a majority of the number of Directors fixed pursuant to this Agreement shall constitute a quorum for the transaction of business at any meeting of the Board. Unless required by law or the Articles of Organization or this Agreement provide otherwise, the affirmative vote of a majority of the Directors present at a meeting at which a quorum is present and voting on the matter shall be the act of the Board.

Section 5.4 Action by Consent of Board. On any matter that is to be voted on, consented to or approved by the Board, the Board may take such action without a meeting, without prior notice and without a vote if a consent or consents in writing, setting forth the action so taken, shall be signed by the Directors having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all Directors entitled to vote thereon were present and voted. On any matter that is to be voted on by Directors, the Directors may vote in person or by proxy, and such proxy may be granted in writing, by means of electronic transmission or as otherwise permitted by applicable law. A consent transmitted by electronic transmission by a Director or by a person or persons authorized to act for a Director shall be deemed to be written and signed for purposes of this Agreement. For purposes of this Agreement, the term "electronic transmission" means any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

Section 5.5 Conference Telephone Meetings. Members of the Board may participate in a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at such meeting.

## ARTICLE VI

### COMMITTEES OF THE BOARD OF DIRECTORS

Section 6.1 Committees and Powers. The Board may designate one or more Committees of the Board, which shall consist of one or more Directors. Any such Committee may to the extent permitted by law exercise such powers and shall have such responsibilities as shall be specified in the designating resolution. A Committee of the Board may not (i) authorize distributions; (ii) approve, or propose to the Member, action that is required by law to be approved by the Member; (iii) fill vacancies on any Committee; (iv) authorize or approve reacquisition of Interests, except according to a formula or method prescribed by the Board; or (v) authorize or approve the issuance or sale or contract for the sale of Interests. The Board shall have power at any time to fill vacancies in, to change the membership of, or to dissolve any such Committee. Nothing herein shall be deemed to prevent the Board from appointing one or more Committees consisting in whole or in part of persons who are not Directors of the Company; provided, however, that no such Committee shall have or may exercise any authority of the Board.

Section 6.2 Quorum and Manner of Acting. Each Committee shall keep written minutes of its proceedings and shall report such proceedings to the Board when required. The provisions of this Agreement governing meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements of the Board apply to Committees of the Board established under Section 6.1.

Section 6.3 Meetings and Notice. Each Committee shall fix the time and place of its meetings, unless the Board shall otherwise provide. Notice of meetings of any Committee shall be given to each member of the Committee in the manner provided for in Section 5.2.

## ARTICLE VII

### OFFICERS

Section 7.1 Elected and Appointed Officers. The elected Officers of the Company shall be a Chief Executive Officer, a President, a Secretary, a Treasurer, a Controller and such other Officers (including, without limitation, Executive Vice Presidents, Senior Vice Presidents and Vice Presidents) as the Board may deem proper. Elected Officers shall have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article VII, including, without limitation, the duty to engage third parties to render accounting, financial advisory and legal services to the Company on such terms and for such compensation as the Officers may reasonably determine. Such Officers shall also have such powers and duties as from time to time may be conferred by the Board or by any Committee thereof. The Board or the Chief Executive Officer may from time to time appoint such other Officers (including one or more Vice Presidents, Assistant

Secretaries, Assistant Treasurers and Assistant Controllers), as may be necessary or desirable for the conduct of the business of the Company. Such other Officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in this Agreement or, to the extent consistent with this Agreement, as may be prescribed by the Board or the Chief Executive Officer. The Officers of the Company shall consist of such Officers as the Board may designate as Officers from time to time, who may or may not be "executive officers" as defined under rules and regulations of the Securities and Exchange Commission.

Section 7.2 Election and Term of Office. Officers of the Company may be elected by the Board at the regular annual meeting of the Board and at such other times as the Board may deem necessary. Officers may be appointed by the Chief Executive Officer to the extent authority to make such appointments is delegated by the Board to the Chief Executive Officer. Each Officer shall hold office until such person's successor shall have been duly elected and shall have qualified or until such person's death or until he or she shall resign or shall be removed pursuant to Section 7.10.

Section 7.3 Chairman of the Board and Chief Executive Officer. The Chief Executive Officer of the Company shall be the Chairman of the Board and shall be responsible for the general management of the affairs of the Company and shall perform all duties incidental to such person's office which may be required by law and all such other duties as are properly required of the Chief Executive Officer or the Chairman of the Board by the Board. The Chairman of the Board shall preside at all meetings of the Board and shall make reports to the Board and to the Member, and shall see that all orders and resolutions of the Board and of any Committee thereof are carried into effect. The Chief Executive Officer may also serve as President, if so elected by the Board.

Section 7.4 President. The President shall act in a general executive capacity and shall assist the Chief Executive Officer in the administration and operation of the Company's business and general supervision of its policies and affairs. The President shall, unless the President is also serving as the Chief Executive Officer, in the absence of or because of the inability to act of the Chief Executive Officer, perform all duties of the Chief Executive Officer and preside at all meetings of the Board.

Section 7.5 Vice Presidents. The Executive Vice Presidents, the Senior Vice Presidents and the Vice Presidents shall have such powers and duties as may be prescribed for them, respectively, by the Board or the Chief Executive Officer. Each of such Officers shall report to the Chief Executive Officer or such other Officer as the Board or the Chief Executive Officer shall direct.

Section 7.6 Secretary. The Secretary shall attend all meetings of the Board, shall keep a true and faithful record thereof in proper books and shall have the custody and care of the corporate seal, records, minute books and stock books of

the Company and of such other books and papers as in the practical business operations of the Company shall naturally belong in the office or custody of the Secretary or as shall be placed in the Secretary's custody by order of the Board. The Secretary shall keep a suitable record of the address of the Member and shall, except as may be otherwise required by statute or this Agreement, sign and issue all notices required for meetings of the Board. The Secretary shall sign all papers to which the Secretary's signature may be necessary or appropriate, shall affix and attest the seal of the Company to all instruments requiring the seal, shall have the authority to certify this Agreement, resolutions of the Member or the Board and other documents of the Company as true and correct copies thereof and shall have such other powers and duties as are commonly incidental to the office of Secretary and as may be prescribed by the Board or the Chief Executive Officer.

Section 7.7 Treasurer. The Treasurer shall have charge of and supervision over and be responsible for the funds, securities, receipts and disbursements of the Company; cause the moneys and other valuable effects of the Company to be deposited in the name and to the credit of the Company in such banks or trust companies or with such bankers or other depositories as shall be selected in accordance with resolutions adopted by the Board; cause the funds of the Company to be disbursed by checks or drafts upon the authorized depositories of the Company, and cause to be taken and preserved proper vouchers for all moneys disbursed; render to the proper Officers and to the Board and the Finance Committee or similar Committee, if any, whenever requested, a statement of the financial condition of the Company and of all his or her transactions as Treasurer; cause to be kept at the principal executive offices of the Company correct books of account of all its business and transactions; and, in general, perform all duties incident to the office of Treasurer and such other duties as are given to him or her by this Agreement or as may be assigned to him or her by the Board or the Chief Executive Officer.

Section 7.8 Controller. The Controller shall be the chief accounting officer of the Company; shall keep full and accurate accounts of all assets, liabilities, commitments, revenues, costs and expenses, and other financial transactions of the Company in books belonging to the Company, and conform them to sound accounting principles with adequate internal control; shall cause regular audits of these books and records to be made; shall see that all expenditures are made in accordance with procedures duly established, from time to time, by the Company; shall render financial statements upon the request of the Board; and, in general, shall perform all the duties ordinarily connected with the office of Controller and such other duties as may be assigned to him or her by the Board or the Chief Executive Officer.

Section 7.9 Assistant Secretaries, Assistant Treasurers and Assistant Controllers. Assistant Secretaries, Assistant Treasurers and Assistant Controllers, when elected or appointed, shall respectively assist the Secretary, the Treasurer and the Controller in the performance of the respective duties assigned to such principal

Officers, and in assisting such principal Officer, each of such assistant Officers shall for such purpose have the powers of such principal Officer; and, in case of the absence, disability, death, resignation or removal from office of any principal Officer, such principal Officer's duties shall, except as otherwise ordered by the Board, temporarily devolve upon such assistant Officer as shall be designated by the Board or the Chief Executive Officer.

Section 7.10 Removal. Any Officer or agent may be removed by the Board at any time and for any reason. In addition, any Officer or agent appointed by the Chief Executive Officer may be removed by the Chief Executive Officer whenever, in his or her judgment, the best interests of the Company would be served thereby. Any removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 7.11 Vacancies. A newly created elected office and a vacancy in any elected office because of death, resignation or removal may be filled by the Board. Any vacancy in any office appointed by the Chief Executive Officer because of death, resignation or removal may be filled by the Chief Executive Officer.

## ARTICLE VIII

### CONTRACTS, CHECKS, DRAFTS, DEPOSITS AND PROXIES

Section 8.1 Contracts. The Board may authorize any Officer or Officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Company, and such authority may be general or confined to specific instances.

Section 8.2 Checks and Drafts. All checks, drafts or other orders for the payment of money, issued in the name of the Company, shall be signed by such Officer or Officers, agent or agents of the Company and in such manner as shall from time to time be determined by the Board or the Chief Executive Officer.

Section 8.3 Deposits. All funds of the Company not otherwise employed shall be deposited from time to time to the credit of the Company in such depositories as may be selected by or under the authority of the Board.

Section 8.4 Proxies. Unless otherwise provided by the Board, the Chief Executive Officer, the President or any Executive Vice President, Senior Vice President or Vice President may from time to time appoint an attorney or attorneys or agent or agents of the Company, in the name and on behalf of the Company, to cast the votes which the Company may be entitled to cast as the holder of stock or other securities in any other entity, any of whose stock or other securities may be held by the Company, at meetings of the holders of the stock or other securities of such other entity, or to consent in writing, in the name of the Company as such

holder, to any action by such other entity, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Company and under seal or otherwise, all such written proxies or other instruments as he or she may deem necessary or proper in the premises.

#### ARTICLE IX

##### Capital Contributions; Allocations and Distributions

Section 9.1 Capital Contributions. Upon the formation of the Company, the Member shall not be required to make a Capital Contribution. Capital Contributions shall be made from time to time as the Member shall determine.

Section 9.2 Capital Accounts. A Capital Account shall be maintained for the Member to which shall be credited (i) the Member's Capital Contributions, if any and (ii) all Company revenue. The Capital Account shall be debited with (i) all costs, expensed, and losses of the Company and (ii) the amount of any distributions (including return of capital) made to the Member. No interest shall be paid on the Member's Capital Account.

Section 9.3 Allocation of Profits and Losses. All profits and losses of the Company shall be allocated to the Member.

Section 9.4 Distributions. All distributions of cash or other assets of the Company shall be made to the Member when and as determined by the Member, subject to any limitations or restrictions provided for in the Act.

#### ARTICLE X

##### MAINTENANCE OF BOOKS AND RECORDS, ETC.

Section 10.1 Books and Records. The Company shall maintain those books and records required to be maintained by Section 23-18-4-8 of the Act, along with such other books and records as the Board or the Controller may determine from time to time. All such books and records shall at all times be made available at the principal office of the Company and shall be open to the reasonable inspection and examination by the Directors or their duly authorized representatives during normal business hours.

Section 10.2 Reports to the Indiana Secretary of State. Pursuant to Section 23-18-12-11 of the Act, the Directors shall cause a biennial report to be filed with the Indiana Secretary of State every two calendar years following the calendar year in

which the Company was organized, which sets forth all of the information as required under that section of the Act.

#### ARTICLE XI

##### INDEMNIFICATION

Section 11.1 In General. Any person who is or was serving as a Member, Director, Officer, employee or agent of the Company or who, at the request of the Company, is or was serving as a director, manager, officer, employee or agent of another corporation, limited liability company, partnership, joint venture, trust or other enterprise or Person, or as a trustee or administrator under an employee benefit plan, shall be indemnified by the Company, to the fullest extent permitted by law, against (a) litigation expenses, including costs, expenses and reasonable attorneys' fees incurred by any such person in connection with any threatened, pending or completed action, suit or proceedings, whether civil, criminal, administrative or investigative, whether formal or informal, and whether or not brought by or on behalf of the Company, arising out of such person's status as such or such person's activities in any of the foregoing capacities, (b) liability, including payments made by such person in satisfaction of any judgment, money decree, fine (including an excise tax assessed with respect to an employee benefit plan), penalty or settlement for which such person may have become liable in any such action, suit or proceeding, (c) payments made and personal liabilities reasonably incurred in the authorized conduct of the business of the Company or for the preservation of its business and its property and (d) reasonable costs, expenses and attorneys' fees incurred by such person in connection with the enforcement of the indemnification rights provided herein. Any Person who is or was serving in any of the foregoing capacities for or on behalf of the Company shall be conclusively deemed to be doing or to have done so in reliance upon, and as consideration for, the indemnification rights provided herein.

The rights of indemnification provided herein (which shall be deemed to be a contract between any such person and the Company enforceable on the part of such person notwithstanding any subsequent amendment or repeal of this Agreement) shall inure to the benefit of the successors, estates or legal representatives of any such Person and shall not be exclusive of any other rights to which such Person may be entitled apart from this Agreement, by contract, resolution or otherwise.

#### ARTICLE XII

##### CESSATION OF MEMBERSHIP, DISSOLUTION, LIQUIDATION AND TERMINATION

Section 12.1 Cessation of Membership. A Person shall cease to be a Member only upon the assignment of such Person's entire Interest and as otherwise expressly provided in this Agreement or the Company's Articles of Organization.

Section 12.2 Dissolution and Termination.

(a) The Company shall be dissolved and its affairs shall be wound up upon the first to occur of any of the following events (an "Event of Dissolution"):

- (i) the decision by the Board to dissolve, wind up and liquidate the Company; or
- (ii) the entry of a judicial dissolution pursuant to Section 23-18-9-2 of the Act.

(b) An Event of Bankruptcy affecting any Member or the transfer of any Interests shall not constitute an Event of Dissolution.

(c) Dissolution of the Company shall be effective on the effective date of the Event of Dissolution, but the Company shall not terminate until the assets thereof have been distributed in accordance with the provisions of Section 12.5 hereof and all other provisions of the Act with respect to the dissolution of a limited liability company have been complied with. Notwithstanding the dissolution of the Company, prior to the termination of the Company, the business, assets and affairs of the Company shall continue to be governed by this Agreement.

Section 12.3 Liquidating Trustee. Upon the occurrence of an Event of Dissolution, sole and plenary authority to effectuate the liquidation of the Company shall be vested in the Board or a Person designated by the Board to effectuate the liquidation of the Company or if the Board elects not to effectuate such liquidation and fails to designate a liquidator, such Person as is selected by the Member (the "Liquidating Trustee"). The Liquidating Trustee shall proceed diligently to wind up the affairs of the Company, liquidate the assets of the Company in an orderly and businesslike manner consistent with obtaining the fair value thereof and distribute the assets of the Company in accordance with the provisions of Section 12.5 hereof. A reasonable amount of time shall be allowed for the orderly liquidation of the assets of the Company and the discharge of liabilities to creditors so as to enable the Liquidating Trustee to minimize the losses attendant upon such liquidation. Prior to such distribution of the Company's assets, the Liquidating Trustee shall continue to exploit the rights, activities and properties of the Company consistent with the sale or liquidation thereof, exercising in connection therewith all of the power and authority of the Board as herein set forth.

Section 12.4 Accounting upon Dissolution and Termination. Upon the distribution of the assets of the Company in accordance with the provisions of Section 12.5 hereof, the Liquidating Trustee shall cause the Company's accountants to make a full and proper accounting of the assets, liabilities and operations of the Company, as of and through the date on which such distribution occurs.



Section 12.5 Distribution of Assets.

(a) As expeditiously as possible after the occurrence of an Event of Dissolution and the liquidation of the assets of the Company, the assets of the Company, including the proceeds of any such liquidation, shall be applied and distributed in the following order of priority:

(i) First, all liabilities and obligations of the Company (including, without limitation, loans from the Member) shall be paid to creditors of the Company or provided for (whether by establishing reasonable reserves or otherwise as the Liquidating Trustee shall reasonably deem appropriate); and

(ii) Second, to the Member.

(b) The Liquidating Trustee shall have the authority to establish reasonable reserves for the payment of liabilities and obligations of the Company or to otherwise provide for the payment of Company liabilities and obligations as the Liquidating Trustee shall reasonably deem appropriate (as aforesaid). All saleable assets of the Company may be sold in connection with the liquidation of the Company at public or private sale and at such price and upon such terms as the Liquidating Trustee, in its sole discretion, may deem advisable. The Member or any other Related Person may purchase assets at such sale. The Liquidating Trustee shall determine, in its sole discretion, which assets of the Company shall be liquidated through sale and which assets of the Company shall be distributed in kind.

Section 12.6 Termination. Upon compliance with the foregoing distribution plan, the Company shall cease to be such, and the Liquidating Trustee shall execute, acknowledge and cause to be filed with the Secretary of State of the State of Indiana Articles of Dissolution of the Company.

**ARTICLE XIII**

**MISCELLANEOUS**

Section 13.1 Successors and Assigns; Third Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the Member and its legal representatives, administrators, executors, successors and assigns. Except as set forth in Article XI, none of the provisions of this Agreement shall be for the benefit of or enforceable by any Person not a party hereto.

Section 13.2 Sole Limited Liability Company Operating Agreement. This Agreement, together with the documents expressly referred to herein, each as amended or supplemented, constitutes the sole limited liability company operating agreement of the Company.

Section 13.3 Assignment. An assignee of a Member shall automatically become a Member, provided the assignee consents.

Section 13.4 Choice of Law; Forum and Waiver of Jury Trial. This Agreement shall be construed in accordance with the laws of the State of Indiana, without regard to the choice of laws rules thereof, and the obligations, rights and remedies of the Member hereunder shall be determined in accordance with such laws. Any legal suit, action or proceeding against any of the parties hereto arising out of or relating to this Agreement shall only be instituted in any federal or state court in Indiana.

Section 13.5 Interpretation. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, the feminine or neuter gender shall include the masculine, the feminine and the neuter.

Section 13.6 Captions. Captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit or extend or otherwise affect the scope or intent of this Agreement or any provision hereof.

Section 13.7 Severability. If any provision of this Agreement, or the application of such provision to any Person or circumstance, shall be held invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions of this Agreement, or the application of such provision in jurisdictions or to Persons or circumstances other than those to which it is held invalid, illegal or unenforceable shall not be affected thereby.

Section 13.8 Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original but all of which shall constitute one and the same instrument.

Section 13.9 Non-Waiver. No provision of this Agreement shall be deemed to have been waived unless such waiver is contained in a written notice given to the party claiming such waiver has occurred, provided that no such waiver shall be deemed to be a waiver of any other or further obligation or liability of the party or parties in whose favor the waiver was given.

Section 13.10 Time Periods. In applying any provision of this Agreement which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

Section 13.11 Resignations. Any Director or any Officer, whether elected or appointed, may resign at any time by giving written notice of such resignation to the Board, the Chairman of the Board or the Secretary, and such resignation shall be deemed to be effective when communicated unless the notice specifies a later

effective date. No formal action shall be required on behalf of the Company to make any such resignation effective. Upon the effectiveness of any such resignation, such Director shall cease to be a “manager” (within the meaning of the Act)

Section 13.12 Continuation of Obligations. The Company hereby expressly covenants, agrees and confirms, notwithstanding the Conversion, (i) that its obligation promptly to pay, perform and discharge when due each and every debt, obligation, covenant and agreement incurred, made or to be paid, performed or discharged by the Company under the indenture of mortgage or deed of trust, dated September 1, 1939, as supplemented (the “Mortgage”), from Duke Energy Indiana, Inc. to Deutsche Bank National Trust Company, as successor Trustee, continues upon the Conversion, (ii) that, pursuant to Section 23-1-38.5-1.5 of the Indiana Business Corporation Law, title to all real estate and other property owned by the Company, prior to the Conversion, continues to be vested in the Company upon the Conversion, without reversion or impairment and that all liabilities of the Company, prior to the Conversion, continue as liabilities of the Company upon the Conversion; (iii) that all rights of holders of First Mortgage Bonds outstanding under the Mortgage and of the Trustee which existed immediately prior to the Conversion are preserved unimpaired; and (iv) that all debts, liabilities and duties of the Company under the Mortgage which existed immediately prior to the Conversion may be enforced against it to the same extent as if said debts, liabilities and duties had originally been incurred or contracted by it in its capacity as an Indiana limited liability company.

#### ARTICLE XIV

#### AMENDMENTS

Section 14.1 Amendment. Except as required by law or as otherwise provided in the Articles of Organization or in this Agreement, this Agreement may be amended or repeated and a new Agreement may be adopted only by the Member.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date set forth on the first page of this Agreement.

**CINERGY CORP.**


By: /s/ Lynn J. Good  
Lynn J. Good  
Chief Executive Officer

**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): **January 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	 <p><b>DUKE ENERGY</b> DUKE ENERGY CORPORATION (a Delaware corporation) 550 South Tryon Street Charlotte, North Carolina 28202-1803 704-382-3853</p>	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 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.**

On January 4, 2016, the Board of Directors of Duke Energy Corporation (the "Company") adopted Amended and Restated By-Laws (the "Amended By-Laws") to implement proxy access. The Amended By-Laws are effective January 4, 2016.

Section 3.04 of the Amended By-Laws permits a shareholder, or a group of up to 20 shareholders, owning 3% or more of the Company's outstanding common stock continuously for at least 3 years to nominate and include in the Company's proxy materials director-nominees constituting up to 2 individuals or 20% of the board (whichever is greater), provided that the shareholder(s) and the director-nominee(s) satisfy the requirements specified in the Amended By-Laws.

This foregoing description is qualified in its entirety by reference to the full text of the Amended By-Laws filed as Exhibit 3.1 to this Report.

**Item 9.01 Financial Statements And Exhibits.**

(d) Exhibits

3.1 Amended and Restated By-Laws of Duke Energy Corporation, effective January 4, 2016.

---

**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: January 4, 2016

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

---

**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
3.1	Amended and Restated By-Laws of Duke Energy Corporation, effective January 4, 2016.



AMENDED AND RESTATED  
BY-LAWS  
OF  
DUKE ENERGY CORPORATION  
A Delaware corporation  
Effective as of January 4, 2016

---

TABLE OF CONTENTS

Page

ARTICLE I <u>Offices</u>	1
Section 1.01. <u>Principal Office</u>	1
Section 1.02. <u>Registered Office and Agent</u>	1
Section 1.03. <u>Other Offices</u>	1
ARTICLE II <u>Stockholders</u>	1
Section 2.01. <u>Place of Stockholders' Meetings</u>	1
Section 2.02. <u>Day and Time of Annual Meetings of Stockholders</u>	1
Section 2.03. <u>Purposes of Annual Meetings</u>	1
Section 2.04. <u>Special Meetings of Stockholders</u>	2
Section 2.05. <u>Notice of Meetings of Stockholders</u>	5
Section 2.06. <u>Quorum of Stockholders</u>	6
Section 2.07. <u>Presiding Official and Secretary of Meeting; Conduct of Meetings.</u>	7
Section 2.08. <u>Voting by Stockholders</u>	7
Section 2.09. <u>Proxies</u>	8
Section 2.10. <u>Inspector</u>	8
Section 2.11. <u>List of Stockholders</u>	9
Section 2.12. <u>Fixing of Record Date for Determination of Stockholders of Record</u>	9
ARTICLE III <u>Directors</u>	10
Section 3.01. <u>Number and Qualifications</u>	10
Section 3.02. <u>Chairman of the Board</u>	10
Section 3.03. <u>Election and Term of Directors</u>	10
Section 3.04. <u>Proxy Access for Director Nominations</u>	11
Section 3.05. <u>Newly Created Directorships; Vacancies</u>	18
Section 3.06. <u>Resignation</u>	19
Section 3.07. <u>Meetings of the Board</u>	19
Section 3.08. <u>Quorum and Action</u>	20
Section 3.09. <u>Presiding Director and Secretary of Meeting</u>	20
Section 3.10. <u>Action by Consent without Meeting</u>	20
Section 3.11. <u>Compensation of Directors</u>	20
Section 3.12. <u>Committees of the Board and Powers</u>	20
Section 3.13. <u>Meetings of Committees</u>	20
Section 3.14. <u>Quorum of Committee; Manner of Action</u>	21
ARTICLE IV <u>Officers</u>	21
Section 4.01. <u>Elected Officers</u>	21
Section 4.02. <u>Election and Term of Office</u>	21
Section 4.03. <u>Intentionally Omitted</u>	21
Section 4.04. <u>Chief Executive Officer</u>	21
Section 4.05. <u>President</u>	22
Section 4.06. <u>Vice Presidents</u>	22
Section 4.07. <u>Secretary</u>	22
Section 4.08. <u>Treasurer</u>	22

- Section 4.09. Controller 22
- Section 4.10. Assistant Secretaries, Assistant Treasurers and Assistant Controllers 23
- Section 4.11. Removal 23
- Section 4.12. Vacancies 23

ARTICLE V Indemnification 23

- Section 5.01. Power to Indemnify in Actions, Suits or Proceedings other than Those by or in the Right of the Corporation 23
- Section 5.02. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation 24
- Section 5.03. Authorization of Indemnification 24
- Section 5.04. Good Faith Defined 24
- Section 5.05. Indemnification by a Court 25
- Section 5.06. Expenses Payable in Advance 25
- Section 5.07. Nonexclusivity of Indemnification and Advancement of Expenses 25
- Section 5.08. Insurance 25
- Section 5.09. Certain Definitions 25
- Section 5.10. Survival of Indemnification and Advancement of Expenses 26
- Section 5.11. Limitation on Indemnification 26
- Section 5.12. Indemnification of Employees and Agents 26

ARTICLE VI Capital Stock 26

- Section 6.01. Stock Certificates 26
- Section 6.02. Record Ownership 27
- Section 6.03. Transfer of Record Ownership 27
- Section 6.04. Transfer Agent; Registrar; Rules Respecting Certificates 27
- Section 6.05. Lost, Stolen or Destroyed Certificates 27

ARTICLE VII Contracts, Checks and Drafts, Deposits and Proxies 28

- Section 7.01. Contracts 28
- Section 7.02. Checks and Drafts 28
- Section 7.03. Deposits 28
- Section 7.04. Proxies 28

ARTICLE VIII General Provisions 28

- Section 8.01. Dividends 28
- Section 8.02. Fiscal Year 28
- Section 8.03. Seal 28
- Section 8.04. Waivers of Notice 28

ARTICLE IX Amendment of By-Laws 29

- Section 9.01. Amendment 29
- Section 9.02. Entire Board of Directors 29

ARTICLE X Emergency Provisions 29

- Section 10.01. General 29
- Section 10.02. Unavailable Directors 29
- Section 10.03. Authorized Number of Directors 29
- Section 10.04. Quorum 30

<b>Section 10.05.</b>	<b><u>Creation of Emergency Committee</u></b>	<b>30</b>
<b>Section 10.06.</b>	<b><u>Constitution of Emergency Committee</u></b>	<b>30</b>
<b>Section 10.07.</b>	<b><u>Powers of Emergency Committee</u></b>	<b>30</b>
<b>Section 10.08.</b>	<b><u>Directors Becoming Available</u></b>	<b>30</b>
<b>Section 10.09.</b>	<b><u>Election of Board of Directors</u></b>	<b>30</b>
<b>Section 10.10.</b>	<b><u>Termination of Emergency Committee</u></b>	<b>31</b>
<b>Section 10.11.</b>	<b><u>Nonexclusive Powers</u></b>	<b>31</b>

AMENDED AND RESTATED BY-LAWS

OF

DUKE ENERGY CORPORATION

(A CORPORATION ORGANIZED UNDER THE LAWS OF THE  
STATE OF DELAWARE, THE "CORPORATION")  
(EFFECTIVE AS OF JANUARY 4, 2016)

**ARTICLE I**

Offices

**Section 1.01. Principal Office.** The principal office of the Corporation shall be located in Charlotte, North Carolina.

**Section 1.02. Registered Office and Agent.** The address of the registered office of the Corporation in the State of Delaware shall be 1209 Orange Street, Wilmington, Delaware 19801. The name of the registered agent is The Corporation Trust Company. Such registered agent has a business office identical with such registered office.

**Section 1.03. Other Offices.** The Corporation may have such other offices either within or without the State of Delaware as the Board of Directors (the "Board" and each member thereof, a "Director") may designate or as the business of the Corporation may from time to time require.

**ARTICLE II**

Stockholders

**Section 2.01. Place of Stockholders' Meetings.** All meetings of the stockholders of the Corporation shall be held at such place or places, within or outside the State of Delaware, as may be fixed by the Board from time to time or as shall be in the respective notices thereof. The Board may, in its sole discretion, determine that a meeting of the stockholders shall not be held at any place, but may instead be held solely by means of remote communication in the manner authorized by the General Corporation Law of the State of Delaware (the "DGCL").

**Section 2.02. Day and Time of Annual Meetings of Stockholders.** An annual meeting of stockholders shall be held at such date and hour as shall be determined by the Board and designated in the notice thereof. Any previously scheduled annual meeting of stockholders may be postponed by action of the Board taken prior to the time previously scheduled for such annual meeting of stockholders.

**Section 2.03. Purposes of Annual Meetings.** Subject to the rights of the holders of any series of Preferred Stock of the Corporation, at each annual meeting, the stockholders shall elect the Directors. At any such annual meeting any other business properly brought before the meeting may be transacted.

(a) To be properly brought before an annual meeting, business must be (i) specified in the notice of the meeting (or any supplement thereto) given by or at the direction of the Board, (ii) otherwise properly brought before the meeting by or at the direction of the Board or (iii) otherwise properly brought before the meeting by a stockholder who is a holder of record at the time of the giving of notice provided for in this Section 2.03(b), who is entitled to vote at the meeting and who complies with the procedures set forth in this Section 2.03(b). For business to be properly brought before an annual meeting by a stockholder, such business must be a proper matter for stockholder action under applicable law and the stockholder must have given written notice thereof, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Corporation at the principal executive offices of the Corporation, not less than 90 days nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting provided, that the first such anniversary date occurring after the effective date of these By-Laws shall be deemed to be May 1, 2006, and provided, further, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so received not later than the tenth day following the day on which notice of the date of the annual meeting was mailed or public announcement of the date of such meeting is first made by the Corporation, whichever occurs first. In no event shall the public announcement of an adjournment of an annual meeting of stockholders commence a new time period for the giving of a stockholder's notice as described above. Any such notice shall set forth as to each matter the stockholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, and, in the event that such business includes a proposal to amend either the Restated Certificate of Incorporation of the Corporation (the "Certificate") or these By-Laws, the text of the proposed amendment, (ii) the name and address, as they appear on the Corporation's books, of the stockholder proposing such business, (iii) the class and number of shares of the Corporation that are beneficially owned by the stockholder, (iv) any material interest of the stockholder in such business and (v) if the stockholder intends to solicit proxies in support of such stockholder's proposal, a representation to that effect. The foregoing notice requirements shall be deemed satisfied by a stockholder if the stockholder has notified the Corporation of his or her intention to present a proposal at an annual meeting and such stockholder's proposal has been included in a proxy statement that has been prepared by management of the Corporation to solicit proxies for such annual meeting; provided, however, that if such stockholder does not appear or send a qualified representative to present such proposal at such annual meeting, the Corporation need not present such proposal for a vote at such meeting, notwithstanding that proxies in respect of such vote may have been received by the Corporation. No business shall be conducted at an annual meeting of stockholders except in accordance with this Section 2.03(b), and the presiding officer of any annual meeting of stockholders may refuse to permit any business to be brought before an annual meeting without compliance with the foregoing procedures or if the stockholder solicits proxies in support of such stockholder's proposal without such stockholder having made the representation required by clause (v) of the second preceding sentence.

**Section 2.04. Special Meetings of Stockholders.**

(a) Except as otherwise expressly required by the Certificate or applicable law and subject to the rights of the holders of any series of Preferred Stock of the Corporation, special meetings of the stockholders or of any class or series entitled to vote may be called for any purpose or purposes by the Chairman of the Board or by the Board of

Directors pursuant to a resolution stating the purpose or purposes thereof, to be held at such place (within or without the State of Delaware), date and hour as shall be determined by the Chairman or the Board, as applicable, and designated in the notice thereof. At any such special meeting any business properly brought before the meeting may be transacted.

(b) Special meetings of the stockholders or of any class or series entitled to vote may also be called by the Secretary of the Corporation upon the written request to the Secretary and delivered by certified mail to the Corporation's principal executive offices signed by the holders of record at the time such request is delivered representing at least fifteen percent (15%) of the outstanding shares of common stock of the Corporation (the "Requisite Percentage").

(i) Request Requirements. Any request or requests for a special meeting (a "Stockholder Requested Special Meeting") pursuant to paragraph (b) of this Section 2.04 (each, a "Special Meeting Request" and, collectively, the "Special Meeting Requests"), in the form required by this section (b)(i) of this Section 2.04, (1) must be delivered by the holders of record of at least 15% of the outstanding shares of common stock of the Corporation who have each held such shares continuously for at least one year prior to the delivery of the Special Meeting Request, who shall not revoke such request and who shall continue to own not less than 15% of the outstanding shares of common stock of the Corporation through the date of the Stockholder Requested Special Meeting; (2) must provide a reasonably brief statement of the specific purpose or purposes of the Stockholder Requested Special Meeting, the matter(s) proposed to be acted on at the Stockholder Requested Special Meeting and the reasons for conducting such business at the Stockholder Requested Special Meeting; (3) must contain (A) such information and representations, to the extent applicable, then required by Section 2.03(b) of the Corporation's By-Laws as though such stockholder was intending to propose an amendment to the Corporation's Certificate or By-Laws or other business to be brought before an annual meeting of stockholders and (B) the text of any resolutions proposed to be considered and, in the event that such business includes a proposal to amend the Corporation's By-Laws, the language of the proposed amendment; (4) must contain an agreement by the requesting stockholders to notify the Company promptly in the event of any disposition following the date of the Special Meeting Request of shares of the Company owned by the requesting stockholders and an acknowledgement that any such disposition prior to the date of the Stockholder Requested Special Meeting shall be deemed to be a revocation of such Special Meeting Request with respect to such disposed shares and that such shares will no longer be included in determining whether the Requisite Percentage has been satisfied; and (5) must provide documentary evidence that the requesting stockholders own in the aggregate not less than 15% of the outstanding shares of common stock of the Corporation as of the date of the Special Meeting Request to the Secretary, and have held such shares continuously for one year prior to the date of the Special Meeting Request; provided, however, that if the stockholders making the Special Meeting Request are not the beneficial owners of the shares representing at least 15% of the outstanding shares of common stock of the Corporation, then to be valid, the Special Meeting Request must also include documentary evidence (or, if not simultaneously provided with the

request, such documentary evidence must be delivered to the Secretary by certified mail within ten business days after the date of the Special Meeting Request) that the beneficial owners on whose behalf the Special Meeting Request is made beneficially own at least 15% of the outstanding shares of common stock of the Corporation as of the date on which the Special Meeting Request is delivered to the Secretary and have held such shares continuously for one year prior to the Special Meeting Request. If the purpose of the Stockholder Special Meeting is to elect directors, the Special Meeting Request must also contain the information and representations required by Section 3.03 of the Corporation's By-Laws. The Corporation may require the stockholders submitting the Special Meeting Request to furnish such other information as may be reasonably requested by the Corporation. Any requesting stockholder may revoke his, her or its Special Meeting Request at any time prior to the date of the Stockholder Requested Special Meeting by written revocation delivered to the Secretary of the Corporation by certified mail at the Corporation's principal executive offices. If, following such revocation (or deemed revocation pursuant to clause (4) of Section 2.04(b)(i)), there are unrevoked requests from requesting stockholders holding in the aggregate less than the Requisite Percentage, the Board of Directors, in its discretion, may cancel the Stockholder Requested Special Meeting. If none of the stockholders who submitted a Stockholder Special Meeting Request for a Stockholder Requested Special Meeting appears or sends a qualified representative to present the business proposed to be conducted at the Stockholder Requested Special Meeting, the Corporation need not present such business for a vote at such Stockholder Requested Special Meeting, notwithstanding that proxies in respect of such matter may have been received by the Corporation.

(ii) Calling of a Stockholder Requested Special Meeting. The Secretary of the Corporation shall not be required to call a Stockholder Requested Special Meeting pursuant to Section 2.04(b) if (1) the Special Meeting Request does not comply with Section 2.04(b); (2) the action relates to an item of business that is not a proper subject for stockholder action under applicable law; (3) the Special Meeting Request is received by the Secretary of the Corporation during the period commencing 90 days prior to the first anniversary of the date of the immediately preceding annual meeting and ending on the date of the next annual meeting; (4) an identical or substantially similar item of business, as determined by the Board of Directors of the Corporation in its reasonable determination, which determination shall be conclusive and binding on the Corporation and its stockholders, (a "Similar Item"), was presented at a meeting of stockholders held not more than 12 months before the Special Meeting Request is received by the Secretary of the Corporation; (5) a Similar Item consisting of the election or removal of directors was presented at a meeting of stockholders held not more than 90 days before the Special Meeting Request is received by the Secretary of the Corporation (and, for purposes of this clause, the election or removal of directors shall be deemed a "Similar Item" with respect to all items of business involving the election or removal of directors); (6) a Similar Item is included in the Corporation's notice of meeting as an item of business to be brought before an annual or special stockholders meeting that has been called but not yet held or



that is called to be held within 90 days after the Special Meeting Request is received by the Secretary of the Corporation; or (7) the Special Meeting Request was made in a manner that involved a violation of Regulation 14A under the Securities Exchange Act of 1934 or other applicable law. For purposes of this paragraph (b)(ii), the nomination, election or removal of directors shall be deemed to be a Similar Item with respect to all actions involving the nomination, election or removal of directors, changing the size of the Board of Directors and filling of vacancies and/or newly created directorships resulting from any increase in the authorized number of directors.

(c) Except as provided in the next sentence, any special meeting shall be held at such date, time and place, within or without the State of Delaware, as may be fixed by the Board of Directors in accordance with Section 2.12 of these By-Laws and the DGCL. In the case of a Stockholder Requested Special Meeting, following delivery of a Special Meeting Request, the Board of Directors shall, by the later of (x) 20 days after delivery of a valid Special Meeting Request and (y) five days after delivery of any information required by the Corporation to determine the validity of the Special Meeting Request or the purpose to which the Special Meeting Request relates under paragraph (b)(ii) of this Section 2.04, determine the validity of the Special Meeting Request, and, if appropriate, adopt a resolution fixing the record date for such Stockholder Requested Special Meeting. Special meetings of stockholders called pursuant to this Section 2.04(b) shall be held at such place, on such date, and at such time as the Board of Directors shall fix; provided; however, that the Stockholder Requested Special Meeting shall not be held more than 90 days after receipt by the Company of a valid Special Meeting Request. In fixing a date and time for any Stockholder Requested Special Meeting the Board of Directors may consider such factors as it deems relevant within the good faith exercise of business judgment, including, without limitation, the nature of the matters to be considered, the facts and circumstances surrounding any request for meeting and any plan of the Board of Directors to call an annual meeting or a special meeting.

(d) To be properly brought before a special meeting, business must be (i) specified in the notice of the meeting (or any supplement thereto) given by or at the direction of the Board or (ii) otherwise properly brought before the meeting by or at the direction of the Board. Business transacted at any Stockholder Requested Special Meeting shall be limited to the purpose(s) stated in the Stockholder Special Meeting Request(s); provided, however, that nothing herein shall prohibit the Board of Directors from submitting matters to the stockholders at any Stockholder Requested Special Meeting. No business shall be conducted at a special meeting of stockholders except in accordance with this Section 2.04(d) or as required by applicable law.

**Section 2.05. Notice of Meetings of Stockholders.** Whenever stockholders are required or permitted to take any action at a meeting, unless notice is waived in writing by all stockholders entitled to vote at the meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called.

In lieu of and/or in addition to the foregoing, notice of any meeting of the stockholders of the Corporation may be given via electronic transmission, to the fullest extent

permitted by Section 232 of the DGCL. To be valid, such electronic transmission notice must be in a form of electronic transmission to which the stockholder has consented. Any stockholder can revoke consent to receive notice by a form of electronic transmission by written notice to the Corporation. Such consent shall be deemed revoked if (i) the Corporation is unable to deliver by electronic transmission two consecutive notices given by the Corporation in accordance with such consent and (ii) such inability becomes known to the Secretary or an Assistant Secretary or to the transfer agent or other person responsible for the giving of notice; provided, however, the inadvertent failure to treat any such undeliverable notices as a revocation shall not invalidate any meeting or other action. "Electronic transmission" shall mean any form of communication, not directly involving the physical transmission of paper, that creates a record and that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Unless otherwise provided by law, and except as to any stockholder duly waiving notice, the written notice of any meeting shall be given personally, by mail, or by a form of electronic transmission consented to by the stockholder to whom notice is given, not less than 10 days nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting. If mailed, notice shall be deemed given when deposited in the United States mail, postage prepaid, directed to the stockholder at his or her address as it appears on the records of the Corporation. If by a form of electronic transmission, notice shall be deemed given when transmitted to the stockholder in accordance with the provisions set forth herein; provided, however, that if the electronic transmission notice is posted on an electronic network (e.g., a website or chatroom), notice shall be deemed given upon the later of (A) such posting and (B) the giving of separate notice of the posting to the stockholder.

Except as otherwise expressly required by applicable law, notice of any adjourned meeting of stockholders need not be given if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken.

**Section 2.06. Quorum of Stockholders.**

(a) Unless otherwise expressly required by the Certificate or applicable law, at any meeting of the stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of the votes entitled to be cast thereat shall constitute a quorum for the entire meeting, notwithstanding the withdrawal of stockholders entitled to cast a sufficient number of votes in person or by proxy to reduce the number of votes represented at the meeting below a quorum. Shares of the Corporation's stock belonging to the Corporation or to another corporation, if a majority of the shares entitled to vote in an election of the directors of such other corporation is held by the Corporation, shall neither be counted for the purpose of determining the presence of a quorum nor be entitled to vote at any meeting of the stockholders; provided, however, that the foregoing shall not limit the right of the Corporation to vote stock, including its own stock, held by it in a fiduciary capacity.

(b) At any meeting of the stockholders at which a quorum shall be present, a majority of those present in person or by proxy may adjourn the meeting from time to time. Whether or not a quorum is present, the officer presiding thereat shall have power to adjourn the meeting from time to time. Except as otherwise expressly required by applicable

law, notice of any adjourned meeting other than announcement at the meeting at which an adjournment is taken shall not be required to be given.

(c) At any adjourned meeting, any business may be transacted that might have been transacted at the meeting originally called, but only those stockholders entitled to vote at the meeting as originally noticed shall be entitled to vote at any adjournment or adjournments thereof unless a new record date is fixed by the Board.

**Section 2.07. Presiding Official and Secretary of Meeting; Conduct of Meetings.**

(a) The Chairman of the Board or, in his or her absence, the Chief Executive Officer or, in the absence of the Chairman of the Board and the Chief Executive Officer, an officer of the Corporation designated by the Chairman of the Board, shall preside at meetings of the stockholders. The Secretary or an Assistant Secretary of the Corporation shall act as secretary of the meeting, or if neither is present, then the presiding officer may appoint a person to act as secretary of the meeting.

(b) The Board may to the extent not prohibited by law adopt such rules and regulations for the conduct of the meeting of the stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board, the presiding officer of any meeting of the stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such presiding officer, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board or prescribed by the presiding officer of the meeting, may to the extent not prohibited by law include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting, (ii) rules and procedures for maintaining order at the meeting and the safety of those present, (iii) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the presiding officer of the meeting shall determine, (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof and (v) limitations on the time allotted to questions or comments by participants. Unless, and to the extent, determined by the Board or the presiding officer of the meeting, meetings of stockholders shall not be required to be held in accordance with the rules of parliamentary procedure.

**Section 2.08. Voting by Stockholders.**

(a) Except as otherwise expressly required by the Certificate or applicable law, at every meeting of the stockholders each stockholder of record shall be entitled to the number of votes specified in the Certificate (or, with respect to any class or series of Preferred Stock, in the applicable certificate of designations providing for the creation of such class or series), in person or by proxy, for each share of stock standing in his or her name on the books of the Corporation on the date fixed pursuant to the provisions of Section 2.12 of these By-Laws as the record date for the determination of the stockholders who shall be entitled to receive notice of and to vote at such meeting.

(b) When a quorum is present at any meeting of the stockholders, all questions shall be decided by the vote of a majority of the total number of votes of the

Corporation's capital stock represented and entitled to vote at such meeting, unless the question is one upon which by express provision of law, the rules or regulations of any stock exchange or governmental or regulatory body applicable to the Corporation, the Certificate or these By-Laws, a different vote is required, in which case such express provision shall govern and control the decision of such question. Such votes may be cast in person or by proxy as provided in Section 2.09.

(c) Except as otherwise expressly required by applicable law, the vote at any meeting of stockholders on any question need not be by ballot, unless so directed by the presiding officer of the meeting.

**Section 2.09. Proxies.** Each stockholder entitled to vote at a meeting of the stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder as proxy, but no such proxy shall be voted upon after three years from its date, unless such proxy provides for a longer period. Without limiting the manner in which a stockholder may authorize another person or persons to act for such stockholder as proxy, the following shall constitute a valid means by which a stockholder may grant such authority:

(i) A stockholder may execute a writing authorizing another person or persons to act for such stockholder as proxy. Execution may be accomplished by the stockholder or such stockholder's authorized officer, director, employee or agent signing such writing or causing such person's signature to be affixed to such writing by any reasonable means, including, but not limited to, by facsimile signature.

(ii) A stockholder may authorize another person or persons to act for such stockholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. If it is determined that such telegrams, cablegrams or other electronic transmissions are valid, the inspectors or, if there are no inspectors, such other persons making that determination shall specify the information on which they relied.

Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission authorizing another person or persons to act as proxy for a stockholder may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used; provided, however, that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

**Section 2.10. Inspector.** In advance of any meeting of the stockholders, the Board or the Chairman of the Board shall appoint one or more inspectors to act at the meeting

and make a written report thereof. One or more other persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of the stockholders, the presiding officer of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by applicable law, inspectors may be officers, employees or agents of the Corporation. Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspector shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by applicable law.

**Section 2.11. List of Stockholders.**

(a) At least ten days before every meeting of stockholders, the officer who has charge of the stock ledger of the Corporation shall cause to be prepared and made a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of each stockholder and the number of shares registered in the name of each stockholder.

(b) For such ten-day period through the conclusion of the meeting, such list shall be open to examination by any stockholder for any purpose germane to the meeting as required by applicable law (i) on a reasonably accessible electronic network provided that the information required to gain access to such list is provided with the notice of the meeting or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

(c) The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by this Section 2.11 or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders.

**Section 2.12. Fixing of Record Date for Determination of Stockholders of Record.**

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than 60 nor less than ten days before the date of such meeting.

If no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which the meeting is held.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board. If no record date has been fixed by the Board, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board, and prior action by the Board is required by law, the record date for determining the stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board adopts the resolutions taking such prior action.

(c) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall be not more than 60 days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

### **ARTICLE III**

#### **Directors**

**Section 3.01. Number and Qualifications.** The number of Directors constituting the Board shall be not less than nine nor more than 18, as may be fixed from time to time by the Board in accordance with Section 3.07. A Director must be a stockholder of the Corporation or become a stockholder of the Corporation within a reasonable time after election to the Board. Notwithstanding any provision in these By-Laws or the Certificate to the contrary, prior to the first annual meeting of stockholders at which Directors are elected following the effective date of these By-Laws, the size of the Initial Board shall not be increased or decreased without the affirmative vote of at least 80% of the entire Board.

**Section 3.02. Chairman of the Board.** The Chairman of the Board shall be chosen from among the Directors. The Chairman of the Board shall perform all duties incidental to such person's position which may be required by law and all such other duties as are properly required of the Chairman of the Board by the Board. The Chairman of the Board shall preside at all meetings of stockholders and of the Board and shall make reports to the Board and the stockholders, and shall see that all orders and resolutions of the Board and of

any Committee thereof are carried into effect. The Chairman of the Board shall have such other duties and Elected Officers reporting directly to him or her as set forth in a resolution of the Board.

**Section 3.03. Election and Term of Directors.** Subject to the rights of the holders of any class or series of Preferred Stock of the Corporation, nominations of persons for election as Directors may be made by the Board or by any stockholder who is a stockholder of record at the time of giving of the notice of nomination provided for in this Section 3.03 and who is entitled to vote for the election of Directors. Any stockholder of record entitled to vote for the election of Directors at a meeting may nominate a person or persons for election as Directors only if written notice of such stockholder's intent to make such nomination is given, either by personal delivery or by United States mail, postage prepaid, to the Secretary at the principal executive offices of the Corporation, (i) with respect to an election to be held at an annual meeting of stockholders, not less than 90 nor more than 120 days prior to the anniversary date of the immediately preceding annual meeting provided, that the first such anniversary date occurring after the effective date of these By-Laws shall be deemed to be May 1, 2006 and provided, further, that in the event that the date of the annual meeting is more than 30 days before or more than 60 days after such anniversary date, notice by the stockholder to be timely must be so received not later than the tenth day following the day on which notice of the date of the annual meeting was mailed or public announcement of the date of such meeting is first made by the Corporation, whichever occurs first and (ii) with respect to an election to be held at a special meeting of stockholders for the election of Directors, not earlier than the 90th day prior to such special meeting and not later than the close of business on the later of the 60th day prior to such special meeting or the tenth day following the day on which public announcement of the date of the special meeting and of the nominees to be elected at such meeting is first made. Each such notice shall set forth: (a) the name and address of the stockholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder; (d) such other information regarding each nominee proposed by such stockholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission (the "SEC") had each nominee been nominated, or intended to be nominated, by the Board; (e) the consent of each nominee to serve as a Director if so elected and (f) if the stockholder intends to solicit proxies in support of such stockholder's nominee(s), a representation to that effect. The presiding officer of any meeting of stockholders to elect Directors and the Board may refuse to acknowledge any attempted nomination of any person not made in compliance with the foregoing procedure or if the stockholder solicits proxies in support of such stockholder's nominee(s) without such stockholder having made the representation required by clause (f) of the preceding sentence. Only such persons who are nominated in accordance with the procedures set forth in this Section 3.03 shall be eligible to serve as Directors of the Corporation.

At each meeting of the stockholders for the election of Directors at which a quorum is present, each Director shall be elected by the affirmative vote of the majority of the votes cast with respect to the Director; provided that if the number of nominees exceeds the

number of Board seats open for election, the persons receiving the greatest number of votes, up to the number of Board seats open for election, shall be the Directors. Each Director so elected shall hold office until the next annual meeting of stockholders and until such Director's successor is duly elected and qualified or until such Director's earlier death, resignation or removal. For purposes of this Section 3.03, a majority of the votes cast means that the number of shares voted "for" the election of a director must exceed the votes "withheld" from the election of that director.

**Section 3.04. Proxy Access for Director Nominations.**

(a) Subject to the terms and conditions of these By-Laws, the Corporation shall include in its proxy statement and on its form of proxy for an annual meeting of stockholders the name of, and shall include in its proxy statement the Required Information (as defined below) relating to, any nominee for election to the Board delivered pursuant to this Section 3.04 (a "Stockholder Nominee") who satisfies the eligibility requirements in this Section 3.04, and who is identified in a timely and proper notice that both complies with this Section 3.04 (the "Stockholder Notice") and is given by a stockholder on behalf of one or more stockholders or on behalf of any affiliate, associate of, or any other party acting in concert with or on behalf of one or more stockholders nominating a Stockholder Nominee or beneficial owners on whose behalf such stockholder(s) is acting (an "Associated Person"), but in no case more than twenty stockholders or beneficial owners, that:

(iii) expressly elect at the time of the delivery of the Stockholder Notice to have such Stockholder Nominee included in the Corporation's proxy materials,

(iv) as of the date of the Stockholder Notice, own and continuously have owned during the three prior years at least three percent (3%) of the outstanding shares of common stock of the Corporation entitled to vote in the election of Directors (the "Required Shares"), and

(v) satisfy the additional requirements in these By-Laws (an "Eligible Stockholder").

(b) For purposes of qualifying as an Eligible Stockholder and satisfying the ownership requirements under Section 3.04(a):

(i) the outstanding shares of common stock of the Corporation owned by one or more stockholders and beneficial owners that each stockholder and/or beneficial owner has owned continuously for at least three years as of the date of the Stockholder Notice may be aggregated, provided that the number of stockholders and Associated Persons whose ownership of shares is aggregated for such purpose shall not exceed twenty (20) and that any and all requirements and obligations for an Eligible Stockholder set forth in this Section 3.04 are satisfied by and as to each such stockholder and Associated Persons (except as noted with respect to aggregation or as otherwise provided in this Section 3.04), and



(ii) a group of funds that are (1) under common management and investment control, (2) under common management and funded primarily by the same employer, or (3) a "group of investment companies," as such term is defined in Section 12(d)(1)(G)(ii) of the Investment Company Act of 1940, as amended (a "Qualifying Fund") shall be treated as one stockholder, provided that each fund included within a Qualifying Fund otherwise meets the requirements set forth in this Section 3.04.

(c) For purposes of this Section 3.04:

(i) A stockholder or beneficial owner shall be deemed to own only those outstanding shares of common stock of the Corporation as to which such person possesses both (i) the full voting and investment rights pertaining to the shares and (ii) the full economic interest in (including the opportunity for profit and risk of loss on) such shares; provided that the number of shares calculated in accordance with clauses (i) and (ii) shall not include any shares (A) sold by such person or any of its affiliates in any transaction that has not been settled or closed, including any short sale, (B) borrowed by such person or any of its affiliates for any purposes or purchased by such person or any of its affiliates pursuant to an agreement to resell, or (C) subject to any option, warrant, forward contract, swap, contract of sale, or other derivative or similar agreement entered into by such person or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding shares of Common Stock, in any such case which instrument or agreement has, or is intended to have the purpose or effect of (1) reducing in any manner, to any extent or at any time in the future, such person's or its affiliates' full right to vote or direct the voting of any such shares, and/or (2) hedging, offsetting, or altering to any degree any gain or loss arising from the full economic ownership of such shares by such person or its affiliate.

(ii) A stockholder or beneficial owner shall own shares held in the name of a nominee or other intermediary so long as the person retains the right to instruct how the shares are voted with respect to the election of Directors and possesses the full economic interest in the shares. A person's ownership of shares shall be deemed to continue during any period in which the person has delegated any voting power by means of a proxy, power of attorney, or other instrument or arrangement that is revocable at any time by the person.

(iii) A stockholder or beneficial owner's ownership of shares shall be deemed to continue during any period in which the person has loaned such shares provided that the person has the power to recall such loaned shares on five business days' notice and has recalled such loaned shares as of the date of the Stockholder Notice and through the date of the annual meeting.

Whether outstanding shares of the Corporation are owned for these purposes shall be determined by the Board.

(d) No stockholder or beneficial owner, alone or together with any Associated Person, may be a member of more than one group constituting an Eligible Stockholder under this Section 3.04.

(e) For purposes of this Section 3.04, the "Required Information" that the Corporation will include in its proxy statement is:

(iii) the information concerning the Stockholder Nominee and the Eligible Stockholder that is required to be disclosed in the Corporation's proxy statement by the applicable requirements of the Exchange Act and the rules and regulations thereunder; and

(iv) if the Eligible Stockholder so elects, a written statement of the Eligible Stockholder, not to exceed 500 words, in support of each Stockholder Nominee, which must be provided at the same time as the Stockholder Notice for inclusion in the Corporation's proxy statement for the annual meeting (the "Statement").

Notwithstanding anything to the contrary contained in this Section 3.04, the Corporation may omit from its proxy materials any information or Statement (or portion thereof) that the Corporation, in good faith, believes (i) would violate any applicable law, rule, regulation or listing standard, or (ii) is not true and correct in all material respects or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. Nothing in this Section 3.04 shall limit the Corporation's ability to solicit against and include in its proxy materials its own statements relating to any Eligible Stockholder or Stockholder Nominee.

(f) The Stockholder Notice shall set forth all information required under Section 3.03 above, and in addition shall include:

(i) the written consent of each Stockholder Nominee to being named in the Corporation's proxy materials as a nominee and to serving as a Director if elected,

(ii) a copy of the Schedule 14N that has been or concurrently is filed with the SEC under Exchange Act Rule 14a-18,

(iii) the written agreement of the Eligible Stockholder (in the case of a group, each stockholder or beneficial owner whose shares are aggregated for purposes of constituting an Eligible Stockholder) addressed to the Corporation, setting forth the following additional agreements, representations, and warranties:

(A) certifying to the number of shares of common stock of the Corporation it owns and has owned (as defined in Section 3.04(c) of these By-Laws) continuously for at least three years as of the date of the Stockholder Notice and agreeing to continue to own such shares through the annual meeting, which statement shall also be included in the Schedule 14N filed by the Eligible Stockholder with the SEC,

(B) the Eligible Stockholder's agreement to provide written statements from the record holder and intermediaries as required under Section 3.04(h) verifying the Eligible Stockholder's continuous ownership of the Required Shares through and as of the business day immediately preceding the date of the annual meeting;

(C) the Eligible Stockholder's representation and warranty that the Eligible Stockholder (including each member of any group of stockholders and/or Associated Persons that together is an Eligible Stockholder) (1) acquired the Required Shares in the ordinary course of business and not with the intent to change or influence control at the Corporation, and does not presently have any such intent, (2) has not nominated and will not nominate for election to the Board at the annual meeting any person other than the Stockholder Nominee(s) being nominated pursuant to this Section 3.04, (3) has not engaged and will not engage in, and has not been and will not be a participant (as defined in Item 4 of Exchange Act Schedule 14A) in, a solicitation within the meaning of Exchange Act Rule 14a-1(l), in support of the election of any individual as a Director at the annual meeting other than its Stockholder Nominee or a nominee of the Board, and (4) will not distribute any form of proxy for the annual meeting other than the form distributed by the Corporation, and

(iv) the Eligible Stockholder's agreement to (1) assume all liability stemming from any legal or regulatory violation arising out of the Eligible Stockholder's communications with the stockholders of the Corporation or out of the information that the Eligible Stockholder provided to the Corporation, (2) indemnify and hold harmless the Corporation and each of its Directors, officers and employees individually against any liability, loss or damages in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its Directors, officers or employees arising out of any nomination submitted by the Eligible Stockholder pursuant to this Section 3.04, (3) comply with all other laws, rules, regulations and listing standards applicable to any solicitation in connection with the annual meeting, (4) file all materials described in Section 3.04(h)(iii) with the SEC, regardless of whether any such filing is required under Exchange Act Regulation 14A, or whether any exemption from filing is available for such materials under Exchange Act Regulation 14A, and (5) provide to the Corporation prior to the annual meeting such additional information as necessary or reasonably requested by the Corporation, and in the case of a nomination by a group of stockholders or beneficial owners that together is an Eligible Stockholder, the designation by all group members of one group member that is authorized to act on behalf of all such members with respect to the nomination and matters related thereto, including withdrawal of the nomination.

(g) To be timely under this Section 3.04, the Stockholder Notice must be received by the Secretary of the Corporation at the principal executive offices of the Corporation not later than the 120th day nor earlier than the 150th day prior to the first anniversary of the date the definitive proxy statement was first sent to stockholders in connection with the preceding year's annual meeting of stockholders; provided, however, that in the event the date of the annual meeting is more than 30 days before or after such anniversary

date, or if no annual meeting was held in the preceding year, to be timely the Stockholder Notice must be so delivered not earlier than the 150th day prior to such annual meeting and not later than the later of the 120th day prior to such annual meeting or the 10th day following the day on which the date of such meeting is first publicly announced by the Corporation. In no event shall an adjournment or recess of an annual meeting, or a postponement of an annual meeting for which notice has been given or with respect to which there has been a public announcement of the date of the meeting, commence a new time period (or extend any time period) for the giving of the Stockholder Notice.

(h) An Eligible Stockholder must:

(i) within five business days after the date of the Stockholder Notice, provide one or more written statements from the record holder(s) of the Required Shares and from each intermediary through which the Required Shares are or have been held, in each case during the requisite three-year holding period, specifying the number of shares that the Eligible Stockholder owns, and has owned continuously, in compliance with this Section 3.04,

(ii) include in the Schedule 14N filed with the SEC a statement certifying that it owns and continuously has owned the Required Shares for at least three years,

(iii) file with the SEC any solicitation or other communication by or on behalf of the Eligible Stockholder relating to the Corporation's annual meeting of stockholders, one or more of the Corporation's Directors or Director nominees or any Stockholder Nominee, regardless of whether any such filing is required under Exchange Act Regulation 14A or whether any exemption from filing is available for such solicitation or other communication under Exchange Act Regulation 14A, and

(iv) as to any group of funds whose shares are aggregated for purposes of constituting an Eligible Stockholder, within five business days after the date of the Stockholder Notice, provide documentation reasonably satisfactory to the Corporation that demonstrates that the funds satisfy Section 3.04(b)(ii).

The information provided pursuant to this Section 3.04(h) shall be deemed part of the Stockholder Notice for purposes of this Section 3.04.

(i) Within the time period prescribed in Section 3.04(g) for delivery of the Stockholder Notice, the Eligible Stockholder must also deliver to the Secretary of the Corporation at the principal executive offices of the Corporation a written representation and agreement (which shall be deemed part of the Stockholder Notice for purposes of this Section 3.04) signed by each Stockholder Nominee and representing and agreeing that such Stockholder Nominee:

(i) is not and will not become a party to any agreement, arrangement, or understanding with, and has not given any commitment or

assurance to, any person or entity as to how such Stockholder Nominee, if elected as a Director, will act or vote on any issue or question,

(ii) is not and will not become a party to any agreement, arrangement, or understanding with any person with respect to any direct or indirect compensation, reimbursement, or indemnification in connection with service or action as a Director that has not been disclosed to the Corporation, and

(iii) if elected as a Director, will comply with all of the Corporation's corporate governance, conflict of interest, confidentiality, and stock ownership and trading policies and guidelines, and any other Corporation policies and guidelines applicable to Directors.

At the request of the Corporation, the Stockholder Nominee must promptly, but in any event within five business days after such request, submit (i) all completed and signed questionnaires required of the Corporation's Directors, (ii) a written consent to the Corporation following such processes for evaluation as the Corporation follows in evaluating any other potential Board Nominee and (iii) such other information as the Corporation may reasonably request. The Corporation may request such additional information as necessary to permit the Board to determine if each Stockholder Nominee satisfies this Section 3.04.

(j) In the event that any information or communications provided by the Eligible Stockholder or any Stockholder Nominees to the Corporation or its stockholders is not, when provided, or thereafter ceases to be, true, correct and complete in all material respects (including omitting a material fact necessary to make the statements made, in light of the circumstances under which they were made, not misleading), each Eligible Stockholder or Stockholder Nominee, as the case may be, shall promptly notify the Secretary of the Corporation and provide the information that is required to make such information or communication true, correct, complete and not misleading; it being understood that providing any such notification shall not be deemed to cure any such defect or limit the Corporation's right to omit a Stockholder Nominee from its proxy materials pursuant to this Section 3.04.

Notwithstanding anything to the contrary contained in this Section 3.04, the Corporation may omit from its proxy materials any Stockholder Nominee, and such nomination shall be disregarded and no vote on such Stockholder Nominee will occur, notwithstanding that proxies in respect of such vote may have been received by the Corporation, if:

(i) the Eligible Stockholder or Stockholder Nominee breaches any of its respective agreements, representations, or warranties set forth in the Stockholder Notice (or otherwise submitted pursuant to this Section 3.04), any of the information in the Stockholder Notice (or otherwise submitted pursuant to this Section 3.04) was not, when provided, true, correct and complete, or the requirements of this Section 3.04 have otherwise not been met,

(ii) the Stockholder Nominee is not independent under the listing standards of the principal U.S. exchange upon which the shares of the

Corporation are listed, any applicable rules of the SEC, and the Corporation's Standards for Assessing Director Independence,

(iii) the Stockholder Nominee is or has been, within the past three (3) years, an officer or director of a competitor, as defined in Section 8 of the Clayton Antitrust Act of 1914,

(iv) the Stockholder Nominee is a named subject of a pending criminal proceeding (excluding traffic violations and other minor offenses) or has been convicted in such a criminal proceeding within the past ten years,

(v) a notice is delivered to the Corporation (whether or not subsequently withdrawn) under Section 3.03 of these By-Laws indicating that a stockholder intends to nominate any candidate for election to the Board, or

(vi) the election of the Stockholder Nominee to the Board would cause the Corporation to be in violation of the Certificate, these By-Laws, or any applicable state or federal law, rule, or regulation or any applicable listing standard.

(k) The maximum number of Stockholder Nominees that may be included in the Corporation's proxy materials pursuant to this Section 3.04 shall not exceed the greater of (i) two or (ii) twenty percent (20%) of the number of Directors in office as of the last day on which a Stockholder Notice may be delivered pursuant to this Section 3.04 with respect to the annual meeting, or if such amount is not a whole number, the closest whole number below twenty percent (20%); provided, however, that this number shall be reduced by any (i) Stockholder Nominees whose name was submitted for inclusion in the Corporation's proxy materials pursuant to this Section 3.04 but either is subsequently withdrawn or that the Board of Directors decides to nominate as a Board nominee and (ii) any Stockholder Nominees elected to the Board of Directors at either of the two preceding annual meetings who are standing for reelection at the nomination of the Board of Directors. In the event that one or more vacancies for any reason occurs after the deadline in Section 3.04(g) for delivery of the Stockholder Notice but before the annual meeting and the Board resolves to reduce the size of the Board in connection therewith, the maximum number shall be calculated based on the number of Directors in office as so reduced. In the event that the number of Stockholder Nominees submitted by Eligible Stockholders pursuant to this Section 3.04 exceeds this maximum number, the Corporation shall determine which Stockholder Nominees shall be included in the Corporation's proxy materials in accordance with the following provisions: each Eligible Stockholder (or in the case of a group, each group constituting an Eligible Stockholder) will select one Stockholder Nominee for inclusion in the Corporation's proxy materials until the maximum number is reached, going in order of the amount (largest to smallest) of shares of the Corporation each Eligible Stockholder disclosed as owned in its respective Stockholder Notice submitted to the Corporation. If the maximum number is not reached after each Eligible Stockholder (or in the case of a group, each group constituting an Eligible Stockholder) has selected one Stockholder Nominee, this selection process will continue as many times as necessary, following the same order each time, until the maximum number is reached. Following such determination, if any Stockholder Nominee who satisfies the eligibility requirements in this Section 3.04 is thereafter nominated by the Board, and thereafter is not

included in the Corporation's proxy materials or thereafter is not submitted for Director election for any reason (including the Eligible Stockholder's or Stockholder Nominee's failure to comply with this Section 3.04), no other nominee or nominees shall be included in the Corporation's proxy materials or otherwise submitted for Director election in substitution thereof.

(l) Any Stockholder Nominee who is included in the Corporation's proxy materials for a particular annual meeting of stockholders but either (i) withdraws from or becomes ineligible or unavailable for election at the annual meeting for any reason, including for the failure to comply with any provision of these By-Laws or (ii) does not receive at least equal to twenty-five percent (25%) of the votes cast in favor of the Stockholder Nominee's election, will be ineligible to be a Stockholder Nominee pursuant to this Section 3.04 for the next two annual meetings.

(m) The Board (and any other person or body authorized by the Board) shall have the power and authority to interpret this Section 3.04 and to make any and all determinations necessary or advisable to apply this Section 3.04 to any persons, facts or circumstances, including the power to determine (i) whether one or more stockholders or beneficial owners qualifies as an Eligible Stockholder, (ii) whether a Stockholder Notice complies with this Section 3.04 and has otherwise met the requirements of this Section 3.04, (iii) whether a Stockholder Nominee satisfies the qualifications and requirements in this Section 3.04, and (iv) whether any and all requirements of this Section 3.04 (or any applicable requirements of Section 3.03 of these By-Laws) have been satisfied. Any such interpretation or determination adopted in good faith by the Board (or any other person or body authorized by the Board) shall be binding on all persons, including the Corporation and its stockholders (including any beneficial owners). Notwithstanding the foregoing provisions of this Section 3.04, unless otherwise required by law or otherwise determined by the chairman of the meeting or the Board, if (i) the Eligible Stockholder or (ii) a qualified representative of the stockholder does not appear at the annual meeting of stockholders of the Corporation to present its Stockholder Nominee or Stockholder Nominees, such nomination or nominations shall be disregarded, notwithstanding that proxies in respect of the election of the Stockholder Nominee or Stockholder Nominees may have been received by the Corporation. This Section 3.04 shall be the exclusive method for stockholders to include nominees for Director election in the Corporation's proxy materials.

**Section 3.05. Newly Created Directorships: Vacancies.** Subject to the rights of holders of any class or series of Preferred Stock and unless otherwise required by the Certificate, newly created directorships resulting from any increase in the number of Directors and any vacancies on the Board resulting from death, resignation, disqualification, removal or other cause shall be filled only by the affirmative vote of a majority of the remaining Directors then in office, even though less than a quorum of the Board, and any Director so chosen shall hold office until the next annual meeting of stockholders at which Directors are elected and until their successors are duly elected and qualified, or until their earlier death, resignation or removal. No decrease in the number of Directors constituting the Board of Directors shall shorten the term of any incumbent Director.

**Section 3.06. Resignation.** Any Director may resign at any time upon notice given in writing or by electronic transmission to the Corporation. Any such resignation shall take effect at the time specified therein or, if the time be not specified, upon receipt thereof, and the acceptance of such resignation, unless required by the terms thereof, shall not be necessary to make such resignation effective.

**Section 3.07. Meetings of the Board.**

(d) The Board may hold its meetings, both regular and special, either within or outside the State of Delaware, at such places as from time to time may be determined by the Board or as may be designated in the respective notices or waivers of notice thereof.

(e) Regular meetings of the Board shall be held at such times and at such places as from time to time shall be determined by the Board.

(f) The first meeting of each newly elected Board shall be held as soon as practicable after the annual meeting of the stockholders.

(g) Special meetings of the Board shall be held whenever called by direction of the Chairman of the Board or at the request of Directors constituting a majority of the number of Directors then in office.

(h) Members of the Board or any Committee of the Board may participate in a meeting of the Board or such Committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and by any other means of remote communication permitted by applicable law, and such participation shall constitute presence in person at such meeting.

(i) A regular meeting of the Board of Directors shall be held without other notice than this By-Law as soon as practicable after the annual meeting of stockholders. The Board may, by resolution, provide the time and place for the holding of additional regular meetings without other notice than such resolution. Notice of any special meeting of the Board shall be given to each Director at such Director's business or residence in writing by hand delivery, first-class or overnight mail or courier service, facsimile transmission or orally by telephone. If mailed by first-class mail, such notice shall be deemed adequately delivered when deposited in the United States mails so addressed, with postage thereon prepaid, at least five calendar days before such meeting. If by overnight mail or courier service, such notice shall be deemed adequately delivered when the notice is delivered to the overnight mail or courier service company at least 24 hours before such meeting. If by facsimile transmission, such notice shall be deemed adequately delivered when the notice is transmitted at least 12 hours before such meeting. If by telephone or by hand delivery, the notice shall be given at least 12 hours prior to the time set for the meeting. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board need be specified in the notice of such meeting. Any and all business may be transacted at any meeting of the Board. No notice of any adjourned meeting need be given. No notice to or waiver by any Director shall be required with respect to any meeting at which the Director is present except when such Director attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting was not lawfully called or convened.

**Section 3.08. Quorum and Action.** Except as otherwise expressly required by the Certificate, these By-Laws or applicable law, at any meeting of the Board, the presence of at least a majority of the number of Directors fixed pursuant to these By-Laws shall constitute a quorum for the transaction of business; but if there shall be less than a quorum at any meeting of the Board, a majority of those present may adjourn the meeting from time to time. Unless



otherwise provided by applicable law, the Certificate or these By-Laws, the vote of a majority of the Directors present at any meeting at which a quorum is present shall be necessary for the approval and adoption of any resolution or the approval of any act of the Board.

**Section 3.09. Presiding Director and Secretary of Meeting.** The Chairman of the Board or, in the absence of the Chairman of the Board, the Lead Director, or in the absence of the Chairman of the Board and the Lead Director, a member of the Board selected by the members present, shall preside at meetings of the Board. The Secretary shall act as secretary of the meeting, but in the Secretary's absence the presiding Director may appoint a secretary of the meeting.

**Section 3.10. Action by Consent without Meeting.** Any action required or permitted to be taken at any meeting of the Board or of any Committee thereof may be taken without a meeting if all of the Directors or members of such Committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmissions are filed with the minutes of proceedings of the Board or such Committee.

**Section 3.11. Compensation of Directors.** Directors, as such, may receive, pursuant to resolution of the Board, fixed fees and other compensation for their services as Directors, including, without limitation, their services as members of a Committee of the Board.

**Section 3.12. Committees of the Board and Powers.** The Board may designate one or more Committees of the Board, which shall consist of two or more Directors. Any such Committee may to the extent permitted by applicable law exercise such powers and shall have such responsibilities as shall be specified in the designating resolution. A Committee of the Board may not (i) approve or adopt, or recommend to the stockholders, any action or matter (other than the election or removal of directors) expressly required by law to be submitted to stockholders for approval or (ii) adopt, amend or repeal any bylaw of the corporation. The Board shall have power at any time to fill vacancies in, to change the membership of, or to dissolve any such Committee. Nothing herein shall be deemed to prevent the Board from appointing one or more Committees consisting in whole or in part of persons who are not Directors; provided, however, that no such Committee shall have or may exercise any authority of the Board.

**Section 3.13. Meetings of Committees.** Regular meetings of any Committee may be held without notice at such time and at such place, within or outside the State of Delaware, as from time to time shall be determined by such Committee. The Chairman of the Board, the Board or the Committee by vote at a meeting, or by two members of any Committee in writing without a meeting, may call a special meeting of any such Committee by giving notice to each member of the Committee in the manner provided for in Section 3.06(f) hereof. Unless otherwise provided in the Certificate, these By-Laws or by applicable law, neither business to be transacted at, nor the purpose of, any regular or special meeting of any such Committee need be specified in the notice or any waiver of notice.

**Section 3.14. Quorum of Committee; Manner of Action.** At all meetings of any Committee a majority of the total number of its members shall constitute a quorum for the transaction of business. Except in cases in which it is by applicable law, by the Certificate, by these By-Laws, or by resolution of the Board otherwise provided, a majority of such quorum shall decide any questions that may come before the meeting. In the absence of a quorum, the

members of the Committee present by majority vote may adjourn the meeting from time to time, without notice other than by verbal announcement at the meeting, until a quorum shall attend. A Committee may also act by the written consent of all members thereof although not convened in a meeting provided that such written consent is filed with the minute books of the Committee.

**ARTICLE IV**  
**Officers**

**Section 4.01. Elected Officers.** The Elected Officers of the Corporation shall consist of the Chief Executive Officer and such other officers as the Board may designate as Elected Officers from time to time. Any two or more offices may be held simultaneously by the same person, except as otherwise expressly prohibited by applicable law. The Board may elect a Lead Director from among the independent (as such term is defined by applicable SEC or self-regulatory organization rule or regulation) members of the Board. Elected officers shall have such powers and duties as generally pertain to their respective offices, subject to the specific provisions of this Article IV. Such officers shall also have such powers and duties as from time to time may be conferred by the Board or by any Committee thereof. The Board or the Chief Executive Officer may from time to time appoint such other officers (including one or more Executive Vice Presidents, Senior Vice Presidents, Vice Presidents Assistant Secretaries, Assistant Treasurers and Assistant Controllers), as may be necessary or desirable for the conduct of the business of the Corporation. Such other officers and agents shall have such duties and shall hold their offices for such terms as shall be provided in these By-Laws or, to the extent consistent with these By-Laws, as may be prescribed by the Board or the Chief Executive Officer. The Corporation shall maintain a Chief Executive Officer, a President, a Secretary, a Treasurer and a Controller and such other officers as the Board may deem proper.

**Section 4.02. Election and Term of Office.** Elected Officers of the Corporation shall be elected by the Board at such times as the Board may deem necessary. Officers who are not Elected Officers may be elected from time to time by the Board or appointed by the Chief Executive Officer. Each officer shall hold office until such person's successor shall have been duly elected and shall have qualified or until such person's death or until he or she shall resign or shall be removed pursuant to Section 4.11.

**Section 4.03. (Intentionally omitted.)**

**Section 4.04. Chief Executive Officer.** The Chief Executive Officer shall be responsible for the general management of the affairs of the Corporation and shall perform all duties incidental to such person's office which may be required by law and all such other duties as are properly required of the Chief Executive Officer by the Board. The Chief Executive Officer shall report to the Board. The Chief Executive Officer shall, in the absence or inability to act of the Chairman of the Board and the Lead Director (if elected), preside at all meetings of stockholders.

**Section 4.05. President.** The President shall act in a general executive capacity and shall assist the Chief Executive Officer and the Chairman of the Board, if so designated by the Board, in the administration and operation of the Corporation's business and general supervision of its policies and affairs.

**Section 4.06. Vice Presidents.** The Executive Vice Presidents, the Senior Vice Presidents and the Vice Presidents shall have such powers and duties as may be prescribed for them, respectively, by the Board or the Chief Executive Officer. Each of such officers shall report to the Chief Executive Officer or such other officer as the Chief Executive Officer shall direct or to the Chairman of the Board, if so designated by the Board.

**Section 4.07. Secretary.** The Secretary shall attend all meetings of the stockholders and of the Board, shall keep a true and faithful record thereof in proper books and shall have the custody and care of the corporate seal, records, minute books and stock books of the Corporation and of such other books and papers as in the practical business operations of the Corporation shall naturally belong in the office or custody of the Secretary or as shall be placed in the Secretary's custody by order of the Board. The Secretary shall cause to be kept a suitable record of the addresses of stockholders and shall, except as may be otherwise required by statute or these By-Laws, sign and issue all notices required for meetings of stockholders or of the Board. The Secretary shall sign all papers to which the Secretary's signature may be necessary or appropriate, shall affix and attest the seal of the Corporation to all instruments requiring the seal, shall have the authority to certify the By-Laws, resolutions of the stockholders and the Board and other documents of the Corporation as true and correct copies thereof and shall have such other powers and duties as are commonly incidental to the office of Secretary and as may be assigned to him or her by the Board or the Chief Executive Officer.

**Section 4.08. Treasurer.** The Treasurer shall have charge of and supervision over and be responsible for the funds, securities, receipts and disbursements of the Corporation; cause the moneys and other valuable effects of the Corporation to be deposited in the name and to the credit of the Corporation in such banks or trust companies or with such bankers or other depositories as shall be selected in accordance with resolutions adopted by the Board; cause the funds of the Corporation to be disbursed by checks or drafts upon the authorized depositories of the Corporation, and cause to be taken and preserved proper vouchers for all moneys disbursed; render to the proper officers and to the Board and any duly constituted committee of the Board responsible for financial matters, whenever requested, a statement of the financial condition of the Corporation and of all his or her transactions as Treasurer; cause to be kept at the principal executive offices of the Corporation correct books of account of all its business and transactions; and, in general, perform all duties incident to the office of Treasurer and such other duties as are given to him or her by the By-Laws or as may be assigned to him or her by the Chief Executive Officer or the Board.

**Section 4.09. Controller.** The Controller shall be the chief accounting officer of the Corporation; shall keep full and accurate accounts of all assets, liabilities, commitments, revenues, costs and expenses, and other financial transactions of the Corporation in books belonging to the Corporation, and conform them to sound accounting principles with adequate internal control; shall cause regular audits of these books and records to be made; shall see that all expenditures are made in accordance with procedures duly established, from time to time, by the Corporation; shall render financial statements upon the request of the Board; and, in general, shall perform all the duties ordinarily connected with the office of Controller and such other duties as may be assigned to him or her by the Chief Executive Officer or the Board.

**Section 4.10. Assistant Secretaries, Assistant Treasurers and Assistant Controllers.** Assistant Secretaries, Assistant Treasurers and Assistant Controllers, when elected or appointed, shall respectively assist the Secretary, the Treasurer and the Controller in the

performance of the respective duties assigned to such principal officers, and in assisting such principal officer, each of such assistant officers shall for such purpose have the powers of such principal officer; and, in case of the absence, disability, death, resignation or removal from office of any principal officer, such principal officer's duties shall, except as otherwise ordered by the Board, temporarily devolve upon such assistant officer as shall be designated by the Chief Executive Officer.

**Section 4.11. Removal.** Any officer or agent may be removed by the affirmative vote of a majority of the Directors then in office whenever, in their judgment, the best interests of the Corporation would be served thereby. In addition, any officer or agent appointed by the Chief Executive Officer may be removed by the Chief Executive Officer whenever, in his or her judgment, the best interests of the Corporation would be served thereby. Any removal shall be without prejudice to the contract rights, if any, of the person so removed.

**Section 4.12. Vacancies.** A newly created elected office and a vacancy in any elected office because of death, resignation or removal may be filled by the Board for the unexpired portion of the term at any meeting of the Board. Any vacancy in an office appointed by the Chief Executive Officer because of death, resignation or removal may be filled by the Chief Executive Officer.

#### **ARTICLE V** **Indemnification**

**Section 5.01. Power to Indemnify in Actions, Suits or Proceedings other than Those by or in the Right of the Corporation.** Subject to Section 5.03, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that such person is or was a Director or officer of the Corporation, or is or was a Director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

**Section 5.02. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation.** Subject to Section 5.03, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a Director or officer of the Corporation, or is or was a Director or officer of the Corporation serving at the request of the Corporation as a director,

officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

**Section 5.03. Authorization of Indemnification.** Any indemnification under this Article V (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former Director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 5.01 or Section 5.02, as the case may be. Such determination shall be made, with respect to a person who is a Director or officer at the time of such determination, (i) by a majority vote of the Directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such Directors designated by a majority vote of such Directors, even though less than a quorum, or (iii) if there are no such Directors, or if such Directors so direct, by independent legal counsel in a written opinion, or (iv) by the stockholders. Such determination shall be made, with respect to former Directors and officers, by any person or persons having the authority to act on the matter on behalf of the Corporation. To the extent, however, that a present or former Director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

**Section 5.04. Good Faith Defined.** For purposes of any determination under Section 5.03, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe such person's conduct was unlawful, if such person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to such person by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The provisions of this Section 5.04 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 5.01 or Section 5.02, as the case may be.

**Section 5.05. Indemnification by a Court.** Notwithstanding any contrary determination in the specific case under Section 5.03, and notwithstanding the absence of any determination thereunder, any Director or officer may apply to the Court of Chancery of the State of Delaware or any other court of competent jurisdiction in the State of Delaware for

indemnification to the extent otherwise permissible under Section 5.01 or Section 5.02. The basis of such indemnification by a court shall be a determination by such court that indemnification of the Director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 5.01 or Section 5.02, as the case may be. Neither a contrary determination in the specific case under Section 5.03 nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the Director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5.05 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the Director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

**Section 5.06. Expenses Payable in Advance.** Expenses (including attorneys' fees) incurred by a Director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such Director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article V. Such expenses (including attorneys' fees) incurred by former Directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate.

**Section 5.07. Nonexclusivity of Indemnification and Advancement of Expenses.** The indemnification and advancement of expenses provided by, or granted pursuant to, this Article V shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate, these By-Laws, agreement, vote of stockholders or disinterested Directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Section 5.01 and Section 5.02 shall be made to the fullest extent permitted by law. The provisions of this Article V shall not be deemed to preclude the indemnification of any person who is not specified in Section 5.01 or Section 5.02 but whom the Corporation has the power or obligation to indemnify under the provisions of the DGCL, or otherwise.

**Section 5.08. Insurance.** The Corporation may purchase and maintain insurance on behalf of any person who is or was a Director or officer of the Corporation, or is or was a Director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article V.

**Section 5.09. Certain Definitions.** For purposes of this Article V, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the

request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article V with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. The term "another enterprise" as used in this Article V shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. For purposes of this Article V, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article V.

**Section 5.10. Survival of Indemnification and Advancement of Expenses.** The indemnification and advancement of expenses provided by, or granted pursuant to, this Article V shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a Director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

**Section 5.11. Limitation on Indemnification.** Notwithstanding anything contained in this Article V to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5.05), the Corporation shall not be obligated to indemnify any Director or officer (or his or her heirs, executors or personal or legal representatives) or advance expenses in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board.

**Section 5.12. Indemnification of Employees and Agents.** The Corporation may, to the extent authorized from time to time by the Board, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation and employees or agents of the Corporation that are or were serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, similar to those conferred in this Article V to Directors and officers of the Corporation.

## **ARTICLE VI**

### **Capital Stock**

**Section 6.01. Stock Certificates.** The shares of the Corporation shall be represented by certificates, provided that the Board may provide by resolution or resolutions that some or all of any or all classes or series of stock shall be uncertificated shares. If shares are represented by certificates, each certificate shall be signed by, or in the name of, the Corporation by (i) the Chairman of the Board, the Chief Executive Officer, the President or any Vice President, and (ii) the Treasurer or any Assistant Treasurer or the Secretary or any Assistant Secretary. In addition, such certificates may be signed by a transfer agent of a

registrar (other than the Corporation itself) and may be sealed with the seal of the Corporation or a facsimile thereof. Any or all of the signatures on such certificates may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may be issued by the Corporation with the same effect as if he or she were such officer, transfer agent or registrar at the date of its issuance.

Each certificate representing shares shall state upon the face thereof: the name of the Corporation; that the Corporation is organized under the laws of Delaware; the name of the person or persons to whom issued; the number and class of shares and the designation of the series, if any, which such certificate represents; and the par value of each share represented by such certificate or a statement that the shares are without par value.

**Section 6.02. Record Ownership.** A record of the name of the person, firm or corporation and address of such holder of each certificate, the number of shares represented thereby and the date of issue thereof shall be made on the Corporation's books. The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof, and accordingly shall not be bound to recognize any equitable or other claim to or interest in any share on the part of any person, whether or not it shall have express or other notice thereof, except as otherwise expressly required by applicable law.

**Section 6.03. Transfer of Record Ownership.** Transfers of stock shall be made on the books of the Corporation only by direction of the person named in the certificate or such person's attorney, lawfully constituted in writing, and only upon the surrender of the certificate therefor and a written assignment of the shares evidenced thereby. Whenever any transfer of stock shall be made for collateral security, and not absolutely, it shall be so expressed in the entry of the transfer if, when the certificates are presented to the Corporation for transfer, both the transferor and transferee request the Corporation to do so.

**Section 6.04. Transfer Agent; Registrar; Rules Respecting Certificates.** The Corporation shall maintain one or more transfer offices or agencies (which may include the Corporation) where stock of the Corporation shall be transferable. The Corporation shall also maintain one or more registry offices (which may include the Corporation) where such stock shall be registered. The Board may make such rules and regulations as it may deem expedient concerning the issue, transfer and registration of stock certificates in accordance with applicable law.

**Section 6.05. Lost, Stolen or Destroyed Certificates.** No certificate for shares of stock in the Corporation shall be issued in place of any certificate alleged to have been lost, destroyed or stolen, except on production of such evidence of such loss, destruction or theft and on delivery to the Corporation of a bond of indemnity in such amount, upon such terms and secured by such surety, as the Board or any financial officer may in its or such person's discretion require. A new certificate may be issued without requiring any bond if the Board or such financial officer so determines.



## ARTICLE VII

### Contracts, Checks and Drafts, Deposits and Proxies

**Section 7.01. Contracts.** The Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances.

**Section 7.02. Checks and Drafts.** All checks, drafts or other orders for the payment of money, issued in the name of the Corporation, shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by the Board.

**Section 7.03. Deposits.** All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such depositories as may be selected by or under the authority of the Board.

**Section 7.04. Proxies.** Unless otherwise provided by the Board, the Chairman of the Board, the Chief Executive Officer, the President or any Executive Vice President, Senior Vice President or Vice President may from time to time appoint an attorney or attorneys or agent or agents of the Corporation, in the name and on behalf of the Corporation, to cast the votes which the Corporation may be entitled to cast as the holder of stock or other securities in any other corporation, any of whose stock or other securities may be held by the Corporation, at meetings of the holders of the stock or other securities of such other corporation, or to consent in writing, in the name of the Corporation as such holder, to any action by such other corporation, and may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent, and may execute or cause to be executed in the name and on behalf of the Corporation and under its corporate seal or otherwise, all such written proxies or other instruments as he or she may deem necessary or proper in the premises.

## ARTICLE VIII

### General Provisions

**Section 8.01. Dividends.** Dividends upon the capital stock of the Corporation, subject to the requirements of the DGCL and the provisions of the Certificate, if any, may be declared by the Board at any regular or special meeting of the Board (or any action by written consent in lieu thereof in accordance with Section 3.09 hereof), and may be paid in cash, in property, or in shares of the Corporation's capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for purchasing any of the shares of capital stock, warrants, rights, options, bonds, debentures, notes, scrip or other securities or evidences of indebtedness of the Corporation, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board may modify or abolish any such reserve.

**Section 8.02. Fiscal Year.** The fiscal year of the Corporation shall begin on the first day of January in each year and shall end on the thirty-first day of December of such year.

**Section 8.03. Seal.** The corporate seal of the Corporation shall be circular in form and shall bear, in addition to any other emblem or device approved by the Board, the name

of the Corporation, the year of its incorporation and the words "Corporate Seal" and "Delaware". The corporate seal may be used by causing it or a facsimile thereof to be impressed or reproduced or otherwise.

**Section 8.04. Waivers of Notice.** Whenever any notice is required by applicable law, the Certificate or these By-Laws, to be given to any Director, member of a Committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to notice, or a waiver by electronic transmission by the person or persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting, present in person or represented by proxy, shall constitute a waiver of notice of such meeting, except where the person attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any annual or special meeting of stockholders or any regular or special meeting of the Board or members of a Committee of the Board need be specified in any written waiver of notice unless so required by law, the Certificate or these By-Laws.

#### **ARTICLE IX** **Amendment of By-Laws**

**Section 9.01. Amendment.** Except as otherwise expressly provided in the Certificate, these By-Laws, or any of them, may from time to time be supplemented, amended or repealed, or new By-Laws may be adopted, by the Board at any regular or special meeting of the Board, if such supplement, amendment, repeal or adoption is approved by a majority of the entire Board.

**Section 9.02. Entire Board of Directors.** As used in this Article IX and in these By-Laws generally, the terms "entire Board" or "entire Board of Directors" mean the total number of Directors which the Corporation would have if there were no vacancies.

#### **ARTICLE X** **Emergency Provisions**

**Section 10.01. General.** The provisions of this Article X shall be operative only during a national emergency declared by the President of the United States or the person performing the President's functions, or in the event of a nuclear, atomic or other attack on the United States or on a locality in which the Corporation conducts its principal business or customarily holds meetings of its Board or its stockholders, or during the existence of any other catastrophic event or similar emergency, as a result of which a quorum of the Board cannot readily be assembled for action. Said provisions in such event shall override all other By-Laws of the Corporation in conflict with any provisions of this Article X and shall remain operative during such emergency, but thereafter shall be inoperative; provided, that, all actions taken in good faith pursuant to such provisions shall thereafter remain in full force and effect unless and until revoked by action taken pursuant to the provisions of the By-Laws other than those contained in this Article X.

**Section 10.02. Unavailable Directors.** All Directors who are not available to perform their duties as Directors by reason of physical or mental incapacity or for any other reason or who are unwilling to perform their duties or whose whereabouts are unknown shall

automatically cease to be Directors, with like effect as if such persons had resigned as Directors, so long as such unavailability continues.

**Section 10.03. Authorized Number of Directors.** The authorized number of Directors shall be the number of Directors remaining after eliminating those who have ceased to be Directors pursuant to Section 10.02, or the minimum number required by applicable law, whichever number is greater.

**Section 10.04. Quorum.** The number of Directors necessary to constitute a quorum shall be one-third of the authorized number of Directors as specified in Section 10.03, or such other minimum number as, pursuant to the law or lawful decree then in force, it is possible for the by-laws of a corporation to specify.

**Section 10.05. Creation of Emergency Committee.** In the event the number of Directors remaining after eliminating those who have ceased to be Directors pursuant to Section 10.02 is less than the minimum number of authorized Directors required by law, then until the appointment of additional Directors to make up such required minimum, all the powers and authorities which the Board could by law delegate, including all powers and authorities which the Board could delegate to a Committee, shall be automatically vested in an emergency committee, and the emergency committee shall thereafter manage the affairs of the Corporation pursuant to such powers and authorities and shall have all other powers and authorities as may by law or lawful decree be conferred on any person or body of persons during a period of emergency.

**Section 10.06. Constitution of Emergency Committee.** The emergency committee shall consist of all the Directors remaining after eliminating those who have ceased to be Directors pursuant to Section 10.02, provided that such remaining Directors are not less than three in number. In the event such remaining Directors are less than three in number, the emergency committee shall consist of three persons, who shall be the remaining Director or Directors and either one or two officers or employees of the Corporation, as the remaining Director or Directors may in writing designate. If there is no remaining Director, the emergency committee shall consist of the three most senior officers of the Corporation who are available to serve, and if and to the extent that officers are not available, the most senior employees of the Corporation. Seniority shall be determined in accordance with any designation of seniority in the minutes of the proceedings of the Board, and in the absence of such designation, shall be determined by rate of remuneration.

**Section 10.07. Powers of Emergency Committee.** The emergency committee, once appointed, shall govern its own procedures and shall have power to increase the number of members thereof beyond the original number, and in the event of a vacancy or vacancies therein, arising at any time, the remaining member or members of the emergency committee shall have the power to fill such vacancy or vacancies. In the event at any time after its appointment all members of the emergency committee shall die or resign or become unavailable to act for any reason whatsoever, a new emergency committee shall be appointed in accordance with the foregoing provisions of this Article X.

**Section 10.08. Directors Becoming Available.** Any person who has ceased to be a Director pursuant to the provisions of Section 10.02 and who thereafter becomes available to serve as a Director shall automatically become a member of the emergency committee.

**Section 10.09. Election of Board of Directors.** The emergency committee shall, as soon after its appointment as is practicable, take all requisite action to secure the election of Directors, and upon such election all the powers and authorities of the emergency committee shall cease.

**Section 10.10. Termination of Emergency Committee.** In the event, after the appointment of an emergency committee, a sufficient number of persons who ceased to be Directors pursuant to Section 10.02 become available to serve as Directors, so that if they had not ceased to be Directors as aforesaid, there would be sufficient Directors to constitute the minimum number of Directors required by law, then all such persons shall automatically be deemed to be reappointed as Directors and the powers and authorities of the emergency committee shall terminate.

**Section 10.11. Nonexclusive Powers.** The emergency powers provided in this Article X shall be in addition to any powers provided by applicable law.

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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 18, 2016**

**DUKE ENERGY CORPORATION**  
(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-32853**  
(Commission  
File No.)

**20-2777218**  
(IRS Employer  
Identification No.)

**550 South Tryon Street, Charlotte, North Carolina, 28202**  
(Address of principal executive offices, including zip code)

**(704) 594-6200**  
(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))

---

Item 2.02 Results of Operations and Financial Condition

On February 18, 2016, Duke Energy Corporation (the "Company") issued a news release announcing its financial results for the fourth quarter ended December 31, 2015. 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 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

In connection with certain awards that may be granted from time to time by the Company under the Duke Energy Corporation 2015 Long-Term Incentive Plan, the Company is filing the Performance Award Agreement and Restricted Stock Unit Award Agreement attached as Exhibits 10.1 and 10.2, respectively, and incorporated by reference into this Item 5.02 as though fully set forth herein.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

- 10.1 Performance Award Agreement
- 10.2 Restricted Stock Unit Award Agreement
- 99.1 News Release issued by Duke Energy Corporation on February 18, 2016

---

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 thereunto duly authorized.

DUKE ENERGY CORPORATION

/s/ BRIAN D. SAVOY

Brian D. Savoy  
Senior Vice President, Chief Accounting Officer and  
Controller

Dated: February 18, 2016

---

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
10.1	Performance Award Agreement
10.2	Restricted Stock Unit Award Agreement
99.1	News Release issued by Duke Energy Corporation on February 18, 2016



Exhibit 10.1

### PERFORMANCE AWARD AGREEMENT

This Performance Award Agreement (the "Agreement") has been made as of \_\_\_\_\_ (the "Date of Grant") between Duke Energy Corporation, a Delaware corporation, with its principal offices in Charlotte, North Carolina (the "Corporation"), and \_\_\_\_\_ (the "Grantee").

### RECITALS

Under the Duke Energy Corporation 2015 Long-Term Incentive Plan, as it may, from time to time, be further amended (the "Plan"), the Compensation Committee of the Board of Directors of the Corporation (the "Committee"), or its delegatee, has determined the form of this Agreement and selected the Grantee, as an Employee, to receive the award evidenced by this Agreement (the "Award") and the Performance Shares and tandem Dividend Equivalents that are subject hereto. The applicable provisions of the Plan are incorporated in this Agreement by reference, including the definitions of terms contained in the Plan (unless such terms are otherwise defined herein).

### AWARD

In accordance with the Plan, the Corporation has made this Award, effective as of the Date of Grant and upon the following terms and conditions:

***Section 1. Number and Nature of Performance Shares and Tandem Dividend Equivalents.*** At target performance, the number of Performance Shares and the number of tandem Dividend Equivalents subject to this Award are each \_\_\_\_\_. Each Performance Share, upon becoming vested, represents a right to receive payment in the form of one (1) share of Common Stock. Each tandem Dividend Equivalent, after its tandem Performance Share vests, represents a right to receive a cash payment equivalent in amount to the aggregate cash dividends declared and paid on one (1) share of Common Stock for the period beginning on the Date of Grant and ending on the date the vested, tandem Performance Share is paid or deferred and before the Dividend Equivalent expires. Performance Shares and Dividend Equivalents are used solely as units of measurement, and are not shares of Common Stock and the Grantee is not, and has no rights as, a shareholder of the Corporation by virtue of this Award.

***Section 2. Vesting of Performance Shares.***

(a) *Performance Goals.* Except as otherwise provided in this Section 2, the Performance Shares shall vest only if and to the extent the Committee, or its delegatee, determines that the Performance Goals (as defined below) have been met (provided that such determination shall be made not later than the first March 15 following the end of the Performance Period, as defined below). To the

---

extent Performance Goals are not met, the Performance Shares that do not so become vested shall be forfeited. The Committee reserves the right to reduce any vesting to the extent the Committee determines that such reduction is equitable and appropriate for any reason, including reductions based on overall financial performance, such as, adjusted and reported earnings, capital deployment and credit position during the Performance Period (as defined below):

Such Performance Shares that do not so become vested shall be forfeited. If the Committee determines that a merger, consolidation, liquidation, issuance of rights or warrants to purchase securities, recapitalization, reclassification, stock dividend, spin-off, split-off, stock split, reverse stock split or other distribution with respect to the shares of Common Stock, or any similar corporate transaction or event in respect of the Common Stock, the manner in which the Corporation conducts its business, or other events or circumstances render the Performance Goals to be unsuitable, the Committee may, in its sole discretion, and without the consent of the Grantee or any other persons, modify the calculation of the Performance Goals, or any of the related minimum, target or maximum levels of achievement, in whole or in part, as the Committee deems equitable and appropriate to reflect such event; provided, however, that no such action may result in the loss of the otherwise available exemption of the Award under Section 162(m) of the Code.

(b) In the event that, prior to the date that the determination of the achievement of each Performance Goal is made, the Grantee's continuous employment by the Corporation, including Subsidiaries, terminates, the Performance Shares subject to this Award are thereupon forfeited, except that if such employment terminates (i) upon Retirement (as defined below), (ii) as the result of the Grantee's death, (iii) as the result of the Grantee's permanent and total disability within the meaning of Code Section 22(e)(3), (iv) as the result of the termination of such employment by the Corporation, or employing Subsidiary, other than for cause, as determined by the Corporation or employing Subsidiary, in its sole discretion, or (v) as the direct and sole result, as determined by the Corporation, or employing Subsidiary, in its sole discretion, of the divestiture of assets, a business, or a company, by the Corporation or a Subsidiary, then, unless the Committee, or its delegate, in its sole discretion determine that Grantee is in violation of any obligation identified in Section 3, the Performance Shares subject to this Award shall vest upon such determination of the achievement of each Performance Goal, at such vesting percentage determined by the Committee, or its delegatee, in its sole discretion, by prorating on the basis of the portion of the Performance Period that such employment continued while Grantee was entitled to payment of salary (unless such termination occurs after the end of the Performance Period, in which event the number of Performance Shares earned, if any, shall not be prorated). "Retirement" shall mean

---

In the event that Grantee is on an employer-approved, personal leave of absence on the date that the determination of the achievement of each Performance Goal is made, then, unless prohibited by law, vesting shall be postponed and shall not occur unless and until Grantee returns to active service in accordance with the terms of the approved personal leave of absence and before November 1 of the calendar year immediately following the calendar year in which the Performance Period ends. In the event Grantee does not return to active service from such leave of absence prior to November 1 of the calendar year immediately following the calendar year in which the Performance Period ends, any Performance Shares covered by this Award that were not vested as of the commencement of such leave shall be immediately forfeited (as if Grantee terminated employment for purposes of Section 4 hereof). Further, in the event that such determination is made and during any portion of the Performance Period the Grantee was on employer-approved, personal leave of absence, the applicable vesting percentage shall be determined by the Committee, or its delegatee, in its sole discretion, to reflect only that portion of the Performance Period during which such employment continued while the Grantee was entitled to payment of salary.

(c) In the event that a Change in Control occurs before the Performance Period has ended and (i) before the Grantee's continuous employment by the Corporation, including Subsidiaries, terminates, or (ii) after such employment terminates during the Performance Period, (A) at a time when Grantee is considered "retired", unless the Corporation, in its sole discretion, determines that Grantee is in violation of any obligation identified in Section 3, or (B) as the result of an event listed in items (ii) – (v) of the first sentence of Section 2(b), the Performance Shares subject to this Award shall vest upon such occurrence, at such vesting percentage determined by the Committee, or its delegatee, in its sole discretion, by prorating down, assuming performance at the target level for each Performance Goal, on the basis of the portion of the Performance Period that has elapsed prior to the time of such occurrence (or such earlier termination of employment), and the remaining Performance Shares shall be forfeited, irrespective of any subsequent determination of the achievement of each Performance Goal.

***Section 3. Restrictive Covenants.***

(a) In consideration of the Award, Grantee agrees that during the period beginning with termination of employment and ending with the anniversary of the Date of Grant ("Restricted Period"), Grantee shall not for any reason, directly or indirectly, without the prior written consent of the Corporation or its delegatee: (i) become employed, engaged or involved with a competitor (defined below) of the Corporation or any Subsidiary in a position that involves: providing services that relate to or are similar in nature or purpose to the services performed by the Grantee for the Corporation or any Subsidiary at any time during his or her previous                      years of employment with the Corporation or any Subsidiary; or, supervision, management, direction or advice regarding such services; either as principal, agent, manager, employee, partner, shareholder,

---

director, officer or consultant (other than as a less-than three percent (3%) equity owner of any corporation traded on any national, international or regional stock exchange or in the over-the-counter market); or, (ii) induce or attempt to induce any customer, client, supplier, employee, agent or independent contractor of the Corporation or any of the Subsidiaries to reduce, terminate, restrict or otherwise alter (to the Corporation's detriment) its business relationship with the Corporation.

(b) The noncompetition obligations of clause (i) of the preceding sentence shall be effective only with respect to a "competitor" of the Corporation or any Subsidiary which is understood to mean any person or entity in competition with the Corporation or any Subsidiary, and more particularly those persons and entities in the businesses of: \_\_\_\_\_ and any other business in which the Corporation, including Subsidiaries, is engaged at the termination of Grantee's continuous employment by the Corporation, including Subsidiaries; and within the following geographical areas: \_\_\_\_\_. The Corporation and Grantee intend the above restrictions on competition in geographical areas to be entirely severable and independent, and any invalidity or enforceability of this provision with respect to any one or more of such restrictions, including geographical areas, shall not render this provision unenforceable as applied to any one or more of the other restrictions, including geographical areas.

(c) Grantee agrees not to: (i) disclose to any third party or otherwise misappropriate any confidential or proprietary information of the Corporation or of any Subsidiary (except as required by subpoena or other legal process, in which event the Grantee will give the Chief Legal Officer of the Corporation prompt notice of such subpoena or other legal process in order to permit the Corporation or any affected individual to seek appropriate protective orders); or, (ii) publish or provide any oral or written statements about the Corporation or any Subsidiary, any of the Corporation's or any Subsidiary's current or former officers, executives, directors, employees, agents or representatives that are false, disparaging or defamatory, or that disclose private or confidential information about their business or personal affairs. The obligations of this paragraph are in addition to, and do not replace, eliminate, or reduce in any way, all other contractual, statutory, or common law obligations Grantee may have to protect the Corporation's confidential information and trade secrets and to avoid defamation or business disparagement.

(d) Notwithstanding any other provision of Section 3, the Grantee remains free to report or otherwise communicate any nuclear safety concern, any workplace safety concern, or any public safety concern to the Nuclear Regulatory Commission, United States Department of Labor, or any other appropriate governmental agency without providing the notice described in Section 3(c), and the Grantee remains free to participate in any governmental proceeding or investigation without providing the notice described in Section 3(c).

---

(e) If any part of this Section is held to be unenforceable because of the duration, scope or geographical area covered, the Corporation and Grantee agree to modify such part, or that the court making such holding shall have the power to modify such part, to reduce its duration, scope or geographical area.

(f) Nothing in Section 3 shall be construed to prohibit Grantee from being retained during the Restricted Period in a capacity as an attorney licensed to practice law, or to restrict Grantee from providing advice and counsel in such capacity, in any jurisdiction where such prohibition or restriction is contrary to law.

(g) Grantee's agreement to the restrictions provided for in this Agreement and the Corporation's agreement to provide the Award are mutually dependent consideration. Therefore, notwithstanding any other provision to the contrary in this Agreement, if the enforceability of any material restriction on Grantee provided for in this Agreement is challenged and found unenforceable by a court of law then the Corporation shall, at its election, have the right to (i) cancel the Award, (ii) recover from Grantee any shares of Common Stock, Dividend Equivalents or other cash paid under Award, or (iii) with respect to any shares of Common Stock paid under the Award that have been disposed of, require the Grantee to repay to the Corporation the fair market value of such shares of Common Stock on the date such shares were sold, transferred, or otherwise disposed of by Grantee. This provision shall be construed as a return of consideration or ill-gotten gains due to the failure of Grantee's promises under the Agreement, and not as a liquidated damages clause. Nothing herein shall (i) reduce or eliminate the Corporation's right to assert that the restrictions provided for in this agreement are fully enforceable as written, or as modified by a court pursuant to Section 3, or (ii) eliminate, reduce, or compromise the application of temporary or permanent injunctive relief as a fully appropriate and applicable remedy to enforce the restrictions provided for in Section 3 (inclusive of its subparts), in addition to recovery of damages or other remedies otherwise allowed by law.

**Section 4. *Forfeiture.*** Any Performance Share subject to this Award shall be forfeited upon the termination of the Grantee's continuous employment by the Corporation, including Subsidiaries, from the Date of Grant, except to the extent otherwise provided in Section 2. Any Dividend Equivalent subject to this Award shall expire at the time its tandem Performance Share (i) is vested and paid, or deferred, or (ii) is forfeited.

**Section 5. *Dividend Equivalent Payment.*** Payment with respect to any Dividend Equivalent subject to this Award that is in tandem with a Performance Share that is vested and paid shall be paid in cash to the Grantee at the same time as the vested Performance Share as provided in Section 6, or, if the vested Performance Share is deferred by Grantee as provided in Section 6, payment with respect to the tandem Dividend Equivalent shall likewise be deferred. The

---

Dividend Equivalent payment amount shall equal the aggregate cash dividends declared and paid with respect to one (1) share of Common Stock for the period beginning on the Date of Grant and ending on the date the vested, tandem Performance Share is paid or deferred and before the Dividend Equivalent expires. However, should the timing of a particular payment under Section 6 to the Grantee in shares of Common Stock in conjunction with the timing of a particular cash dividend declared and paid on Common Stock be such that the Grantee receives such shares without the right to receive such dividend and the Grantee would not otherwise be entitled to payment under the expiring Dividend Equivalent with respect to such dividend, the Grantee, nevertheless, shall be entitled to such payment. Dividend Equivalent payments shall be subject to withholding for taxes. Any required income tax withholdings in respect of Dividend Equivalents attributable to Performance Shares shall be satisfied by reducing the cash payment in respect of the required withholding amount, unless the Committee, or its delegatee, in its discretion, requires Grantee to satisfy such tax obligation by other payment to the Corporation.

*Section 6. Payment of Performance Shares.* Payment of Performance Shares subject to this Award that become vested shall be made to the Grantee on the earlier of: (i) the calendar year immediately following the Performance Period, or (ii) within 30 days after the occurrence of a “change in the ownership,” a “change in the effective control” or a “change in the ownership of a substantial portion of the assets” of the Corporation within the meaning of Section 409A of the Code, except to the extent deferred by the Grantee in accordance with such procedures as the Committee, or its delegatee, may prescribe from time to time or except to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code. Payment (or deferrals, as applicable) shall be subject to withholding for taxes. Payment shall be in the form of one (1) share of Common Stock for each full vested Performance Share, and any fractional vested Performance Share shall be rounded up to the next whole share for purposes of both vesting under Section 2 and payment under Section 6. Notwithstanding the foregoing, the number of shares of Common Stock that would otherwise be paid or deferred (valued at Fair Market Value on the date the respective Performance Share became vested, or if later, payable) shall be reduced by the Committee, or its delegatee, in its sole discretion, to fully satisfy tax withholding requirements, unless the Committee, or its delegatee, in its discretion requires Grantee to satisfy such tax obligation by other payment to the Corporation. In the event that payment, after any reduction in the number of shares of Common Stock to satisfy withholding for tax requirements, would be for less than ten (10) shares of Common Stock, then, if so determined by the Committee, or its delegatee, in its sole discretion, payment, instead of being made in shares of Common Stock, shall be made in a cash amount equal in value to the shares of Common Stock that would otherwise be paid, valued at Fair Market Value on the date the respective Performance Shares became vested.

---

**Section 7. No Employment Right.** Nothing in this Agreement or in the Plan shall confer upon the Grantee the right to continued employment with the Corporation or any Subsidiary, or affect the right of the Corporation or any Subsidiary to terminate the employment or service of the Grantee at any time for any reason.

**Section 8. Nonalienation.** The Performance Shares and Dividend Equivalents subject to this Award are not assignable or transferable by Grantee. Upon any attempt to transfer, assign, pledge, hypothecate, sell or otherwise dispose of any such Performance Share or Dividend Equivalent, or of any right or privilege conferred hereby, or upon the levy of any attachment or similar process upon such Performance Share or Dividend Equivalent, or upon such right or privilege, such Performance Share or Dividend Equivalent, or such right or privilege, shall immediately become null and void.

**Section 9. Determinations.** Determinations by the Committee, or its delegatee, shall be final and conclusive with respect to the interpretation of the Plan and this Agreement.

**Section 10. Governing Law.** This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Delaware applicable to transactions that take place entirely within that state.

**Section 11. Conflicts with Plan, Correction of Errors, Section 409A and Grantee's Consent.** In the event that any provision of this Agreement conflicts in any way with a provision of the Plan, such Plan provision shall be controlling and the applicable provision of this Agreement shall be without force and effect to the extent necessary to cause such Plan provision to be controlling. In the event that, due to administrative error, this Agreement does not accurately reflect an Award properly granted to the Grantee pursuant to the Plan, the Corporation, acting through its Executive Compensation and Benefits Department, reserves the right to cancel any erroneous document and, if appropriate, to replace the cancelled document with a corrected document. It is the intention of the Corporation and the Grantee that this Award not result in unfavorable tax consequences to Grantee under Code Section 409A. Accordingly, Grantee consents to such amendment of this Agreement as the Corporation may reasonably make in furtherance of such intention, and the Corporation shall promptly provide, or make available to, Grantee a copy of any such amendment.

To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A of the Code and that this Award not result in unfavorable tax consequences to Grantee under Section 409A of the Code. This Agreement will be administered and interpreted in a manner consistent with this intent, and any provision that would cause this Agreement to fail to satisfy Section 409A of the Code will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A of the Code). The Corporation and the Grantee agree to work

---

together in good faith in an effort to comply with Section 409A of the Code including, if necessary, amending this Agreement based on further guidance issued by the Internal Revenue Service from time to time, provided that the Corporation shall not be required to assume any increased economic burden. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Grantee shall not be considered to have terminated employment with Corporation for purposes of this Agreement and no payments shall be due to him under this Agreement which are payable upon his termination of employment until he would be considered to have incurred a "separation from service" from the Corporation within the meaning of Section 409A of the Code. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following the Grantee's termination of employment shall instead be paid within 30 days following the first business day after the date that is six months following his termination of employment (or upon his death, if earlier). In addition, for purposes of this Agreement, each amount to be paid or benefit to be provided to the Grantee pursuant to this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code.

Grantee acknowledges and agrees that payments made under this Agreement are subject to the Corporation's requirement that the Grantee reimburse the portion of any payment where such portion of the payment was (i) inadvertently paid based on an incorrect calculation, or (ii) predicated upon the achievement of financial results that are subsequently the subject of a restatement caused or partially caused by Grantee's fraud or misconduct.

*Section 12. Compliance with Law.* The Corporation shall make reasonable efforts to comply with all applicable federal and state securities laws applicable to the Plan and this Award; provided, however, notwithstanding any other provision of this Award, the Corporation shall not be obligated to deliver any shares of Common Stock pursuant to this Award if the delivery thereof would result in a violation of any such law.

Notwithstanding the foregoing, this Award is subject to cancellation by the Corporation in its sole discretion unless the Grantee, by not later than \_\_\_\_\_, has signed a duplicate of this Agreement, in the space provided below, and returned the signed duplicate to the Executive Compensation and Benefits Department - Performance Award [(DEC38C)], Duke Energy Corporation, P. O. Box 1321, Charlotte, NC 28201-1321, which, if, and to the extent, permitted by the Executive Compensation and Benefits Department, may be accomplished by electronic means.



IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed and granted in Charlotte, North Carolina, to be effective as of the Date of Grant.

ATTEST:

DUKE ENERGY CORPORATION

By: \_\_\_\_\_  
Corporate Secretary

By: \_\_\_\_\_  
Its: Chief Executive Officer

**Acceptance of Performance Award**

IN WITNESS OF Grantee's acceptance of this Performance Award and Grantee's agreement to be bound by the provisions of this Agreement and the Plan, Grantee has signed this Agreement this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

\_\_\_\_\_  
Grantee's Signature  
\_\_\_\_\_  
(print name)  
\_\_\_\_\_  
(address)

Exhibit 10.2

**RESTRICTED STOCK UNIT AWARD AGREEMENT**

This **Restricted Stock Unit Award Agreement** (the "Agreement") has been made as of \_\_\_\_\_, (the "Date of Grant") between **Duke Energy Corporation**, a Delaware corporation, with its principal offices in Charlotte, North Carolina (the "Corporation"), and \_\_\_\_\_ (the "Grantee").

**RECITALS**

Under the Duke Energy Corporation 2015 Long-Term Incentive Plan, as it may, from time to time, be further amended (the "Plan"), the Compensation Committee of the Board of Directors of the Corporation (the "Committee"), or its delegate, has determined the form of this Agreement and selected the Grantee, as an Employee, to receive the award evidenced by this Agreement (the "Award") and the "Restricted Stock Units" and tandem Dividend Equivalents that are subject hereto. The applicable provisions of the Plan are incorporated in this Agreement by reference, including the definitions of terms contained in the Plan (unless such terms are otherwise defined herein).

**AWARD**

In accordance with the Plan, the Corporation has made this Award, effective as of the Date of Grant and upon the following terms and conditions:

***Section 1. Number and Nature of Restricted Stock Units and Tandem Dividend Equivalents.*** The number of Restricted Stock Units and the number of tandem Dividend Equivalents subject to this Award are each \_\_\_\_\_. Each Restricted Stock Unit, upon becoming vested, represents a right to receive payment in the form of one (1) share of Common Stock. Each tandem Dividend Equivalent represents a right to receive cash payments equivalent to the amount of cash dividends declared and paid on one (1) share of Common Stock after the Date of Grant and before the Dividend Equivalent expires. Restricted Stock Units and Dividend Equivalents are used solely as units of measurement and are not shares of Common Stock, and the Grantee is not, and has no rights as, a shareholder of the Corporation by virtue of this Award.

***Section 2. Vesting of Restricted Stock Units.*** The specified percentage of the Restricted Stock Units subject to this Award, and not previously forfeited, shall vest, with such percentage considered satisfied to the extent such Restricted Stock Units have previously vested, as follows:

(a) Upon Grantee remaining continuously employed by the Corporation, including Subsidiaries, through the specified anniversary of the Date of Grant (each a "Vesting Date"), the percentage of Restricted Stock Units set forth next to such date shall become vested: \_\_\_\_\_.

---

(b) If such employment terminates (i) as the result of Grantee's death or (ii) as the result of Grantee's permanent and total disability within the meaning of Code Section 22(e)(3), all Restricted Stock Units subject to this Award, which units have not previously been forfeited or vested, immediately shall become fully vested, unless the Committee or its delegate, in its sole discretion, determines that Grantee is in violation of any obligation identified in Section 3, in which case any Restricted Stock Units not previously vested shall be forfeited.

(c) If such employment terminates: [(i) upon Retirement (as defined below)], (ii) as the result of termination of such employment by the Corporation, or employing Subsidiary, other than for cause, as determined by the Committee or its delegate, or (iii) as the direct and sole result, as determined by the Committee or its delegate, in its sole discretion, of the divestiture of assets, a business or a company by the Corporation or a Subsidiary, then, unless the Committee or its delegate, in its sole discretion, determines that Grantee is in violation of any obligation identified in Section 3, in which case any Restricted Stock Units not previously vested shall be forfeited, the Restricted Stock Units subject to this Award shall vest at such vesting percentage determined by the Committee or its delegate, in its sole discretion, by prorating from the above schedule to reflect only that portion of the period beginning on the Date of Grant and ending with the ( ) anniversary of the Date of Grant during which such employment continued while Grantee was entitled to payment of salary, and any such Restricted Stock Units not then or previously vested shall be forfeited. [For purposes of this Agreement, "Retirement" shall mean ]

(d) 100% of the Restricted Stock Units shall become vested, if, following the occurrence of a Change in Control and before the second anniversary of such occurrence, such employment is terminated involuntarily, and not for cause, by the Corporation, or employing Subsidiary, as determined by the Committee or its delegate in its sole discretion.

(e) Unless the Grantee's right to receive payment of the Restricted Stock Units constitutes a "deferral of compensation" within the meaning of Section 409A of the Code, in the event that at a time when vesting would otherwise occur under Section 2(a), 2(b) or 2(c) Grantee is on an employer-approved, personal leave of absence, then, unless prohibited by law, vesting shall be postponed and shall not occur unless and until Grantee returns to active service in accordance with the terms of the approved personal leave of absence and before January 14 of the calendar year immediately following the calendar year in which the leave commenced. In the event Grantee does not return to active service from such leave of absence prior to January 14 of the calendar year immediately following the calendar year in which the leave commenced, any Restricted Stock Units covered by this Award that were not vested as of the commencement of such leave shall be immediately forfeited (as if Grantee terminated employment for purposes of Section 4 hereof).

---

*Section 3. Restrictive Covenants.*

(a) In consideration of the Award, Grantee agrees that during the period ending on the \_\_\_\_\_ anniversary of the Date of Grant ("Restricted Period"), Grantee shall not for any reason, directly or indirectly, without the prior written consent of the Corporation or its delegate: (i) become employed, engaged or involved with a competitor (defined below) of the Corporation or any Subsidiary in a position that involves: providing services that relate to or are similar in nature or purpose to the services performed by the Grantee for the Corporation or any Subsidiary at any time during his or her previous \_\_\_\_\_ years of employment with the Corporation or any Subsidiary; or, supervision, management, direction or advice regarding such services; either as principal, agent, manager, employee, partner, shareholder, director, officer or consultant (other than as a less-than three percent (3%) equity owner of any corporation traded on any national, international or regional stock exchange or in the over-the-counter market); or, (ii) induce or attempt to induce any customer, client, supplier, employee, agent or independent contractor of the Corporation or any of the Subsidiaries to reduce, terminate, restrict or otherwise alter (to the Corporation's detriment) its business relationship with the Corporation.

(b) The noncompetition obligations of clause (i) of the preceding sentence shall be effective only with respect to a "competitor" of the Corporation or any Subsidiary which is understood to mean any person or entity in competition with the Corporation or any Subsidiary, and more particularly those persons and entities in the businesses of: \_\_\_\_\_ and any other business in which the Corporation, including Subsidiaries, is engaged at the termination of Grantee's continuous employment by the Corporation, including Subsidiaries; and within the following geographical areas: \_\_\_\_\_. The Corporation and Grantee intend the above restrictions on competition in geographical areas to be entirely severable and independent, and any invalidity or enforceability of this provision with respect to any one or more of such restrictions, including geographical areas, shall not render this provision unenforceable as applied to any one or more of the other restrictions, including geographical areas.

(c) Grantee agrees not to: (i) disclose to any third party or otherwise misappropriate any confidential or proprietary information of the Corporation or of any Subsidiary (except as required by subpoena or other legal process, in which event the Grantee will give the Chief Legal Officer of the Corporation prompt notice of such subpoena or other legal process in order to permit the Corporation or any affected individual to seek appropriate protective orders); or, (ii) publish or provide any oral or written statements about the Corporation or any Subsidiary, any of the Corporation's or any Subsidiary's current or former officers, executives, directors, employees, agents or representatives that are false, disparaging or defamatory, or that disclose private or confidential information about their business or personal affairs. The obligations of this paragraph are in addition to, and do

---

not replace, eliminate, or reduce in any way, all other contractual, statutory, or common law obligations Grantee may have to protect the Corporation's confidential information and trade secrets and to avoid defamation or business disparagement.

(d) Notwithstanding any other provision of Section 3, the Grantee remains free to report or otherwise communicate with the Nuclear Regulatory Commission, United States Department of Labor, or any other appropriate governmental agency concerning any nuclear safety, workplace safety or any public safety concern, any potential violations or any other matters within such agency's regulatory responsibility without providing the notice described in Section 3(c), and the Grantee remains free to participate in any governmental proceeding or investigation without providing the notice described in Section 3(c).

(e) If any part of this Section is held to be unenforceable because of the duration, scope or geographical area covered, the Corporation and Grantee agree to modify such part, or that the court making such holding shall have the power to modify such part, to reduce its duration, scope or geographical area.

(f) Nothing in Section 3 shall be construed to prohibit Grantee from being retained during the Restricted Period in a capacity as an attorney licensed to practice law, or to restrict Grantee from providing advice and counsel in such capacity, in any jurisdiction where such prohibition or restriction is contrary to law.

(g) Grantee's agreement to the restrictions provided for in this Agreement and the Corporation's agreement to provide the Award are mutually dependent consideration. Therefore, notwithstanding any other provision to the contrary in this Agreement, if Grantee materially breaches any provision of this Section 3 or if the enforceability of any material restriction on Grantee provided for in this Agreement is challenged and found unenforceable by a court of law then the Corporation shall, at its election, have the right to (i) cancel the Award, (ii) recover from Grantee any shares of Common Stock, Dividend Equivalents or other cash paid under Award, or (iii) with respect to any shares of Common Stock paid under the Award that have been disposed of, require the Grantee to repay to the Corporation the fair market value of such shares of Common Stock on the date such shares were sold, transferred, or otherwise disposed of by Grantee. This provision shall be construed as a return of consideration or ill-gotten gains due to the failure of Grantee's promises under the Agreement, and not as a liquidated damages clause. Nothing herein shall (i) reduce or eliminate the Corporation's right to assert that the restrictions provided for in this agreement are fully enforceable as written, or as modified by a court pursuant to Section 3, or (ii) eliminate, reduce, or compromise the application of temporary or permanent injunctive relief as a fully appropriate and applicable remedy to enforce the restrictions provided for in Section 3 (inclusive of its subparts), in addition to recovery of damages or other remedies otherwise allowed by law.

---

**Section 4. *Forfeiture.*** Any unvested Restricted Stock Unit subject to this Award shall be forfeited upon the termination of Grantee's continuous employment by the Corporation, including Subsidiaries, prior to a Vesting Date, except to the extent otherwise provided in Section 2. Any Dividend Equivalent subject to this Award shall expire at the time the Restricted Stock Unit with respect to which the Dividend Equivalent is in tandem (i) is vested and paid, or deferred, or (ii) is forfeited.

**Section 5. *Dividend Equivalent Payments.*** Payments with respect to any Dividend Equivalent subject to this Award shall be paid in cash to the Grantee within 60 days after the time cash dividends are declared and paid with respect to the Common Stock on or after the Date of Grant and before the Dividend Equivalent expires, but in no event later than the calendar year in which the dividends are declared and paid. However, should the timing of a particular payment under Section 6 to the Grantee in shares of Common Stock in conjunction with the timing of a particular cash dividend declared and paid on Common Stock be such that the Grantee receives such shares without the right to receive such dividend and the Grantee would not otherwise be entitled to payment under the expiring Dividend Equivalent with respect to such dividend, the Grantee, nevertheless, shall be entitled to such payment. Dividend Equivalent payments shall be subject to withholding for taxes. Any required income tax withholdings in respect of Dividend Equivalents attributable to Restricted Stock Units shall be satisfied by reducing the cash payment in respect of the required withholding amount, unless the Committee, or its delegate, in its discretion, requires Grantee to satisfy such tax obligation by other payment to the Corporation.

**Section 6. *Payment of Restricted Stock Units.*** Payment of Restricted Stock Units subject to this Award shall be made to the Grantee as soon as practicable following the time such units become vested in accordance with Section 2 but in no event later than 60 days following such vesting, except to the extent deferred by Grantee in accordance with such procedures as the Committee, or its delegate, may prescribe from time to time or except to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A of the Code. To the extent the Grantee's right to receive payment of the Restricted Stock Units constitutes a "deferral of compensation" within the meaning of Section 409A of the Code, then notwithstanding the first sentence of this Section 6, except in the event that the Grantee's employment terminates as a result of death, payment of vested Restricted Stock Units subject to this Award shall be made to the Grantee within 60 days following the applicable Vesting Date(s) as provided in Section 2(a). Payment (or deferrals, as applicable) shall be subject to withholding for taxes. Payment shall be in the form of one (1) share of Common Stock for each full Restricted Stock Unit and any fractional Restricted Stock Unit shall be made in a cash amount equal in value to the shares of Common Stock that would otherwise be paid, valued at Fair Market Value on the date the respective Restricted Stock Units became vested, or if later, payable. Notwithstanding the foregoing, the number of shares of Common Stock that would otherwise be paid or deferred (valued at Fair Market Value on the date the respective Restricted Stock Unit

---

became vested, or if later, payable) shall be reduced by the Committee, or its delegate, in its sole discretion, to fully satisfy tax withholding requirements, unless the Committee, or its delegate, in its discretion requires Grantee to satisfy such tax obligation by other payment to the Corporation. In the event that payment, after any such reduction in the number of shares of Common Stock to satisfy withholding for tax requirements, would be less than ten (10) shares of Common Stock, then, if so determined by the Committee, or its delegate, in its sole discretion, payment, instead of being made in shares of Common Stock, shall be made in a cash amount equal in value to the shares of Common Stock that would otherwise be paid, valued at Fair Market Value on the date the respective Restricted Stock Units became vested, or if later, payable.

**Section 7. No Employment Rights.** Nothing in this Agreement or in the Plan shall confer upon the Grantee the right to continued employment by the Corporation or any Subsidiary, or affect the right of the Corporation or any Subsidiary to terminate the employment or service of the Grantee at any time for any reason.

**Section 8. Nonalienation.** The Restricted Stock Units and Dividend Equivalents subject to this Award are not assignable or transferable by the Grantee. Upon any attempt to transfer, assign, pledge, hypothecate, sell or otherwise dispose of any such Restricted Stock Unit or Dividend Equivalent, or of any right or privilege conferred hereby, or upon the levy of any attachment or similar process upon such Restricted Stock Unit or Dividend Equivalent, or upon such right or privilege, such Restricted Stock Unit or Dividend Equivalent or right or privilege, shall immediately become null and void.

**Section 9. Determinations.** Determinations by the Committee, or its delegate, shall be final and conclusive with respect to the interpretation of the Plan and this Agreement.

**Section 10. Governing Law.** The validity and construction of this Agreement shall be governed by the laws of the state of Delaware applicable to transactions taking place entirely within that state.

**Section 11. Conflicts with Plan, Correction of Errors, Section 409A and Grantee's Consent.** In the event that any provision of this Agreement conflicts in any way with a provision of the Plan, such Plan provision shall be controlling and the applicable provision of this Agreement shall be without force and effect to the extent necessary to cause such Plan provision to be controlling. In the event that, due to administrative error, this Agreement does not accurately reflect a Restricted Stock Unit Award properly granted to Grantee pursuant to the Plan, the Corporation, acting through its Executive Compensation and Benefits Department, reserves the right to cancel any erroneous document and, if appropriate, to replace the cancelled document with a corrected document. It is the intention of the Corporation and the Grantee that this Award not result in unfavorable tax consequences to Grantee under Code Section 409A. Accordingly, Grantee

---

consents to such amendment of this Agreement as the Corporation may reasonably make in furtherance of such intention, and the Corporation shall promptly provide, or make available to, Grantee a copy of any such amendment.

To the extent applicable, it is intended that this Agreement comply with the provisions of Section 409A of the Code and that this Award not result in unfavorable tax consequences to Grantee under Section 409A of the Code. This Agreement will be administered and interpreted in a manner consistent with this intent, and any provision that would cause this Agreement to fail to satisfy Section 409A of the Code will have no force and effect until amended to comply therewith (which amendment may be retroactive to the extent permitted by Section 409A of the Code). The Corporation and the Grantee agree to work together in good faith in an effort to comply with Section 409A of the Code including, if necessary, amending this Agreement based on further guidance issued by the Internal Revenue Service from time to time, provided that the Corporation shall not be required to assume any increased economic burden. Notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, the Grantee shall not be considered to have terminated employment with Corporation for purposes of this Agreement and no payments shall be due to him or her under this Agreement which are payable upon his or her termination of employment until he or she would be considered to have incurred a "separation from service" from the Corporation within the meaning of Section 409A of the Code. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Agreement during the six-month period immediately following the Grantee's termination of employment shall instead be paid within 60 days following the first business day after the date that is six months following his or her termination of employment (or upon his or her death or a regularly scheduled Vesting Date, if earlier). In addition, for purposes of this Agreement, each amount to be paid or benefit to be provided to the Grantee pursuant to this Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code.

*Section 12. Compliance with Law.* The Corporation shall make reasonable efforts to comply with all applicable federal and state securities laws applicable to the Plan and this Award; provided, however, notwithstanding any other provision of this Award, the Corporation shall not be obligated to deliver any shares of Common Stock pursuant to this Award if the delivery thereof would result in a violation of any such law.



Notwithstanding the foregoing, this Award is subject to cancellation by the Corporation in its sole discretion unless the Grantee, by not later than \_\_\_\_\_, has signed a duplicate of this Agreement, in the space provided below, and returned the signed duplicate to the Executive Compensation and Benefits Department – Restricted Stock Units [(DEC38C)], Duke Energy Corporation, P. O. Box 1321, Charlotte, NC 28201-1321, which, if, and to the extent, permitted by the Executive Compensation and Benefits Department, may be accomplished by electronic means.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed and granted in Charlotte, North Carolina, to be effective as of the Date of Grant.

DUKE ENERGY CORPORATION

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

**Acceptance of Restricted Stock Unit Award**

IN WITNESS OF Grantee’s acceptance of this Award and Grantee’s agreement to be bound by the provisions of this Agreement and the Plan, Grantee has signed this Agreement this \_\_\_\_\_ day of \_\_\_\_\_,

\_\_\_\_\_  
Grantee’s Signature  
\_\_\_\_\_  
(print name)  
\_\_\_\_\_  
(address)

Exhibit 99.1

## News Release



Media Contact: Tom Shiel  
24-Hour: 800.559.3853

Analysts: Bill Currens  
Office: 704.382.1603

Feb. 18, 2016

### **Duke Energy reports 2015 adjusted EPS and introduces 2016 adjusted EPS guidance range**

- **Company achieves adjusted diluted earnings per share (EPS) of \$4.54 in 2015, compared to \$4.55 in 2014; reported diluted EPS of \$4.05 for 2015, compared to \$2.66 in 2014**
- **Record mild December weather results in fourth quarter 2015 adjusted diluted EPS of 87 cents, compared to 86 cents for the fourth quarter 2014; fourth quarter 2015 reported diluted EPS of 69 cents, compared to 14 cents in 2014**
- **Company establishes 2016 adjusted diluted EPS guidance range of \$4.50 to \$4.70**

CHARLOTTE, N.C. – Duke Energy today announced 2015 full-year adjusted diluted EPS of \$4.54 compared to \$4.55 in 2014. Duke Energy's full-year 2015 reported diluted EPS was \$4.05, compared to \$2.66 in 2014.

Full year adjusted results were driven by strong operational performance in the regulated business as well as benefits from closing certain strategic initiatives earlier than anticipated, helping offset weakness at International.

Fourth quarter 2015 adjusted diluted EPS was 87 cents, compared to 86 cents for fourth quarter 2014. Fourth quarter 2015 reported diluted EPS was 69 cents, compared to 14 cents for fourth quarter 2014.

Fourth quarter adjusted results were supported by increased retail pricing and wholesale margins in the regulated business, helping to offset the impact of record mild December weather in the Carolinas.

Reported diluted EPS includes the impact of special items, which are excluded from adjusted diluted EPS. Special items during 2015 principally included charges associated with a settlement in Indiana related to the ongoing Edwardsport IGCC regulatory proceedings, severance related to cost savings initiatives, and merger costs-to-achieve.

---

Duke Energy News Release

2

Special items during 2014 principally included charges related to the company's intent to repatriate \$2.7 billion of foreign earnings, a settlement resolving the federal grand jury investigation into the company's coal ash basin operations, and merger costs-to-achieve.

"I am pleased with our strong execution at the regulated utilities during 2015, underpinned by exceptional operational performance," said Lynn Good, chairman, president and chief executive officer. "The dedication by our employees helped us meet growing customer peak demand as well as achieve industry-leading safety performance during the year.

"We also successfully completed several strategic transactions, increasing our focus on our core regulated and highly contracted businesses. This focus positions us for evolving customer expectations and a desire for lower carbon, more flexible generation resources while supporting greater stability in earnings and cash flows for our investors," Good said.

The company has established its 2016 adjusted diluted EPS guidance range at \$4.50 to \$4.70.

**Business unit results**

In addition to the summary business unit discussion below, comprehensive tables of quarterly and year-to-date adjusted earnings per share drivers compared to the prior year are provided on pages 17 and 18.

The discussion below of fourth-quarter and full-year results includes adjusted segment income, which is a non-GAAP financial measure. The tables on pages 27 through 30 present a reconciliation of reported results to adjusted results. Per share segment variances highlighted below exclude the benefit of the \$1.5 billion accelerated stock repurchase program that was completed in June.

**Regulated Utilities**

Regulated Utilities recognized fourth quarter 2015 adjusted segment income of \$601 million, compared to \$551 million in the fourth quarter 2014, an increase of 7 cents per share. These results were driven by:

- Increased pricing and riders (+\$0.09 per share) as a result of increased riders, including a favorable Ohio energy efficiency settlement
- Higher wholesale net margins (+\$0.05 per share) due to new and updated contracts, including earnings from the long-term wholesale contract associated with the recent North Carolina Eastern Municipal Power Agency (NCEMPA) asset purchase
- Increased weather-normal retail volumes (+\$0.04 per share)

---

Duke Energy News Release

3

These favorable drivers were partially offset by:

- Record breaking mild winter weather (-\$0.12 per share), principally in the Carolinas and Midwest

Full-year 2015 adjusted segment income for Regulated Utilities was \$2,972 million, compared to \$2,897 million in 2014, an increase of 10 cents per share.

Increased year-to-date results at Regulated Utilities were primarily driven by:

- Higher revenues from increased pricing and riders (+\$0.23 per share) due to increased energy efficiency programs and fuel and purchased power cost true-ups
- Increased wholesale net margins (+\$0.16 per share) due to new and updated contracts including earnings from the long-term wholesale contract associated with the recent NCEMPA asset purchase
- Increased weather-normal retail volumes (+\$0.07 per share) of 0.6 percent compared to the prior year

These favorable drivers were partially offset by:

- Higher O&M expense (-\$0.18 per share) due to higher planned outages, increased costs related to the recent NCEMPA asset purchase and nuclear outage cost levelization. These costs were partially offset by lower storm costs
- Higher depreciation and amortization expense (-\$0.13 per share) primarily resulting from additional plant in-service, including the NCEMPA assets

#### **International Energy**

International Energy recognized fourth quarter 2015 adjusted segment income of \$68 million, compared to \$72 million in the fourth quarter 2014, which was flat on a per share basis. These results were driven by:

- Lower margins at National Methanol (-\$0.03 per share) due to lower MTBE and methanol prices

These unfavorable drivers were partially offset by:

- Stronger results in Brazil (+\$0.02 per share) due to lower purchased power costs partially offset by unfavorable foreign currency exchange rates

Full-year 2015 adjusted segment income for International Energy was \$225 million, compared to \$428 million in 2014, a decrease of 29 cents per share.

---

Duke Energy News Release

4

International Energy's lower year-to-date adjusted earnings were driven by:

- Weaker results in Brazil (-\$0.10 per share) primarily due to lower sales volumes and higher purchased power costs resulting from ongoing drought conditions and decreased demand in Brazil as well as unfavorable foreign currency exchange rates
- Lower results in Central America (-\$0.04 per share) primarily due to lower generation and prices from increased competition
- Absence of a prior-year tax benefit in Chile (-\$0.07 per share)
- Lower margins at National Methanol (-\$0.07 per share) largely driven by lower MTBE and methanol prices

#### **Commercial Portfolio**

Subsequent to the sale of its nonregulated Midwest Commercial Generation Business to Dynegy Inc. in April 2015, Commercial Portfolio (formerly Commercial Power) includes Duke Energy's unregulated renewable assets as well as its commercial electric and gas transmission investments.

Commercial Portfolio recognized fourth quarter 2015 adjusted segment income of \$41 million, compared to \$32 million in the fourth quarter 2014, an increase of 1 cent per share. The increase in Commercial Portfolio's quarterly earnings was primarily due to additional in-service wind and solar facilities in the renewables portfolio (+\$0.03 per share), offset by the absence of earnings from the Midwest generation business (-\$0.01 per share), which was sold in April.

Full-year 2015 adjusted segment income for Commercial Portfolio was \$140 million, compared to \$109 million in 2014, an increase of 4 cents per share. This increase was primarily due to higher results from the Midwest generation business (+\$0.04 per share), which was sold in April, and increased earnings from the renewables portfolio due to additional in-service wind and solar facilities despite lower wind resources during the year (+\$0.01 per share).

#### **Other**

On an adjusted basis, Other primarily includes corporate interest expense not allocated to the business units, results from Duke Energy's captive insurance company, other investments, and quarterly income tax levelization adjustments.

Other recognized a fourth quarter 2015 adjusted net expense of \$108 million, compared to net expense of \$45 million in the fourth quarter 2014, additional expense of 9 cents per share. Other's quarterly results were primarily driven by higher income tax expense (-\$0.07 per share) due to impacts from the extension of bonus depreciation and quarterly tax levelization adjustments, including renewable tax credits which were allocated to Commercial Portfolio upon completion of the projects.

---

Duke Energy News Release

5

On a year-to-date basis, Other recognized adjusted net expense of \$185 million, compared to \$216 million for 2014, an improvement of 5 cents per share. Other's year-to-date results were primarily driven by favorable income taxes (+\$0.07 per share) due to favorable tax structuring and settlements.

On a consolidated basis, the company experienced a fourth-quarter 2015 adjusted effective tax rate of approximately 31 percent, compared to approximately 30 percent in the prior year. The company experienced an adjusted effective tax rate of approximately 32 percent for full-year 2015, consistent with the rate in 2014. Adjusted effective tax rate is a non-GAAP financial measure. The tables on pages 31 and 32 present a reconciliation of reported effective tax rate to adjusted effective tax rate.

**Accelerated stock repurchase program**

In connection with the transaction to sell the Midwest Generation business to Dynegy for \$2.8 billion, which closed in April 2015, Duke Energy completed a \$1.5 billion accelerated stock repurchase (ASR). The ASR resulted in retirements of approximately 19.8 million shares, providing a benefit to the fourth quarter 2015 and year-to-date results of approximately 2 cents per share and 9 cents per share, respectively.

**Earnings Conference Call for Analysts**

An earnings conference call for analysts is scheduled for 10 a.m. ET today to provide financial and other business updates. The conference call will be hosted by Lynn Good, 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 877-719-9786 in the United States or 719-325-4768 outside the United States. The confirmation code is 8694980. 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. 28, 2016, by calling 888-203-1112 in the United States or 719-457-0820 outside the United States and using the code 8694980. A replay and transcript also will be available by accessing the investors' section of the company's website.

Duke Energy News Release

6

**Special Items and Non-GAAP Reconciliation**

Special items affecting Duke Energy's adjusted diluted EPS for quarterly and full-year results in 2015 and 2014 include:

<u>(In millions, except per-share amounts)</u>	<u>After-Tax Amount</u>	<u>4Q2015 EPS Impact</u>	<u>4Q2014 EPS Impact</u>
<b>Fourth Quarter 2015</b>			
• Cost savings initiatives	\$ (88)	\$ (0.13)	
• Costs to achieve, mergers	\$ (18)	\$ (0.03)	
• Ash basin settlement and penalties	\$ (7)	\$ (0.01)	
• Edwardsport settlement	\$ (2)	\$ —	
• Economic hedges (mark-to-market)	\$ (1)	\$ —	
• Discontinued operations	\$ (9)	\$ (0.01)	
<b>Fourth Quarter 2014</b>			
• International tax adjustment	\$ (373)		\$ (0.53)
• Litigation reserve	\$ (102)		\$ (0.14)
• Costs to achieve, mergers	\$ (20)		\$ (0.03)
• Discontinued operations (1)(2)	\$ (18)		\$ (0.02)
<b>Total diluted EPS impact</b>		<b>\$ (0.18)</b>	<b>\$ (0.72)</b>

- (1) Reported discontinued operations includes the Midwest generation impairment, the economic hedges (mark-to-market) of Midwest generation, and operating results of the Midwest generation business
- (2) Represents the Midwest generation operation results reported as discontinued operations of \$(0.04) per diluted share, partially offset by tax benefit related to the sale but not reported as discontinued operations of \$0.02 per diluted share, which are treated as a special item and reflected in adjusted diluted EPS.

<u>(In millions, except per-share amounts)</u>	<u>After-Tax Amount</u>	<u>2015 EPS Impact</u>	<u>2014 EPS Impact</u>
<b>Full-Year 2015</b>			
• Cost savings initiatives	\$ (88)	\$ (0.13)	
• Costs to achieve, mergers	\$ (60)	\$ (0.09)	
• Edwardsport settlement	\$ (58)	\$ (0.08)	
• Ash basin settlement and penalties	\$ (11)	\$ (0.02)	
• Discontinued operations (1)(2)	\$ (119)	\$ (0.17)	
<b>Full-Year 2014</b>			
• International tax adjustment	\$ (373)		\$ (0.53)
• Costs to achieve, mergers	\$ (127)		\$ (0.18)
• Litigation reserve	\$ (102)		\$ (0.14)
• Asset impairments	\$ (59)		\$ (0.08)
• Economic hedges (mark-to-market)	\$ (6)		\$ (0.01)
• Asset sales	\$ 9		\$ 0.01
• Discontinued operations (1)(3)	\$ (677)		\$ (0.96)
<b>Total diluted EPS impact</b>		<b>\$ (0.49)</b>	<b>\$ (1.89)</b>

- (1) Reported discontinued operations includes the Midwest generation impairment, the economic hedges (mark-to-market) of Midwest generation, and operating results of the Midwest generation business

Duke Energy News Release

7

- (2) Represents reported income from discontinued operations of \$0.03 per diluted share, including the impact of a litigation reserve related to the Midwest generation business, less the Midwest generation operation results reported as discontinued operations of \$(0.14) per diluted share and a tax charge resulting from the completion of the sale of the Midwest generation business but not reported as discontinued operations (\$0.06).
- (3) Represents reported loss from discontinued operations of \$(0.80) per diluted share, the Midwest generation operation results reported as discontinued operations of \$(0.16) per diluted share, and elimination entries of \$(0.02) per diluted share, partially offset by tax benefit related to the sale but not reported as discontinued operations of \$0.02 per diluted share, which are treated as a special item and reflected in adjusted diluted EPS.

Reconciliation of reported to adjusted diluted EPS for the quarter:

	4Q2015 EPS	4Q2014 EPS
Diluted EPS, as reported	\$ 0.69	\$ 0.14
Adjustments to reported EPS:		
• Diluted EPS impact of special items and discontinued operations (net of tax)	\$ 0.18	\$ 0.72
<b>Diluted EPS, adjusted</b>	<b>\$ 0.87</b>	<b>\$ 0.86</b>

Reconciliation of reported to adjusted diluted EPS for the year:

	2015 EPS	2014 EPS
Diluted EPS, as reported	\$4.05	\$2.66
Adjustments to reported EPS:		
• Diluted EPS impact of special items and discontinued operations (net of tax)	\$0.49	\$1.89
<b>Diluted EPS, adjusted</b>	<b>\$4.54</b>	<b>\$4.55</b>

**Non-GAAP financial measures**

Management evaluates financial performance in part based on the non-GAAP financial measures, adjusted earnings and adjusted diluted earnings per share (EPS). These items are measured as income from continuing operations net of income (loss) attributable to non-controlling interests, adjusted for the dollar and per-share impact of mark-to-market impacts of economic hedges in the Commercial Portfolio segment and special items including the operating results of the Midwest Generation business (Disposal Group) classified as discontinued operations for GAAP purposes. Special items represent certain charges and credits, which management believes will not be recurring on a regular basis, although it is reasonably possible such charges and credits could recur. Operating results of the Disposal Group sold to Dynegy are reported as discontinued operations, including a portion of the mark-to-market adjustments associated with derivative contracts. Management believes that including the operating results of the Disposal Group reported as discontinued operations better reflects its financial performance and therefore has included these results in adjusted earnings and adjusted diluted EPS prior to the sale of the Disposal Group. Additionally, as a result of



completing the sale of the Disposal Group during the second quarter of 2015, state income tax expense increased as state income tax apportionments changed. The additional tax expense was recognized in Continuing Operations on a GAAP basis. This impact to state income taxes has been reflected in Discontinued Operations in the Commercial Portfolio segment for adjusted diluted EPS purposes as management believes these impacts are incidental to the sale of the Disposal Group. Derivative contracts 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 and, if associated with the Disposal Group, classified as discontinued operations, as such derivative contracts do not qualify for hedge accounting or regulatory treatment. The economic value of generation assets is subject to fluctuations in fair value due to market price volatility of input and output commodities (e.g. coal, electricity, natural gas). Economic hedging involves both purchases and sales of those input and output commodities related to generation assets. Operations of the generation assets are accounted for under the accrual method. Management believes excluding impacts of mark-to-market changes of the derivative contracts from adjusted earnings until settlement better matches the financial impacts of the derivative contract with the portion of economic value of the underlying hedged asset. Management believes the presentation of adjusted earnings and adjusted diluted EPS provides useful information to investors, as it provides them an additional relevant comparison of Duke Energy's performance across periods. Management uses these non-GAAP financial measures for planning and forecasting and for reporting results to the Board of Directors, employees, shareholders, analysts and investors concerning Duke Energy's financial performance. Adjusted diluted EPS is also used as a basis for employee incentive bonuses. The most directly comparable GAAP measures for adjusted earnings and adjusted diluted EPS are Net Income Attributable to Duke Energy Corporation and Diluted EPS Attributable to Duke Energy Corporation common shareholders, which include the dollar and per share impact of special items, mark-to-market impacts of economic hedges in the Commercial Portfolio segment and discontinued operations.

Management evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to non-controlling interests. Segment income, as discussed below, 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 the mark-to-market impacts of economic hedges in the Commercial Portfolio segment and special items, including the operating results of the Disposal Group classified as discontinued operations for GAAP purposes. Management believes the presentation of adjusted segment income as presented provides useful information to investors, as it provides

---

Duke Energy News Release

9

them with an additional relevant comparison of a segment's performance across periods. The most directly comparable GAAP measure for adjusted segment income is segment income, which represents segment income from continuing operations, including any special items and the mark-to-market impacts of economic hedges in the Commercial Portfolio segment.

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 or mark-to-market adjustments for future periods.

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, the mark-to-market impacts of economic hedges in the Commercial Portfolio segment, or any amounts that may be reported as discontinued operations or extraordinary items for future periods.

Duke Energy is the largest electric power holding company in the United States. Its regulated utility operations serve approximately 7.3 million electric customers located in six states in the Southeast and Midwest, representing a population of approximately 23 million people. 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 a Fortune 250 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).

Follow Duke Energy on [Twitter](#), [LinkedIn](#) 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 required closure of certain ash basins, are uncertain and difficult to estimate; the ability to recover eligible costs, including amounts associated with coal ash basin asset retirement obligations and future significant weather events, and 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 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

---

Duke Energy News Release

11

related to obligations created by the default of other participants; the ability to control operation and maintenance costs; the level of creditworthiness of counterparties to transactions; employee workforce factors, including the potential inability to attract and retain key personnel; the ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent); the performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities; the effect of accounting pronouncements issued periodically by accounting standard-setting bodies; the impact of potential goodwill impairments; the ability to reinvest prospective undistributed earnings of foreign subsidiaries or repatriate such earnings on a tax-efficient basis; the expected timing and likelihood of completion of the proposed acquisition of Piedmont Natural Gas Company, Inc. (Piedmont), including the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the proposed acquisition that could reduce anticipated benefits or cause the parties to abandon the acquisition, and under certain specified circumstance pay a termination fee of \$250 million, as well as the ability to successfully integrate the businesses 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; and the ability to successfully complete future merger, acquisition or divestiture plans.

Additional risks and uncertainties are identified and discussed in Duke Energy's and its subsidiaries' reports filed with the SEC and available at the SEC's website at [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.

###

December 2015  
**QUARTERLY HIGHLIGHTS**  
(Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
<i>(In millions, except per-share amounts and where noted)</i>				
<b>Earnings Per Share - Basic and Diluted</b>				
Income from continuing operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ 0.70	\$ 0.14	\$ 4.02	\$ 3.46
Diluted	\$ 0.70	\$ 0.14	\$ 4.02	\$ 3.46
(Loss) Income from discontinued operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ (0.01)	\$ —	\$ 0.03	\$ (0.80)
Diluted	\$ (0.01)	\$ —	\$ 0.03	\$ (0.80)
Net income attributable to Duke Energy Corporation common stockholders				
Basic	\$ 0.69	\$ 0.14	\$ 4.05	\$ 2.66
Diluted	\$ 0.69	\$ 0.14	\$ 4.05	\$ 2.66
Weighted-average shares outstanding				
Basic	688	707	694	707
Diluted	688	707	694	707
<b>SEGMENT INCOME (LOSS) BY BUSINESS SEGMENT</b>				
Regulated Utilities(a)(b)	\$ 582	\$ 449	\$ 2,893	\$ 2,795
International Energy(c)	68	(301)	225	55
Commercial Portfolio(d)(e)	39	15	4	(55)
Total Reportable Segment Income	689	163	3,122	2,795
Other Net Expense(f)(g)(h)	(203)	(65)	(322)	(334)
Intercompany Eliminations	—	(3)	(4)	(10)
(Loss) Income from Discontinued Operations, net of tax (i)	(9)	2	20	(568)
Net Income Attributable to Duke Energy Corporation	\$ 477	\$ 97	\$ 2,816	\$ 1,883
<b>CAPITALIZATION</b>				
Total Common Equity			48%	49%
Total Debt			52%	51%
Total Debt			\$43,202	\$42,382
Book Value Per Share			\$ 57.78	\$ 57.82
Actual Shares Outstanding			688	707
<b>CAPITAL AND INVESTMENT EXPENDITURES</b>				
Regulated Utilities (j)	\$ 1,762	\$ 1,387	\$ 6,974	\$ 4,744
International Energy	12	27	45	67
Commercial Portfolio	374	231	1,131	555
Other	47	47	213	162
Total Capital and Investment Expenditures	\$ 2,195	\$ 1,692	\$ 8,363	\$ 5,528

- (a) Includes a charge of \$58 million related to the Edwardsport settlement for the year ended December 31, 2015 (net of tax of \$35 million).
- (b) Includes a litigation reserve of \$102 million for the three months and year ended December 31, 2014, related to the federal grand jury investigation of the February 2014 Dan River coal ash spill and ash basin operations at other North Carolina coal plants.
- (c) Includes a tax adjustment of \$373 million for the three months and year ended December 31, 2014, related to deferred tax impacts resulting from a dividend declaration of International Energy's historical undistributed earnings.
- (d) Includes a tax charge of \$41 million for the year ended December 31, 2015, resulting from the completion of the sale of the nonregulated Midwest generation business.
- (e) Includes an impairment charge of \$59 million for the year ended December 31, 2014, related to OVEC (net of tax of \$35 million).
- (f) Includes a charge of \$77 million for the three months and year ended December 31, 2015, related to cost savings initiatives (net of tax of \$47 million).
- (g) Includes costs to achieve mergers of \$18 million for the three months ended December 31, 2015 (net of tax of \$12 million) and \$60 million for the year ended December 31, 2015 (net of tax of \$37 million).
- (h) Includes costs to achieve mergers of \$20 million for the three months ended December 31, 2014 (net of tax of \$13 million) and \$127 million for the year ended December 31, 2014 (net of tax of \$78 million).
- (i) Includes the impact of a settlement agreement related to the nonregulated Midwest generation business of \$53 million for the year ended December 31, 2015 (net of tax of \$28 million).
- (j) Includes \$1.25 billion related to the NCEMPA acquisition for the year ended December 31, 2015.

December 2015  
QUARTERLY HIGHLIGHTS  
(Unaudited)

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
<i>(In millions, except for GWh and MW amounts)</i>				
<b>REGULATED UTILITIES</b>				
Operating Revenues	\$ 4,972	\$ 5,197	\$22,062	\$22,271
Operating Expenses(a)(b)	3,909	4,219	16,698	17,026
Gains on Sales of Other Assets, net	1	2	11	4
Operating Income	1,064	980	5,375	5,249
Other Income and Expenses	75	61	262	267
Interest Expense	268	277	1,097	1,093
Income Before Income Taxes	871	764	4,540	4,423
Income Tax Expense(c)	289	315	1,647	1,628
Segment Income	\$ 582	\$ 449	\$ 2,893	\$ 2,795
Depreciation and Amortization	\$ 718	\$ 684	\$ 2,814	\$ 2,759
<b>INTERNATIONAL ENERGY</b>				
Operating Revenues	\$ 247	\$ 306	\$ 1,088	\$ 1,417
Operating Expenses	166	247	805	1,007
Gains (Losses) on Sales of Other Assets, net	7	(1)	6	6
Operating Income	88	58	289	416
Other Income and Expenses	32	38	101	190
Interest Expense	19	22	85	93
Income Before Income Taxes	101	74	305	513
Income Tax Expense(d)	30	375	74	449
Less: Income Attributable to Noncontrolling Interests	3	—	6	9
Segment Income (Loss)	\$ 68	\$ (301)	\$ 225	\$ 55
Depreciation and Amortization	\$ 23	\$ 23	\$ 92	\$ 97
Sales, GWh	5,631	4,815	19,211	18,629
Proportional MW Capacity in Operation			4,333	4,340
<b>COMMERCIAL PORTFOLIO</b>				
Operating Revenues	\$ 87	\$ 60	\$ 301	\$ 255
Operating Expenses(e)	98	86	353	441
(Losses) Gains on Sales of Other Assets, net	(5)	—	1	—
Operating Loss	(16)	(26)	(51)	(186)
Other Income and Expenses	9	3	6	18
Interest Expense	11	17	44	58
Loss Before Income Taxes	(18)	(40)	(89)	(226)
Income Tax Benefit(f)(g)	(57)	(55)	(92)	(171)
Less: Loss Attributable to Noncontrolling Interests	—	—	(1)	—
Segment Income (Loss)	\$ 39	\$ 15	\$ 4	\$ (55)
Depreciation and Amortization	\$ 27	\$ 22	\$ 104	\$ 92
Actual Coal-fired Plant Production, GWh	—	—	—	867
Actual Renewable Plant Production, GWh	1,664	1,350	5,577	5,462
Actual Plant Production, GWh	1,664	1,350	5,577	6,329
Net Proportional MW Capacity in Operation			1,943	1,370
<b>OTHER</b>				
Operating Revenues	\$ 45	\$ 26	\$ 123	\$ 105
Operating Expenses(h)(i)(j)	205	53	382	322
Gains on Sales of Other Assets, net	1	4	17	6
Operating Loss	(159)	(23)	(242)	(211)
Other Income and Expenses	12	12	20	45
Interest Expense	108	98	393	400
Loss Before Income Taxes	(255)	(109)	(615)	(566)
Income Tax Benefit(k)(l)(m)	(54)	(47)	(303)	(237)
Less: Income Attributable to Noncontrolling Interests	2	3	10	5
Segment Net Expense	\$ (203)	\$ (65)	\$ (322)	\$ (334)
Depreciation and Amortization	\$ 35	\$ 32	\$ 134	\$ 118

- (a) Includes a pretax charge of \$93 million for the year ended December 31, 2015, related to the Edwardsport settlement.
- (b) Includes a litigation reserve of \$102 million for the three months and year ended December 31, 2014, related to the federal grand jury investigation of the February 2014 Dan River coal ash spill and ash basin operations at other North Carolina coal plants.
- (c) Includes a tax benefit of \$35 million for the year ended December 31, 2015, related to the Edwardsport settlement.

- (d) Includes a tax adjustment of \$373 million for the three months and year ended December 31, 2014, related to deferred tax impacts resulting from a dividend declaration of International Energy's historical undistributed earnings.
- (e) Includes a pretax impairment charge of \$94 million for the year ended December 31, 2014, related to OVEC.
- (f) Includes a tax charge of \$41 million for the year ended December 31, 2015, resulting from the completion of the sale of the nonregulated Midwest generation business.
- (g) Includes a tax benefit of \$35 million for the year ended December 31, 2014, related to OVEC.
- (h) Includes a charge of \$124 million for the three months and year ended December 31, 2015, related to cost savings initiatives.
- (i) Includes costs to achieve mergers of \$30 million for the three months ended December 31, 2015, and \$97 million for the year ended December 31, 2015.
- (j) Includes costs to achieve mergers of \$33 million for the three months ended December 31, 2014, and \$198 million for the year ended December 31, 2014.
- (k) Includes a tax benefit of \$47 million for the three months and year ended December 31, 2015, related to cost savings initiatives.
- (l) Includes a tax benefit related to costs to achieve mergers of \$12 million for the three months ended December 31, 2015, and \$37 million for the year ended December 31, 2015.
- (m) Includes a tax benefit related to costs to achieve mergers of \$13 million for the three months ended December 31, 2014, and \$78 million for the year ended December 31, 2014.

DUKE ENERGY CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)  
(In millions, except per-share amounts)

	Years Ended December 31,		
	2015	2014	2013
<b>Operating Revenues</b>			
Regulated electric	\$21,379	\$21,550	\$20,329
Nonregulated electric and other	1,544	1,802	1,916
Regulated natural gas	536	573	511
Total operating revenues	<u>23,459</u>	<u>23,925</u>	<u>22,756</u>
<b>Operating Expenses</b>			
Fuel used in electric generation and purchased power - regulated	7,308	7,686	7,108
Fuel used in electric generation and purchased power - nonregulated	354	533	540
Cost of natural gas	195	248	224
Operation, maintenance and other	5,871	5,856	5,673
Depreciation and amortization	3,144	3,066	2,668
Property and other taxes	1,135	1,213	1,274
Impairment charges	120	81	399
Total operating expenses	<u>18,127</u>	<u>18,683</u>	<u>17,886</u>
<b>Gains (Losses) on Sales of Other Assets and Other, net</b>	<u>35</u>	<u>16</u>	<u>(16)</u>
<b>Operating Income</b>	<u>5,367</u>	<u>5,258</u>	<u>4,854</u>
<b>Other Income and Expenses</b>			
Equity in earnings of unconsolidated affiliates	69	130	122
Gains on sales of unconsolidated affiliates	7	17	100
Other income and expenses, net	307	351	262
Total other income and expenses	<u>383</u>	<u>498</u>	<u>484</u>
<b>Interest Expense</b>	<u>1,613</u>	<u>1,622</u>	<u>1,543</u>
<b>Income from Continuing Operations before Income Taxes</b>	<u>4,137</u>	<u>4,134</u>	<u>3,795</u>
<b>Income Tax Expense from Continuing Operations</b>	<u>1,326</u>	<u>1,669</u>	<u>1,205</u>
<b>Income from Continuing Operations</b>	<u>2,811</u>	<u>2,465</u>	<u>2,590</u>
<b>Income (Loss) from Discontinued Operations, net of tax</b>	<u>20</u>	<u>(576)</u>	<u>86</u>
<b>Net Income</b>	<u>2,831</u>	<u>1,889</u>	<u>2,676</u>
<b>Less: Net Income Attributable to Noncontrolling Interests</b>	<u>15</u>	<u>6</u>	<u>11</u>
<b>Net Income Attributable to Duke Energy Corporation</b>	<u>\$ 2,816</u>	<u>\$ 1,883</u>	<u>\$ 2,665</u>
<b>Earnings Per Share - Basic and Diluted</b>			
Income from continuing operations attributable to Duke Energy Corporation common stockholders			
Basic	\$ 4.02	\$ 3.46	\$ 3.64
Diluted	\$ 4.02	\$ 3.46	\$ 3.63
Income (Loss) from discontinued operations attributable to Duke Energy Corporation common stockholders			
Basic	\$ 0.03	\$ (0.80)	\$ 0.13
Diluted	\$ 0.03	\$ (0.80)	\$ 0.13
Net income attributable to Duke Energy Corporation common stockholders			
Basic	\$ 4.05	\$ 2.66	\$ 3.77
Diluted	\$ 4.05	\$ 2.66	\$ 3.76
Weighted-average shares outstanding			
Basic	694	707	706
Diluted	694	707	706



DUKE ENERGY CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)

<i>(in million, except per-share amounts)</i>	December 31, 2015	December 31, 2014
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 857	\$ 2,036
Receivables (net of allowance for doubtful accounts of \$18 at December 31, 2015 and \$17 at December 31, 2014)	703	791
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$53 at December 31, 2015 and \$51 at December 31, 2014)	1,748	1,973
Inventory	3,810	3,459
Assets held for sale	—	364
Regulatory assets	877	1,115
Other	327	1,837
<b>Total current assets</b>	<b>8,322</b>	<b>11,575</b>
<b>Investments and Other Assets</b>		
Investments in equity method unconsolidated affiliates	499	358
Nuclear decommissioning trust funds	5,825	5,546
Goodwill	16,343	16,321
Assets held for sale	—	2,642
Other	3,042	3,008
<b>Total investments and other assets</b>	<b>25,709</b>	<b>27,875</b>
<b>Property, Plant and Equipment</b>		
Cost	112,826	104,861
Accumulated depreciation and amortization	(37,665)	(34,824)
Generation facilities to be retired, net	548	9
<b>Net property, plant and equipment</b>	<b>75,709</b>	<b>70,046</b>
<b>Regulatory Assets and Deferred Debits</b>		
Regulatory assets	11,373	11,042
Other	43	19
<b>Total regulatory assets and deferred debits</b>	<b>11,416</b>	<b>11,061</b>
<b>Total Assets</b>	<b>\$ 121,156</b>	<b>\$ 120,557</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,400	\$ 2,271
Notes payable and commercial paper	3,633	2,514
Taxes accrued	348	569
Interest accrued	430	418
Current maturities of long-term debt	2,074	2,807
Liabilities associated with assets held for sale	—	262
Regulatory liabilities	400	204
Other	2,115	2,188
<b>Total current liabilities</b>	<b>11,400</b>	<b>11,233</b>
<b>Long-term Debt</b>		
	<b>37,495</b>	<b>37,061</b>
<b>Deferred Credits and Other Liabilities</b>		
Deferred income taxes	12,705	13,423
Investment tax credits	472	427
Accrued pension and other post-retirement benefit costs	1,088	1,145
Liabilities associated with assets held for sale	—	35
Asset retirement obligations	10,264	8,466
Regulatory liabilities	6,255	6,193
Other	1,706	1,675
<b>Total deferred credits and other liabilities</b>	<b>32,490</b>	<b>31,364</b>
<b>Commitments and Contingencies</b>		
<b>Equity</b>		
Common stock, \$0.001 par value, 2 billion shares authorized; 688 million and 707 million shares outstanding at December 31, 2015 and December 31, 2014, respectively	1	1
Additional paid-in capital	37,968	39,405
Retained earnings	2,564	2,012
Accumulated other comprehensive loss	(806)	(543)
<b>Total Duke Energy Corporation stockholder's equity</b>	<b>39,727</b>	<b>40,875</b>
Noncontrolling interests	44	24
<b>Total equity</b>	<b>39,771</b>	<b>40,899</b>
<b>Total Liabilities and Equity</b>	<b>\$ 121,156</b>	<b>\$ 120,557</b>

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(In millions)

	Years Ended December 31,	
	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 2,831	\$ 1,889
Adjustments to reconcile net income to net cash provided by operating activities	3,845	4,697
Net cash provided by operating activities	6,676	6,586
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	(5,277)	(5,373)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash used in financing activities	(2,578)	(678)
Net (decrease) increase in cash and cash equivalents	(1,179)	535
Cash and cash equivalents at the beginning of period	2,036	1,501
Cash and cash equivalents at end of period	\$ 857	\$ 2,036

**DUKE ENERGY CORPORATION**  
**EARNINGS VARIANCES**  
December 2015 QTD vs. Prior Year

(\$ per share)	Regulated Utilities	International Energy	Commercial Portfolio	Other	Consolidated
<b>2014 QTD Reported Earnings Per Share, Diluted</b>	<b>\$ 0.64</b>	<b>\$ (0.43)</b>	<b>\$ 0.03</b>	<b>\$(0.10)</b>	<b>\$ 0.14</b>
Costs to Achieve, Mergers	—	—	—	0.03	0.03
Midwest Generation Operations (offset in Discontinued Operations)	—	—	0.04	—	0.04
Litigation Reserve	0.14	—	—	—	0.14
International Tax Adjustment	—	0.53	—	—	0.53
Discontinued Operations	—	—	(0.02)	—	(0.02)
<b>2014 QTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 0.78</b>	<b>\$ 0.10</b>	<b>\$ 0.05</b>	<b>\$(0.07)</b>	<b>\$ 0.86</b>
Stock Repurchase (a)	0.02	—	—	—	0.02
Weather	(0.12)	—	—	—	(0.12)
Pricing and Riders (b)	0.09	—	—	—	0.09
Volumes	0.04	—	—	—	0.04
Wholesale (c)	0.05	—	—	—	0.05
Operation and Maintenance, net of recoverables	0.01	—	—	—	0.01
Latin America, including Foreign Exchange Rates (e)	—	0.02	—	—	0.02
National Methanol Company	—	(0.03)	—	—	(0.03)
Duke Energy Renewables (f)	—	—	0.03	—	0.03
Midwest Generation (g)	—	—	(0.01)	—	(0.01)
Interest Expense	0.01	—	—	—	0.01
Change in effective tax rates	0.04	—	—	(0.07)	(0.03)
Other (h)	(0.05)	0.01	(0.01)	(0.02)	(0.07)
<b>2015 QTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 0.87</b>	<b>\$ 0.10</b>	<b>\$ 0.06</b>	<b>\$(0.16)</b>	<b>\$ 0.87</b>
Costs to Achieve, Mergers	—	—	—	(0.03)	(0.03)
Cost Savings Initiatives	(0.02)	—	—	(0.11)	(0.13)
Ash Basin Settlement and Penalties	(0.01)	—	—	—	(0.01)
Discontinued Operations	—	—	—	—	(0.01)
<b>2015 QTD Reported Earnings Per Share, Diluted</b>	<b>\$ 0.84</b>	<b>\$ 0.10</b>	<b>\$ 0.06</b>	<b>\$(0.30)</b>	<b>\$ 0.69</b>

Note 1: Earnings Per Share amounts are calculated using the consolidated effective income tax rate.

Note 2: Adjusted and Reported Earnings Per Share amounts by segment may not recompute from other published schedules due to rounding.

- (a) Due to the decrease in common shares outstanding as a result of stock repurchased and retired under the Accelerated Stock Repurchase Program. Weighted-average diluted shares outstanding decreased from 707 million shares for the three months ended December 31, 2014, to 688 million shares for the three months ended December 31, 2015.
- (b) Primarily due to higher energy efficiency and other rider recoveries across jurisdictions (+\$0.03), equity return on the NCEMPA rider (+\$0.02) and fuel and purchased power cost true-ups (+\$0.02).
- (c) Primarily due to the implementation of new contracts, including the new 30-year contract with NCEMPA.
- (d) Primarily due to lower spending for fossil generation, partially offset by increased costs related to the NCEMPA asset purchase.
- (e) Primarily due to higher results in Brazil (+\$0.04) due to lower purchased power costs and higher results in Ecuador (+\$0.01), partially offset by changes in foreign currency exchange rates (-\$0.02).
- (f) Primarily due to tax credits generated by the completion of solar and wind facilities.
- (g) Due to the sale of the nonregulated Midwest generation business.
- (h) Amount for Regulated Utilities includes increased depreciation and amortization expense (-\$0.05) due to higher depreciable base.

**DUKE ENERGY CORPORATION**  
**EARNINGS VARIANCES**  
**December 2015 YTD vs. Prior Year**

(S per share)	Regulated Utilities	International Energy	Commercial Portfolio	Other	Consolidated
<b>2014 YTD Reported Earnings Per Share, Diluted</b>	<b>\$ 3.96</b>	<b>\$ 0.08</b>	<b>\$ (0.07)</b>	<b>\$(0.49)</b>	<b>\$ 2.66</b>
Asset Sales	—	—	—	(0.01)	(0.01)
Costs to Achieve, Mergers	—	—	—	0.18	0.18
Midwest Generation Operations (offset in Discontinued Operations)	—	—	0.16	—	0.16
Asset Impairment	—	—	0.08	—	0.08
Economic Hedges (Mark-to-Market)	—	—	0.01	—	0.01
Litigation Reserve	0.14	—	—	—	0.14
International Tax Adjustment	—	0.53	—	—	0.53
Discontinued Operations	—	—	(0.02)	—	0.80
<b>2014 YTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 4.10</b>	<b>\$ 0.61</b>	<b>\$ 0.16</b>	<b>\$(0.32)</b>	<b>\$ 4.55</b>
Stock Repurchase (a)	0.08	0.01	—	—	0.09
Weather	—	—	—	—	—
Pricing and Riders (b)	0.23	—	—	—	0.23
Volumes	0.07	—	—	—	0.07
Wholesale (c)	0.16	—	—	—	0.16
Operation and Maintenance, net of recoverables (d)	(0.18)	—	—	—	(0.18)
Latin America, including Foreign Exchange Rates (e)	—	(0.22)	—	—	(0.22)
National Methanol Company	—	(0.07)	—	—	(0.07)
Duke Energy Renewables (f)	—	—	0.01	—	0.01
Midwest Generation (g)	—	—	0.04	—	0.04
Interest Expense	—	—	—	0.01	0.01
Change in effective tax rates	(0.04)	—	—	0.07	0.03
Other (h)	(0.14)	—	(0.01)	(0.03)	(0.18)
<b>2015 YTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 4.28</b>	<b>\$ 0.33</b>	<b>\$ 0.20</b>	<b>\$(0.27)</b>	<b>4.54</b>
Edwardsport Settlement	(0.08)	—	—	—	(0.08)
Costs to Achieve, Mergers	—	—	—	(0.09)	(0.09)
Ash Basin Settlement and Penalties	(0.02)	—	—	—	(0.02)
Midwest Generation Operations (offset in Discontinued Operations)	—	—	(0.14)	—	(0.14)
Cost Savings Initiatives	(0.01)	—	—	(0.12)	(0.13)
Discontinued Operations	—	—	(0.06)	—	(0.03)
<b>2015 YTD Reported Earnings Per Share, Diluted</b>	<b>\$ 4.17</b>	<b>\$ 0.33</b>	<b>\$ —</b>	<b>\$(0.48)</b>	<b>\$ 4.05</b>

Note 1: Earnings Per Share amounts are calculated using the consolidated effective income tax rate.

Note 2: Adjusted and Reported Earnings Per Share amounts by segment may not recompute from other published schedules due to rounding.

- (a) Due to the decrease in common shares outstanding as a result of stock repurchased and retired under the Accelerated Stock Repurchase Program. Weighted-average diluted shares outstanding decreased from 707 million shares for the year ended December 31, 2014, to 694 million shares for the year ended December 31, 2015.
- (b) Primarily due to fuel and purchased power cost true-ups (+\$0.09), higher energy efficiency and other rider recoveries in most jurisdictions (+\$0.05) and the recognition of equity returns on the NCEMPA purchase (+\$0.02).
- (c) Primarily due to the implementation of new contracts, including the new 30-year contract with NCEMPA.
- (d) Primarily due to an increase in nuclear outage cost levelization, additional costs related to the NCEMPA asset purchase and higher planned fossil generation outage costs, partially offset by lower storm costs.
- (e) Primarily due to a prior-year tax benefit related to the reorganization of the company's operations in Chile (-\$0.07), changes in foreign currency exchange rates (-\$0.05), lower results in Brazil due to unfavorable hydrology (-\$0.05) and lower results in Central America (-\$0.04) due to lower generation and prices from increased competition.
- (f) Primarily due to tax credits generated by the completion of solar and wind facilities, partially offset by lower wind resources.
- (g) Primarily due to higher capacity revenues, improved generation margins and the suspension of depreciation as a result of held for sale status prior to the sale of the nonregulated Midwest generation business.
- (h) Amount for Regulated Utilities includes increased depreciation and amortization expense (-\$0.13) due to higher depreciable base and an impairment of the Crystal River Unit 3 regulatory asset (-\$0.02), partially offset by higher AFUDC-equity (+\$0.04).

**Regulated Utilities  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
December 2015**

	Three Months Ended December 31				Year Ended December 31			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	17,198	18,284	(5.9%)	1.5%	83,393	83,348	0.1%	0.5%
General Service	18,243	18,274	(0.2%)	0.9%	77,367	76,640	0.9%	0.5%
Industrial	12,827	12,799	0.2%	2.1%	52,197	51,772	0.8%	1.0%
Other Energy Sales	147	154	(4.5%)		597	609	(2.0%)	
Unbilled Sales	113	416	(72.8%)	n/a	(363)	(504)	28.0%	n/a
Total Retail Sales	48,528	49,927	(2.8%)	1.4%	213,191	211,865	0.6%	0.6%
Special Sales	9,524	8,344	14.1%		38,075	35,522	7.2%	
Total Consolidated Electric Sales - Regulated Utilities	58,052	58,271	(0.4%)		251,266	247,387	1.6%	
<b>Average Number of Customers (Electric)</b>								
Residential	6,394,280	6,314,356	1.3%		6,362,549	6,281,841	1.3%	
General Service	955,880	946,153	1.0%		952,483	942,919	1.0%	
Industrial	17,983	18,252	(1.5%)		18,107	18,299	(1.0%)	
Other Energy Sales	23,119	22,896	1.0%		23,049	22,658	1.7%	
Total Regular Sales	7,391,262	7,301,657	1.2%		7,356,188	7,265,717	1.2%	
Special Sales	63	61	3.3%		63	62	1.6%	
Total Average Number of Customers - Regulated Utilities	7,391,325	7,301,718	1.2%		7,356,251	7,265,779	1.2%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	13,915	17,867	(22.1)%		76,348	87,148	(12.4)%	
Nuclear	18,541	16,570	11.9%		71,121	67,809	4.9%	
Hydro	996	453	119.9%		2,021	2,154	(6.2)%	
Oil and Natural Gas	14,616	11,370	28.5%		60,670	49,430	22.7%	
Renewable Energy	3	2	50.0%		13	13	— %	
Total Generation (4)	48,071	46,262	3.9%		210,173	206,554	1.8%	
Purchased Power and Net Interchange (5)(7)	11,763	14,902	(21.1)%		52,845	53,550	(1.3)%	
Total Sources of Energy	59,834	61,164	(2.2)%		263,018	260,104	1.1%	
Less: Line Loss and Company Usage (7)	1,782	2,893	(38.4)%		11,752	12,717	(7.6)%	
Total GWh Sources	58,052	58,271	(0.4)%		251,266	247,387	1.6%	
<b>Owned MW Capacity (3)</b>								
Summer					50,216	49,600		
Winter					53,484	53,191		
<b>Nuclear Capacity Factor (%) (6)</b>					94	93		

- (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.
- (7) 2014 amounts have been updated to include Duke Energy Ohio's auction purchases from PJM within Purchased Power and Net Interchange and the associated line loss in Line Loss and Company Usage.

**Regulated Utilities  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
December 2015**

	Three Months Ended December 31			Year Ended December 31		
	2015	2014	% Inc. (Dec.)	2015	2014	% Inc. (Dec.)
<b>Heating and Cooling Degree Days</b>						
<b>Carolinas - Actual</b>						
Heating Degree Days	731	1,229	(40.5%)	2,788	3,364	(17.1%)
Cooling Degree Days	44	56	(21.4%)	1,788	1,591	12.4%
<u>Variance from Normal</u>						
Heating Degree Days	(37.7%)	4.8%	n/a	(7.7%)	11.2%	n/a
Cooling Degree Days	(13.7%)	14.6%	n/a	7.0%	(4.2%)	n/a
<b>Midwest - Actual</b>						
Heating Degree Days	1,402	2,064	(32.1%)	4,925	5,893	(16.4%)
Cooling Degree Days	11	10	10.0%	1,093	928	17.8%
<u>Variance from Normal</u>						
Heating Degree Days	(25.9%)	10.8%	n/a	(1.3%)	18.2%	n/a
Cooling Degree Days	(50.0%)	(52.4%)	n/a	(9.3%)	(21.4%)	n/a
<b>Florida - Actual</b>						
Heating Degree Days	27	233	(88.4%)	400	651	(38.6%)
Cooling Degree Days	765	409	87.0%	3,742	3,111	20.3%
<u>Variance from Normal</u>						
Heating Degree Days	(86.2%)	9.9%	n/a	(32.6%)	3.7%	n/a
Cooling Degree Days	65.2%	(9.7%)	n/a	17.0%	(2.5%)	n/a

**Duke Energy Carolinas**  
**Quarterly Highlights**  
**Supplemental Regulated Utilities Electric Information**  
**December 2015**

	Three Months Ended December 31				Year Ended December 31			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	5,471	6,039	(9.4%)		27,916	27,976	(0.2%)	
General Service	6,626	6,736	(1.6%)		28,700	28,421	1.0%	
Industrial	5,406	5,347	1.1%		22,136	21,577	2.6%	
Other Energy Sales	76	77	(1.3%)		305	303	0.7%	
Unbilled Sales	579	168	244.6%		(114)	(324)	64.8%	
Total Regular Electric Sales	18,158	18,367	(1.1%)	4.6%	78,943	77,953	1.3%	1.4%
Special Sales	1,706	1,928	(11.5%)		8,432	9,692	(13.0%)	
Total Consolidated Electric Sales - Duke Energy Carolinas	19,864	20,295	(2.1%)		87,375	87,645	(0.3%)	
<b>Average Number of Customers</b>								
Residential	2,128,724	2,100,086	1.4%		2,117,482	2,089,299	1.3%	
General Service	346,378	342,725	1.1%		345,119	341,616	1.0%	
Industrial	6,337	6,505	(2.6%)		6,417	6,519	(1.6%)	
Other Energy Sales	15,123	14,921	1.4%		15,041	14,693	2.4%	
Total Regular Sales	2,496,562	2,464,237	1.3%		2,484,059	2,452,127	1.3%	
Special Sales	24	26	(7.7%)		25	26	(3.8%)	
Total Average Number of Customers - Duke Energy Carolinas	2,496,586	2,464,263	1.3%		2,484,084	2,452,153	1.3%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	3,769	5,912	(36.2%)		25,896	31,596	(18.0%)	
Nuclear	10,903	9,671	12.7%		45,013	42,381	6.2%	
Hydro	700	246	184.6%		1,136	1,185	(4.1%)	
Oil and Natural Gas	2,659	1,849	43.8%		10,595	7,878	34.5%	
Renewable Energy	3	2	50.0%		13	13	— %	
Total Generation (4)	18,034	17,680	2.0%		82,653	83,053	(0.5%)	
Purchased Power and Net Interchange (5)	2,182	3,718	(41.3%)		9,170	9,602	(4.5%)	
Total Sources of Energy	20,216	21,398	(5.5%)		91,823	92,655	(0.9%)	
Less: Line Loss and Company Usage	352	1,103	(68.1%)		4,448	5,010	(11.2%)	
Total GWh Sources	19,864	20,295	(2.1%)		87,375	87,645	(0.3%)	
<b>Owned MW Capacity (3)</b>								
Summer					19,645	19,589		
Winter					20,360	20,550		
<b>Nuclear Capacity Factor (%) (6)</b>								
					96	92		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	813	1,282	(36.6%)		2,922	3,517	(16.9%)	
Cooling Degree Days	22	44	(50.0%)		1,731	1,485	16.6%	
<b>Variance from Normal</b>								
Heating Degree Days	(34.2%)	3.9%	n/a		(7.6%)	11.3%	n/a	
Cooling Degree Days	(46.3%)	15.8%	n/a		8.4%	(6.1%)	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  
December 2015**

	Three Months Ended December 31				Year Ended December 31			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWH Sales (1)</b>								
Residential	3,407	3,926	(13.2%)		17,954	18,201	(1.4%)	
General Service	3,529	3,618	(2.5%)		15,529	15,385	0.9%	
Industrial	2,498	2,505	(0.3%)		10,288	10,321	(0.3%)	
Other Energy Sales	25	29	(13.8%)		106	117	(9.4%)	
Unbilled Sales	50	359	(86.1%)		(302)	41	(836.6%)	
Total Regular Electric Sales	9,509	10,437	(8.9%)	0.7%	43,575	44,065	(1.1%)	0.1%
Special Sales	5,372	5,040	6.6%		21,306	18,806	13.3%	
Total Consolidated Electric Sales -Duke Energy Progress	14,881	15,477	(3.9%)		64,881	62,871	3.2%	
<b>Average Number of Customers</b>								
Residential	1,280,852	1,264,131	1.3%		1,274,550	1,257,007	1.4%	
General Service	227,233	224,209	1.3%		226,099	223,287	1.3%	
Industrial	4,174	4,253	(1.9%)		4,209	4,272	(1.5%)	
Other Energy Sales	1,648	1,696	(2.8%)		1,677	1,721	(2.6%)	
Total Regular Sales	1,513,907	1,494,289	1.3%		1,506,535	1,486,287	1.4%	
Special Sales	15	15	— %		15	15	— %	
Total Average Number of Customers - Duke Energy Progress	1,513,922	1,494,304	1.3%		1,506,550	1,486,302	1.4%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	1,506	3,808	(60.5%)		12,960	15,882	(18.4%)	
Nuclear	7,638	6,899	10.7%		26,108	25,428	2.7%	
Hydro	193	109	77.1%		582	669	(13.0%)	
Oil and Natural Gas	5,020	4,226	18.8%		22,203	17,591	26.2%	
Total Generation (4)	14,357	15,042	(4.6%)		61,853	59,570	3.8%	
Purchased Power and Net Interchange (5)	1,022	1,115	(8.3%)		5,649	5,956	(5.2%)	
Total Sources of Energy	15,379	16,157	(4.8%)		67,502	65,526	3.0%	
Less: Line Loss and Company Usage	498	680	(26.8%)		2,621	2,655	(1.3%)	
Total GWh Sources	14,881	15,477	(3.9%)		64,881	62,871	3.2%	
<b>Owned MW Capacity (3)</b>								
Summer					12,915	12,221		
Winter					14,019	13,334		
<b>Nuclear Capacity Factor (%) (6)</b>					91	95		
<b>Heating and Cooling Degree Days</b>								
Actual								
Heating Degree Days	650	1,176	(44.7%)		2,654	3,210	(17.3%)	
Cooling Degree Days	65	67	(3.0%)		1,844	1,696	8.7%	
<b>Variance from Normal</b>								
Heating Degree Days	(41.5%)	5.7%	n/a		(7.8%)	11.2%	n/a	
Cooling Degree Days	4.8%	11.9%	n/a		5.8%	(2.3%)	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 Regulated Utilities Electric Information  
December 2015**

	Three Months Ended December 31				Year Ended December 31			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	4,732	4,349	8.8%		19,932	19,003	4.9%	
General Service	3,903	3,675	6.2%		15,304	14,945	2.4%	
Industrial	851	823	3.4%		3,293	3,267	0.8%	
Other Energy Sales	6	7	(14.3%)		24	25	(4.0%)	
Unbilled Sales	(463)	(427)	(8.4%)		104	34	205.9%	
Total Regular Electric Sales	9,029	8,427	7.1%	3.3%	38,657	37,274	3.7%	1.6%
Special Sales	236	225	4.9%		1,396	1,429	(2.3%)	
Total Electric Sales - Duke Energy Florida	9,265	8,652	7.1%		40,053	38,703	3.5%	
<b>Average Number of Customers</b>								
Residential	1,533,247	1,510,309	1.5%		1,524,320	1,500,729	1.6%	
General Service	194,265	191,876	1.2%		193,437	191,142	1.2%	
Industrial	2,227	2,261	(1.5%)		2,244	2,275	(1.4%)	
Other Energy Sales	1,534	1,547	(0.8%)		1,537	1,551	(0.9%)	
Total Regular Sales	1,731,273	1,705,993	1.5%		1,721,538	1,695,697	1.5%	
Special Sales	14	12	16.7%		14	14	— %	
Total Average Number of Customers - Duke Energy Florida	1,731,287	1,706,005	1.5%		1,721,552	1,695,711	1.5%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	1,612	2,517	(36.0%)		9,718	11,729	(17.1%)	
Oil and Natural Gas	6,135	5,017	22.3%		25,263	23,030	9.7%	
Total Generation (4)	7,747	7,534	2.8%		34,981	34,759	0.6%	
Purchased Power and Net Interchange (5)	1,937	1,544	25.5%		7,217	6,133	17.7%	
Total Sources of Energy	9,684	9,078	6.7%		42,198	40,892	3.2%	
Less: Line Loss and Company Usage	419	426	(1.6%)		2,145	2,189	(2.0%)	
Total GWh Sources	9,265	8,652	7.1%		40,053	38,703	3.5%	
<b>Owned MW Capacity (3)</b>								
Summer					9,101	9,072		
Winter					10,070	10,109		
<b>Heating and Cooling Degree Days</b>								
<u>Actual</u>								
Heating Degree Days	27	233	(88.4%)		400	651	(38.6%)	
Cooling Degree Days	765	409	87.0%		3,742	3,111	20.3%	
<u>Variance from Normal</u>								
Heating Degree Days	(86.2%)	9.9%	n/a		(32.6%)	3.7%	n/a	
Cooling Degree Days	65.2%	(9.7%)	n/a		17.0%	(2.5%)	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 Ohio  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
December 2015**

	Three Months Ended December 31				Year Ended December 31			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
	<b>GWh Sales (1)</b>							
Residential	1,747	1,907	(8.4%)		8,638	8,831	(2.2%)	
General Service	2,231	2,253	(1.0%)		9,512	9,526	(0.1%)	
Industrial	1,481	1,462	1.3%		5,988	5,963	0.4%	
Other Energy Sales	27	27	— %		109	111	(1.8%)	
Unbilled Sales	(44)	160	(127.5%)		(52)	(82)	36.6%	
<b>Total Regular Electric Sales</b>	<b>5,442</b>	<b>5,809</b>	<b>(6.3%)</b>	<b>(1.3%)</b>	<b>24,195</b>	<b>24,349</b>	<b>(0.6%)</b>	<b>(0.3%)</b>
Special Sales	299	158	89.2%		1,244	386	222.3%	
<b>Total Electric Sales - Duke Energy Ohio</b>	<b>5,741</b>	<b>5,967</b>	<b>(3.8%)</b>		<b>25,439</b>	<b>24,735</b>	<b>2.8%</b>	
<b>Average Number of Customers</b>								
Residential	748,478	743,251	0.7%		746,757	741,800	0.7%	
General Service	87,298	86,881	0.5%		87,227	86,522	0.8%	
Industrial	2,530	2,534	(0.2%)		2,530	2,525	0.2%	
Other Energy Sales	3,231	3,191	1.3%		3,220	3,179	1.3%	
<b>Total Regular Sales</b>	<b>841,537</b>	<b>835,857</b>	<b>0.7%</b>		<b>839,734</b>	<b>834,026</b>	<b>0.7%</b>	
Special Sales	1	1	— %		1	1	— %	
<b>Total Average Number of Customers - Duke Energy Ohio</b>	<b>841,538</b>	<b>835,858</b>	<b>0.7%</b>		<b>839,735</b>	<b>834,027</b>	<b>0.7%</b>	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	949	1,080	(12.1%)		4,402	3,041	44.8%	
Oil and Natural Gas	10	—	100.0%		53	16	231.3%	
<b>Total Generation (4)</b>	<b>959</b>	<b>1,080</b>	<b>(11.2%)</b>		<b>4,455</b>	<b>3,057</b>	<b>45.7%</b>	
Purchased Power and Net Interchange (5)(6)	4,934	5,269	(6.4%)		22,280	23,355	(4.6%)	
<b>Total Sources of Energy</b>	<b>5,893</b>	<b>6,349</b>	<b>(7.2%)</b>		<b>26,735</b>	<b>26,412</b>	<b>1.2%</b>	
Less: Line Loss and Company Usage (6)	152	382	(60.2%)		1,296	1,677	(22.7%)	
<b>Total GWh Sources</b>	<b>5,741</b>	<b>5,967</b>	<b>(3.8%)</b>		<b>25,439</b>	<b>24,735</b>	<b>2.8%</b>	
<b>Owned MW Capacity (3)</b>								
Summer					1,062	1,225		
Winter					1,164	1,327		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	1,316	1,927	(31.7%)		4,647	5,455	(14.8%)	
Cooling Degree Days	15	13	15.4%		1,109	1,024	8.3%	
<b>Variance from Normal</b>								
Heating Degree Days	(28.0%)	6.6%	n/a		(3.6%)	13.1%	n/a	
Cooling Degree Days	(31.8%)	(35.0%)	n/a		(7.9%)	(13.1%)	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) 2014 amounts have been updated to include Duke Energy Ohio's auction purchases from PJM within Purchased Power and Net Interchange and the associated line loss in Line Loss and Company Usage.

**Duke Energy Ohio  
Quarterly Highlights  
Supplemental Regulated Utilities Gas Information  
December 2015**

	Three Months Ended December 31				Year Ended December 31			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>MCF Sales (1)</b>								
Residential	6,285,290	9,686,129	(35.1%)		35,272,072	41,040,532	(14.1%)	
General Service	4,356,384	6,205,202	(29.8%)		22,820,237	25,541,023	(10.7%)	
Industrial	1,557,468	1,953,376	(20.3%)		7,161,750	7,379,010	(2.9%)	
Other Energy Sales	4,843,752	5,430,602	(10.8%)		20,037,755	21,047,330	(4.8%)	
Unbilled Sales	2,453,000	3,295,000	(25.6%)		(768,000)	(1,732,000)	55.7%	
Total Gas Sales - Duke Energy Ohio	19,495,894	26,570,309	(26.6%)	(6.9%)	84,523,814	93,275,895	(9.4%)	(2.4%)
<b>Average Number of Customers</b>								
Residential	475,254	473,956	0.3%		474,842	472,940	0.4%	
General Service	43,378	43,648	(0.6%)		43,253	43,446	(0.4%)	
Industrial	1,627	1,631	(0.2%)		1,619	1,629	(0.6%)	
Other Energy Sales	142	145	(2.1%)		142	152	(6.6%)	
Total Average Number of Gas Customers - Duke Energy Ohio	520,401	519,380	0.2%		519,856	518,167	0.3%	
<b>Heating and Cooling Degree Days</b>								
<u>Actual</u>								
Heating Degree Days	1,316	1,927	(31.7%)		4,647	5,455	(14.8%)	
Cooling Degree Days	15	13	15.4%		1,109	1,024	8.3%	
<u>Variance from Normal</u>								
Heating Degree Days	(28.0%)	6.6%	n/a		(3.6%)	13.1%	n/a	
Cooling Degree Days	(31.8%)	(35.0%)	n/a		(7.9%)	(13.1%)	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  
December 2015**

	Three Months Ended December 31				Year Ended December 31			
	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)	2015	2014	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	1,841	2,063	(10.8%)		8,953	9,337	(4.1%)	
General Service	1,954	1,992	(1.9%)		8,322	8,363	(0.5%)	
Industrial	2,591	2,662	(2.7%)		10,492	10,644	(1.4%)	
Other Energy Sales	13	14	(7.1%)		53	53	— %	
Unbilled Sales	(9)	156	(105.8%)		1	(173)	100.6%	
<b>Total Regular Electric Sales</b>	<b>6,390</b>	<b>6,887</b>	<b>(7.2%)</b>	<b>(4.2%)</b>	<b>27,821</b>	<b>28,224</b>	<b>(1.4%)</b>	<b>(1.1%)</b>
Special Sales	1,911	993	92.4%		5,697	5,209	9.4%	
<b>Total Electric Sales - Duke Energy Indiana</b>	<b>8,301</b>	<b>7,880</b>	<b>5.3%</b>		<b>33,518</b>	<b>33,433</b>	<b>0.3%</b>	
<b>Average Number of Customers</b>								
Residential	702,979	696,579	0.9%		699,440	693,006	0.9%	
General Service	100,706	100,462	0.2%		100,601	100,352	0.2%	
Industrial	2,715	2,699	0.6%		2,707	2,708	— %	
Other Energy Sales	1,583	1,541	2.7%		1,574	1,514	4.0%	
<b>Total Regular Sales</b>	<b>807,983</b>	<b>801,281</b>	<b>0.8%</b>		<b>804,322</b>	<b>797,580</b>	<b>0.8%</b>	
Special Sales	9	7	28.6%		8	6	33.3%	
<b>Total Average Number of Customers - Duke Energy Indiana</b>	<b>807,992</b>	<b>801,288</b>	<b>0.8%</b>		<b>804,330</b>	<b>797,586</b>	<b>0.8%</b>	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	6,079	4,550	33.6%		23,372	24,900	(6.1%)	
Hydro	103	98	5.1%		303	300	1.0%	
Oil and Natural Gas	792	278	184.9%		2,556	915	179.3%	
<b>Total Generation (4)</b>	<b>6,974</b>	<b>4,926</b>	<b>41.6%</b>		<b>26,231</b>	<b>26,115</b>	<b>0.4%</b>	
Purchased Power and Net Interchange (5)	1,688	3,256	(48.2%)		8,529	8,504	0.3%	
<b>Total Sources of Energy</b>	<b>8,662</b>	<b>8,182</b>	<b>5.9%</b>		<b>34,760</b>	<b>34,619</b>	<b>0.4%</b>	
Less: Line Loss and Company Usage	361	302	19.5%		1,242	1,186	4.7%	
<b>Total GWh Sources</b>	<b>8,301</b>	<b>7,880</b>	<b>5.3%</b>		<b>33,518</b>	<b>33,433</b>	<b>0.3%</b>	
<b>Owned MW Capacity (3)</b>								
Summer					7,493	7,493		
Winter					7,871	7,871		
<b>Heating and Cooling Degree Days</b>								
Actual								
Heating Degree Days	1,487	2,200	(32.4%)		5,202	6,330	(17.8%)	
Cooling Degree Days	6	7	(14.3%)		1,076	832	29.3%	
<u>Variance from Normal</u>								
Heating Degree Days	(24.0%)	14.7%	n/a		0.8%	23.1%	n/a	
Cooling Degree Days	(73.9%)	(66.7%)	n/a		(10.7%)	(29.7%)	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.

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
**Three Months Ended December 31, 2015**  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items					Discontinued Operations	Total Adjustments	Reported Earnings
		Costs to Achieve, Mergers	Edwardsport Settlement	Cost Savings Initiatives	Ash Basin Settlement and Penalties	Economic Hedges (Mark-to-Market)			
<b>SEGMENT INCOME</b>									
Regulated Utilities	\$ 601	\$ —	\$ (2)B	\$ (10)C	\$ (7)F	\$ —	\$ (19)	\$ 582	
International Energy	68	—	—	—	—	—	—	68	
Commercial Portfolio	41	—	—	(1)D	—	(1)G	(2)	39	
<b>Total Reportable Segment Income</b>	<b>710</b>	<b>—</b>	<b>(2)</b>	<b>(11)</b>	<b>(7)</b>	<b>(1)</b>	<b>(21)</b>	<b>689</b>	
Other	(108)	(18)A	—	(77)E	—	—	(95)	(203)	
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>602</b>	<b>(18)</b>	<b>(2)</b>	<b>(88)</b>	<b>(7)</b>	<b>(1)</b>	<b>(116)</b>	<b>486</b>	
Discontinued Operations	—	—	—	—	—	—	(9)H	(9)	
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 602</b>	<b>\$ (18)</b>	<b>\$ (2)</b>	<b>\$ (88)</b>	<b>\$ (7)</b>	<b>\$ (1)</b>	<b>\$ (9)</b>	<b>\$ 477</b>	
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 0.87</b>	<b>\$ (0.03)</b>	<b>\$ —</b>	<b>\$ (0.13)</b>	<b>\$ (0.01)</b>	<b>\$ —</b>	<b>\$ (0.01)</b>	<b>\$ 0.69</b>	
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 0.87</b>	<b>\$ (0.03)</b>	<b>\$ —</b>	<b>\$ (0.13)</b>	<b>\$ (0.01)</b>	<b>\$ —</b>	<b>\$ (0.01)</b>	<b>\$ 0.69</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 - 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.
- D - Net of \$1 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.
- E - Net of \$47 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.
- F - Recorded within Operation, maintenance and other on the Duke Energy Carolinas Consolidated Statements of Operations.
- G - Recorded within Operating Revenues on the Consolidated Statements of Operations.
- H - Recorded in Income (Loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations.

**Weighted Average Shares (reported and adjusted) - in millions**

Basic	688
Diluted	688

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
Twelve Months Ended December 31, 2015  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items					Discontinued Operations	Total Adjustments	Reported Earnings
		Costs to Achieve, Mergers	Edwardsport Settlement	Midwest Generation Operations	Ash Basin Settlement and Penalties	Cost Savings Initiatives			
<b>SEGMENT INCOME</b>									
Regulated Utilities	\$ 2,972	\$ —	\$ (58) <sup>B</sup>	\$ —	\$ (11) <sup>D</sup>	\$ (10) <sup>E</sup>	\$ —	\$ (79)	\$ 2,893
International Energy	225	—	—	—	—	—	—	—	225
Commercial Portfolio	140	—	—	(94) <sup>C</sup>	—	(1) <sup>F</sup>	(41) <sup>H</sup>	(136)	4
<b>Total Reportable Segment Income</b>	<b>3,337</b>	<b>—</b>	<b>(58)</b>	<b>(94)</b>	<b>(11)</b>	<b>(11)</b>	<b>(41)</b>	<b>(215)</b>	<b>3,122</b>
Other	(185)	(60) <sup>A</sup>	—	—	—	(77) <sup>G</sup>	—	(137)	(322)
Intercompany Eliminations	—	—	—	—	—	—	(4) <sup>I</sup>	(4)	(4)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>3,152</b>	<b>(60)</b>	<b>(58)</b>	<b>(94)</b>	<b>(11)</b>	<b>(88)</b>	<b>(45)</b>	<b>(356)</b>	<b>2,796</b>
Discontinued Operations	—	—	—	94 <sup>C</sup>	—	—	(74) <sup>J</sup>	20	20
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 3,152</b>	<b>\$ (60)</b>	<b>\$ (58)</b>	<b>\$ —</b>	<b>\$ (11)</b>	<b>\$ (88)</b>	<b>\$ (119)</b>	<b>\$ (336)</b>	<b>\$ 2,816</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 4.54</b>	<b>\$ (0.09)</b>	<b>\$ (0.08)</b>	<b>\$ —</b>	<b>\$ (0.02)</b>	<b>\$ (0.13)</b>	<b>\$ (0.17)</b>	<b>\$ (0.49)</b>	<b>\$ 4.05</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 4.54</b>	<b>\$ (0.09)</b>	<b>\$ (0.08)</b>	<b>\$ —</b>	<b>\$ (0.02)</b>	<b>\$ (0.13)</b>	<b>\$ (0.17)</b>	<b>\$ (0.49)</b>	<b>\$ 4.05</b>

- A - Net of \$37 million tax benefit. Recorded within Operating Expenses and Interest Expenses 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 - 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 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 - State tax expense resulting from the completion of the sale of the nonregulated Midwest generation business.
- I - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.
- 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 (reported and adjusted) - in millions

Basic	694
Diluted	694

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
Three Months Ended December 31, 2014  
(Dollars in millions, except per-share amounts)

	Special Items							Reported Earnings
	Adjusted Earnings	Costs to Achieve, Progress Merger	Midwest Generation Operations	Litigation Reserve	International Tax Adjustment	Discontinued Operations	Total Adjustments	
<b>SEGMENT INCOME</b>								
Regulated Utilities	\$ 551	\$ —	\$ —	\$ (102)G	\$ —	\$ —	\$ (102)	\$ 449
International Energy	72	—	—	—	(373)D	—	(373)	(301)
Commercial Portfolio	32	—	(32)B	—	—	15F	(17)	15
<b>Total Reportable Segment Income</b>	<b>655</b>	<b>—</b>	<b>(32)</b>	<b>(102)</b>	<b>(373)</b>	<b>15</b>	<b>(492)</b>	<b>163</b>
Other	(45)	(20)A	—	—	—	—	(20)	(65)
Intercompany Eliminations	—	—	—	—	—	(3)E	(3)	(3)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>610</b>	<b>(20)</b>	<b>(32)</b>	<b>(102)</b>	<b>(373)</b>	<b>12</b>	<b>(515)</b>	<b>95</b>
Discontinued Operations	—	—	32B	—	—	(30)C	2	2
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 610</b>	<b>\$ (20)</b>	<b>\$ —</b>	<b>\$ (102)</b>	<b>\$ (373)</b>	<b>\$ (18)</b>	<b>\$ (513)</b>	<b>\$ 97</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 0.86</b>	<b>\$ (0.03)</b>	<b>\$ —</b>	<b>\$ (0.14)</b>	<b>\$ (0.53)</b>	<b>\$ (0.02)</b>	<b>\$ (0.72)</b>	<b>\$ 0.14</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 0.86</b>	<b>\$ (0.03)</b>	<b>\$ —</b>	<b>\$ (0.14)</b>	<b>\$ (0.53)</b>	<b>\$ (0.02)</b>	<b>\$ (0.72)</b>	<b>\$ 0.14</b>

- A - Net of \$13 million tax benefit. \$33 million recorded in Operating Expenses on the Consolidated Statements of Operations.
- B - Midwest Generation Operations reclassifies the operating results of the nonregulated Midwest generation business that had been classified as discontinued operations after adjustment for special items and economic hedges from discontinued operations to the Commercial Power segment (net of \$20 million tax benefit).
- C - Recorded in Income (loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations. Includes the adjustment to the impairment of the nonregulated Midwest generation business, the mark-to-market of economic hedges of the nonregulated Midwest generation business, and certain costs associated with a contract settlement.
- D - Deferred tax impact resulting from the decision to repatriate International Energy's historic undistributed foreign earnings, included within Income Tax Expense on the Consolidated Statement of Operations.
- E - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.
- F - State tax benefit resulting from the planned disposition of the nonregulated Midwest generation business.
- G - Recorded within Operating, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

**Weighted Average Shares (reported and adjusted) - in millions**

Basic	707
Diluted	707

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
Twelve Months Ended December 31, 2014  
(Dollars in millions, except per-share amounts)

SEGMENT	Adjusted Earnings	Special Items						Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Asset Impairment	Midwest Generation Operations	Litigation Reserve	Asset Sales	International Tax Adjustment				
<b>INCOME</b>											
Regulated Utilities	\$ 2,897	\$ —	\$ —	\$ —	\$ (102)J	\$ —	\$ —	\$ —	\$ (102)	\$ 2,795	
International Energy	428	—	—	—	—	—	(373)H	—	(373)	55	
Commercial Portfolio	109	—	(59)F	(114)C	—	—	—	(6)B	15I	(55)	
Total Reportable Segment Income	3,434	—	(59)	(114)	(102)	—	(373)	(6)	15	2,795	
Other Intercompany Eliminations	(216)	(127)A	—	—	—	9E	—	—	—	(334)	
Total Reportable Segment Income and Other Net Expense	3,218	(127)	(59)	(114)	(102)	9	(373)	(6)	5	2,451	
Discontinued Operations	—	—	—	114C	—	—	—	—	(682)D	(568)	
<b>Net Income</b>											
Attributable to Duke Energy Corporation	\$ 3,218	\$ (127)	\$ (59)	\$ —	\$ (102)	\$ 9	\$ (373)	\$ (6)	\$ (677)	\$ 1,883	
<b>EPS</b>											
<b>ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	\$ 4.55	\$ (0.18)	\$ (0.08)	\$ —	\$ (0.14)	\$ 0.01	\$ (0.53)	\$ (0.01)	\$ (0.96)	\$ 2.66	
<b>EPS</b>											
<b>ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	\$ 4.55	\$ (0.18)	\$ (0.08)	\$ —	\$ (0.14)	\$ 0.01	\$ (0.53)	\$ (0.01)	\$ (0.96)	\$ 2.66	

- A - Net of \$78 million tax benefit. \$5 million recorded as a decrease in Operating Revenues, \$198 million recorded within Operating Expenses and \$2 million recorded within Interest Expense on the Consolidated Statements of Operations.
- B - Net of \$3 million tax benefit. Recorded within Operating Revenues on the Consolidated Statements of Operations.
- C - Midwest Generation Operations reclassifies the operating results of the nonregulated Midwest generation business that had been classified as discontinued operations after adjustment for special items and economic hedges from discontinued operations to the Commercial Power segment (net of \$71 million tax benefit).
- D - Recorded in Income (Loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations. Includes the impairment of the nonregulated Midwest generation business, the mark-to-market of economic hedges of the nonregulated Midwest generation business and certain costs associated with a contract settlement.
- E - Net of \$5 million tax expense. Recorded in Other Income and Expenses on the Consolidated Statements of Operations.
- F - Net of \$35 million tax benefit. Recorded in impairment charges on the Consolidated Statements of Operations.
- G - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.
- H - Deferred tax impact resulting from the decision to repatriate International Energy's historic undistributed foreign earnings, included within Income Tax Expense on the Consolidated Statement of Operations.
- I - State tax benefit resulting from the planned disposition of the nonregulated Midwest generation business.
- J - Recorded within Operating, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic  
Diluted

707  
707



- \* 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 and also relate to existing derivative positions that may have tenors beyond the planned disposal date of the nonregulated Midwest generation business. 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. However, due to the divestiture of the nonregulated Midwest generation business as mentioned above, certain derivative positions have tenors beyond the planned disposal date of these assets. As such, management has excluded settlements of these derivative positions from adjusted diluted EPS as these realized gains and losses more closely relate to the loss on disposal of these assets. 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 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>Adjusted Earnings, Pre-Tax Income*</b>	\$ 882		\$4,634	
Midwest Generation Operations	—		(147)	
Cost Savings Initiatives	(142)		(142)	
Costs to Achieve, Mergers	(30)		(97)	
Edwardsport Settlement	(3)		(93)	
Ash Basin Settlement and Penalties	(7)		(14)	
Economic Hedges (Mark-to-Market)	(1)		—	
Intercompany Eliminations	—		(4)	
<b>Reported Income From Continuing Operations Before Income Taxes</b>	<u>\$ 699</u>		<u>\$4,137</u>	
<b>Adjusted Tax Expense*</b>	\$ 275	31%**	\$1,467	32%**
Tax Adjustment Related to Midwest Generation Sale	—		41	
Midwest Generation Operations	—		(53)	
Cost Savings Initiatives	(54)		(54)	
Costs to Achieve, Mergers	(12)		(37)	
Edwardsport Settlement	(1)		(35)	
Ash Basin Settlement and Penalties	—		(3)	
<b>Reported Income Tax Expense From Continuing Operations</b>	<u>\$ 208</u>	30%	<u>\$1,326</u>	32%

\* Includes amounts attributable to noncontrolling interests

\*\* 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, 2014**  
(Dollars in Millions)

	Three Months Ended December 31, 2014		Year Ended December 31, 2014	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Adjusted Earnings, Pre-Tax Income*</b>	\$ 873		\$4,715	
Costs to Achieve, Mergers	(33)		(205)	
Midwest Generation Operations	(52)		(185)	
Litigation Reserve	(102)		(102)	
Asset Impairment	—		(94)	
Economic Hedges (Mark-to-Market)	—		(9)	
Asset Sales	—		14	
<b>Reported Income From Continuing Operations Before Income Taxes</b>	<u>\$ 686</u>		<u>\$4,134</u>	
<b>Adjusted Tax Expense*</b>	\$ 263	30%**	\$1,493	32%**
International Tax Adjustment	373		373	
Costs to Achieve, Mergers	(13)		(78)	
Midwest Generation Operations	(20)		(71)	
Asset Impairment	—		(35)	
Economic Hedges (Mark-to-Market)	—		(3)	
Tax Adjustment Related to Midwest Generation Sale	(15)		(15)	
Asset Sales	—		5	
<b>Reported Income Tax Expense From Continuing Operations</b>	<u>\$ 588</u>	86%	<u>\$1,669</u>	40%

\* Includes amounts attributable to noncontrolling interests

\*\* 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

---

**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 25, 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 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers**

On February 25, 2016, Charles W. Moorman was appointed to the Board of Directors (the "Board") of Duke Energy Corporation (the "Corporation"), effective March 1, 2016. On December 31, 2015, Mr. Moorman retired as Chairman and Chief Executive Officer of Norfolk Southern Corporation where he was named President and Chief Executive Officer in 2005, Chairman, President and Chief Executive Officer in 2006, and Chairman and Chief Executive Officer in June 2013.

Mr. Moorman's directorship will expire, along with the Corporation's other directors' terms, at the next annual meeting of shareholders. Mr. Moorman has been appointed to the Nuclear Oversight Committee effective March 1, 2016, and to the Compensation Committee of the Board effective May 5, 2016.

As a non-employee director of the Corporation, Mr. Moorman 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 26, 2015. Mr. Moorman 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 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): March 1, 2016



**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))
- 
-

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

On March 1, 2016, Duke Energy Corporation (the "Company") entered into a forward sale agreement relating to 9,250,000 shares of the Company's common stock, par value \$0.001 per share (or 10,637,500 shares of the Company's common stock if the underwriters exercise their option to purchase additional shares of common stock in full), documented under a Confirmation subject to a master agreement (together, the "Original Forward Sale Agreement") with Barclays Bank PLC (in such capacity, the "Forward Purchaser"). On March 2, 2016, the underwriters exercised in full their option to purchase an additional 1,387,500 shares of the Company's common stock. In connection therewith, the Company and the Forward Purchaser entered into an additional forward sale agreement relating to such number of shares, documented under a separate Confirmation subject to a master agreement (together, the "Additional Forward Sale Agreement").

In connection with the Original Forward Sale Agreement and the Additional Forward Sale Agreement (each, a "Forward Sale Agreement"), the Company entered into an Underwriting Agreement on March 1, 2016 among the Company, the underwriters named therein and Barclays Capital Inc., acting in its capacity as forward seller and as agent for the Forward Purchaser, pursuant to which the forward seller sold to the underwriters an aggregate of 10,637,500 shares. Also in connection with the Forward Sale Agreements, the forward seller borrowed 10,637,500 shares of the Company's common stock from third parties.

Upon physical settlement of the Forward Sale Agreements, the Company will receive from the Forward Purchaser an amount equal to the net proceeds of the borrowed shares of common stock sold pursuant to the Underwriting Agreement, subject to certain adjustments pursuant to the Forward Sale Agreements. The Company will receive such amount at a forward sale price that initially will be \$69.84 per share (which is the initial price to the public of \$72.00 per share less the underwriting discount) but that will be subject to certain adjustments pursuant to the Forward Sale Agreements.

The Company expects the Forward Sale Agreements to settle by the end of 2016, but settlement may occur as late as June 30, 2017. The Company may, subject to certain conditions, elect to accelerate the settlement of all or a portion of the number of shares of common stock underlying the Forward Sale Agreements and the Forward Purchaser may accelerate settlement of the Forward Sale Agreements upon the occurrence of certain events.

On a settlement date, if the Company decides to physically settle a Forward Sale Agreement, the Company will issue shares of common stock to the Forward Purchaser under the Forward Sale Agreement at the then-applicable forward sale price. Each of the Forward Sale Agreements provides that the forward sale price will be subject to adjustment on a daily basis based on a floating interest rate factor determined by reference to the federal funds rate less a spread and will be decreased on certain dates by amounts related to expected dividends on shares of the Company's common stock during the term of the Forward Sale Agreements. If the federal funds rate is less than the spread for any day, the interest rate factor will result in a reduction of the forward sale price.

Except under circumstances described in each Forward Sale Agreement, the Company has the right to elect physical, cash or net share settlement under the Forward Sale Agreement. Although the Company expects to settle the Forward Sale Agreements entirely by delivering shares of common stock in connection with full physical settlement, the Company may, subject to certain conditions, elect cash settlement or net share settlement for all or a portion of its obligations if it concludes that doing so is in the best interest of the Company. In the event the Company elects to cash settle or net share settle, the settlement amount generally will be related to (1)(a) the market value of the shares of common stock during the unwind period under the related Forward Sale Agreement minus (b) the forward sale price;



multiplied by (2) the number of shares of common stock underlying the Forward Sale Agreement then subject to cash settlement or net share settlement. If this settlement amount is a negative number, the Forward Purchaser will pay to the Company the absolute value of that amount or deliver to the Company a number of shares of the Company's common stock having a value equal to the absolute value of such amount. If this settlement amount is a positive number, the Company will pay to the Forward Purchaser that amount or deliver to the Forward Purchaser a number of shares of common stock having a value equal to such amount. In connection with any cash settlement or net share settlement, the Company would expect the Forward Purchaser or an affiliate to purchase shares of the Company's common stock in secondary market transactions for delivery to third party stock lenders in order to close out its, or its affiliate's, hedge positions in respect of the related Forward Sale Agreement.

The Forward Purchaser will have the right to accelerate each Forward Sale Agreement (or, in certain cases, any affected portion of the transaction as determined by the Forward Purchaser under the Forward Sale Agreement) and require the Company to settle on a date specified by the Forward Purchaser if (1) the Forward Purchaser is unable to, or would incur a materially increased cost to, establish, maintain or unwind its hedge position with respect to the Forward Sale Agreement, subject to certain exceptions in the case of such a materially increased cost; (2) the Forward Purchaser determines it is unable to, or it is commercially impracticable for it to, continue to borrow a number of shares of the Company's common stock equal to the number of shares of common stock underlying the Forward Sale Agreement or that, with respect to borrowing such number of shares of common stock, it would incur a rate that is greater than the borrow cost specified in the Forward Sale Agreement, subject to certain exceptions in the case of such a rate of borrowing that is greater than such specified borrow cost; (3) the Forward Purchaser determines that it has an excess Section 13 ownership position or an excess regulatory ownership position (as such terms are defined in the Forward Sale Agreement) with respect to certain ownership restrictions and related filing requirements under federal securities laws, Delaware corporate laws or other applicable laws and regulations, as applicable; (4) the Company declares a dividend or distribution on its shares of common stock with a cash value in excess of a specified amount, an ex-dividend date that occurs earlier than a specified date or certain non-cash dividends; (5) there occurs a public announcement of an event or transaction that, if consummated, would result in a merger event, tender offer, nationalization or change in law (in each case, as determined pursuant to the terms of the Forward Sale Agreement); or (6) certain other events of default, termination events or other specified events occur, including, among other things, any material misrepresentation made by the Company in connection with entering into the Forward Sale Agreement or a market disruption event during a specified period that lasts for more than eight scheduled trading days (in each case, as determined pursuant to the terms of the Forward Sale Agreement). The Forward Purchaser's decision to exercise its right to accelerate the settlement of the Forward Sale Agreement will be made irrespective of the Company's interests, including the Company's need for capital. In such cases, the Company could be required to issue and deliver shares of common stock under the physical settlement provisions, which would result in dilution to our earnings per share, return on equity and dividends per share. In addition, upon certain events of bankruptcy, insolvency or reorganization relating to the Company, the Forward Sale Agreement will terminate. Following any such termination, the Company may not issue any shares of common stock and would not receive any proceeds pursuant to the Forward Sale Agreement.

The description of the Forward Sale Agreements set forth above is qualified in its entirety by reference to the Forward Sale Agreements, copies of which are filed as Exhibits 10.1 and 10.2 to this Current Report on Form 8-K and incorporated by reference herein.

**Item 8.01. Other Events.**

On March 1, 2016, the Company entered into the Underwriting Agreement (the "Underwriting Agreement") with Barclays Capital Inc., Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC, on their own behalf and the several underwriters named therein and Barclays Capital Inc., acting in its capacity as a forward seller and as agent for Barclays Bank PLC, relating to the registered public offering and sale by the forward seller of 9,250,000 shares of the Company's common stock, par value \$0.001 at a price to the public of \$72.00 per share. On March 2, 2016, the underwriters exercised in full their option to purchase an additional 1,387,500 shares of the Company's common stock pursuant to the Underwriting Agreement.

The description of the Underwriting Agreement set forth above is qualified in its entirety by reference to the Underwriting Agreement, a copy of which is filed as Exhibit 99.1 to this Current Report on Form 8-K and incorporated by reference here.

Also, in connection with the issuance and sale of the shares of common stock, the Company is filing a legal opinion regarding the validity of the shares of common stock as Exhibit 5.1 to this Form 8-K for the purpose of incorporating the opinion into the Company's Registration Statement No. 333-191462.

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

(d) Exhibits

Exhibit	Description
Exhibit 5.1	Opinion regarding validity of the shares of common stock
Exhibit 10.1	Confirmation of Forward Sale Transaction, dated March 1, 2016, between the Company and Barclays Capital Inc., acting as agent for Barclays Bank PLC
Exhibit 10.2	Additional Confirmation of Forward Sale Transaction, dated March 2, 2016, between the Company and Barclays Capital Inc., acting as agent for Barclays Bank PLC
Exhibit 23.1	Consent (included as part of Exhibit 5.1)
Exhibit 99.1	Underwriting Agreement, dated March 1, 2016, among the Company, the Underwriters named therein and Barclays Capital Inc., acting in its capacity as forward seller and as agent for Barclays Bank PLC

**Information Regarding Forward-Looking Statements**

This current report includes forward-looking statements. Duke Energy Corporation based these forward-looking statements on its current expectations about future events in light of its knowledge of facts as of the date of this current report and its assumptions about future circumstances. Investors are cautioned that any such forward-looking statements are subject to risks and uncertainties and that actual results may differ materially from those projected in the forward-looking statements. The Company assumes no obligation to update any such forward-looking statement. Prospective investors should also review the risks and uncertainties included in the Company's most recent Annual Report on Form 10-K and the Company's reports on Forms 10-Q and 8-K filed with the United States Securities and Exchange Commission, including Management's Discussion and Analysis of Financial Condition and Results of Operations and the risks described therein from time to time.

**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: March 7, 2016

**DUKE ENERGY CORPORATION**

By: /s/ Robert T. Lucas III

Name: Robert T. Lucas III

Title: Assistant Secretary

**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
Exhibit 5.1	Opinion regarding validity of the shares of common stock
Exhibit 10.1	Confirmation of Forward Sale Transaction, dated March 1, 2016, between the Company and Barclays Capital Inc., acting as agent for Barclays Bank PLC
Exhibit 10.2	Additional Confirmation of Forward Sale Transaction, dated March 2, 2016, between the Company and Barclays Capital Inc., acting as agent for Barclays Bank PLC
Exhibit 23.1	Consent (included as part of Exhibit 5.1)
Exhibit 99.1	Underwriting Agreement, dated March 1, 2016, among the Company, the Underwriters named therein and Barclays Capital Inc., acting in its capacity as forward seller and as agent for Barclays Bank PLC

Exhibit 5.1

**DUKE ENERGY BUSINESS SERVICES, LLC**  
550 S. Tryon Street  
Charlotte, North Carolina 28202  
March 7, 2016

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

Re: Duke Energy Corporation 10,637,500 Shares of Common Stock, Par Value \$0.001 Per Share

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 offer and sale of up to 10,637,500 shares of common stock of the Company, par value \$0.001 per share (inclusive of shares of the Company's common stock that may be issued upon exercise of an option granted to the underwriters to purchase 1,387,500 additional shares of the Company's common stock) (collectively, the "Shares"), pursuant to the Underwriting Agreement, dated March 1, 2016 (the "Underwriting Agreement"), among the Company, the underwriters named therein and Barclays Capital Inc., acting in its capacity as forward seller and as agent for Barclays Bank PLC. In connection therewith, the Company entered into a Confirmation subject to a master agreement, dated March 1, 2016 (the "Forward Sale Agreement"), with Barclays Bank PLC, as forward purchaser (the "Forward Purchaser"). On March 2, 2016, the Company and the Forward Purchaser entered into an additional forward sale agreement relating to such number of shares, documented under a separate Confirmation subject to a master agreement (the "Additional Forward Sale Agreement") in connection with the underwriters' exercise of their option to purchase 1,387,500 additional shares of the Company's common stock.

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 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:

---

- (a) the registration statement on Form S-3 (File No. 333-191462) of the Company relating to the Shares 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 February 29, 2016, and the prospectus, dated September 30, 2013, relating to the offering of the Shares in the form filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations;
- (d) the prospectus supplement, dated March 1, 2016, and the prospectus, dated September 30, 2013, relating to the offering of the Shares in the form filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations (together with the preliminary prospectus supplement, the "Prospectus");
- (e) the Amended and Restated Certificate of Incorporation of the Company, dated as of May 20, 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 Underwriting Agreement;
- (h) an executed copy of the Forward Sale Agreement;
- (i) an executed copy of the Additional Forward Sale Agreement; and
- (j) resolutions of the Pricing Committee of the Board of Directors of the Company, dated March 1, 2016, acting pursuant to the authorization given by the Board of Directors of the Company, pursuant to the resolutions thereof, adopted on August 27, 2013, October 24, 2015 and February 25, 2016.

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.

Based upon the foregoing, I am of the opinion that the Shares have been duly authorized and, when issued in accordance with the terms of the Underwriting Agreement, the Registration Statement and the Prospectus, the Shares will be validly issued, fully paid and nonassessable.

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.

---

Exhibit 10.1

Barclays Bank PLC  
c/o Barclays Capital Inc.  
as Agent for Barclays Bank PLC  
745 Seventh Ave  
New York, NY 10019  
Telephone: +1 212 412 4000

**DATE:** March 1, 2016

**TO:** Duke Energy Corporation  
**ATTENTION:** 550 South Tryon Street  
Charlotte, North Carolina 28202-1803

**TELEPHONE:** 980-373-3564

**FROM:** Barclays Capital Inc., acting as Agent for Barclays Bank PLC  
**TELEPHONE:** 212-412-4000  
**SUBJECT:** Base Issuer Forward Transaction

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the Transaction entered into between Barclays Bank PLC ("Barclays"), through its agent Barclays Capital Inc. (the "Agent"), and Duke Energy Corporation ("Counterparty"), on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below. This Confirmation is a confirmation for purposes of Rule 10b-10 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

This Confirmation evidences a complete and binding agreement between Barclays and Counterparty as to the terms of the Transaction to which this Confirmation relates and supersedes all prior or contemporaneous written or oral communications with respect thereto. This Confirmation shall supplement, form a part of, and be subject to an agreement (the "Agreement") in the form of the 1992 ISDA Master Agreement (Multicurrency — Cross Border) as if Barclays and Counterparty had executed an agreement in such form (without any Schedule but with the elections set forth in this Confirmation) on the Trade Date. The Transaction hereunder shall be the sole Transaction under the Agreement. If there exists any ISDA Master Agreement between Barclays and Counterparty or any confirmation or other agreement between Barclays and Counterparty pursuant to which an ISDA Master Agreement is deemed to exist between Barclays and Counterparty, then notwithstanding anything to the contrary in such ISDA Master Agreement, such confirmation or agreement or any other agreement to which Barclays and Counterparty are parties, the Transaction shall not be considered a Transaction under, or otherwise governed by, such existing or deemed ISDA Master Agreement.

The definitions and provisions contained in the 2006 ISDA Definitions (the "Swap Definitions") and the 2002 ISDA Equity Derivatives Definitions (the "Equity Definitions") as published by the International Swaps and Derivatives Association, Inc. ("ISDA") are incorporated into this Confirmation. Any reference to a currency shall have the meaning contained in Section 1.7 of the 2006 ISDA Definitions as published by ISDA.

THIS CONFIRMATION AND THE AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO CHOICE OF LAW DOCTRINE THAT WOULD APPLY THE LAWS OF ANOTHER JURISDICTION. NOTWITHSTANDING THE FOREGOING, OR ANYTHING TO THE CONTRARY IN THIS CONFIRMATION OR THE AGREEMENT, COUNTERPARTY DOES NOT BY THIS CONFIRMATION OR THE TRANSACTION HEREUNDER SUBMIT TO THE JURISDICTION OF ANY FOREIGN NATION OR



FOREIGN SUPRANATIONAL ORGANIZATION OR SUCH ENTITY'S LAWS OR REGULATIONS, INCLUDING WITHOUT LIMITATION THE EUROPEAN MARKET INFRASTRUCTURE REGULATION. THIS CONFIRMATION, THE AGREEMENT AND THE TRANSACTION ARE INTENDED TO BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK AND NOT THE LAWS, RULES OR REGULATIONS OF ANY FOREIGN JURISDICTION.

THE PARTIES HERETO IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES DISTRICT COURT LOCATED IN THE BOROUGH OF MANHATTAN IN NEW YORK CITY IN CONNECTION WITH ALL MATTERS RELATING HERETO AND WAIVE ANY OBJECTION TO THE LAYING OF VENUE IN, AND ANY CLAIM OF INCONVENIENT FORUM WITH RESPECT TO, THESE COURTS.

Each of Barclays and Counterparty acknowledges to and agrees with the other party hereto and to and with the Agent that (i) the Agent is acting as agent for Barclays under the Transaction pursuant to instructions from Barclays, (ii) the Agent is not a principal or party to the Transaction, and may transfer its rights and obligations with respect to the Transaction, it being understood that no such transfer shall release Barclays from any of its obligations with respect to the Transaction, (iii) the Agent shall have no responsibility, obligation or liability, by way of issuance, guaranty, endorsement or otherwise in any manner with respect to the performance of either party under the Transaction, (iv) Barclays and the Agent have not given, and Counterparty is not relying (for purposes of making any investment decision or otherwise) upon, any statements, opinions or representations (whether written or oral) of Barclays or the Agent, other than the representations expressly set forth in this Confirmation or the Agreement, and (v) each party agrees to proceed solely against the other party, and not the Agent, to collect or recover any money or securities owed to it in connection with the Transaction. Each party hereto acknowledges and agrees that the Agent is an intended third party beneficiary hereunder. Counterparty acknowledges that the Agent is an affiliate of Barclays. Barclays will be acting for its own account in respect of this Confirmation and the Transaction contemplated hereunder.

The time of dealing for the Transaction will be confirmed by Barclays upon written request by Counterparty. The Agent will furnish to Counterparty upon written request a statement as to the source and amount of any remuneration received or to be received by the Agent in connection with the Transaction.

**Barclays Bank PLC is not a member of the Securities Investor Protection Corporation ("SIPC"). Barclays is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.**

1. In the event of any inconsistency among this Confirmation, the Swap Definitions, the Equity Definitions or the Agreement, the following will prevail for purposes of the Transaction in the order of precedence indicated: (i) this Confirmation; (ii) the Equity Definitions; (iii) the Swap Definitions and (iv) the Agreement.

2. Each party will make each payment specified in this Confirmation as being payable by such party not later than the specified due date, for value on that date in the place of the account specified below or otherwise specified in writing, in freely transferable funds and in a manner customary for payments in the required currency.

3. **General Terms:**

Buyer:	Barclays.
Seller:	Counterparty.
Trade Date:	March 1, 2016.
Effective Date:	March 7, 2016, or such later date on which the conditions set forth in Section 4 of this Confirmation have been satisfied.

Number of Shares:	Initially, (x) if no Initial Hedging Disruption (as defined in Section 4(b)) occurs, 9,250,000 Shares (the "Full Number of Shares") or (y) if an Initial Hedging Disruption occurs, the Reduced Number of Shares (as defined in Section 4(b)).
Maturity Date:	June 30, 2017 (or, if such date is not a Clearance System Business Day, the next following Clearance System Business Day).
Daily Forward Price:	On the Effective Date, the Initial Forward Price, and on any other day, the Daily Forward Price as of the immediately preceding calendar day <i>multiplied by</i> the sum of (i) 1 and (ii) the Daily Rate for such day; <i>provided</i> that on each Forward Price Reduction Date (including, for the avoidance of doubt, any Forward Price Reduction Date occurring from the Trade Date to a date on or before the Effective Date), the Daily Forward Price in effect on such date shall be the Daily Forward Price otherwise in effect on such date, <i>minus</i> the Forward Price Reduction Amount for such Forward Price Reduction Date.
Initial Forward Price:	USD \$69.84 per Share.
Daily Rate:	For any day, (i)(A) USD-Federal Funds Rate for such day, <i>minus</i> (B) the Spread, <i>divided by</i> (ii) 365. For the avoidance of doubt, the Daily Rate may be negative.
USD-Federal Funds Rate	For any day, the rate set forth for such day opposite the caption "Federal funds", as such rate is displayed on the page "FedsOpen <Index> <GO>" on the BLOOMBERG Professional Service, or any successor page; <i>provided</i> that if no rate appears for any day on such page, the rate for the immediately preceding day for which a rate appears shall be used for such day.
Spread:	75 basis points.
Forward Price Reduction Date:	Each ex-dividend date for the Shares as set forth in Schedule I hereto.
Forward Price Reduction Amount:	For each Forward Price Reduction Date, the Forward Price Reduction Amount set forth opposite such date on Schedule I.
Shares:	Common stock, \$0.001 par value per share, of Counterparty (Exchange identifier: "DUK").
Exchange:	New York Stock Exchange.
Related Exchange(s):	All Exchanges.
Clearance System:	The Depository Trust Company.

**Valuation:**

Designated Valuation:	Subject to Section 9 of this Confirmation, Counterparty shall have the right to designate a date (a “ <b>Designated Date</b> ”) occurring on or prior to the Maturity Date for a valuation and settlement of the Transaction with respect to all or a portion of the Undesignated Shares as of the Designated Date by written notice to Barclays delivered no later than the applicable Settlement Method Election Date; <i>provided</i> that Counterparty may not designate a Designated Date occurring during an Unwind Period related to a different Designated Date. The portion of the Undesignated Shares designated for valuation and settlement in respect of a Designated Date shall be the “ <b>Designated Shares</b> ” for such Designated Date. If the number of Undesignated Shares on the Maturity Date is greater than zero, then the Maturity Date will be a Designated Date for a Physical Settlement with a number of Designated Shares equal to such number of Undesignated Shares.
Valuation Date:	With respect to any Physical Settlement, the relevant Designated Date. With respect to any Cash Settlement or Net Share Settlement, the last day of the related Unwind Period.
Undesignated Shares:	At any time, the Number of Shares <i>minus</i> the aggregate number of Designated Shares for all Designated Dates occurring prior to such time.
Unwind Period:	For any Cash Settlement or Net Share Settlement, a period beginning on, and including, the Designated Date and ending on the date on which Barclays or its affiliates finishes unwinding Barclays’ Hedge Positions in respect of such Designated Date.
Market Disruption Event:	<p>Section 6.3(a) of the Equity Definitions shall be amended by deleting the words “at any time during the one hour period that ends at the relevant Valuation Time, Latest Exercise Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be” and replacing them with the words “at any time during the regular trading session on the Exchange, without regard to after hours or any other trading outside of the regular trading session hours”, and by replacing “or (iii) an Early Closure” with: “(iii) an Early Closure, or (iv) a Regulatory Disruption.”</p> <p>Section 6.3(d) of the Equity Definitions is hereby amended by deleting the remainder of the provision following the term “Scheduled Closing Time” in the fourth line thereof.</p> <p>Any Exchange Business Day on which, as of the date hereof, the Exchange is scheduled to close prior to its normal close of trading shall be deemed not to be an Exchange Business Day; if a closure of the Exchange prior to its normal close of trading on any Exchange Business Day is scheduled following the date hereof, then such Exchange Business Day shall be deemed to be a Disrupted Day in full.</p>

A “**Regulatory Disruption**” shall occur if Barclays determines in good faith and in its reasonable discretion, based on advice of counsel, that it is appropriate in light of legal, regulatory or self-regulatory requirements or related policies or procedures (so long as such requirements, policies or procedures, if voluntarily adopted by Barclays, generally are applicable in similar circumstances and are not arbitrarily or capriciously applied) for Barclays (or its agent or affiliate) to refrain from all or any part of the market activity in which it would otherwise engage in connection with the Transaction.

Consequences of Disrupted Days: As set forth in Section 9 of this Confirmation.

**Settlement:**

Settlement Date: The date one Settlement Cycle following each Valuation Date, except that in the case of Physical Settlement, the date two Clearance System Business Days following the relevant Designated Date.

Settlement Method Election: Applicable; *provided that*:

- (i) Net Share Settlement shall be deemed to be included as an additional potential settlement method under Section 7.1 of the Equity Definitions;
- (ii) Counterparty may elect Cash Settlement or Net Share Settlement only if Counterparty represents and warrants to Barclays in writing that, as of the date of such election,
  - (A) Counterparty is not aware of any material nonpublic information concerning itself or the Shares;
  - (B) Counterparty is electing the settlement method and designating the related Designated Date in good faith and not as part of a plan or scheme to evade compliance with Rule 10b-5 under the Exchange Act (“**Rule 10b-5**”) or any other provision of the federal securities laws;
  - (C) Counterparty is not “insolvent” (as such term is defined under Section 101(32) of the U.S. Bankruptcy Code (Title 11 of the United States Code) (the “**Bankruptcy Code**”));
  - (D) Counterparty would be able to purchase, in open market transactions, a number of Shares equal to the number of related Designated Shares (or, if greater in the case of a Net Share Settlement, a number of Shares with a value as of the date of such election equal to the product of (I) such number of Designated Shares and (II) the then-current Daily

Forward Price) in compliance with the laws of Counterparty's jurisdiction of organization;

- (E) Counterparty is not electing Cash Settlement or Net Share Settlement to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for Shares); and
  - (F) such election, and settlement in accordance therewith, does not and will not violate or conflict with any law, regulation or supervisory guidance applicable to Counterparty, or any order or judgment of any court or other agency of government applicable to it or any of its assets, and any governmental consents that are required to have been obtained by Counterparty with respect to such election or settlement have been obtained and are in full force and effect and all conditions of any such consents have been complied with.
- (iii) Notwithstanding any election to the contrary as of any Settlement Method Election Date, Physical Settlement shall be applicable:
- (A) to all of the Designated Shares for the relevant Designated Date if, on the relevant Settlement Method Election Date, (I) the trading price per Share on the Exchange (as determined by Barclays) is below USD \$34.92 (the "Threshold Price") or (II) Barclays determines, in its good faith and reasonable judgment, that it would be unable to purchase a number of Shares in the market sufficient to unwind its hedge position in respect of the Transaction and satisfy its delivery obligation hereunder, if any, by the Maturity Date (x) in a manner that (A) would, if purchases by Barclays were considered purchases by Counterparty or by an affiliated purchaser of Counterparty, be compliant with the safe harbor provided by Rule 10b-18(b) under the Exchange Act and (B) based on the advice of counsel, would not raise material risks under applicable securities laws or (y) due to the lack of sufficient liquidity in the Shares (each, a "Trading Condition"); or
  - (B) to all or a portion of the Designated Shares for the relevant Designated Date if, on any day during the relevant Unwind Period, (I) the trading price per Share on the Exchange (as determined by Barclays) is below the Threshold Price or (II) Barclays determines, in its good faith and reasonable

judgment, that a Trading Condition has occurred, in which case the provisions set forth below in Section 9(c) shall apply as if such day were the "Early Valuation Date" and (x) for purposes of clause (i) of such paragraph, such day shall be the last Unwind Date of such Unwind Period and the "Unwound Shares" shall be calculated to, and including, such day and (y) for purposes of clause (ii) of such paragraph, the "Remaining Amount" shall be equal to the number of Designated Shares for the relevant Designated Date *minus* the Unwound Shares determined in accordance with clause (x) of this sentence.

Electing Party:	Counterparty.
Settlement Method Election Date:	The fifth Scheduled Trading Day immediately preceding the relevant Designated Date, except that in the case of Physical Settlement, the date specified in writing by Counterparty no later than 5:00 p.m., New York City time, on the relevant Designated Date.
Default Settlement Method:	Physical Settlement.
Physical Settlement:	If Physical Settlement is applicable, then on the relevant Settlement Date, Barclays will pay to Counterparty an amount equal to the product of (x) the number of Designated Shares for the related Designated Date and (y) the Daily Forward Price on such Settlement Date and Counterparty will deliver to Barclays a number of Shares equal to such number of Designated Shares. Section 9.2 of the Equity Definitions (other than the last sentence thereof) will not apply to any Physical Settlement.
Prepayment:	Not Applicable.
Variable Obligation:	Not Applicable.
Cash Settlement Payment Date:	The third Currency Business Day following each Valuation Date.
Forward Cash Settlement Amount:	The aggregate sum, for all Unwind Dates in the relevant Unwind Period, of the Daily Cash Settlement Amounts.
Daily Cash Settlement Amount:	For any Unwind Date, the product of (i) the Daily Share Number of such Unwind Date and (ii)(A) the Settlement Price for such Unwind Date <i>minus</i> (B) the Daily Forward Price on the day that is one Settlement Cycle immediately following such Unwind Date.
Unwind Date:	Each Exchange Business Day during the Unwind Period on which Barclays or its affiliates unwind any portion of

Barclays' Hedge Positions in respect of the relevant Designated Date.

Daily Share Number:	For any Unwind Date, the number of Designated Shares with respect to which Barclays or its affiliates unwind any portion of Barclays' Hedge Positions in respect of the relevant Designated Date.
Settlement Price:	For any Unwind Date, the weighted average price per Share at which Barclays or its affiliates unwind any portion of Barclays' Hedge Positions on such Unwind Date in respect of the relevant Designated Date <i>plus</i> USD0.02.
Net Share Settlement:	<p>If Net Share Settlement is applicable, then on the relevant Net Share Settlement Date:</p> <ul style="list-style-type: none"><li>(i) if the Net Share Settlement Number is positive, then Counterparty will deliver to Barclays a number of Shares equal to the Net Share Settlement Number; and</li><li>(ii) if the Net Share Settlement Number is negative, then Barclays will deliver to Counterparty a number of Shares equal to the absolute value of the Net Share Settlement Number;</li></ul> <p>in either case in accordance with Section 9.2 (last sentence only), 9.4 (with the Net Share Settlement Date deemed to be a "Settlement Date" for purposes of such Section 9.4), 9.8, 9.9, 9.11 (as modified herein) and 9.12 of the Equity Definitions as if Physical Settlement were applicable.</p>
Net Share Settlement Number:	A number of Shares equal to the sum of (i) the Aggregate Net Share Number as of the last Unwind Date in any Unwind Period and (ii) the sum of the quotients (rounded to the nearest whole number), for each Unwind Adjustment Amount for such Unwind Period, obtained by dividing (x) such Unwind Adjustment Amount by (y) the Settlement Price on the Forward Price Reduction Date relating to such Unwind Adjustment Amount.
Aggregate Net Share Number:	As of any date, the aggregate sum, for all Unwind Dates in the relevant Unwind Period occurring on or prior to such date, of the quotient (rounded to the nearest whole number) obtained by dividing (x) the Daily Cash Settlement Amount for such Unwind Date by (y) the Settlement Price for such Unwind Date.
Net Share Settlement Date:	The date one Settlement Cycle following each Valuation Date.
Unwind Adjustment Amount:	For any Unwind Period, for any Forward Price Reduction Date that occurs during the period from, and including, the date one Settlement Cycle immediately following the relevant

Designated Date to, and including, the date one Settlement Cycle immediately following the relevant Valuation Date, an amount equal to the product of (i) the relevant Forward Price Reduction Amount *multiplied by* (ii)(A) if the Aggregate Net Share Number as of the date immediately prior to the date one Settlement Cycle immediately preceding the relevant Forward Price Reduction Date is a positive number, such Aggregate Net Share Number or (B) otherwise, zero.

- Unwound Shares: For any Unwind Period at any time, the aggregate sum of the Daily Share Numbers for all Unwind Dates in such Unwind Period that have occurred prior to such time.
- Delivery of Shares: Notwithstanding anything to the contrary herein, Barclays may, by prior notice to Counterparty, satisfy its obligation to deliver any Shares or other securities on any date due (an "Original Delivery Date") by making separate deliveries of Shares or such securities, as the case may be, at more than one time on or prior to such Original Delivery Date, so long as the aggregate number of Shares and other securities so delivered on or prior to such Original Delivery Date is equal to the number required to be delivered on such Original Delivery Date.
- Consequences of Late Delivery: Without limiting the generality of this Confirmation, the Agreement and the Equity Definitions, if for any reason Counterparty fails to deliver when due any Shares required to be delivered hereunder and a Forward Price Reduction Date occurs on or after the date such Shares are due and on or before the date such Shares are delivered, Counterparty acknowledges and agrees that, in addition to any other amounts for which Counterparty may be liable hereunder or under law (but without duplication), Counterparty shall be liable to Barclays for an amount equal to the product of the number of Shares so due but not yet delivered on or prior to such Forward Price Reduction Date and the Forward Price Reduction Amount for such Forward Price Reduction Date.
- Representation and Agreement: Section 9.1 l of the Equity Definitions is hereby modified to exclude any representations therein relating to restrictions, obligations, limitations or requirements under applicable securities laws that exist as a result of the fact that Counterparty is the Issuer of the Shares.
- Share Adjustments:*
- Method of Adjustment: Calculation Agent Adjustment; provided that Section 11.2(e)(iii) shall be deleted and that the issuance of stock options, restricted stock or restricted stock units in the ordinary course pursuant to Counterparty's employee incentive plans shall not constitute a Potential Adjustment Event.



Extraordinary Dividend: Any dividend or distribution on the Shares with an ex-dividend date occurring on any day following the Trade Date (other than (i) any dividend or distribution of the type described in Section 11.2(e)(i) or Section 11.2(e)(ii)(A) of the Equity Definitions or (ii) a regular, quarterly cash dividend in an amount per Share equal to or less than the Forward Price Reduction Amount corresponding to the relevant quarter that has an ex-dividend date no earlier than the Forward Price Reduction Date corresponding to the relevant quarter).

***Extraordinary Events:***

Merger Event: Section 12.1(b) of the Equity Definitions shall be amended by deleting the remainder of such Section following the definition of “Reverse Merger” therein.

Tender Offer: Applicable; provided that Section 12.1(d) of the Equity Definitions shall be amended by replacing “10%” in the third line thereof with “15%.”

Announcement Date: Section 12.1(l) of the Equity Definitions shall be amended (A) by deleting the parenthetical phrase in the third line, the fifth line and the tenth line thereof and (B) by replacing the word “that” in the third line, the fifth line and the tenth line thereof with the words “whether or not such announcement”.

Delisting: In addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it shall also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, NYSE MKT, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange or quotation system, such exchange or quotation system shall be deemed to be the Exchange.

***Additional Disruption Events:***

Change in Law: Applicable; *provided* that Section 12.9(a)(ii) of the Equity Definitions is hereby amended by (i) replacing the phrase “the interpretation” in the third line thereof with the phrase “, or public announcement of the formal or informal interpretation”; and (ii) replacing the word “Shares” where it appears in clause (X) with the words “Hedge Position.”

Failure to Deliver: Applicable if Barclays is required to deliver Shares hereunder; otherwise, Not Applicable.

Hedging Disruption: Applicable.

Increased Cost of Hedging: Applicable; *provided* that clause (C) of Section 12.9(b)(vi) and the third and fourth sentences therein shall be deleted.

Increased Cost of Stock Borrow: Applicable; *provided* that clause (C) of Section 12.9(b)(v) and the third, fourth and fifth sentences therein shall be deleted.

Initial Stock Loan Rate: 50 basis points per annum.

Loss of Stock Borrow: Applicable.

Maximum Stock Loan Rate: 300 basis points per annum.

Hedging Party: For all applicable Additional Disruption Events, Barclays.

Determining Party: For all applicable Extraordinary Events, Barclays.

Consequences of Extraordinary Events: The consequences that would otherwise apply under Article 12 of the Equity Definitions to any applicable Extraordinary Event (excluding any Failure to Deliver, Increased Cost of Hedging, Increased Cost of Stock Borrow or any event that also constitutes a Bankruptcy Termination Event, but including, for the avoidance of doubt, any other applicable Additional Disruption Event) shall not apply, and instead, the consequences specified in Section 9 of this Confirmation shall apply.

***Acknowledgements:***

Non-Reliance: Applicable.

Agreements and Acknowledgements Regarding Hedging Activities: Applicable.

Additional Acknowledgements: Applicable.

Calculation Agent: Barclays; provided that following the occurrence and during the continuance of an Event of Default of the type provided in Section 5(a)(vii) of the Agreement with respect to which Barclays is the Defaulting Party, Counterparty shall have the right to designate a leading dealer in the over-the-counter equity derivatives market to act as the Calculation Agent.

***Account Details:***

Payments to Barclays: Barclays Bank PLC  
ABA:  
BIC:  
Account:  
Beneficiary:  
REF:

Payments to Counterparty: Bank:  
Account Name:  
Account Number:  
ABA:

Delivery of Shares to Barclays:

DTC Securities:

Delivery of Shares to Counterparty:

DTC LPA Number:

4. **Conditions to Effectiveness:**

- (a) The effectiveness of this Confirmation on the Effective Date shall be subject to the following conditions:
- (i) The representations and warranties of Counterparty contained in the Underwriting Agreement dated March 1, 2016, between Counterparty and Barclays Capital Inc., among others (the "Underwriting Agreement"), and any certificate delivered pursuant thereto by Counterparty shall be true and correct on the Effective Date as if made as of the Effective Date;
  - (ii) Counterparty shall have performed all of the obligations required to be performed by it under the Underwriting Agreement on or prior to the Effective Date;
  - (iii) All of the conditions set forth in Section 8 of the Underwriting Agreement shall have been satisfied;
  - (iv) The First Time of Delivery (as defined in the Underwriting Agreement) shall have occurred as provided in the Underwriting Agreement;
  - (v) All of the representations and warranties of Counterparty hereunder and under the Agreement shall be true and correct on the Effective Date as if made as of the Effective Date;
  - (vi) Counterparty shall have performed all of the obligations required to be performed by it hereunder and under the Agreement on or prior to the Effective Date, including without limitation its obligations under Sections 5, 6 and 11 hereof; and
  - (vii) Counterparty shall have delivered to Barclays an opinion of counsel in form and substance reasonably satisfactory to Barclays with respect to matters set forth in Section 3(a) of the Agreement and that the Shares initially issuable hereunder have been duly authorized and, upon issuance pursuant to the terms of the Transaction, will be validly issued, fully paid and nonassessable (subject to customary exceptions, limitations and other qualifications).

- (b) Notwithstanding the foregoing or any other provision of this Confirmation, if (x) on or prior to 9:00 a.m, New York City time, on the date the First Time of Delivery (as defined in the Underwriting Agreement) is scheduled to occur, Barclays, in its good faith and commercially reasonable judgment, is unable to borrow and deliver for sale the Full Number of Shares or (y) in Barclays's good faith and commercially reasonable judgment, it would incur a stock loan cost of more than 50 basis points per annum with respect to all or any portion of the Full Number of Shares (in each case, an "Initial Hedging Disruption"), the effectiveness of this Confirmation and the Transaction shall be limited to the number of Shares Barclays may borrow at a cost of not more than 50 basis points per annum (such number of Shares, the "Reduced Number of Shares"), which, for the avoidance of doubt, may be zero.

5. **Representations and Agreements of Counterparty:** Counterparty represents and warrants to, and agrees with, Barclays as of the date hereof that:

- (a) Counterparty shall promptly provide written notice to Barclays upon obtaining knowledge of (i) the occurrence or announcement of any event that would constitute an Event of Default as to which it is the Defaulting Party or a Potential Adjustment Event or (ii) any Announcement Date in respect of an Extraordinary Event; *provided* that should Counterparty be in possession of material non-public information regarding Counterparty, Counterparty shall not communicate such information to Barclays;
- (b) A number of Shares of Counterparty equal to 18,500,000 Shares, as such number may be reduced by a number of Shares issued directly by Counterparty as contemplated in the Underwriting Agreement (the "Capped Number"); has been reserved for issuance upon settlement of the Transaction by all required corporate action of Counterparty. The Shares of Counterparty issuable, from time to time, upon settlement of the Transaction have been duly authorized and, when delivered as contemplated by the terms of the Transaction upon settlement of the Transaction, will be validly issued, fully-paid and non-assessable, and the issuance of such Shares will not be subject to any pre-emptive or similar rights;
- (c) [RESERVED]
- (d) Counterparty shall not take any action to reduce or decrease the number of authorized and unissued Shares below the sum of (i) the Capped Number *plus* (ii) the total number of Shares issuable upon settlement (whether by net share settlement or otherwise) of any other transaction or agreement to which it is a party (or, if greater, the number of Shares reserved by Counterparty for settlement of or delivery under such transaction or agreement);
- (e) Counterparty will not repurchase any Shares if, immediately following such repurchase, the Number of Shares *plus* the "Number of Shares" under any letter agreement (an "Other Forward Confirmation"), dated within 30 calendar days of the Trade Date, between Barclays and Counterparty in a form substantially similar to this Confirmation, except for the "Number of Shares," "Trade Date" and "Effective Date", would be equal to or greater than 8.5% of the number of then-outstanding Shares and it will notify Barclays promptly upon the announcement or consummation of any repurchase of Shares that, taken together with the amount of all repurchases since the date of the last such notice (or, if no such notice has been given, the Trade Date), would increase such percentage by more than 1% of the number of then-outstanding Shares;

- (f) As of the Trade Date and as of the date of any payment or delivery by Counterparty or Barclays hereunder, it is not and will not be “insolvent” (as such term is defined under Section 101(32) of the Bankruptcy Code);
- (g) Neither Counterparty nor any of its “affiliated purchasers” (as defined by Rule 10b-18 under the Exchange Act (“**Rule 10b-18**”)) shall take any action that would cause any purchases of Shares by Barclays or any of its affiliates in connection with any Cash Settlement or Net Share Settlement not to meet the requirements of the safe harbor provided by Rule 10b-18 if such purchases were made by Counterparty. Without limiting the generality of the foregoing, during any Unwind Period, except with the prior written consent of Barclays, Counterparty will not, and will cause its affiliated purchasers (as defined in Rule 10b-18) not to, directly or indirectly (including, without limitation, by means of a derivative instrument) purchase, offer to purchase, place any bid or limit order that would effect a purchase of, or announce or commence any tender offer relating to, any Shares (or equivalent interest, including a unit of beneficial interest in a trust or limited partnership or a depository share) or any security convertible into or exchangeable for the Shares. However, the foregoing shall not (a) limit Counterparty’s ability, pursuant to its employee incentive plan or dividend reinvestment program, to re-acquire Shares from employees in connection with such plan or program, (b) limit Counterparty’s ability to withhold Shares to cover tax liabilities associated with such a plan, (c) prohibit any purchases effected by or for an issuer “plan” by an “agent independent of the issuer” (each as defined in Rule 10b-18), (d) otherwise restrict Counterparty’s or any of its affiliates’ ability to repurchase Shares under privately negotiated, off exchange transactions with any of its employees, officers, directors, affiliates or any third party that are not expected to result in market transactions or (e) limit Counterparty’s ability to grant stock and options to “affiliated purchasers” (as defined in Rule 10b-18) or the ability of such affiliated purchasers to acquire such stock or options in connection with Counterparty’s compensation policies for directors, officers and employees or any agreements with respect to the compensation of directors, officers or employees of any entities that are acquisition targets of Counterparty, and in connection with any such purchase under (a) through (e) above, Counterparty will be deemed to represent to Barclays that such purchase does not constitute a “Rule 10b-18 purchase” (as defined in Rule 10b-18);
- (h) Counterparty will not be subject to any “restricted period” (as such term is defined in Regulation M promulgated under the Exchange Act (“**Regulation M**”)) in respect of Shares or any security with respect to which the Shares are a “reference security” (as such term is defined in Regulation M) during any Unwind Period unless Counterparty has provided written notice to Barclays thereof not later than three Scheduled Trading Days immediately preceding the first day of such “restricted period,” in which case Counterparty acknowledges that a Disrupted Day may occur and that such notice must comply with the standards set forth in Section 11(c) of this Confirmation;
- (i) Counterparty shall: (i) prior to the opening of trading in the Shares on any day on which Counterparty makes, or expects to be made, any public announcement (as defined in Rule 165(f) under the Securities Act) of any Merger Transaction, to the extent permitted by applicable law but in no event later than the time such announcement is first made, notify Barclays of such public announcement; (ii) promptly notify Barclays following any such announcement that such announcement has been made; (iii) promptly (but in any event prior to the next

opening of the regular trading session on the Exchange) provide Barclays with written notice specifying (A) Counterparty's average daily Rule 10b-18 Purchases (as defined in Rule 10b-18) during the three full calendar months immediately preceding the Announcement Date that were not effected through Barclays or its affiliates, if any, and (B) the number of Shares, if any, purchased pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act for the three full calendar months preceding the Announcement Date. Such written notice shall be deemed to be a certification by Counterparty to Barclays that such information is true and correct. In addition, Counterparty shall promptly notify Barclays of the earlier to occur of the completion of such transaction and the completion of the vote by target shareholders. Counterparty acknowledges that any such notice may result in a Regulatory Disruption or may affect the length of any ongoing Unwind Period; accordingly, Counterparty acknowledges that its delivery of such notice must comply with the standards set forth in Section 11(c) of this Confirmation. "Securities Act" means the Securities Act of 1933, as amended. "Merger Transaction" means any merger, acquisition or similar transaction involving a recapitalization as contemplated by Rule 10b-18(a)(13)(iv) under the Exchange Act;

- (j) Counterparty is an "eligible contract participant" (as such term is defined in the Commodity Exchange Act, as amended);
- (k) Counterparty is not entering into the Transaction, and will not elect Cash Settlement or Net Share Settlement, to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for Shares), in either case in violation of the Exchange Act or any other applicable securities laws;
- (l) Counterparty (i) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; (ii) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing; and (iii) has total assets of at least \$50 million as of the date hereof;
- (m) Without limiting the generality of Section 13.1 of the Equity Definitions, Counterparty acknowledges that Barclays is not making any representations or warranties with respect to the treatment of the Transaction, including without limitation ASC Topic 260, *Earnings Per Share*, ASC Topic 815, *Derivatives and Hedging*, FASB Statements 128, 133, as amended, 149 or 150, EITF 00-19, 01-6, 03-6 or 07-5, ASC Topic 480, *Distinguishing Liabilities from Equity*, ASC 815-40, *Derivatives and Hedging — Contracts in Entity's Own Equity* (or any successor issue statements) or under the Financial Accounting Standards Board's Liabilities & Equity Project;

- (n) Counterparty is in compliance with its reporting obligations under the Exchange Act and its most recent Annual Report on Form 10-K, together with all reports subsequently filed or furnished by it pursuant to the Exchange Act and all public statements by it, taken together and as amended and supplemented to the date of this representation, do not, as of their respective dates, 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, in the light of the circumstances under which they were made, not misleading;
  - (o) Counterparty is not aware of any material non-public information regarding itself or the Shares; Counterparty is entering into this Confirmation and will provide any settlement method election notice in good faith and not as part of a plan or scheme to evade compliance with Rule 10b-5 or any other provision of the federal securities laws; and Counterparty has consulted with its own advisors as to the legal aspects of its adoption and implementation of this Confirmation under Rule 10b5-1 under the Exchange Act ("Rule 10b5-1");
  - (p) [RESERVED]
  - (q) Counterparty is not, and after giving effect to the transactions contemplated hereby will not be, required to register as an "investment company" as such term is defined in the Investment Company Act of 1940, as amended;
  - (r) Counterparty understands, agrees and acknowledges that no obligations of Barclays to it hereunder shall be entitled to the benefit of deposit insurance and that such obligations shall not be guaranteed by any affiliate of Barclays or any governmental agency;
  - (s) Counterparty: (i) is an "institutional account" as defined in FINRA Rule 4512(c); and (ii) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities, and will exercise independent judgment in evaluating any recommendations of Barclays or its associated persons; and
  - (t) COUNTERPARTY UNDERSTANDS THAT THE TRANSACTION IS SUBJECT TO COMPLEX RISKS WHICH MAY ARISE WITHOUT WARNING AND MAY AT TIMES BE VOLATILE AND THAT LOSSES MAY OCCUR QUICKLY AND IN UNANTICIPATED MAGNITUDE AND IS WILLING TO ACCEPT SUCH TERMS AND CONDITIONS AND ASSUME (FINANCIALLY AND OTHERWISE) SUCH RISKS.
6. **Issuance of Shares by Counterparty:** Counterparty acknowledges and agrees that any Shares delivered by Counterparty to Barclays on any Settlement Date or Net Share Settlement Date will be newly issued. Counterparty further acknowledges and agrees that, except to the extent that the Private Placement Procedures in Annex A apply, any Shares delivered by Counterparty to Barclays on any Settlement Date or Net Share Settlement Date will be (i) approved for listing or quotation on the Exchange, subject to official notice of issuance and (ii) registered under the Exchange Act, and, when delivered by Barclays (or an affiliate of Barclays) to securities lenders from whom Barclays (or an affiliate of Barclays) borrowed Shares in connection with hedging its exposure to the Transaction, will be freely saleable without further registration or other restrictions under the Securities Act in the hands of those securities lenders, irrespective of whether any such stock loan is effected by Barclays or an affiliate of Barclays. Accordingly, Counterparty agrees that, except to the extent that the Private Placement Procedures in Annex A apply, any Shares so delivered will

not bear a restrictive legend and will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System.

7. **Termination on Bankruptcy:** The parties hereto agree that, notwithstanding anything to the contrary in the Agreement or the Equity Definitions, the Transaction constitutes a contract to issue a security of Counterparty as contemplated by Section 365(c)(2) of the Bankruptcy Code (as defined below) and that the Transaction and the obligations and rights of Counterparty and Barclays (except for any liability as a result of breach of any of the representations or warranties provided by Counterparty in Section 5 above) shall immediately terminate, without the necessity of any notice, payment (whether directly, by netting or otherwise) or other action by Counterparty or Barclays, if, on or prior to the final Settlement Date, Cash Settlement Payment Date or Net Share Settlement Date, an Insolvency Filing occurs (a "Bankruptcy Termination Event").
8. **Special Dividends:** If an ex-dividend date for a Special Dividend occurs on or after the Trade Date and on or prior to the Maturity Date (or, if later, the last date on which Shares are delivered by Counterparty to Barclays in settlement of the Transaction), Counterparty shall pay to Barclays on the earlier of (i) the date on which such Special Dividend is paid by the Issuer to holders of record of the Shares, (ii) the Designated Date where the Undesignated Shares become equal to zero and (iii) the Maturity Date an amount, as determined by the Calculation Agent, in cash equal to the product of (a) per Share amount of such Special Dividend, and (b) the Remaining Amount on such ex-dividend date. "Special Dividend" means any cash dividend or distribution declared by the Issuer with respect to the Shares that is specified by the board of directors of the Issuer as an "extraordinary" dividend. "Remaining Amount" means, at any time, the sum of (i) the number of Undesignated Shares as of such time, (ii)(A) if any, the number of Designated Shares for any Designated Date occurring prior to such time for which the related Unwind Period has not been completed at such time *minus* (B) the number of Unwound Shares for such Unwind Period at such time and (iii) if any Aggregate Net Share Number or Net Share Settlement Number, as applicable, as of such time is (A) a positive number and (B) has not been delivered by Counterparty to Barclays pursuant to "Net Share Settlement" above, such Aggregate Net Share Number or Net Share Settlement Number, as applicable.
9. **Acceleration Events:**
  - (a) Notwithstanding anything to the contrary herein, in the Agreement or in the Equity Definitions, at any time following the occurrence of an Acceleration Event, Barclays (or, in the case of an Acceleration Event that is an Event of Default or a Termination Event, the party that would be entitled to designate an Early Termination Date in respect of such event pursuant to Section 6 of the Agreement) shall have the right to designate by notice to the other party any Scheduled Trading Day not earlier than the day such notice is effective to be the "Early Valuation Date" but which, in the case of an Acceleration Event that results from the commencement of any proceeding with respect to Counterparty under the Bankruptcy Code other than in a Bankruptcy Termination Event, shall be the Scheduled Trading Day on which such proceeding is commenced (or, if not commenced on such a day, the following Scheduled Trading Day), in which case the provisions set forth in this Section 9 shall apply in lieu of Section 6 of the Agreement or Article 12 of the Equity Definitions.
  - (b) If the Early Valuation Date occurs on a date that is not during an Unwind Period, then the Early Valuation Date shall be deemed to be a Designated Date for a Physical Settlement, and the number of Designated Shares for such Designated Date shall be the number of Undesignated Shares on the Early Valuation Date;



*provided* that in the case of an Acceleration Event of the type described in paragraph (e)(iv) below, the number of Designated Shares for such Designated Date shall be only such number of Designated Shares necessary so that such Acceleration Event shall no longer exist after such Physical Settlement, as determined by the Calculation Agent; and, *provided, further*, that in the case of an Acceleration Event of the type described in paragraph (e)(i) below and resulting from the commencement of any proceeding with respect to Counterparty under the Bankruptcy Code other than in a Bankruptcy Termination Event, the Early Valuation Date shall be deemed to be the last Unwind Date for a Cash Settlement and in such case the aggregate net loss or cost reasonably determined by Barclays as of the related Early Valuation Date in connection with unwinding its Hedge Positions shall be added to the Forward Cash Settlement Amount (or, if an aggregate net gain is so determined, such gain shall be subtracted therefrom).

- (c) If the Early Valuation Date occurs during an Unwind Period, then (i) (A) the last Unwind Date of such Unwind Period shall occur on the Early Valuation Date, (B) a settlement shall occur in respect of such Unwind Period, and the settlement method elected by Counterparty in respect of such settlement shall apply, and (C) the number of Designated Shares for such settlement shall be deemed to be the number of Unwound Shares for such Unwind Period on the Early Valuation Date, and (ii) (A) the Early Valuation Date shall be deemed to be an additional Designated Date for a Physical Settlement and (B) the number of Designated Shares for such additional Designated Date shall be the Remaining Amount on the Early Valuation Date; *provided* that in the case of an Acceleration Event of the type described in paragraph (e)(iv) below, the number of Designated Shares for such additional Designated Date shall be only such number of Designated Shares necessary so that such Acceleration Event shall no longer exist after such Physical Settlement, as determined by the Calculation Agent; and, *provided, further*, that in the case of an Acceleration Event of the type described in paragraph (e)(i) below and resulting from the commencement of any proceeding with respect to Counterparty under the Bankruptcy Code other than in a Bankruptcy Termination Event, the Early Valuation Date shall be deemed to be the last Unwind Date of an additional Unwind Period for a Cash Settlement and the number of Designated Shares for such settlement shall be deemed to be the Remaining Amount on the Early Valuation Date and in such case the aggregate net loss or cost reasonably determined by Barclays as of the related Early Valuation Date in connection with unwinding its Hedge Positions shall be added to the Forward Cash Settlement Amount (or, if an aggregate net gain is so determined, such gain shall be subtracted therefrom).
- (d) Notwithstanding the foregoing, in the case of an Early Valuation Date that occurs due to an announcement of a Nationalization or a Merger Event, if at the time of the related Settlement Date or Net Share Settlement Date, as applicable, the Shares have changed into cash or any other property or the right to receive cash or any other property, such cash, other property or right shall be deliverable instead of such Shares.
- (e) "Acceleration Event" means:
  - (i) any Event of Default or Termination Event, other than an Event of Default or Termination Event that also constitutes a Bankruptcy Termination Event, that would give rise to the right of either party to designate an Early Termination Date pursuant to Section 6 of the

Agreement;

- (ii) the announcement of any event or transaction that, if consummated, would result in a Merger Event, Tender Offer, Nationalization, Delisting or Change in Law, in each case, as determined by the Calculation Agent;
  - (iii) (x) A Loss of Stock Borrow or Hedging Disruption or (y) (A) an Increased Cost of Stock Borrow or (B) an Increased Cost of Hedging, in the case of sub-clause (A) or (B), in connection with which Counterparty does not elect, and so notify the Hedging Party of its election, in each case, within the required time period to either amend the Transaction pursuant to Section 12.9(b)(v)(A) or Section 12.9(b)(vi)(A) of the Equity Definitions, as applicable, or pay an amount determined by the Calculation Agent that corresponds to the relevant Price Adjustment pursuant to Section 12.9(b)(v)(B) or Section 12.9(b)(vi)(B) of the Equity Definitions, as applicable;
  - (iv) the declaration or payment by Counterparty of any Extraordinary Dividend;
  - (v) the occurrence of a Market Disruption Event during an Unwind Period and the continuance of such Market Disruption Event for at least eight Scheduled Trading Days;
  - (vi) the occurrence of an Excess Section 13 Ownership Position or Excess Regulatory Ownership Position; or
  - (vii) the occurrence of the Maturity Date during an Unwind Period.
10. **Private Placement Procedures:** If either Barclays or Counterparty determines in good faith that Counterparty will be unable to comply with the covenant set forth in the second sentence of Section 6 of this Confirmation because of a change in law or a change in the policy of the Securities and Exchange Commission ("SEC") or its staff (the "Staff"), or Barclays otherwise determines that in its reasonable opinion (based on the advice of counsel) any Shares to be delivered to Barclays by Counterparty hereunder may not be freely returned by Barclays or its affiliates to securities lenders as contemplated by Section 6 of this Confirmation (in either case without regard to exceptions therein), then delivery of any such Shares (the "Restricted Shares") shall be effected pursuant to Annex A hereto, unless waived by Barclays.
11. **Rule 10b5-1: Share Purchases by Barclays**
- (a) The parties acknowledge that, following any election of Cash Settlement or Net Share Settlement by Counterparty, this Confirmation is intended to constitute a binding contract satisfying the requirements of Rule 10b5-1(c) of the Exchange Act and agree that this Confirmation shall be interpreted to comply with such requirements.
  - (b) The times and prices at which Barclays (or its agent or affiliate) purchases any Shares during any Unwind Period shall be at Barclays' good faith and commercially reasonable discretion. Counterparty acknowledges that during any Unwind Period Counterparty does not have, and shall not attempt to exercise, any

influence over how, when or whether to effect purchases of Shares or any other transactions by Barclays (or its agent or affiliate) in connection with this Confirmation. Counterparty agrees that during any Unwind Period it will not enter into or alter any corresponding or hedging transaction or position with respect to the Shares.

- (c) Counterparty hereby agrees with Barclays that during any Unwind Period Counterparty shall not communicate, directly or indirectly, any material non-public information (within the meaning of such term under Rule 10b5-1) to any employee of Barclays (or its agents or affiliates) who is directly involved with the hedging of, and trading with respect to, the Transaction. Counterparty acknowledges and agrees that any amendment, modification, waiver or termination of the Transaction must be effected in accordance with the requirements for the amendment or termination of a contract, instruction or plan under Rule 10b5-1(c). Without limiting the generality of the foregoing, any such amendment, modification, waiver or termination shall be made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act, and no such amendment, modification or waiver shall be made at any time at which Counterparty or any officer, director, manager or similar person of Counterparty is aware of any material non-public information regarding Counterparty or the Shares.
- (d) Following any election of Cash Settlement or Net Share Settlement by Counterparty, in addition to the representations, warranties and covenants in the Agreement and elsewhere in this Confirmation, Barclays represents, warrants and covenants to Counterparty that Barclays shall use commercially reasonable efforts, during any Unwind Period, to make all purchases of Shares in connection with such election in a manner that would comply with the limitations set forth in clauses (b)(1), (b)(2), (b)(3) and (b)(4) and (c) of Rule 10b-18, as if such rule were applicable to such purchases (and considering only such purchases when determining compliance with the foregoing provisions), after taking into account any applicable SEC no-action letters as appropriate, subject to any delays between the execution and reporting of a trade of the Shares on the Exchange and other circumstances beyond Barclays' control; *provided* that, during any Unwind Period, the foregoing agreement shall not apply to purchases made to dynamically hedge for Barclays' own account or the account of its affiliate(s) the optionality arising under in connection with such Settlement (including, for the avoidance of doubt, timing optionality); and *provided, further*, that, without limiting the generality of the first sentence of this paragraph (d), Barclays shall not be responsible for any failure to comply with Rule 10b-18(b)(3) to the extent any transaction that was executed (or deemed to be executed) by or on behalf of Counterparty or an "affiliated purchaser" (as defined under Rule 10b-18) pursuant to a separate agreement is not deemed to be an "independent bid" or an "independent transaction" for purposes of Rule 10b-18(b)(3).
12. **Capped Number of Shares:** Notwithstanding any other provision of the Agreement or this Confirmation, in no event will Counterparty be required to deliver in the aggregate in respect of all Settlement Dates, Net Share Settlement Dates or other dates on which Shares are delivered in respect of any amount owed under this Confirmation a number of Shares greater than the Capped Number. Counterparty represents and warrants to Barclays (which representation and warranty shall be deemed to be repeated on each day that the Transaction is outstanding) that the Capped Number is equal to or less than the number of authorized but unissued Shares that are not reserved for future issuance in connection with transactions in the Shares (other than the Transaction) on the date of the determination of the Capped Number (such Shares, the "Available Shares"). In the event Counterparty shall not have

delivered the full number of Shares otherwise deliverable as a result of this Section 12 (the resulting deficit, the "Deficit Shares"), Counterparty shall be continually obligated to deliver Shares, from time to time until the full number of Deficit Shares have been delivered pursuant to this paragraph, when, and to the extent, that (A) Shares are repurchased, acquired or otherwise received by Counterparty or any of its subsidiaries after the Trade Date (whether or not in exchange for cash, fair value or any other consideration), (B) authorized and unissued Shares reserved for issuance in respect of other transactions as of the Trade Date become no longer so reserved and (C) Counterparty authorizes any additional unissued Shares that are not reserved for other transactions (such events as set forth in clauses (A), (B) and (C) above, collectively, the "Share Issuance Events"). Counterparty shall promptly notify Barclays of the occurrence of any of the Share Issuance Events (including the number of Shares subject to clause (A), (B) or (C) and the corresponding number of Shares to be delivered) and, as promptly as reasonably practicable after such Share Issuance Event (or, if later, on the Settlement Date or the date of any Private Placement Settlement for which there are Deficit Shares), deliver such Shares. Counterparty shall not, until Counterparty's obligations under the Transaction have been satisfied in full, use any Shares that become available for potential delivery to Barclays as a result of any Share Issuance Event for the settlement or satisfaction of any transaction or obligation other than the Transaction or the "Transaction" under any Other Forward Confirmation or reserve any such Shares for future issuance for any purpose other than to satisfy Counterparty's obligations to Barclays under the Transaction or the "Transaction" under any Other Forward Confirmation.

13. **Transfer, Assignment and Designation:**

- (a) Notwithstanding any provision of the Agreement to the contrary, Barclays may assign, transfer and set over all rights, title and interest, powers, privileges and remedies of Barclays under the Transaction, in whole or part, to an affiliate of Barclays without the consent of Counterparty; *provided* that (i) no Event of Default, Potential Event of Default or Termination Event with respect to which Barclays or such affiliate is the Defaulting Party or an Affected Party, as the case may be, exists or would result therefrom, (ii) no Acceleration Event or other event giving rise to a right or responsibility to designate an Early Valuation Date or otherwise terminate or cancel the Transaction or to make an adjustment to the terms of the Transaction would result therefrom, and (iii) Counterparty shall not, as a result of such assignment or transfer, (A) be required to pay to Barclays or such affiliate an additional amount in respect of an Indemnifiable Tax, (B) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax as to which no additional amount is required to be paid, or (C) become subject to the jurisdiction of any state or country other than the United States of America.
- (b) Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Barclays to purchase, sell, receive or deliver any Shares or other securities to or from Counterparty, Barclays may designate any of its affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Barclays's obligations in respect of the Transaction and any such designee may assume such obligations. Barclays shall be discharged of its obligations to Counterparty to the extent of any such performance.

14. **Indemnity:** Counterparty agrees to indemnify Barclays and its affiliates and their respective directors, officers, agents and controlling parties (Barclays and each such affiliate or person being an "Indemnified Party") from and against any and all losses, claims, damages and liabilities, joint and several, incurred by or asserted against such Indemnified Party, that arise

out of, are in connection with, or relate to, the execution or delivery of this Confirmation by Counterparty, the performance by Counterparty of its obligations under the Transaction or any breach of any covenant or representation made by Counterparty in this Confirmation or the Agreement, and Counterparty will reimburse any Indemnified Party for all reasonable expenses (including reasonable legal fees and expenses) in connection with the investigation of, preparation for, or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto. Counterparty will not be liable under this Indemnity paragraph to the extent that any such loss, claim, damage, liability or expense resulted from an Indemnified Party's gross negligence, bad faith or willful misconduct or Barclays' breach of this Confirmation or the Agreement. If for any reason the foregoing indemnification is unavailable to any Indemnified Party or insufficient to hold harmless any Indemnified Party, then Counterparty shall contribute, to the maximum extent permitted by law, to the amount paid or payable by the Indemnified Party as a result of such loss, claim, damage or liability not resulting from its gross negligence, bad faith or willful misconduct, *provided* that no person guilty of fraudulent misrepresentation shall be entitled to contribution.

15. **No Collateral; Netting; Setoff:**

- (a) Notwithstanding any provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Counterparty hereunder are not secured by any collateral.
- (b) If on any date any Shares would otherwise be deliverable under the Transaction or any Other Forward Confirmation by Counterparty to Barclays and by Barclays to Counterparty, then, on such date, each party's obligations to make delivery of such Shares will be automatically satisfied and discharged and, if the aggregate number of Shares that would otherwise have been deliverable by one party exceeds the aggregate number of Shares that would have otherwise been deliverable by the other party, replaced by an obligation upon the party by whom the larger aggregate number of Shares would have been deliverable to deliver to the other party the excess of the larger aggregate number over the smaller aggregate number.
- (c) The parties agree that upon the occurrence of an Event of Default or Termination Event with respect to a party who is the Defaulting Party or the Affected Party ("X"), the other party ("Y") will have the right (but not be obliged) without prior notice to X or any other person to set-off or apply any obligation of X owed to Y (or any affiliate of Y) (whether or not matured or contingent and whether or not arising under the Agreement, and regardless of the currency, place of payment or booking office of the obligation) against any obligation of Y (or any affiliate of Y) owed to X (whether or not matured or contingent and whether or not arising under the Agreement, and regardless of the currency, place of payment or booking office of the obligation). Y will give notice to the other party of any set-off effected under this Section 15.
- (d) Amounts (or the relevant portion of such amounts) subject to set-off may be converted by Y into the Termination Currency or into Shares, at the election of Y, at the rate of exchange at which such party would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency or Shares. If any obligation is unascertained, Y may in good faith estimate that obligation and set-off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained. Nothing in this Section 15 shall be effective to create a charge or other security interest. This Section 15 shall be without prejudice and in addition to any right of set-off, combination of

accounts, lien or other right to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise).

- (e) Notwithstanding anything to the contrary in the foregoing, Barclays agrees not to set off or net amounts due from Counterparty with respect to the Transaction against amounts due from Barclays (or its affiliate) to Counterparty with respect to contracts or instruments that are not Equity Contracts; *provided, however*, that, and notwithstanding any provision to the contrary set forth in this Confirmation or in the Agreement, Barclays may not use this provision or any other set-off or recoupment right under this Confirmation or the Agreement as a basis for any action under or nonperformance of its obligations under any loan, letter of credit or other borrowing arrangement with Counterparty as borrower and to which Barclays or any affiliate of Barclays is a participating lender, with respect to which the terms of such loan, letter of credit or other borrowing arrangement shall control. “**Equity Contract**” means any transaction or instrument that does not convey to Barclays rights, or the ability to assert claims, that are senior to the rights and claims of common stockholders in the event of Counterparty’s bankruptcy.
16. **Delivery of Cash:** For the avoidance of doubt, nothing in this Confirmation shall be interpreted as requiring Counterparty to deliver cash in respect of the settlement of the Transaction, except (i) as set forth under Section 8 above or (ii) in circumstances where the cash settlement thereof is within Counterparty’s control (including, without limitation, where Counterparty so elects to deliver cash or fails timely to deliver Shares in respect of such settlement). For the avoidance of doubt, the preceding sentence shall not be construed as limiting any damages that may be payable by Counterparty as a result of a breach of or an indemnity under this Confirmation or the Agreement.
17. **Status of Claims in Bankruptcy:** Barclays acknowledges and agrees that this Confirmation is not intended to convey to Barclays rights with respect to the transactions contemplated hereby that are senior to the claims of common stockholders in any U.S. bankruptcy proceedings of Counterparty; *provided* that nothing herein shall limit or shall be deemed to limit Barclays’s right to pursue remedies in the event of a breach by Counterparty of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided further* that nothing herein shall limit or shall be deemed to limit Barclays’s rights in respect of any transaction other than the Transaction.
18. **Limit on Beneficial Ownership:** Notwithstanding anything to the contrary in the Agreement or this Confirmation, in no event shall Barclays be entitled to receive, or be deemed to receive, Shares to the extent that, upon such receipt of such Shares, and after taking into account any Shares concurrently delivered by Seller under any Other Forward Confirmation, (i) the “beneficial ownership” (within the meaning of Section 13 of the Exchange Act and the rules promulgated thereunder) of Shares by Barclays, any of its affiliates’ business units subject to aggregation with Barclays for purposes of the “beneficial ownership” test under Section 13 of the Exchange Act and all persons who may form a “group” (within the meaning of Rule 13d-5(b)(1) under the Exchange Act) with Barclays with respect to “beneficial ownership” of any Shares (collectively, “**Barclays Group**”) would be equal to or greater than 8.5% of the outstanding Shares (an “**Excess Section 13 Ownership Position**”) or (ii) Barclays, Barclays Group or any person whose ownership position would be aggregated with that of Barclays or Barclays Group (Barclays, Barclays Group or any such person, a “**Barclays Person**”) under Section 203 of the Delaware General Corporation Law (the “**DGCL Takeover Statute**”) or any state or federal bank holding company or banking laws, or other federal, state or local laws, regulations or regulatory orders applicable to ownership of Shares (“**Applicable Laws**”), would own, beneficially own, constructively own, control, hold the power to vote or otherwise meet a

relevant definition of ownership in excess of a number of Shares equal to (x) the lesser of (A) the maximum number of Shares that would be permitted under Applicable Laws and (B) the number of Shares that would give rise to reporting or registration obligations or other requirements (including obtaining prior approval by a state or federal regulator, such as a state or federal banking regulator) of a Barclays Person under Applicable Laws (including, without limitation, "interested stockholder" or "acquiring person" status under the DGCL Takeover Statute) and with respect to which such requirements have not been met or the relevant approval has not been received or that would give rise to any consequences under the constitutive documents of Counterparty or any contract or agreement to which Counterparty is a party, in each case *minus* (y) 1% of the number of Shares outstanding on the date of determination (such condition described in clause (ii), an "Excess Regulatory Ownership Position"). If any delivery owed to Barclays hereunder is not made, in whole or in part, as a result of this provision, Counterparty's obligation to make such delivery shall not be extinguished and Counterparty shall make such delivery as promptly as practicable after, but in no event later than one Exchange Business Day after, Barclays gives notice to Counterparty that such delivery would not result in (x) Barclays Group directly or indirectly so beneficially owning in excess of 8.5% of the outstanding Shares or (y) the occurrence of an Excess Regulatory Ownership Position.

19. Acknowledgements:

(a) Counterparty acknowledges that:

- (i) During the term of the Transaction, Barclays and its affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to the Transaction.
  - (ii) Barclays and its affiliates may also be active in the market for the Shares and derivatives linked to the Shares other than in connection with hedging activities in relation to the Transaction, including acting as agent or as principal and for its own account or on behalf of customers.
  - (iii) Barclays shall make its own determination as to whether, when or in what manner any hedging or market activities in Counterparty's securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Settlement Price.
  - (iv) Any market activities of Barclays and its affiliates with respect to the Shares may affect the market price of the Shares, as well as any Settlement Price, each in a manner that may be adverse to Counterparty.
  - (v) The Transaction is a derivative transaction; Barclays and its affiliates may purchase or sell Shares for their own account at prices that may be greater than, or less than, the prices paid or received by Counterparty under the terms of the Transaction.
- (b) The parties intend for this Confirmation to constitute a "Contract" as described in the letter dated October 6, 2003 submitted on behalf of GS&Co. to Paula Dubberly of the Staff to which the Staff responded in an interpretive letter dated October 9, 2003.
- (c) The parties hereto intend for:

- (i) this Transaction to be a “securities contract” as defined in Section 741(7) of the Bankruptcy Code, qualifying for the protections under Sections 362(b)(6), 362(b)(27), 362(o), 546(e), 546(j), 548(d)(2), 555 and 561 of the Bankruptcy Code;
  - (ii) the rights given to Barclays pursuant to “Acceleration Events” in Section 9 above to constitute “contractual rights” to cause the liquidation of a “securities contract” and to set off mutual debts and claims in connection with a “securities contract”, as such terms are used in Sections 555 and 362(b)(6) of the Bankruptcy Code;
  - (iii) Barclays to be a “financial institution” within the meaning of Section 101(22) of the Bankruptcy Code;
  - (iv) any cash, securities or other property provided as performance assurance, credit support or collateral with respect to the Transaction to constitute “margin payments” and “transfers” under a “securities contract” as defined in the Bankruptcy Code;
  - (v) all payments for, under or in connection with the Transaction, all payments for Shares and the transfer of Shares to constitute “settlement payments” and “transfers” under a “securities contract” as defined in the Bankruptcy Code; and
  - (vi) any or all obligations that either party has with respect to this Confirmation or the Agreement to constitute property held by or due from such party to margin, guaranty or settle obligations of the other party with respect to the transactions under the Agreement (including the Transaction) or any other agreement between such parties.
- (d) In addition to the representations and warranties in the Agreement and elsewhere in this Confirmation, Barclays represents and warrants to Counterparty that it is an “eligible contract participant” (as such term is defined in the Commodity Exchange Act, as amended) and an “accredited investor” (as defined in Section 2(a)(15)(ii) of the Securities Act) and that it is entering into the Transaction as principal and not for the benefit of any third party.
20. **Wall Street Transparency and Accountability Act.** In connection with Section 739 of the Wall Street Transparency and Accountability Act of 2010 (“WSTAA”), the parties hereby agree that neither the enactment of WSTAA or any regulation under the WSTAA, nor any requirement under WSTAA or an amendment made by WSTAA, shall limit or otherwise impair either party’s otherwise applicable rights to terminate, renegotiate, modify, amend or supplement this Confirmation or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased costs, regulatory change or similar event under this Confirmation, the Swap Definitions or Equity Definitions incorporated herein or the Agreement (including, but not limited to, rights arising from an Acceleration Event, Increased Cost of Hedging, Increased Cost of Stock Borrow, any condition described in clause (i) of Section 18, an Excess Regulatory Ownership Position or Illegality (as defined in the Agreement)).
21. [RESERVED]
22. [RESERVED]
23. **Notices:** For the purpose of Section 12(a) of the Agreement:



(a) Address for notices or communications to Barclays:

Barclays Capital Inc.  
745 Seventh Ave  
New York, NY 10019  
Attention: Paul Robinson  
Fax: 917-522-0458  
Phone:  
Email:

with a copy to

Barclays Capital Inc.  
745 Seventh Ave  
New York, NY 10019  
Attention: Legal Department, Equity Derivatives

(b) Address for notices or communications to Counterparty:

Address: Jack Sullivan  
Corporate Finance Director and Assistant Treasurer  
Duke Energy Corporation  
550 South Tryon Street  
Charlotte, NC 28202  
Telephone:  
Email:

24. **Waiver of Right to Trial by Jury:** EACH OF COUNTERPARTY AND BARCLAYS HEREBY IRREVOCABLY WAIVES (ON SUCH PARTY'S OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF SUCH PARTY'S STOCKHOLDERS) ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS CONFIRMATION OR THE ACTIONS OF COUNTERPARTY AND BARCLAYS OR ANY OF THEIR AFFILIATES IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT HEREOF.
25. **Severability:** If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this Confirmation as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to the Agreement; *provided that* this severability provision shall not be applicable if any provision of Section 2, 5, 6 or 13 of the Agreement (or any definition or provision in Section 14 of the Agreement to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.
26. **Tax Disclosure:** Notwithstanding anything to the contrary herein, in the Equity Definitions or in the Agreement, and notwithstanding any express or implied claims of exclusivity or proprietary rights, the parties (and each of their employees, representatives or other agents) are authorized to disclose to any and all persons, beginning immediately upon commencement of their discussions and without limitation of any kind, the tax treatment and

tax structure of the Transaction, and all materials of any kind (including opinions or other tax analyses) that are provided by either party to the other relating to such tax treatment and tax structure.

27. **Schedule Provisions:**

(a) For so long as the Agreement is in the form of the 1992 ISDA Master Agreement, for purposes of Section 6(e) of the Agreement and this Transaction:

- (i) Loss will apply.
- (ii) The Second Method will apply.

(b) The Termination Currency shall be USD.

(c) Other:

The text beginning with the word "if" in Section 5(a)(i) of the Agreement shall be amended to read as follows: "if such failure is not remedied on or before the second Local Business Day after notice of such failure is given to the party."

Cross Default: The provisions of Section 5(a)(vi) of the Agreement will apply to Barclays and will apply to Counterparty with a Threshold Amount of 3% of shareholders equity for each of Barclays and Counterparty (*provided* that, in each case, (a) the text ", or becoming capable at such time of being declared," shall be deleted from Section 5(a)(vi)(1) of the Agreement and (b) the following provision shall be added to the end of Section 5(a)(vi) of the Agreement: "but a default under clause (2) above shall not constitute an Event of Default if (x) the default was caused solely by error or omission of an administrative or operational nature, (y) funds were available to enable the party to make the payment when due and (z) the payment is made within two Local Business Days of such party's receipt of written notice of its failure to pay").

The "Automatic Early Termination" provision of Section 6(a) of the Agreement will not apply to Barclays and will not apply to Counterparty.

(d) **Part 2(b) of the ISDA Schedule — Payee Representation:**

For the purpose of Section 3(f) of the Agreement, Counterparty makes the following representation to Barclays:

Counterparty is a corporation established under the laws of the State of Delaware and is a U.S. person (as that term is defined in Section 7701(a)(30) of the United States Internal Revenue Code of 1986, as amended).

For the purpose of Section 3(f) of the Agreement, Barclays makes the following representation to Counterparty:

(A) Each payment received or to be received by it in connection with the Agreement is effectively connected with its conduct of a trade or business within the United States; and

(B) It is a "foreign person" (as that term is used in Section 1.6041-4(a)(4) of the United States Treasury Regulations) for United States federal income tax purposes.

(e) Part 3(a) of the ISDA Schedule — Tax Forms:

**Party Required to Deliver Document**

	<u>Form/Document/Certificate</u>	<u>Date by which to be Delivered</u>
Counterparty	A complete and duly executed United States Internal Revenue Service Form W-9 (or successor thereto.)	(i) Upon execution and delivery of the Agreement; (ii) promptly upon reasonable demand by Barclays; and (iii) promptly upon learning that any such Form previously provided by Counterparty has become obsolete or incorrect.
Barclays	A complete and duly executed United States Internal Revenue Service Form W-8ECI (or successor thereto.)	(i) Upon execution and delivery of the Agreement; and (ii) promptly upon learning that any such Form previously provided by Barclays has become obsolete or incorrect.

(f) Section 2(c) will not apply to the Transaction.

(g) Section 12(a)(ii) of the Agreement hereby is amended by deleting the text thereof and inserting “[Reserved]” in place of such text. Section 12(b) of the Agreement hereby is amended by striking the word “telex” and the comma immediately preceding such word. For the avoidance of doubt, the text “electronic messaging system” as used in Section 12 of the Agreement shall mean only electronic mail (also known as e-mail).

28. Any calculation, adjustment, judgment or other determination made hereunder by Barclays or any of its affiliates with respect to the Transaction (including, for the avoidance of doubt, in its capacity as Calculation Agent) shall be furnished to Counterparty by Barclays on or prior to the effective date thereof or the effective date of any notice of an amount payable in respect thereof (including any such notice referenced in Section 6(d)(ii) of the Agreement), together with a report (in a commonly used file format for storage and manipulation of financial data but without disclosing any proprietary models of the Calculation Agent or other information that may be proprietary or subject to contractual, legal or regulatory obligations to not disclose such information) displaying in reasonable detail such calculation, adjustment judgment or other determination, as the case may be, and the basis therefor.
29. “Indemnifiable Tax” as defined in Section 14 of the Agreement shall not include (i) any tax imposed on payments treated as dividends from sources within the United States under Section 871(m) of the United States Internal Revenue Code of 1986, as amended (the “Code”), or any regulations issued thereunder (a “Section 871(m) Tax”) or (ii) any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a “FATCA Withholding Tax”). For the avoidance of doubt, each of a Section 871(m) Tax and a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of the Agreement.

*[Signature pages to follow. Remainder of page intentionally left blank.]*

Yours sincerely,

**BARCLAYS CAPITAL INC. ACTING AS AGENT  
FOR BARCLAYS BANK PLC**

By: /s/ Paul Robinson  
Name: Paul Robinson  
Title: Managing Director

Confirmed as of the date first above written:

**DUKE ENERGY CORPORATION**

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

---

**SCHEDULE I**

FORWARD PRICE REDUCTION DATES AND AMOUNTS

ANNEX A

PRIVATE PLACEMENT PROCEDURES

If Counterparty delivers Restricted Shares pursuant to Section 10 above (a "Private Placement Settlement"), then:

(a) the delivery of Restricted Shares by Counterparty shall be effected in accordance with customary private placement procedures for issuers comparable to Counterparty with respect to such Restricted Shares reasonably acceptable to Barclays. Counterparty shall not take, or cause to be taken, any action that would make unavailable either the exemption pursuant to Section 4(2) of the Securities Act for the sale by Counterparty to Barclays (or any affiliate designated by Barclays) of the Restricted Shares or the exemption pursuant to Section 4(a)(1) or Section 4(a)(3) of the Securities Act for resales of the Restricted Shares by Barclays (or any such affiliate of Barclays);

(b) as of or prior to the date of delivery, Barclays and any potential purchaser of any such Restricted Shares from Barclays (or any affiliate of Barclays designated by Barclays) identified by Barclays shall be afforded a commercially reasonable opportunity to conduct a due diligence investigation with respect to Counterparty customary in scope for similarly-sized private placements of equity securities for issuers comparable to Counterparty (including, without limitation, the right to have made available to them for inspection all financial and other records, pertinent corporate documents and other information reasonably requested by them); *provided* that, prior to receiving or being granted access to any such information, any such potential purchaser may be required by Counterparty to enter into a customary non-disclosure agreement with Counterparty in respect of any such due diligence investigation;

(c) as of the date of delivery, Counterparty shall enter into an agreement (a "Private Placement Agreement") with Barclays (or any affiliate of Barclays designated by Barclays) in connection with the private placement of such Restricted Shares by Counterparty to Barclays (or any such affiliate) and the private resale of such Restricted Shares by Barclays (or any such affiliate), substantially similar to private placement purchase agreements customary for private placements of equity securities for issuers comparable to Counterparty, in form and substance commercially reasonably satisfactory to Barclays, which Private Placement Agreement shall include, without limitation, provisions substantially similar to those contained in such private placement purchase agreements relating, without limitation, to the mutual indemnification of, and contribution in connection with the liability of the parties and the provision of customary opinions, accountants' comfort letters and lawyers' negative assurance letters, and shall provide for the payment by Counterparty of all reasonable fees and expenses in connection with such resale, including all reasonable fees and expenses of counsel for Barclays, and shall contain representations, warranties, covenants and agreements of Counterparty customary for issuers comparable to Counterparty and reasonably necessary or advisable to establish and maintain the availability of an exemption from the registration requirements of the Securities Act for such resales; and

(d) in connection with the private placement of such Restricted Shares by Counterparty to Barclays (or any such affiliate) and the private resale of such Restricted Shares by Barclays (or any such affiliate), Counterparty shall, if so requested by Barclays, prepare, in cooperation with Barclays, a private placement memorandum customary for issuers comparable to Counterparty and in form and substance reasonably satisfactory to Barclays.

In the case of a Private Placement Settlement, Barclays shall, in its good faith discretion, adjust the amount of Restricted Shares to be delivered to Barclays hereunder and/or the applicable Daily Forward Price(s) in a commercially reasonable manner to reflect the fact that such Restricted Shares may not be freely returned to securities lenders by Barclays and may only be saleable by Barclays at a discount to reflect the lack of transferability and liquidity in Restricted Shares based on actual charges incurred or discounts given.

If Counterparty delivers any Restricted Shares in respect of the Transaction, Counterparty agrees that (i) such Shares may be transferred by and among Barclays and its affiliates and (ii) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed after the applicable Settlement Date, Counterparty shall (so long as Barclays or any such affiliate is not an "affiliate" of Counterparty within the meaning of Rule 144 under the Securities Act) promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any transfer restrictions from such Shares upon delivery by Barclays (or such affiliate of Barclays) to Counterparty or such transfer agent of seller's and broker's representation letters customarily delivered in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Barclays (or such affiliate of Barclays).

Exhibit 10.2

Barclays Bank PLC  
c/o Barclays Capital Inc.  
as Agent for Barclays Bank PLC  
745 Seventh Ave  
New York, NY 10019  
Telephone: +1 212 412 4000

**DATE:** March 2, 2016

**TO:** Duke Energy Corporation  
**ATTENTION:** 550 South Tryon Street  
Charlotte, North Carolina 28202-1803

**TELEPHONE:** 980-373-3564

**FROM:** Barclays Capital Inc., acting as Agent for Barclays Bank PLC  
**TELEPHONE:** 212-412-4000  
**SUBJECT:** Additional Issuer Forward Transaction

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the Transaction entered into between Barclays Bank PLC ("Barclays"), through its agent Barclays Capital Inc. (the "Agent"), and Duke Energy Corporation ("Counterparty"), on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the Agreement specified below. This Confirmation is a confirmation for purposes of Rule 10b-10 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

This Confirmation evidences a complete and binding agreement between Barclays and Counterparty as to the terms of the Transaction to which this Confirmation relates and supersedes all prior or contemporaneous written or oral communications with respect thereto. This Confirmation shall supplement, form a part of, and be subject to an agreement (the "Agreement") in the form of the 1992 ISDA Master Agreement (Multicurrency — Cross Border) as if Barclays and Counterparty had executed an agreement in such form (without any Schedule but with the elections set forth in this Confirmation) on the Trade Date. The Transaction hereunder shall be the sole Transaction under the Agreement. If there exists any ISDA Master Agreement between Barclays and Counterparty or any confirmation or other agreement between Barclays and Counterparty pursuant to which an ISDA Master Agreement is deemed to exist between Barclays and Counterparty, then notwithstanding anything to the contrary in such ISDA Master Agreement, such confirmation or agreement or any other agreement to which Barclays and Counterparty are parties, the Transaction shall not be considered a Transaction under, or otherwise governed by, such existing or deemed ISDA Master Agreement.

The definitions and provisions contained in the 2006 ISDA Definitions (the "Swap Definitions") and the 2002 ISDA Equity Derivatives Definitions (the "Equity Definitions") as published by the International Swaps and Derivatives Association, Inc. ("ISDA") are incorporated into this Confirmation. Any reference to a currency shall have the meaning contained in Section 1.7 of the 2006 ISDA Definitions as published by ISDA.

THIS CONFIRMATION AND THE AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO CHOICE OF LAW DOCTRINE THAT WOULD APPLY THE LAWS OF ANOTHER JURISDICTION. NOTWITHSTANDING THE FOREGOING, OR ANYTHING TO THE CONTRARY IN THIS CONFIRMATION OR THE AGREEMENT, COUNTERPARTY DOES NOT BY THIS CONFIRMATION OR



THE TRANSACTION HEREUNDER SUBMIT TO THE JURISDICTION OF ANY FOREIGN NATION OR FOREIGN SUPRANATIONAL ORGANIZATION OR SUCH ENTITY'S LAWS OR REGULATIONS, INCLUDING WITHOUT LIMITATION THE EUROPEAN MARKET INFRASTRUCTURE REGULATION. THIS CONFIRMATION, THE AGREEMENT AND THE TRANSACTION ARE INTENDED TO BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK AND NOT THE LAWS, RULES OR REGULATIONS OF ANY FOREIGN JURISDICTION.

THE PARTIES HERETO IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES DISTRICT COURT LOCATED IN THE BOROUGH OF MANHATTAN IN NEW YORK CITY IN CONNECTION WITH ALL MATTERS RELATING HERETO AND WAIVE ANY OBJECTION TO THE LAYING OF VENUE IN, AND ANY CLAIM OF INCONVENIENT FORUM WITH RESPECT TO, THESE COURTS.

Each of Barclays and Counterparty acknowledges to and agrees with the other party hereto and to and with the Agent that (i) the Agent is acting as agent for Barclays under the Transaction pursuant to instructions from Barclays, (ii) the Agent is not a principal or party to the Transaction, and may transfer its rights and obligations with respect to the Transaction, it being understood that no such transfer shall release Barclays from any of its obligations with respect to the Transaction, (iii) the Agent shall have no responsibility, obligation or liability, by way of issuance, guaranty, endorsement or otherwise in any manner with respect to the performance of either party under the Transaction, (iv) Barclays and the Agent have not given, and Counterparty is not relying (for purposes of making any investment decision or otherwise) upon, any statements, opinions or representations (whether written or oral) of Barclays or the Agent, other than the representations expressly set forth in this Confirmation or the Agreement, and (v) each party agrees to proceed solely against the other party, and not the Agent, to collect or recover any money or securities owed to it in connection with the Transaction. Each party hereto acknowledges and agrees that the Agent is an intended third party beneficiary hereunder. Counterparty acknowledges that the Agent is an affiliate of Barclays. Barclays will be acting for its own account in respect of this Confirmation and the Transaction contemplated hereunder.

The time of dealing for the Transaction will be confirmed by Barclays upon written request by Counterparty. The Agent will furnish to Counterparty upon written request a statement as to the source and amount of any remuneration received or to be received by the Agent in connection with the Transaction.

**Barclays Bank PLC is not a member of the Securities Investor Protection Corporation ("SIPC"). Barclays is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.**

1. In the event of any inconsistency among this Confirmation, the Swap Definitions, the Equity Definitions or the Agreement, the following will prevail for purposes of the Transaction in the order of precedence indicated: (i) this Confirmation; (ii) the Equity Definitions; (iii) the Swap Definitions and (iv) the Agreement.

2. Each party will make each payment specified in this Confirmation as being payable by such party not later than the specified due date, for value on that date in the place of the account specified below or otherwise specified in writing, in freely transferable funds and in a manner customary for payments in the required currency.

3. **General Terms:**

Buyer:	Barclays.
Seller:	Counterparty.
Trade Date:	March 2, 2016.
Effective Date:	March 7, 2016, or such later date on which the conditions set forth in Section 4 of this Confirmation have been satisfied.

Number of Shares: Initially, (x) if no Initial Hedging Disruption (as defined in Section 4(b)) occurs, 1,387,500 Shares (the "Full Number of Shares") or (y) if an Initial Hedging Disruption occurs, the Reduced Number of Shares (as defined in Section 4(b)).

Maturity Date: June 30, 2017 (or, if such date is not a Clearance System Business Day, the next following Clearance System Business Day).

Daily Forward Price: On the Effective Date, the Initial Forward Price, and on any other day, the Daily Forward Price as of the immediately preceding calendar day *multiplied by* the sum of (i) 1 and (ii) the Daily Rate for such day; *provided that* on each Forward Price Reduction Date (including, for the avoidance of doubt, any Forward Price Reduction Date occurring from the Trade Date to a date on or before the Effective Date), the Daily Forward Price in effect on such date shall be the Daily Forward Price otherwise in effect on such date, *minus* the Forward Price Reduction Amount for such Forward Price Reduction Date.

Initial Forward Price: USD \$69.84 per Share.

Daily Rate: For any day, (i)(A) USD-Federal Funds Rate for such day, *minus* (B) the Spread, *divided by* (ii) 365. For the avoidance of doubt, the Daily Rate may be negative.

USD-Federal Funds Rate: For any day, the rate set forth for such day opposite the caption "Federal funds", as such rate is displayed on the page "FedsOpen <Index> <GO>" on the BLOOMBERG Professional Service, or any successor page; *provided that* if no rate appears for any day on such page, the rate for the immediately preceding day for which a rate appears shall be used for such day.

Spread: 75 basis points.

Forward Price Reduction Date: Each ex-dividend date for the Shares as set forth in Schedule I hereto.

Forward Price Reduction Amount: For each Forward Price Reduction Date, the Forward Price Reduction Amount set forth opposite such date on Schedule I.

Shares: Common stock, \$0.001 par value per share, of Counterparty (Exchange identifier: "DUK").

Exchange: New York Stock Exchange.

Related Exchange(s): All Exchanges.

Clearance System: The Depository Trust Company.

**Valuation:**

Designated Valuation: Subject to Section 9 of this Confirmation, Counterparty shall have the right to designate a date (a “Designated Date”) occurring on or prior to the Maturity Date for a valuation and settlement of the Transaction with respect to all or a portion of the Undesignated Shares as of the Designated Date by written notice to Barclays delivered no later than the applicable Settlement Method Election Date; *provided* that Counterparty may not designate a Designated Date occurring during an Unwind Period related to a different Designated Date. The portion of the Undesignated Shares designated for valuation and settlement in respect of a Designated Date shall be the “Designated Shares” for such Designated Date. If the number of Undesignated Shares on the Maturity Date is greater than zero, then the Maturity Date will be a Designated Date for a Physical Settlement with a number of Designated Shares equal to such number of Undesignated Shares.

Valuation Date: With respect to any Physical Settlement, the relevant Designated Date. With respect to any Cash Settlement or Net Share Settlement, the last day of the related Unwind Period.

Undesignated Shares: At any time, the Number of Shares *minus* the aggregate number of Designated Shares for all Designated Dates occurring prior to such time.

Unwind Period: For any Cash Settlement or Net Share Settlement, a period beginning on, and including, the Designated Date and ending on the date on which Barclays or its affiliates finishes unwinding Barclays’ Hedge Positions in respect of such Designated Date.

Market Disruption Event: Section 6.3(a) of the Equity Definitions shall be amended by deleting the words “at any time during the one hour period that ends at the relevant Valuation Time, Latest Exercise Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be” and replacing them with the words “at any time during the regular trading session on the Exchange, without regard to after hours or any other trading outside of the regular trading session hours”, and by replacing “or (iii) an Early Closure” with: “(iii) an Early Closure, or (iv) a Regulatory Disruption.”

Section 6.3(d) of the Equity Definitions is hereby amended by deleting the remainder of the provision following the term “Scheduled Closing Time” in the fourth line thereof.

Any Exchange Business Day on which, as of the date hereof, the Exchange is scheduled to close prior to its normal close of trading shall be deemed not to be an Exchange Business Day; if a closure of the Exchange prior to its normal close of trading

on any Exchange Business Day is scheduled following the date hereof, then such Exchange Business Day shall be deemed to be a Disrupted Day in full.

A “Regulatory Disruption” shall occur if Barclays determines in good faith and in its reasonable discretion, based on advice of counsel, that it is appropriate in light of legal, regulatory or self-regulatory requirements or related policies or procedures (so long as such requirements, policies or procedures, if voluntarily adopted by Barclays, generally are applicable in similar circumstances and are not arbitrarily or capriciously applied) for Barclays (or its agent or affiliate) to refrain from all or any part of the market activity in which it would otherwise engage in connection with the Transaction.

Consequences of Disrupted Days:

As set forth in Section 9 of this Confirmation.

**Settlement:**

Settlement Date:

The date one Settlement Cycle following each Valuation Date, except that in the case of Physical Settlement, the date two Clearance System Business Days following the relevant Designated Date.

Settlement Method Election:

Applicable; *provided that*:

- (i) Net Share Settlement shall be deemed to be included as an additional potential settlement method under Section 7.1 of the Equity Definitions;
- (ii) Counterparty may elect Cash Settlement or Net Share Settlement only if Counterparty represents and warrants to Barclays in writing that, as of the date of such election,
  - (A) Counterparty is not aware of any material nonpublic information concerning itself or the Shares;
  - (B) Counterparty is electing the settlement method and designating the related Designated Date in good faith and not as part of a plan or scheme to evade compliance with Rule 10b-5 under the Exchange Act (“Rule 10b-5”) or any other provision of the federal securities laws;
  - (C) Counterparty is not “insolvent” (as such term is defined under Section 101(32) of the U.S. Bankruptcy Code (Title 11 of the United States Code) (the “Bankruptcy Code”));
  - (D) Counterparty would be able to purchase, in open market transactions, a number of Shares equal to the number of related Designated Shares (or, if greater in the case of a Net Share Settlement, a number of Shares with a value as of the date of such election

equal to the product of (I) such number of Designated Shares and (II) the then-current Daily Forward Price) in compliance with the laws of Counterparty's jurisdiction of organization;

- (E) Counterparty is not electing Cash Settlement or Net Share Settlement to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for Shares); and
  - (F) such election, and settlement in accordance therewith, does not and will not violate or conflict with any law, regulation or supervisory guidance applicable to Counterparty, or any order or judgment of any court or other agency of government applicable to it or any of its assets, and any governmental consents that are required to have been obtained by Counterparty with respect to such election or settlement have been obtained and are in full force and effect and all conditions of any such consents have been complied with.
- (iii) Notwithstanding any election to the contrary as of any Settlement Method Election Date, Physical Settlement shall be applicable:
- (A) to all of the Designated Shares for the relevant Designated Date if, on the relevant Settlement Method Election Date, (I) the trading price per Share on the Exchange (as determined by Barclays) is below USD \$34.92 (the "Threshold Price") or (II) Barclays determines, in its good faith and reasonable judgment, that it would be unable to purchase a number of Shares in the market sufficient to unwind its hedge position in respect of the Transaction and satisfy its delivery obligation hereunder, if any, by the Maturity Date (x) in a manner that (A) would, if purchases by Barclays were considered purchases by Counterparty or by an affiliated purchaser of Counterparty, be compliant with the safe harbor provided by Rule 10b-18(b) under the Exchange Act and (B) based on the advice of counsel, would not raise material risks under applicable securities laws or (y) due to the lack of sufficient liquidity in the Shares (each, a "Trading Condition"); or
  - (B) to all or a portion of the Designated Shares for the relevant Designated Date if, on any day during the relevant Unwind Period, (I) the trading price per Share on the Exchange (as determined by Barclays)

is below the Threshold Price or (II) Barclays determines, in its good faith and reasonable judgment, that a Trading Condition has occurred, in which case the provisions set forth below in Section 9(c) shall apply as if such day were the "Early Valuation Date" and (x) for purposes of clause (i) of such paragraph, such day shall be the last Unwind Date of such Unwind Period and the "Unwound Shares" shall be calculated to, and including, such day and (y) for purposes of clause (ii) of such paragraph, the "Remaining Amount" shall be equal to the number of Designated Shares for the relevant Designated Date *minus* the Unwound Shares determined in accordance with clause (x) of this sentence.

Electing Party:	Counterparty.
Settlement Method Election Date:	The fifth Scheduled Trading Day immediately preceding the relevant Designated Date, except that in the case of Physical Settlement, the date specified in writing by Counterparty no later than 5:00 p.m., New York City time, on the relevant Designated Date.
Default Settlement Method:	Physical Settlement.
Physical Settlement:	If Physical Settlement is applicable, then on the relevant Settlement Date, Barclays will pay to Counterparty an amount equal to the product of (x) the number of Designated Shares for the related Designated Date and (y) the Daily Forward Price on such Settlement Date and Counterparty will deliver to Barclays a number of Shares equal to such number of Designated Shares. Section 9.2 of the Equity Definitions (other than the last sentence thereof) will not apply to any Physical Settlement.
Prepayment:	Not Applicable.
Variable Obligation:	Not Applicable.
Cash Settlement Payment Date:	The third Currency Business Day following each Valuation Date.
Forward Cash Settlement Amount:	The aggregate sum, for all Unwind Dates in the relevant Unwind Period, of the Daily Cash Settlement Amounts.
Daily Cash Settlement Amount:	For any Unwind Date, the product of (i) the Daily Share Number of such Unwind Date and (ii)(A) the Settlement Price for such Unwind Date <i>minus</i> (B) the Daily Forward Price on the day that is one Settlement Cycle immediately following such Unwind Date.

Unwind Date:	Each Exchange Business Day during the Unwind Period on which Barclays or its affiliates unwind any portion of Barclays' Hedge Positions in respect of the relevant Designated Date.
Daily Share Number:	For any Unwind Date, the number of Designated Shares with respect to which Barclays or its affiliates unwind any portion of Barclays' Hedge Positions in respect of the relevant Designated Date.
Settlement Price:	For any Unwind Date, the weighted average price per Share at which Barclays or its affiliates unwind any portion of Barclays' Hedge Positions on such Unwind Date in respect of the relevant Designated Date <i>plus</i> USD0.02.
Net Share Settlement:	<p>If Net Share Settlement is applicable, then on the relevant Net Share Settlement Date:</p> <ul style="list-style-type: none"><li>(i) if the Net Share Settlement Number is positive, then Counterparty will deliver to Barclays a number of Shares equal to the Net Share Settlement Number; and</li><li>(ii) if the Net Share Settlement Number is negative, then Barclays will deliver to Counterparty a number of Shares equal to the absolute value of the Net Share Settlement Number;</li></ul> <p>in either case in accordance with Section 9.2 (last sentence only), 9.4 (with the Net Share Settlement Date deemed to be a "Settlement Date" for purposes of such Section 9.4), 9.8, 9.9, 9.11 (as modified herein) and 9.12 of the Equity Definitions as if Physical Settlement were applicable.</p>
Net Share Settlement Number:	A number of Shares equal to the sum of (i) the Aggregate Net Share Number as of the last Unwind Date in any Unwind Period and (ii) the sum of the quotients (rounded to the nearest whole number), for each Unwind Adjustment Amount for such Unwind Period, obtained by dividing (x) such Unwind Adjustment Amount by (y) the Settlement Price on the Forward Price Reduction Date relating to such Unwind Adjustment Amount.
Aggregate Net Share Number:	As of any date, the aggregate sum, for all Unwind Dates in the relevant Unwind Period occurring on or prior to such date, of the quotient (rounded to the nearest whole number) obtained by dividing (x) the Daily Cash Settlement Amount for such Unwind Date by (y) the Settlement Price for such Unwind Date.
Net Share Settlement Date:	The date one Settlement Cycle following each Valuation Date.

Unwind Adjustment Amount:	For any Unwind Period, for any Forward Price Reduction Date that occurs during the period from, and including, the date one Settlement Cycle immediately following the relevant Designated Date to, and including, the date one Settlement Cycle immediately following the relevant Valuation Date, an amount equal to the product of (i) the relevant Forward Price Reduction Amount <i>multiplied by</i> (ii)(A) if the Aggregate Net Share Number as of the date immediately prior to the date one Settlement Cycle immediately preceding the relevant Forward Price Reduction Date is a positive number, such Aggregate Net Share Number or (B) otherwise, zero.
Unwound Shares:	For any Unwind Period at any time, the aggregate sum of the Daily Share Numbers for all Unwind Dates in such Unwind Period that have occurred prior to such time.
Delivery of Shares:	Notwithstanding anything to the contrary herein, Barclays may, by prior notice to Counterparty, satisfy its obligation to deliver any Shares or other securities on any date due (an "Original Delivery Date") by making separate deliveries of Shares or such securities, as the case may be, at more than one time on or prior to such Original Delivery Date, so long as the aggregate number of Shares and other securities so delivered on or prior to such Original Delivery Date is equal to the number required to be delivered on such Original Delivery Date.
Consequences of Late Delivery:	Without limiting the generality of this Confirmation, the Agreement and the Equity Definitions, if for any reason Counterparty fails to deliver when due any Shares required to be delivered hereunder and a Forward Price Reduction Date occurs on or after the date such Shares are due and on or before the date such Shares are delivered, Counterparty acknowledges and agrees that, in addition to any other amounts for which Counterparty may be liable hereunder or under law (but without duplication), Counterparty shall be liable to Barclays for an amount equal to the product of the number of Shares so due but not yet delivered on or prior to such Forward Price Reduction Date and the Forward Price Reduction Amount for such Forward Price Reduction Date.
Representation and Agreement:	Section 9.11 of the Equity Definitions is hereby modified to exclude any representations therein relating to restrictions, obligations, limitations or requirements under applicable securities laws that exist as a result of the fact that Counterparty is the Issuer of the Shares.
<i>Share Adjustments:</i>	
Method of Adjustment:	Calculation Agent Adjustment; provided that Section 11.2(e)(iii) shall be deleted and that the issuance of stock options, restricted stock or restricted stock units in the ordinary course pursuant to Counterparty's employee



incentive plans shall not constitute a Potential Adjustment Event.

**Extraordinary Dividend:**

Any dividend or distribution on the Shares with an ex-dividend date occurring on any day following the Trade Date (other than (i) any dividend or distribution of the type described in Section 11.2(e)(i) or Section 11.2(e)(ii)(A) of the Equity Definitions or (ii) a regular, quarterly cash dividend in an amount per Share equal to or less than the Forward Price Reduction Amount corresponding to the relevant quarter that has an ex-dividend date no earlier than the Forward Price Reduction Date corresponding to the relevant quarter).

***Extraordinary Events:***

**Merger Event:**

Section 12.1(b) of the Equity Definitions shall be amended by deleting the remainder of such Section following the definition of "Reverse Merger" therein.

**Tender Offer:**

Applicable; provided that Section 12.1(d) of the Equity Definitions shall be amended by replacing "10%" in the third line thereof with "15%."

**Announcement Date:**

Section 12.1(l) of the Equity Definitions shall be amended (A) by deleting the parenthetical phrase in the third line, the fifth line and the tenth line thereof and (B) by replacing the word "that" in the third line, the fifth line and the tenth line thereof with the words "whether or not such announcement".

**Delisting:**

In addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it shall also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, NYSE MKT, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange or quotation system, such exchange or quotation system shall be deemed to be the Exchange.

***Additional Disruption Events:***

**Change in Law:**

Applicable; *provided* that Section 12.9(a)(ii) of the Equity Definitions is hereby amended by (i) replacing the phrase "the interpretation" in the third line thereof with the phrase ", or public announcement of the formal or informal interpretation"; and (ii) replacing the word "Shares" where it appears in clause (X) with the words "Hedge Position."

**Failure to Deliver:**

Applicable if Barclays is required to deliver Shares hereunder; otherwise, Not Applicable.

**Hedging Disruption:**

Applicable.

Increased Cost of Hedging: Applicable; *provided* that clause (C) of Section 12.9(b)(vi) and the third and fourth sentences therein shall be deleted.

Increased Cost of Stock Borrow: Applicable; *provided* that clause (C) of Section 12.9(b)(v) and the third, fourth and fifth sentences therein shall be deleted.

Initial Stock Loan Rate: 50 basis points per annum.

Loss of Stock Borrow: Applicable.

Maximum Stock Loan Rate: 300 basis points per annum.

Hedging Party: For all applicable Additional Disruption Events, Barclays.

Determining Party: For all applicable Extraordinary Events, Barclays.

Consequences of Extraordinary Events: The consequences that would otherwise apply under Article 12 of the Equity Definitions to any applicable Extraordinary Event (excluding any Failure to Deliver, Increased Cost of Hedging, Increased Cost of Stock Borrow or any event that also constitutes a Bankruptcy Termination Event, but including, for the avoidance of doubt, any other applicable Additional Disruption Event) shall not apply, and instead, the consequences specified in Section 9 of this Confirmation shall apply.

***Acknowledgements:***

Non-Reliance: Applicable.

Agreements and Acknowledgements Regarding Hedging Activities: Applicable.

Additional Acknowledgements: Applicable.

Calculation Agent: Barclays; *provided* that following the occurrence and during the continuance of an Event of Default of the type provided in Section 5(a)(vii) of the Agreement with respect to which Barclays is the Defaulting Party, Counterparty shall have the right to designate a leading dealer in the over-the-counter equity derivatives market to act as the Calculation Agent.

***Account Details:***

Payments to Barclays: Barclays Bank PLC  
ABA:  
BIC:  
Account:  
Beneficiary:  
REF:

Payments to Counterparty: Bank:  
Account Name:

Account Number:  
ABA:  
Delivery of Shares to Barclays: DTC Securities:  
Delivery of Shares to Counterparty: DTC LPA Number:

4. Conditions to Effectiveness:

- (a) The effectiveness of this Confirmation on the Effective Date shall be subject to the following conditions:
- (i) The representations and warranties of Counterparty contained in the Underwriting Agreement dated March 1, 2016, between Counterparty and Barclays Capital Inc., among others (the "Underwriting Agreement"), and any certificate delivered pursuant thereto by Counterparty shall be true and correct on the Effective Date as if made as of the Effective Date;
  - (ii) Counterparty shall have performed all of the obligations required to be performed by it under the Underwriting Agreement on or prior to the Effective Date;
  - (iii) All of the conditions set forth in Section 8 of the Underwriting Agreement shall have been satisfied;
  - (iv) The Option Time of Delivery (as defined in the Underwriting Agreement) shall have occurred as provided in the Underwriting Agreement;
  - (v) All of the representations and warranties of Counterparty hereunder and under the Agreement shall be true and correct on the Effective Date as if made as of the Effective Date;
  - (vi) Counterparty shall have performed all of the obligations required to be performed by it hereunder and under the Agreement on or prior to the Effective Date, including without limitation its obligations under Sections 5, 6 and 11 hereof; and
  - (vii) Counterparty shall have delivered to Barclays an opinion of counsel in form and substance reasonably satisfactory to Barclays with respect to matters set forth in Section 3(a) of the Agreement and that the Shares initially issuable hereunder have been duly authorized and, upon issuance pursuant to the terms of the Transaction, will be validly issued, fully paid and nonassessable (subject to customary exceptions, limitations and other qualifications).
- (b) Notwithstanding the foregoing or any other provision of this Confirmation, if (x) on or prior to 9:00 a.m, New York City time, on the date the Option Time of Delivery (as defined in the Underwriting Agreement) is scheduled to occur, Barclays, in its good faith and commercially reasonable judgment, is unable to borrow and deliver for sale the Full Number of Shares or (y) in Barclays's good faith and commercially reasonable judgment, it would incur a stock loan cost of more than 50 basis points per annum with respect to all or any portion of the Full Number of Shares (in each case, an "Initial Hedging Disruption"), the effectiveness of this

Confirmation and the Transaction shall be limited to the number of Shares Barclays may borrow at a cost of not more than 50 basis points per annum (such number of Shares, the "Reduced Number of Shares"), which, for the avoidance of doubt, may be zero.

5. **Representations and Agreements of Counterparty**: Counterparty represents and warrants to, and agrees with, Barclays as of the date hereof that:
- (a) Counterparty shall promptly provide written notice to Barclays upon obtaining knowledge of (i) the occurrence or announcement of any event that would constitute an Event of Default as to which it is the Defaulting Party or a Potential Adjustment Event or (ii) any Announcement Date in respect of an Extraordinary Event; *provided* that should Counterparty be in possession of material non-public information regarding Counterparty, Counterparty shall not communicate such information to Barclays;
  - (b) A number of Shares of Counterparty equal to 2,775,000 Shares, as such number may be reduced by a number of Shares issued directly by Counterparty as contemplated in the Underwriting Agreement (the "Capped Number"); has been reserved for issuance upon settlement of the Transaction by all required corporate action of Counterparty. The Shares of Counterparty issuable, from time to time, upon settlement of the Transaction have been duly authorized and, when delivered as contemplated by the terms of the Transaction upon settlement of the Transaction, will be validly issued, fully-paid and non-assessable, and the issuance of such Shares will not be subject to any pre-emptive or similar rights;
  - (c) [RESERVED]
  - (d) Counterparty shall not take any action to reduce or decrease the number of authorized and unissued Shares below the sum of (i) the Capped Number *plus* (ii) the total number of Shares issuable upon settlement (whether by net share settlement or otherwise) of any other transaction or agreement to which it is a party (or, if greater, the number of Shares reserved by Counterparty for settlement of or delivery under such transaction or agreement);
  - (e) Counterparty will not repurchase any Shares if, immediately following such repurchase, the Number of Shares *plus* the "Number of Shares" under the letter agreement (the "Base Confirmation"), dated March 1, 2016, between Barclays and Counterparty, relating to the forward sale of Shares, would be equal to or greater than 8.5% of the number of then-outstanding Shares and it will notify Barclays promptly upon the announcement or consummation of any repurchase of Shares that, taken together with the amount of all repurchases since the date of the last such notice (or, if no such notice has been given, the Trade Date for the Base Confirmation), would increase such percentage by more than 1% of the number of then-outstanding Shares;
  - (f) As of the Trade Date and as of the date of any payment or delivery by Counterparty or Barclays hereunder, it is not and will not be "insolvent" (as such term is defined under Section 101(32) of the Bankruptcy Code);
  - (g) Neither Counterparty nor any of its "affiliated purchasers" (as defined by Rule 10b-18 under the Exchange Act ("Rule 10b-18")) shall take any action that would cause any purchases of Shares by Barclays or any of its affiliates in connection with any Cash Settlement or Net Share Settlement not to meet the requirements of the

safe harbor provided by Rule 10b-18 if such purchases were made by Counterparty. Without limiting the generality of the foregoing, during any Unwind Period, except with the prior written consent of Barclays, Counterparty will not, and will cause its affiliated purchasers (as defined in Rule 10b-18) not to, directly or indirectly (including, without limitation, by means of a derivative instrument) purchase, offer to purchase, place any bid or limit order that would effect a purchase of, or announce or commence any tender offer relating to, any Shares (or equivalent interest, including a unit of beneficial interest in a trust or limited partnership or a depository share) or any security convertible into or exchangeable for the Shares. However, the foregoing shall not (a) limit Counterparty's ability, pursuant to its employee incentive plan or dividend reinvestment program, to re-acquire Shares from employees in connection with such plan or program, (b) limit Counterparty's ability to withhold Shares to cover tax liabilities associated with such a plan, (c) prohibit any purchases effected by or for an issuer "plan" by an "agent independent of the issuer" (each as defined in Rule 10b-18), (d) otherwise restrict Counterparty's or any of its affiliates' ability to repurchase Shares under privately negotiated, off exchange transactions with any of its employees, officers, directors, affiliates or any third party that are not expected to result in market transactions or (e) limit Counterparty's ability to grant stock and options to "affiliated purchasers" (as defined in Rule 10b-18) or the ability of such affiliated purchasers to acquire such stock or options in connection with Counterparty's compensation policies for directors, officers and employees or any agreements with respect to the compensation of directors, officers or employees of any entities that are acquisition targets of Counterparty, and in connection with any such purchase under (a) through (e) above, Counterparty will be deemed to represent to Barclays that such purchase does not constitute a "Rule 10b-18 purchase" (as defined in Rule 10b-18);

- (h) Counterparty will not be subject to any "restricted period" (as such term is defined in Regulation M promulgated under the Exchange Act ("**Regulation M**")) in respect of Shares or any security with respect to which the Shares are a "reference security" (as such term is defined in Regulation M) during any Unwind Period unless Counterparty has provided written notice to Barclays thereof not later than three Scheduled Trading Days immediately preceding the first day of such "restricted period," in which case Counterparty acknowledges that a Disrupted Day may occur and that such notice must comply with the standards set forth in Section 11(c) of this Confirmation;
- (i) Counterparty shall: (i) prior to the opening of trading in the Shares on any day on which Counterparty makes, or expects to be made, any public announcement (as defined in Rule 165(f) under the Securities Act) of any Merger Transaction, to the extent permitted by applicable law but in no event later than the time such announcement is first made, notify Barclays of such public announcement; (ii) promptly notify Barclays following any such announcement that such announcement has been made; (iii) promptly (but in any event prior to the next opening of the regular trading session on the Exchange) provide Barclays with written notice specifying (A) Counterparty's average daily Rule 10b-18 Purchases (as defined in Rule 10b-18) during the three full calendar months immediately preceding the Announcement Date that were not effected through Barclays or its affiliates, if any, and (B) the number of Shares, if any, purchased pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act for the three full calendar months preceding the Announcement Date. Such written notice shall be deemed to be a certification by Counterparty to Barclays that such information is true and correct. In addition, Counterparty shall promptly notify Barclays of the earlier to

occur of the completion of such transaction and the completion of the vote by target shareholders. Counterparty acknowledges that any such notice may result in a Regulatory Disruption or may affect the length of any ongoing Unwind Period; accordingly, Counterparty acknowledges that its delivery of such notice must comply with the standards set forth in Section 11(c) of this Confirmation. "Securities Act" means the Securities Act of 1933, as amended. "Merger Transaction" means any merger, acquisition or similar transaction involving a recapitalization as contemplated by Rule 10b-18(a)(13)(iv) under the Exchange Act;

- (j) Counterparty is an "eligible contract participant" (as such term is defined in the Commodity Exchange Act, as amended);
- (k) Counterparty is not entering into the Transaction, and will not elect Cash Settlement or Net Share Settlement, to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for Shares), in either case in violation of the Exchange Act or any other applicable securities laws;
- (l) Counterparty (i) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; (ii) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing; and (iii) has total assets of at least \$50 million as of the date hereof;
- (m) Without limiting the generality of Section 13.1 of the Equity Definitions, Counterparty acknowledges that Barclays is not making any representations or warranties with respect to the treatment of the Transaction, including without limitation ASC Topic 260, *Earnings Per Share*, ASC Topic 815, *Derivatives and Hedging*, FASB Statements 128, 133, as amended, 149 or 150, EITF 00-19, 01-6, 03-6 or 07-5, ASC Topic 480, *Distinguishing Liabilities from Equity*, ASC 815-40, *Derivatives and Hedging — Contracts in Entity's Own Equity* (or any successor issue statements) or under the Financial Accounting Standards Board's Liabilities & Equity Project;
- (n) Counterparty is in compliance with its reporting obligations under the Exchange Act and its most recent Annual Report on Form 10-K, together with all reports subsequently filed or furnished by it pursuant to the Exchange Act and all public statements by it, taken together and as amended and supplemented to the date of this representation, do not, as of their respective dates, 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, in the light of the circumstances under which they were made, not misleading;
- (o) Counterparty is not aware of any material non-public information regarding itself or the Shares; Counterparty is entering into this Confirmation and will provide any settlement method election notice in good faith and not as part of a plan or scheme to evade compliance with Rule 10b-5 or any other provision of the federal securities laws; and Counterparty has consulted with its own advisors as to the legal aspects of its adoption and implementation of this Confirmation under Rule 10b5-1 under the Exchange Act ("Rule 10b5-1");

- (p) [RESERVED]
  - (q) Counterparty is not, and after giving effect to the transactions contemplated hereby will not be, required to register as an “investment company” as such term is defined in the Investment Company Act of 1940, as amended;
  - (r) Counterparty understands, agrees and acknowledges that no obligations of Barclays to it hereunder shall be entitled to the benefit of deposit insurance and that such obligations shall not be guaranteed by any affiliate of Barclays or any governmental agency;
  - (s) Counterparty: (i) is an “institutional account” as defined in FINRA Rule 4512(c); and (ii) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities, and will exercise independent judgment in evaluating any recommendations of Barclays or its associated persons; and
  - (t) COUNTERPARTY UNDERSTANDS THAT THE TRANSACTION IS SUBJECT TO COMPLEX RISKS WHICH MAY ARISE WITHOUT WARNING AND MAY AT TIMES BE VOLATILE AND THAT LOSSES MAY OCCUR QUICKLY AND IN UNANTICIPATED MAGNITUDE AND IS WILLING TO ACCEPT SUCH TERMS AND CONDITIONS AND ASSUME (FINANCIALLY AND OTHERWISE) SUCH RISKS.
6. **Issuance of Shares by Counterparty:** Counterparty acknowledges and agrees that any Shares delivered by Counterparty to Barclays on any Settlement Date or Net Share Settlement Date will be newly issued. Counterparty further acknowledges and agrees that, except to the extent that the Private Placement Procedures in Annex A apply, any Shares delivered by Counterparty to Barclays on any Settlement Date or Net Share Settlement Date will be (i) approved for listing or quotation on the Exchange, subject to official notice of issuance and (ii) registered under the Exchange Act, and, when delivered by Barclays (or an affiliate of Barclays) to securities lenders from whom Barclays (or an affiliate of Barclays) borrowed Shares in connection with hedging its exposure to the Transaction, will be freely saleable without further registration or other restrictions under the Securities Act in the hands of those securities lenders, irrespective of whether any such stock loan is effected by Barclays or an affiliate of Barclays. Accordingly, Counterparty agrees that, except to the extent that the Private Placement Procedures in Annex A apply, any Shares so delivered will not bear a restrictive legend and will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System.
7. **Termination on Bankruptcy:** The parties hereto agree that, notwithstanding anything to the contrary in the Agreement or the Equity Definitions, the Transaction constitutes a contract to issue a security of Counterparty as contemplated by Section 365(c) (2) of the Bankruptcy Code (as defined below) and that the Transaction and the obligations and rights of Counterparty and Barclays (except for any liability as a result of breach of any of the representations or warranties provided by Counterparty in Section 5 above) shall immediately terminate, without the necessity of any notice, payment (whether directly, by netting or otherwise) or other action by Counterparty or Barclays, if, on or prior to the final Settlement Date, Cash Settlement Payment Date or Net Share Settlement Date, an Insolvency Filing occurs (a “Bankruptcy Termination Event”).
8. **Special Dividends:** If an ex-dividend date for a Special Dividend occurs on or after the Trade Date and on or prior to the Maturity Date (or, if later, the last date on which Shares are delivered by Counterparty to Barclays in settlement of the Transaction), Counterparty

shall pay to Barclays on the earlier of (i) the date on which such Special Dividend is paid by the Issuer to holders of record of the Shares, (ii) the Designated Date where the Undesignated Shares become equal to zero and (iii) the Maturity Date an amount, as determined by the Calculation Agent, in cash equal to the product of (a) per Share amount of such Special Dividend, and (b) the Remaining Amount on such ex-dividend date. "Special Dividend" means any cash dividend or distribution declared by the Issuer with respect to the Shares that is specified by the board of directors of the Issuer as an "extraordinary" dividend. "Remaining Amount" means, at any time, the sum of (i) the number of Undesignated Shares as of such time, (ii)(A) if any, the number of Designated Shares for any Designated Date occurring prior to such time for which the related Unwind Period has not been completed at such time *minus* (B) the number of Unwound Shares for such Unwind Period at such time and (iii) if any Aggregate Net Share Number or Net Share Settlement Number, as applicable, as of such time is (A) a positive number and (B) has not been delivered by Counterparty to Barclays pursuant to "Net Share Settlement" above, such Aggregate Net Share Number or Net Share Settlement Number, as applicable.

9. Acceleration Events:

- (a) Notwithstanding anything to the contrary herein, in the Agreement or in the Equity Definitions, at any time following the occurrence of an Acceleration Event, Barclays (or, in the case of an Acceleration Event that is an Event of Default or a Termination Event, the party that would be entitled to designate an Early Termination Date in respect of such event pursuant to Section 6 of the Agreement) shall have the right to designate by notice to the other party any Scheduled Trading Day not earlier than the day such notice is effective to be the "Early Valuation Date" but which, in the case of an Acceleration Event that results from the commencement of any proceeding with respect to Counterparty under the Bankruptcy Code other than in a Bankruptcy Termination Event, shall be the Scheduled Trading Day on which such proceeding is commenced (or, if not commenced on such a day, the following Scheduled Trading Day), in which case the provisions set forth in this Section 9 shall apply in lieu of Section 6 of the Agreement or Article 12 of the Equity Definitions.
- (b) If the Early Valuation Date occurs on a date that is not during an Unwind Period, then the Early Valuation Date shall be deemed to be a Designated Date for a Physical Settlement, and the number of Designated Shares for such Designated Date shall be the number of Undesignated Shares on the Early Valuation Date; *provided* that in the case of an Acceleration Event of the type described in paragraph (e)(iv) below, the number of Designated Shares for such Designated Date shall be only such number of Designated Shares necessary so that such Acceleration Event shall no longer exist after such Physical Settlement, as determined by the Calculation Agent; and, *provided, further*, that in the case of an Acceleration Event of the type described in paragraph (e)(i) below and resulting from the commencement of any proceeding with respect to Counterparty under the Bankruptcy Code other than in a Bankruptcy Termination Event, the Early Valuation Date shall be deemed to be the last Unwind Date for a Cash Settlement and in such case the aggregate net loss or cost reasonably determined by Barclays as of the related Early Valuation Date in connection with unwinding its Hedge Positions shall be added to the Forward Cash Settlement Amount (or, if an aggregate net gain is so determined, such gain shall be subtracted therefrom).
- (c) If the Early Valuation Date occurs during an Unwind Period, then (i) (A) the last Unwind Date of such Unwind Period shall occur on the Early Valuation Date,



(B) a settlement shall occur in respect of such Unwind Period, and the settlement method elected by Counterparty in respect of such settlement shall apply, and (C) the number of Designated Shares for such settlement shall be deemed to be the number of Unwound Shares for such Unwind Period on the Early Valuation Date, and (ii) (A) the Early Valuation Date shall be deemed to be an additional Designated Date for a Physical Settlement and (B) the number of Designated Shares for such additional Designated Date shall be the Remaining Amount on the Early Valuation Date; *provided* that in the case of an Acceleration Event of the type described in paragraph (e)(iv) below, the number of Designated Shares for such additional Designated Date shall be only such number of Designated Shares necessary so that such Acceleration Event shall no longer exist after such Physical Settlement, as determined by the Calculation Agent; and, provided, further, that in the case of an Acceleration Event of the type described in paragraph (e)(i) below and resulting from the commencement of any proceeding with respect to Counterparty under the Bankruptcy Code other than in a Bankruptcy Termination Event, the Early Valuation Date shall be deemed to be the last Unwind Date of an additional Unwind Period for a Cash Settlement and the number of Designated Shares for such settlement shall be deemed to be the Remaining Amount on the Early Valuation Date and in such case the aggregate net loss or cost reasonably determined by Barclays as of the related Early Valuation Date in connection with unwinding its Hedge Positions shall be added to the Forward Cash Settlement Amount (or, if an aggregate net gain is so determined, such gain shall be subtracted therefrom).

- (d) Notwithstanding the foregoing, in the case of an Early Valuation Date that occurs due to an announcement of a Nationalization or a Merger Event, if at the time of the related Settlement Date or Net Share Settlement Date, as applicable, the Shares have changed into cash or any other property or the right to receive cash or any other property, such cash, other property or right shall be deliverable instead of such Shares.
- (e) "Acceleration Event" means:
- (i) any Event of Default or Termination Event, other than an Event of Default or Termination Event that also constitutes a Bankruptcy Termination Event, that would give rise to the right of either party to designate an Early Termination Date pursuant to Section 6 of the Agreement;
  - (ii) the announcement of any event or transaction that, if consummated, would result in a Merger Event, Tender Offer, Nationalization, Delisting or Change in Law, in each case, as determined by the Calculation Agent;
  - (iii) (x) A Loss of Stock Borrow or Hedging Disruption or (y) (A) an Increased Cost of Stock Borrow or (B) an Increased Cost of Hedging, in the case of sub-clause (A) or (B), in connection with which Counterparty does not elect, and so notify the Hedging Party of its election, in each case, within the required time period to either amend the Transaction pursuant to Section 12.9(b)(v)(A) or Section 12.9(b)(vi)(A) of the Equity Definitions, as applicable, or pay an amount determined by the Calculation Agent that corresponds to the relevant Price Adjustment pursuant to Section 12.9(b)(v)(B) or Section 12.9(b)(vi)(B) of the Equity Definitions, as applicable;

- (iv) the declaration or payment by Counterparty of any Extraordinary Dividend;
- (v) the occurrence of a Market Disruption Event during an Unwind Period and the continuance of such Market Disruption Event for at least eight Scheduled Trading Days;
- (vi) the occurrence of an Excess Section 13 Ownership Position or Excess Regulatory Ownership Position; or
- (vii) the occurrence of the Maturity Date during an Unwind Period.

10. **Private Placement Procedures:** If either Barclays or Counterparty determines in good faith that Counterparty will be unable to comply with the covenant set forth in the second sentence of Section 6 of this Confirmation because of a change in law or a change in the policy of the Securities and Exchange Commission ("SEC") or its staff (the "Staff"), or Barclays otherwise determines that in its reasonable opinion (based on the advice of counsel) any Shares to be delivered to Barclays by Counterparty hereunder may not be freely returned by Barclays or its affiliates to securities lenders as contemplated by Section 6 of this Confirmation (in either case without regard to exceptions therein), then delivery of any such Shares (the "Restricted Shares") shall be effected pursuant to Annex A hereto, unless waived by Barclays.

11. **Rule 10b5-1; Share Purchases by Barclays**

- (a) The parties acknowledge that, following any election of Cash Settlement or Net Share Settlement by Counterparty, this Confirmation is intended to constitute a binding contract satisfying the requirements of Rule 10b5-1(c) of the Exchange Act and agree that this Confirmation shall be interpreted to comply with such requirements.
- (b) The times and prices at which Barclays (or its agent or affiliate) purchases any Shares during any Unwind Period shall be at Barclays' good faith and commercially reasonable discretion. Counterparty acknowledges that during any Unwind Period Counterparty does not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Shares or any other transactions by Barclays (or its agent or affiliate) in connection with this Confirmation. Counterparty agrees that during any Unwind Period it will not enter into or alter any corresponding or hedging transaction or position with respect to the Shares.
- (c) Counterparty hereby agrees with Barclays that during any Unwind Period Counterparty shall not communicate, directly or indirectly, any material non-public information (within the meaning of such term under Rule 10b5-1) to any employee of Barclays (or its agents or affiliates) who is directly involved with the hedging of, and trading with respect to, the Transaction. Counterparty acknowledges and agrees that any amendment, modification, waiver or termination of the Transaction must be effected in accordance with the requirements for the amendment or termination of a contract, instruction or plan under Rule 10b5-1(c). Without limiting the generality of the foregoing, any such amendment, modification, waiver or termination shall be made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act, and no such amendment, modification or waiver shall be made at any time at which

Counterparty or any officer, director, manager or similar person of Counterparty is aware of any material non-public information regarding Counterparty or the Shares.

- (d) Following any election of Cash Settlement or Net Share Settlement by Counterparty, in addition to the representations, warranties and covenants in the Agreement and elsewhere in this Confirmation, Barclays represents, warrants and covenants to Counterparty that Barclays shall use commercially reasonable efforts, during any Unwind Period, to make all purchases of Shares in connection with such election in a manner that would comply with the limitations set forth in clauses (b)(1), (b)(2), (b)(3) and (b)(4) and (c) of Rule 10b-18, as if such rule were applicable to such purchases (and considering only such purchases when determining compliance with the foregoing provisions), after taking into account any applicable SEC no-action letters as appropriate, subject to any delays between the execution and reporting of a trade of the Shares on the Exchange and other circumstances beyond Barclays' control; *provided* that, during any Unwind Period, the foregoing agreement shall not apply to purchases made to dynamically hedge for Barclays' own account or the account of its affiliate(s) the optionality arising under in connection with such Settlement (including, for the avoidance of doubt, timing optionality); and *provided, further*, that, without limiting the generality of the first sentence of this paragraph (d), Barclays shall not be responsible for any failure to comply with Rule 10b-18(b)(3) to the extent any transaction that was executed (or deemed to be executed) by or on behalf of Counterparty or an "affiliated purchaser" (as defined under Rule 10b-18) pursuant to a separate agreement is not deemed to be an "independent bid" or an "independent transaction" for purposes of Rule 10b-18(b)(3).

12. **Capped Number of Shares:** Notwithstanding any other provision of the Agreement or this Confirmation, in no event will Counterparty be required to deliver in the aggregate in respect of all Settlement Dates, Net Share Settlement Dates or other dates on which Shares are delivered in respect of any amount owed under this Confirmation a number of Shares greater than the Capped Number. Counterparty represents and warrants to Barclays (which representation and warranty shall be deemed to be repeated on each day that the Transaction is outstanding) that the Capped Number is equal to or less than the number of authorized but unissued Shares that are not reserved for future issuance in connection with transactions in the Shares (other than the Transaction) on the date of the determination of the Capped Number (such Shares, the "Available Shares"). In the event Counterparty shall not have delivered the full number of Shares otherwise deliverable as a result of this Section 12 (the resulting deficit, the "Deficit Shares"), Counterparty shall be continually obligated to deliver Shares, from time to time until the full number of Deficit Shares have been delivered pursuant to this paragraph, when, and to the extent, that (A) Shares are repurchased, acquired or otherwise received by Counterparty or any of its subsidiaries after the Trade Date (whether or not in exchange for cash, fair value or any other consideration), (B) authorized and unissued Shares reserved for issuance in respect of other transactions as of the Trade Date become no longer so reserved and (C) Counterparty authorizes any additional unissued Shares that are not reserved for other transactions (such events as set forth in clauses (A), (B) and (C) above, collectively, the "Share Issuance Events"). Counterparty shall promptly notify Barclays of the occurrence of any of the Share Issuance Events (including the number of Shares subject to clause (A), (B) or (C) and the corresponding number of Shares to be delivered) and, as promptly as reasonably practicable after such Share Issuance Event (or, if later, on the Settlement Date or the date of any Private Placement Settlement for which there are Deficit Shares), deliver such Shares. Counterparty shall not, until Counterparty's obligations under the Transaction have been satisfied in full, use any Shares that become available for potential delivery to Barclays as a result of any Share Issuance Event for the settlement or satisfaction of any transaction or obligation other

than the Transaction or the "Transaction" under the Base Confirmation or reserve any such Shares for future issuance for any purpose other than to satisfy Counterparty's obligations to Barclays under the Transaction or the "Transaction" under the Base Confirmation.

13. **Transfer, Assignment and Designation:**

- (a) Notwithstanding any provision of the Agreement to the contrary, Barclays may assign, transfer and set over all rights, title and interest, powers, privileges and remedies of Barclays under the Transaction, in whole or part, to an affiliate of Barclays without the consent of Counterparty; *provided* that (i) no Event of Default, Potential Event of Default or Termination Event with respect to which Barclays or such affiliate is the Defaulting Party or an Affected Party, as the case may be, exists or would result therefrom, (ii) no Acceleration Event or other event giving rise to a right or responsibility to designate an Early Valuation Date or otherwise terminate or cancel the Transaction or to make an adjustment to the terms of the Transaction would result therefrom, and (iii) Counterparty shall not, as a result of such assignment or transfer, (A) be required to pay to Barclays or such affiliate an additional amount in respect of an Indemnifiable Tax, (B) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax as to which no additional amount is required to be paid, or (C) become subject to the jurisdiction of any state or country other than the United States of America.
- (b) Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Barclays to purchase, sell, receive or deliver any Shares or other securities to or from Counterparty, Barclays may designate any of its affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Barclays's obligations in respect of the Transaction and any such designee may assume such obligations. Barclays shall be discharged of its obligations to Counterparty to the extent of any such performance.

14. **Indemnity:** Counterparty agrees to indemnify Barclays and its affiliates and their respective directors, officers, agents and controlling parties (Barclays and each such affiliate or person being an "Indemnified Party") from and against any and all losses, claims, damages and liabilities, joint and several, incurred by or asserted against such Indemnified Party, that arise out of, are in connection with, or relate to, the execution or delivery of this Confirmation by Counterparty, the performance by Counterparty of its obligations under the Transaction or any breach of any covenant or representation made by Counterparty in this Confirmation or the Agreement, and Counterparty will reimburse any Indemnified Party for all reasonable expenses (including reasonable legal fees and expenses) in connection with the investigation of, preparation for, or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto. Counterparty will not be liable under this Indemnity paragraph to the extent that any such loss, claim, damage, liability or expense resulted from an Indemnified Party's gross negligence, bad faith or willful misconduct or Barclays' breach of this Confirmation or the Agreement. If for any reason the foregoing indemnification is unavailable to any Indemnified Party or insufficient to hold harmless any Indemnified Party, then Counterparty shall contribute, to the maximum extent permitted by law, to the amount paid or payable by the Indemnified Party as a result of such loss, claim, damage or liability not resulting from its gross negligence, bad faith or willful misconduct, *provided* that no person guilty of fraudulent misrepresentation shall be entitled to contribution.

**15. No Collateral; Netting; Setoff:**

- (a) Notwithstanding any provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Counterparty hereunder are not secured by any collateral.
- (b) If on any date any Shares would otherwise be deliverable under the Transaction or the Base Confirmation by Counterparty to Barclays and by Barclays to Counterparty, then, on such date, each party's obligations to make delivery of such Shares will be automatically satisfied and discharged and, if the aggregate number of Shares that would otherwise have been deliverable by one party exceeds the aggregate number of Shares that would have otherwise been deliverable by the other party, replaced by an obligation upon the party by whom the larger aggregate number of Shares would have been deliverable to deliver to the other party the excess of the larger aggregate number over the smaller aggregate number.

- (c) The parties agree that upon the occurrence of an Event of Default or Termination Event with respect to a party who is the Defaulting Party or the Affected Party ("X"), the other party ("Y") will have the right (but not be obliged) without prior notice to X or any other person to set-off or apply any obligation of X owed to Y (or any affiliate of Y) (whether or not matured or contingent and whether or not arising under the Agreement, and regardless of the currency, place of payment or booking office of the obligation) against any obligation of Y (or any affiliate of Y) owed to X (whether or not matured or contingent and whether or not arising under the Agreement, and regardless of the currency, place of payment or booking office of the obligation). Y will give notice to the other party of any set-off effected under this Section 15.
  - (d) Amounts (or the relevant portion of such amounts) subject to set-off may be converted by Y into the Termination Currency or into Shares, at the election of Y, at the rate of exchange at which such party would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency or Shares. If any obligation is unascertained, Y may in good faith estimate that obligation and set-off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained. Nothing in this Section 15 shall be effective to create a charge or other security interest. This Section 15 shall be without prejudice and in addition to any right of set-off, combination of accounts, lien or other right to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise).
  - (e) Notwithstanding anything to the contrary in the foregoing, Barclays agrees not to set off or net amounts due from Counterparty with respect to the Transaction against amounts due from Barclays (or its affiliate) to Counterparty with respect to contracts or instruments that are not Equity Contracts; *provided, however*, that, and notwithstanding any provision to the contrary set forth in this Confirmation or in the Agreement, Barclays may not use this provision or any other set-off or recoupment right under this Confirmation or the Agreement as a basis for any action under or nonperformance of its obligations under any loan, letter of credit or other borrowing arrangement with Counterparty as borrower and to which Barclays or any affiliate of Barclays is a participating lender, with respect to which the terms of such loan, letter of credit or other borrowing arrangement shall control. "Equity Contract" means any transaction or instrument that does not convey to Barclays rights, or the ability to assert claims, that are senior to the rights and claims of common stockholders in the event of Counterparty's bankruptcy.
16. **Delivery of Cash:** For the avoidance of doubt, nothing in this Confirmation shall be interpreted as requiring Counterparty to deliver cash in respect of the settlement of the Transaction, except (i) as set forth under Section 8 above or (ii) in circumstances where the cash settlement thereof is within Counterparty's control (including, without limitation, where Counterparty so elects to deliver cash or fails timely to deliver Shares in respect of such settlement). For the avoidance of doubt, the preceding sentence shall not be construed as limiting any damages that may be payable by Counterparty as a result of a breach of or an indemnity under this Confirmation or the Agreement.
17. **Status of Claims in Bankruptcy:** Barclays acknowledges and agrees that this Confirmation is not intended to convey to Barclays rights with respect to the transactions contemplated hereby that are senior to the claims of common stockholders in any U.S. bankruptcy proceedings of Counterparty; *provided* that nothing herein shall limit or shall be deemed to limit Barclays's right to pursue remedies in the event of a breach by Counterparty of its obligations and agreements with respect to this Confirmation and the Agreement; and

*provided further* that nothing herein shall limit or shall be deemed to limit Barclays's rights in respect of any transaction other than the Transaction.

18. **Limit on Beneficial Ownership:** Notwithstanding anything to the contrary in the Agreement or this Confirmation, in no event shall Barclays be entitled to receive, or be deemed to receive, Shares to the extent that, upon such receipt of such Shares, and after taking into account any Shares concurrently delivered by Seller under the Base Confirmation (i) the "beneficial ownership" (within the meaning of Section 13 of the Exchange Act and the rules promulgated thereunder) of Shares by Barclays, any of its affiliates' business units subject to aggregation with Barclays for purposes of the "beneficial ownership" test under Section 13 of the Exchange Act and all persons who may form a "group" (within the meaning of Rule 13d-5(b)(1) under the Exchange Act) with Barclays with respect to "beneficial ownership" of any Shares (collectively, "**Barclays Group**") would be equal to or greater than 8.5% of the outstanding Shares (an "**Excess Section 13 Ownership Position**") or (ii) Barclays, Barclays Group or any person whose ownership position would be aggregated with that of Barclays or Barclays Group (Barclays, Barclays Group or any such person, a "**Barclays Person**") under Section 203 of the Delaware General Corporation Law (the "**DGCL Takeover Statute**") or any state or federal bank holding company or banking laws, or other federal, state or local laws, regulations or regulatory orders applicable to ownership of Shares ("**Applicable Laws**"), would own, beneficially own, constructively own, control, hold the power to vote or otherwise meet a relevant definition of ownership in excess of a number of Shares equal to (x) the lesser of (A) the maximum number of Shares that would be permitted under Applicable Laws and (B) the number of Shares that would give rise to reporting or registration obligations or other requirements (including obtaining prior approval by a state or federal regulator, such as a state or federal banking regulator) of a Barclays Person under Applicable Laws (including, without limitation, "interested stockholder" or "acquiring person" status under the DGCL Takeover Statute) and with respect to which such requirements have not been met or the relevant approval has not been received or that would give rise to any consequences under the constitutive documents of Counterparty or any contract or agreement to which Counterparty is a party, in each case *minus* (y) 1% of the number of Shares outstanding on the date of determination (such condition described in clause (ii), an "**Excess Regulatory Ownership Position**"). If any delivery owed to Barclays hereunder is not made, in whole or in part, as a result of this provision, Counterparty's obligation to make such delivery shall not be extinguished and Counterparty shall make such delivery as promptly as practicable after, but in no event later than one Exchange Business Day after, Barclays gives notice to Counterparty that such delivery would not result in (x) Barclays Group directly or indirectly so beneficially owning in excess of 8.5% of the outstanding Shares or (y) the occurrence of an Excess Regulatory Ownership Position.

19. **Acknowledgements:**

(a) Counterparty acknowledges that:

- (i) During the term of the Transaction, Barclays and its affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to the Transaction.
- (ii) Barclays and its affiliates may also be active in the market for the Shares and derivatives linked to the Shares other than in connection with hedging activities in relation to the Transaction, including acting as agent or as principal and for its own account or on behalf of customers.

- (iii) Barclays shall make its own determination as to whether, when or in what manner any hedging or market activities in Counterparty's securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Settlement Price.
  - (iv) Any market activities of Barclays and its affiliates with respect to the Shares may affect the market price of the Shares, as well as any Settlement Price, each in a manner that may be adverse to Counterparty.
  - (v) The Transaction is a derivative transaction; Barclays and its affiliates may purchase or sell Shares for their own account at prices that may be greater than, or less than, the prices paid or received by Counterparty under the terms of the Transaction.
- (b) The parties intend for this Confirmation to constitute a "Contract" as described in the letter dated October 6, 2003 submitted on behalf of GS&Co. to Paula Dubberly of the Staff to which the Staff responded in an interpretive letter dated October 9, 2003.
- (c) The parties hereto intend for:
- (i) this Transaction to be a "securities contract" as defined in Section 741(7) of the Bankruptcy Code, qualifying for the protections under Sections 362(b)(6), 362(b)(27), 362(o), 546(e), 546(j), 548(d)(2), 555 and 561 of the Bankruptcy Code;
  - (ii) the rights given to Barclays pursuant to "Acceleration Events" in Section 9 above to constitute "contractual rights" to cause the liquidation of a "securities contract" and to set off mutual debts and claims in connection with a "securities contract", as such terms are used in Sections 555 and 362(b)(6) of the Bankruptcy Code;
  - (iii) Barclays to be a "financial institution" within the meaning of Section 101(22) of the Bankruptcy Code;
  - (iv) any cash, securities or other property provided as performance assurance, credit support or collateral with respect to the Transaction to constitute "margin payments" and "transfers" under a "securities contract" as defined in the Bankruptcy Code;
  - (v) all payments for, under or in connection with the Transaction, all payments for Shares and the transfer of Shares to constitute "settlement payments" and "transfers" under a "securities contract" as defined in the Bankruptcy Code; and
  - (vi) any or all obligations that either party has with respect to this Confirmation or the Agreement to constitute property held by or due from such party to margin, guaranty or settle obligations of the other party with respect to the transactions under the Agreement (including the Transaction) or any other agreement between such parties.
- (d) In addition to the representations and warranties in the Agreement and elsewhere in this Confirmation, Barclays represents and warrants to Counterparty that it is an "eligible contract participant" (as such term is defined in the Commodity Exchange Act, as amended) and an "accredited investor" (as defined in Section 2(a)(15)(ii) of the Securities Act) and that it is entering into the Transaction as principal and not for the benefit of any third party.



20. **Wall Street Transparency and Accountability Act.** In connection with Section 739 of the Wall Street Transparency and Accountability Act of 2010 ("WSTAA"), the parties hereby agree that neither the enactment of WSTAA or any regulation under the WSTAA, nor any requirement under WSTAA or an amendment made by WSTAA, shall limit or otherwise impair either party's otherwise applicable rights to terminate, renegotiate, modify, amend or supplement this Confirmation or the Agreement, as applicable, arising from a termination event, force majeure, illegality, increased costs, regulatory change or similar event under this Confirmation, the Swap Definitions or Equity Definitions incorporated herein or the Agreement (including, but not limited to, rights arising from an Acceleration Event, Increased Cost of Hedging, Increased Cost of Stock Borrow, any condition described in clause (i) of Section 18, an Excess Regulatory Ownership Position or Illegality (as defined in the Agreement)).
21. [RESERVED]
22. [RESERVED]
23. **Notices:** For the purpose of Section 12(a) of the Agreement:
- (a) Address for notices or communications to Barclays:
- Barclays Capital Inc.  
745 Seventh Ave  
New York, NY 10019  
Attention: Paul Robinson  
Fax: 917-522-0458  
Phone:  
Email:
- with a copy to
- Barclays Capital Inc.  
745 Seventh Ave  
New York, NY 10019  
Attention: Legal Department, Equity Derivatives
- (b) Address for notices or communications to Counterparty:
- Address: Jack Sullivan  
Corporate Finance Director and Assistant Treasurer  
Duke Energy Corporation  
550 South Tryon Street  
Charlotte, NC 28202  
Telephone:  
Email:
24. **Waiver of Right to Trial by Jury:** EACH OF COUNTERPARTY AND BARCLAYS HEREBY IRREVOCABLY WAIVES (ON SUCH PARTY'S OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF SUCH PARTY'S STOCKHOLDERS) ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS CONFIRMATION OR THE ACTIONS OF COUNTERPARTY AND BARCLAYS OR ANY OF THEIR

AFFILIATES IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT HEREOF.

25. **Severability:** If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this Confirmation as so modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to the Agreement; *provided* that this severability provision shall not be applicable if any provision of Section 2, 5, 6 or 13 of the Agreement (or any definition or provision in Section 14 of the Agreement to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.
26. **Tax Disclosure:** Notwithstanding anything to the contrary herein, in the Equity Definitions or in the Agreement, and notwithstanding any express or implied claims of exclusivity or proprietary rights, the parties (and each of their employees, representatives or other agents) are authorized to disclose to any and all persons, beginning immediately upon commencement of their discussions and without limitation of any kind, the tax treatment and tax structure of the Transaction, and all materials of any kind (including opinions or other tax analyses) that are provided by either party to the other relating to such tax treatment and tax structure.
27. **Schedule Provisions:**
- (a) For so long as the Agreement is in the form of the 1992 ISDA Master Agreement, for purposes of Section 6(e) of the Agreement and this Transaction:
    - (i) Loss will apply.
    - (ii) The Second Method will apply.
  - (b) The Termination Currency shall be USD.
  - (c) Other:

The text beginning with the word "if" in Section 5(a)(i) of the Agreement shall be amended to read as follows: "if such failure is not remedied on or before the second Local Business Day after notice of such failure is given to the party."

Cross Default: The provisions of Section 5(a)(vi) of the Agreement will apply to Barclays and will apply to Counterparty with a Threshold Amount of 3% of shareholders equity for each of Barclays and Counterparty (*provided* that, in each case, (a) the text " , or becoming capable at such time of being declared," shall be deleted from Section 5(a)(vi)(1) of the Agreement and (b) the following provision shall be added to the end of Section 5(a)(vi) of the Agreement: "but a default under clause (2) above shall not constitute an Event of Default if (x) the default was caused solely by error or omission of an administrative or operational nature, (y) funds were available to enable the party to make the payment when due and (z) the payment is made within two Local Business Days of such party's receipt of written notice of its failure to pay").

The "Automatic Early Termination" provision of Section 6(a) of the Agreement will not apply to Barclays and will not apply to Counterparty.

(d) **Part 2(b) of the ISDA Schedule — Payee Representation:**

For the purpose of Section 3(f) of the Agreement, Counterparty makes the following representation to Barclays:

Counterparty is a corporation established under the laws of the State of Delaware and is a U.S. person (as that term is defined in Section 7701(a)(30) of the United States Internal Revenue Code of 1986, as amended).

For the purpose of Section 3(f) of the Agreement, Barclays makes the following representation to Counterparty:

(A) Each payment received or to be received by it in connection with the Agreement is effectively connected with its conduct of a trade or business within the United States; and

(B) It is a "foreign person" (as that term is used in Section 1.6041-4(a)(4) of the United States Treasury Regulations) for United States federal income tax purposes.

(e) **Part 3(a) of the ISDA Schedule — Tax Forms:**

**Party Required to Deliver Document**

	<u>Form/Document/Certificate</u>	<u>Date by which to be Delivered</u>
Counterparty	A complete and duly executed United States Internal Revenue Service Form W-9 (or successor thereto.)	(i) Upon execution and delivery of the Agreement; (ii) promptly upon reasonable demand by Barclays; and (iii) promptly upon learning that any such Form previously provided by Counterparty has become obsolete or incorrect.
Barclays	A complete and duly executed United States Internal Revenue Service Form W-8ECI (or successor thereto.)	(i) Upon execution and delivery of the Agreement; and (ii) promptly upon learning that any such Form previously provided by Barclays has become obsolete or incorrect.

- (f) Section 2(c) will not apply to the Transaction.
- (g) Section 12(a)(ii) of the Agreement hereby is amended by deleting the text thereof and inserting “[Reserved]” in place of such text. Section 12(b) of the Agreement hereby is amended by striking the word “telex” and the comma immediately preceding such word. For the avoidance of doubt, the text “electronic messaging system” as used in Section 12 of the Agreement shall mean only electronic mail (also known as e-mail).
28. Any calculation, adjustment, judgment or other determination made hereunder by Barclays or any of its affiliates with respect to the Transaction (including, for the avoidance of doubt, in its capacity as Calculation Agent) shall be furnished to Counterparty by Barclays on or prior to the effective date thereof or the effective date of any notice of an amount payable in respect thereof (including any such notice referenced in Section 6(d)(ii) of the Agreement), together with a report (in a commonly used file format for storage and manipulation of financial data but without disclosing any proprietary models of the Calculation Agent or other information that may be proprietary or subject to contractual, legal or regulatory obligations to not disclose such information) displaying in reasonable detail such calculation, adjustment judgment or other determination, as the case may be, and the basis therefor.
29. “Indemnifiable Tax” as defined in Section 14 of the Agreement shall not include (i) any tax imposed on payments treated as dividends from sources within the United States under Section 871(m) of the United States Internal Revenue Code of 1986, as amended (the “Code”), or any regulations issued thereunder (a “Section 871(m) Tax”) or (ii) any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a “FATCA Withholding Tax”). For the avoidance of doubt, each of a Section 871(m) Tax and a FATCA Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of the Agreement.

*[Signature pages to follow. Remainder of page intentionally left blank.]*

Yours sincerely,

**BARCLAYS CAPITAL INC. ACTING AS AGENT  
FOR BARCLAYS BANK PLC**

By: /s/ Paul Robinson  
Name: Paul Robinson  
Title: Managing Director

Confirmed as of the date first above written:

**DUKE ENERGY CORPORATION**

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

---

SCHEDULE I

FORWARD PRICE REDUCTION DATES AND AMOUNTS

ANNEX A

PRIVATE PLACEMENT PROCEDURES

If Counterparty delivers Restricted Shares pursuant to Section 10 above (a "Private Placement Settlement"), then:

(a) the delivery of Restricted Shares by Counterparty shall be effected in accordance with customary private placement procedures for issuers comparable to Counterparty with respect to such Restricted Shares reasonably acceptable to Barclays. Counterparty shall not take, or cause to be taken, any action that would make unavailable either the exemption pursuant to Section 4(2) of the Securities Act for the sale by Counterparty to Barclays (or any affiliate designated by Barclays) of the Restricted Shares or the exemption pursuant to Section 4(a)(1) or Section 4(a)(3) of the Securities Act for resales of the Restricted Shares by Barclays (or any such affiliate of Barclays);

(b) as of or prior to the date of delivery, Barclays and any potential purchaser of any such Restricted Shares from Barclays (or any affiliate of Barclays designated by Barclays) identified by Barclays shall be afforded a commercially reasonable opportunity to conduct a due diligence investigation with respect to Counterparty customary in scope for similarly-sized private placements of equity securities for issuers comparable to Counterparty (including, without limitation, the right to have made available to them for inspection all financial and other records, pertinent corporate documents and other information reasonably requested by them); *provided* that, prior to receiving or being granted access to any such information, any such potential purchaser may be required by Counterparty to enter into a customary non-disclosure agreement with Counterparty in respect of any such due diligence investigation;

(c) as of the date of delivery, Counterparty shall enter into an agreement (a "Private Placement Agreement") with Barclays (or any affiliate of Barclays designated by Barclays) in connection with the private placement of such Restricted Shares by Counterparty to Barclays (or any such affiliate) and the private resale of such Restricted Shares by Barclays (or any such affiliate), substantially similar to private placement purchase agreements customary for private placements of equity securities for issuers comparable to Counterparty, in form and substance commercially reasonably satisfactory to Barclays, which Private Placement Agreement shall include, without limitation, provisions substantially similar to those contained in such private placement purchase agreements relating, without limitation, to the mutual indemnification of, and contribution in connection with the liability of the parties and the provision of customary opinions, accountants' comfort letters and lawyers' negative assurance letters, and shall provide for the payment by Counterparty of all reasonable fees and expenses in connection with such resale, including all reasonable fees and expenses of counsel for Barclays, and shall contain representations, warranties, covenants and agreements of Counterparty customary for issuers comparable to Counterparty and reasonably necessary or advisable to establish and maintain the availability of an exemption from the registration requirements of the Securities Act for such resales; and

(d) in connection with the private placement of such Restricted Shares by Counterparty to Barclays (or any such affiliate) and the private resale of such Restricted Shares by Barclays (or any such affiliate), Counterparty shall, if so requested by Barclays, prepare, in cooperation with Barclays, a private placement memorandum customary for issuers comparable to Counterparty and in form and substance reasonably satisfactory to Barclays.

In the case of a Private Placement Settlement, Barclays shall, in its good faith discretion, adjust the amount of Restricted Shares to be delivered to Barclays hereunder and/or the applicable Daily Forward Price(s) in a commercially reasonable manner to reflect the fact that such Restricted Shares may not be freely returned to securities lenders by Barclays and may only be saleable by Barclays at a discount to reflect the lack of transferability and liquidity in Restricted Shares based on actual charges incurred or discounts given.

If Counterparty delivers any Restricted Shares in respect of the Transaction, Counterparty agrees that (i) such Shares may be transferred by and among Barclays and its affiliates and (ii) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed after the applicable Settlement Date, Counterparty shall (so long as Barclays or any such affiliate is not an "affiliate" of Counterparty within the meaning of Rule 144 under the Securities Act) promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any transfer restrictions from such Shares upon delivery by Barclays (or such affiliate of Barclays) to Counterparty or such transfer agent of seller's and broker's representation letters customarily delivered in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Barclays (or such affiliate of Barclays).



Exhibit 99.1

EXECUTION VERSION

DUKE ENERGY CORPORATION

*UNDERWRITING AGREEMENT*

For Purchase of 9,250,000 Shares of  
Common Stock of the Corporation

March 1, 2016

BARCLAYS CAPITAL INC.  
CITIGROUP GLOBAL MARKETS INC.  
J.P. MORGAN SECURITIES LLC  
MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED  
WELLS FARGO SECURITIES, LLC

As Representatives of the several Underwriters

c/o BARCLAYS CAPITAL INC.  
745 Seventh Avenue  
New York, NY 10019

Ladies and Gentlemen:

1. *Introductory.* DUKE ENERGY CORPORATION, a Delaware corporation (the "Corporation"), and Barclays Capital Inc., in its capacity as agent and an affiliate of the Forward Purchaser (as defined below) (the "Forward Seller"), at the request of the Corporation in connection with the Forward Sale Agreement (as defined below), confirm their respective agreements with you and each of the several Underwriters listed in Schedule I hereto (the "Underwriters"), for whom you are acting as representatives (the "Representatives"), with respect to (a) subject to Section 11 hereof, the sale by the Forward Seller and the purchase by the Underwriters, acting severally and not jointly, of an aggregate of 9,250,000 shares of common stock, par value \$0.001 per share, of the Corporation (such common stock, the "Common Stock" and such shares of Common Stock, the "Borrowed Underwritten Shares") and (b) the grant by the Corporation to the Underwriters, acting severally and not jointly, of the option described in Section 4 hereof to purchase all or any portion of an additional 1,387,500 shares of Common Stock (the "Borrowed Option Shares"). The Corporation understands that the several Underwriters propose to offer the Shares (as defined below) for sale upon the terms and conditions contemplated by (i) this Agreement and (ii) the Base Prospectus, the Preliminary Prospectus (each, as defined in Section 2 hereof), any Permitted Free Writing Prospectus (as defined in Section 7 hereof) issued at or prior to the Applicable Time (as defined below) and the information included on Schedule II hereto (such documents and information referred to in this subclause (ii) are collectively referred to as the "Pricing Disclosure Package").

The Borrowed Underwritten Shares and the Corporation Top-Up Underwritten Shares (as defined in Section 11 hereof) are herein referred to collectively as the "Underwritten Shares." The Borrowed Option Shares and the Corporation Top-Up Option Shares (as defined in

---

Section 11 hereof) are herein referred to collectively as the “Option Shares.” The Corporation Top-Up Underwritten Shares and the Corporation Top-Up Option Shares are herein referred to collectively as the “Corporation Shares.” The Borrowed Underwritten Shares and the Borrowed Option Shares are herein referred to collectively as the “Borrowed Shares.” The Underwritten Shares and the Option Shares are herein referred to collectively as the “Shares.”

As used herein, “Forward Sale Agreement” means the letter agreement dated the date hereof between the Corporation and Barclays Bank PLC (the “Forward Purchaser”) relating to the forward sale by the Corporation, subject to the Corporation’s right to elect Cash Settlement or Net Share Settlement (as such terms are defined in the Forward Sale Agreement), of a number of shares of Common Stock equal to the number of Borrowed Underwritten Shares sold by the Forward Seller pursuant to this Agreement, and the term “Additional Forward Sale Agreement” has the meaning set forth in Section 4 hereof.

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

- (a) Registration statement (No. 333-191462), including a prospectus, relating to the Shares 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 Shares 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 Shares 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 Shares 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, any Permitted Free Writing Prospectus specified on Schedule III 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 each Time of Delivery (as defined in Section 6 hereof), 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 each Time of Delivery 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, the Forward Purchaser or the Forward Seller 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, the Forward Purchaser or Forward Seller specifically for use in the Registration Statement, any Permitted Free Writing Prospectus, any Preliminary Prospectus or the Prospectus. Any electronic roadshow or other written communication that constitutes an offer to buy the Shares provided to investors by, or with the approval of, the Corporation, as of the Applicable Time, when considered together with the Pricing Disclosure Package, did 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, the Forward Purchaser or the Forward Seller with respect to any statements or omissions made in reliance upon an in conformity with written information furnished to the Corporation by the Representatives on behalf of the Underwriters, the Forward Purchaser or Forward Seller specifically for use in any such roadshow or other written communication.
- (c) Any Permitted Free Writing Prospectus specified on Schedule III hereto and any electronic roadshow or other written communication that constitutes an offer to buy

the Shares provided to investors by, or with the approval of, the Corporation, as of its respective issue date and at all subsequent times through the completion of the public offer and sale of the Shares or until any earlier date that the Corporation notified or notifies the Underwriters and the Forward Seller as described in Section 7(e) hereof 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 Shares, 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) at each Time of Delivery 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, the Forward Sale Agreement and the Additional Forward Sale Agreement, if any, has been duly authorized by all necessary corporate action and the consummation of the transactions herein or therein 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.
- (g) 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, the Forward Sale Agreement or any Additional Forward Sale Agreement, except for the approval of the North Carolina Utilities Commission, which has been received as of the date of this Agreement, and the registration under the 1933 Act of the Shares 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 Shares by the Underwriters, the Forward Seller and the Forward Purchaser.

- (h) This Agreement has been duly authorized, executed and delivered by the Corporation.
- (i) The Forward Sale Agreement has been, and the Additional Forward Sale Agreement, if any, will be, duly authorized, executed and delivered by the Corporation.
- (j) Each of Duke Energy Carolinas, LLC, a North Carolina limited liability company, Duke Energy Indiana, LLC (f/k/a Duke Energy Indiana, Inc.), an Indiana limited liability company, Progress Energy, Inc., a North Carolina corporation, Duke Energy Progress, LLC (f/k/a Duke Energy Progress, Inc.), a North Carolina limited liability company, and Duke Energy Florida, LLC (f/k/a Duke Energy Florida, Inc.), a Florida limited liability company, is a "significant subsidiary" of the Corporation within the meaning of Rule 405 of the 1933 Act Regulations (herein collectively referred to, along with Duke Energy Ohio, Inc., an Ohio corporation, as the "Principal Subsidiaries").
- (k) The Corporation Shares, if any, to be issued and sold by the Corporation hereunder have been duly authorized for issuance and sale to the Underwriters pursuant to this Agreement and, when issued and delivered by the Corporation pursuant to this Agreement against payment of the consideration set forth herein, will be validly issued, fully paid and nonassessable; no holder of the Corporation Shares issued hereunder will be subject to personal liability by reason of being such a holder; and the issuance of the Corporation Shares is not subject to the preemptive or other similar rights of any security holder of the Corporation. The Shares will conform in all material respects to the description thereof (i) in the Base Prospectus under the caption "Description of Capital Stock" and (ii) in the Pricing Disclosure Package and the Prospectus under the caption "Description of Common Stock". A number of shares of Common Stock equal to two times the aggregate Full Number of Shares (as such term is defined in the Forward Sale Agreement or the Additional Forward Sale Agreement, as applicable) have been duly authorized and reserved for issuance under the Forward Sale Agreement or the Additional Forward Sale Agreement, as applicable, and, when issued and delivered by the Corporation to the Forward Purchaser pursuant to the Forward Sale Agreement or Additional Forward Sale Agreement, as applicable, against payment of any consideration required to be paid by the Forward Purchaser pursuant to the terms of such Forward Sale Agreement or Additional Forward Sale Agreement, as applicable, will be validly issued, fully paid and non-assessable, and the issuance thereof is not subject to any preemptive or similar rights of any security holder of the Corporation.

- (l) Any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument set forth on Schedule IV hereto or 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.
  - (m) The Corporation is not required to be qualified as a foreign corporation to transact business in Indiana, North Carolina, Ohio, South Carolina and Florida.
  - (n) 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.
3. *Representations and Warranties of the Forward Seller.* The Forward Seller represents and warrants to, and agrees with, each Underwriter and the Company that:
- (a) This Agreement has been duly authorized, executed and delivered by the Forward Seller and, at each Time of Delivery, such Forward Seller will have full right, power and authority to sell, transfer and deliver the Borrowed Underwritten Shares or the Borrowed Option Shares, as the case may be, to the extent that it is required to transfer such Borrowed Shares hereunder.
  - (b) The Forward Sale Agreement has been, and the Additional Forward Sale Agreement, if any, will be, duly authorized, executed and delivered by the Forward Purchaser and constitutes or will constitute, as applicable, a valid and binding agreement of such Forward Purchaser, enforceable against such Forward Purchaser in accordance with its terms, except to the extent that enforceability thereof may be limited by applicable 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).
  - (c) The Forward Seller will, at each Time of Delivery, have the free and unqualified right to transfer any Borrowed Underwritten Shares or Borrowed Option Shares, as the case may be, to the extent that it is required to transfer such Borrowed Shares hereunder, free and clear of any security interest, mortgage, pledge, lien, charge, claim, equity or encumbrance of any kind; and upon delivery of such Borrowed Shares and payment of the purchase price therefor as herein contemplated, assuming each of the Underwriters has no notice of any adverse claim, each of the Underwriters will have the free and unqualified right to transfer any such Borrowed Shares purchased by it from the

Forward Seller, free and clear of any security interest, mortgage, pledge, lien, charge, claim, equity or encumbrance of any kind.

- (d) The Forward Seller represents and warrants to, and agrees with, each Underwriter that it is acting solely as an agent for the Forward Purchaser in connection with the transactions contemplated hereby.

4. *Purchase and Sale.*

- (a) Subject to the terms and conditions herein set forth (i) each of the Forward Seller (with respect to the Borrowed Underwritten Shares) and the Corporation (with respect to any Corporation Top-Up Underwritten Shares), severally and not jointly, agrees to sell to each of the Underwriters, and each of the Underwriters, severally and not jointly, agrees to purchase from the Forward Seller (with respect to the Borrowed Underwritten Shares) and the Corporation (with respect to any Corporation Top-Up Underwritten Shares), at a purchase price per share of \$69.84, the number of Underwritten Shares set forth opposite the name of such Underwriter in Schedule I hereto and (ii) in the event and to the extent that the Underwriters shall exercise the election to purchase Option Shares as provided below, each of the Forward Seller (with respect to any Borrowed Option Shares) and the Corporation (with respect to any Corporation Top-Up Option Shares), severally and not jointly, agrees to sell to each of the Underwriters, and each of the Underwriters, severally and not jointly, agrees to purchase from the Forward Seller (with respect to any Borrowed Option Shares) and the Corporation (with respect to any Corporation Top-Up Option Shares), as applicable, at the purchase price per share set forth in this Section 4 (less an amount per share equal to any dividends or distributions declared by the Corporation and payable on the Underwritten Shares but not payable on the Option Shares), the number of Option Shares that bears the same ratio to the aggregate number of Option Shares being purchased on the Option Time of Delivery (as defined in Section 6 hereof) as the number of Underwritten Shares set forth opposite the name of such Underwriter in Schedule I hereto (or such number increased as set forth in Section 10 hereof) bears to the aggregate number of Underwritten Shares being purchased by the several Underwriters, subject, however, to such adjustments to eliminate any fractional Shares as the Representatives in their sole discretion shall make.
- (b) The Corporation hereby grants to the Underwriters the right to purchase at their election up to 1,387,500 Option Shares, at the purchase price per share set forth in the paragraph above. Any such election to purchase Option Shares may be exercised in whole or in part at one time only by written notice from the Representatives to the Corporation, given within a period of 30 calendar days after the date of this Agreement, setting forth the aggregate number of Option Shares as to which the Underwriters are then exercising the option and the time and date on which such Option Shares are to be delivered, as determined by the Representatives but in no event earlier than the First Time of Delivery (as defined in Section 6 hereof) or, unless the Representatives and the Corporation otherwise agree in writing, earlier than two or later than ten business days after the date of such notice. The Corporation shall, within one business day after such notice is given, execute and deliver to the Forward Seller

an additional letter agreement substantially in the form attached hereto as Schedule V between the Corporation and the Forward Purchaser (the "Additional Forward Sale Agreement") providing for the forward sale by the Corporation, subject to the Corporation's right to elect Cash Settlement or Net Share Settlement (as such terms are defined in such Additional Forward Sale Agreement), of a number of shares of Common Stock equal to the aggregate number of Option Shares being purchased by the Underwriters from the Forward Seller pursuant to the exercise of such option. Upon the Corporation's execution and delivery to the Forward Seller of such Additional Forward Sale Agreement, the Forward Purchaser shall promptly execute and deliver such Additional Forward Sale Agreement to the Corporation, and upon such execution and delivery to the Corporation, on the basis of the representations, warranties and agreements set forth herein, and subject to the conditions set forth herein, each of the Forward Seller (with respect to any Borrowed Option Shares) and the Corporation (with respect to any Corporation Top-Up Option Shares), severally and not jointly, hereby agrees to sell to the several Underwriters the aggregate number of Option Shares with respect to which the option is being exercised at the purchase price per share set forth in this Section 4.

- (c) If (i) any of the representations and warranties of the Corporation contained in Section 2 hereof or any certificate delivered by the Corporation pursuant hereto are not true and correct as of the First Time of Delivery as if made as of the First Time of Delivery, (ii) the Corporation has not performed in all material respects all of the obligations required to be performed by it under this Agreement on or prior to the First Time of Delivery, (iii) any of the conditions set forth in Section 8 hereof have not been satisfied on or prior to the First Time of Delivery, (iv) this Agreement shall have been terminated on or prior to the First Time of Delivery, or (v) the Corporation has not delivered to the Forward Purchaser an opinion of counsel pursuant to Section 4(a)(vii) of the Forward Sale Agreement, on or prior to the First Time of Delivery (clauses (i) through (v), together, the "Conditions"), then the Forward Seller, in its sole discretion, may elect not to borrow and deliver for sale to the Underwriters on the First Time of Delivery the Borrowed Underwritten Shares. In addition, in the event that, in the Forward Purchaser's commercially reasonable judgment, (A) the Forward Seller is unable to borrow and deliver for sale under this Agreement a number of shares of Common Stock equal to the number of Borrowed Underwritten Shares, or (B) the Forward Seller would incur a stock loan cost of more than a rate equal to 50 basis points per annum to do so, then, in each case, Forward Seller shall only be required to deliver for sale to the Underwriters on the First Time of Delivery the aggregate number of shares of Common Stock that Forward Seller is able to so borrow at or below such cost.
- (d) If the Corporation has entered into an Additional Forward Sale Agreement with the Forward Purchaser pursuant to Section 4(b) hereof, and (i) any of the representations and warranties of the Corporation contained in Section 2 hereof or any certificate delivered pursuant hereto are not true and correct in all material respects as of the Option Time of Delivery, (ii) the Corporation has not performed all of the additional obligations required to be performed by it under this Agreement on or prior to the Option Time of Delivery, (iii) any of the conditions set forth in Section 8 hereof have



not been satisfied on or prior to the Option Time of Delivery, (iv) this Agreement shall have been terminated on or prior to the Option Time of Delivery, or (v) the Corporation has not delivered to the Forward Purchaser an opinion of counsel pursuant to Section 4(a)(vii) of such Additional Forward Sale Agreement, on or prior to the Option Time of Delivery (clauses (i) through (v), together, the "Additional Conditions"), then the Forward Seller, in its sole discretion, may elect not to borrow and deliver for sale to the Underwriters on the Option Time of Delivery the Borrowed Option Shares. In addition, in the event that, in the Forward Purchaser's commercially reasonable judgment, (A) the Forward Seller is unable to borrow and deliver for sale under this Agreement a number of shares of Common Stock equal to the number of Borrowed Option Shares, or (B) the Forward Seller would incur a stock loan cost of more than a rate equal to 50 basis points per annum to do so, then, in each case, the Forward Seller shall only be required to deliver for sale to the Underwriters on the Option Time of Delivery the aggregate number of shares of Common Stock that such Forward Seller is able to so borrow at or below such cost.

- (e) If (i) the Forward Seller elects, pursuant to Section 4(c) hereof, not to borrow and deliver for sale to the Underwriters on the First Time of Delivery the total number of Borrowed Underwritten Shares, or (ii) the Forward Purchaser has entered into an Additional Forward Sale Agreement with the Corporation pursuant to Section 4(b) hereof and the Forward Seller elects, pursuant to Section 4(d) hereof, not to borrow and deliver for sale to the Underwriters on the Option Time of Delivery the total number of Borrowed Option Shares for the Option Time of Delivery, in either case, the Forward Seller will use its best efforts to notify the Corporation no later than 5:00 p.m., New York City time, on the second business day prior to the First Time of Delivery or the Option Time of Delivery, as the case may be.

5. *Offering by the Underwriters.* It is understood that the several Underwriters propose to offer the Shares for sale to the public as set forth in the Pricing Disclosure Package and the Prospectus. The Corporation acknowledges and agrees that the Underwriters may offer and sell Shares to or through any affiliate of an Underwriter.

6. *Payment and Delivery.*

- (a) Payment for the Shares shall be made by wire transfer in immediately available funds to the account specified to the Representatives by the Forward Seller (with respect to any Borrowed Shares) and the Corporation (with respect to any Corporation Shares) in connection with a closing (i) in the case of the Underwritten Shares, at the offices of Hunton & Williams LLP, 200 Park Avenue, 52<sup>nd</sup> Floor, New York, NY 10166, at 10:00 a.m., New York City time, on March 7, 2016, or at such other time or place on the same or such other date, not later than the fifth Business Day thereafter, as the Representatives, the Forward Seller and the Corporation may agree upon in writing or (ii) in the case of any Option Shares, on the date and at the time and place specified by the Representatives in the written notice of the Underwriters' election to purchase such Option Shares. The time and date of such payment for the Underwritten Shares is referred to herein as the "First Time of Delivery," and the time and date for such payment for the Option Shares, if not the First Time of Delivery, is herein called the

“Option Time of Delivery,” and each such time and date for delivery is herein called a “Time of Delivery.”

- (b) Payment for the Shares to be purchased on the First Time of Delivery or the Option Time of Delivery, if any, as the case may be, shall be made against delivery to the Representatives for the respective accounts of the several Underwriters of the Shares to be purchased on such Time of Delivery, with any transfer taxes payable in connection with the sale of such Shares duly paid by the Corporation (with respect to any Corporation Shares). Delivery of the Shares shall be made through the facilities of The Depository Trust Company (“DTC”) unless the Representatives shall otherwise instruct. The certificates for the Shares will be made available for inspection and packaging by the Representatives at the office of DTC or its designated custodian not later than 1:00 p.m., New York City time, on the Business Day prior to the First Time of Delivery or the Option Time of Delivery, as the case may be.
- (c) The documents to be delivered at each Time of Delivery by or on behalf of the parties hereto shall be delivered 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 you and the Corporation. For the purposes of this Section 6, “Business Day” shall mean each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in New York, New York or Charlotte, North Carolina are generally authorized or obligated by law or executive order to close.

7. *Covenants of the Corporation.* The Corporation covenants and agrees with the several Underwriters, the Forward Purchaser and the Forward Seller 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 and the Forward Seller 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 Shares (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 Shares 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 and the Forward Seller, the Corporation has not made and will not make any offer relating to the Shares 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 and the Forward Seller, 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 Shares 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, the use of which has been consented to by the Corporation and the Underwriters and the Forward Seller, is listed on Schedule III hereto 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 that if at any time following the issuance of a Permitted Free Writing Prospectus or any electronic roadshow or other written communication that constitutes an offer to buy the Shares provided to investors by, or with the approval of, the Corporation, any event occurs as a result of which such Permitted Free Writing Prospectus or such electronic roadshow or other written communication 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 the Forward Seller and, if requested by the Underwriters and the Forward Seller, will prepare and furnish without charge to each Underwriter and the Forward Seller 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.
- (f) 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.

- (g) 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.
- (h) The Corporation will arrange or cooperate in arrangements, if necessary, for the qualification of the Shares 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.
- (i) The Corporation will pay all expenses incident to the performance of its obligations under this Agreement and the Forward Sale Agreement and the Additional Forward Sale Agreement, if any, 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 Shares, (iii) the issuance and delivery of the Shares as specified herein, (iv) the fees and disbursements of counsel for the Underwriters in connection with the qualification of the Shares under the securities laws of any jurisdiction in accordance with the provisions of Section 7(h) 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 and expenses in connection with the listing of the Shares on the New York Stock Exchange, (vii) any filing fee required by the Financial Industry Regulatory Authority, Inc., (viii) the costs of any depository arrangements for the Shares with DTC or any successor depository and (ix) 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 Shares, 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 (ix).
- (j) During a period of 60 days from the date of the Prospectus, the Corporation will not, without the prior written consent of the Representatives, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer, dispose of, directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares or enter into any swap or other agreement that transfers, in whole or in part, the economic consequence of ownership of any Shares, whether any such swap or transaction is to be settled by delivery of Shares or other securities, in

cash or otherwise; provided, however, that the foregoing shall not apply to any securities or options to purchase any securities granted or sold pursuant to any employee or director compensation plans of the Corporation or employee or other investment plans of the Corporation in effect on the date of this Agreement.

- (k) The Corporation will use its best efforts to maintain the listing of the Shares on the New York Stock Exchange. Additionally, the Corporation will use its best efforts to list on the New York Stock Exchange, upon issuance by the Corporation, (i) the Corporation Shares to be issued and sold by the Corporation hereunder, if any, and (ii) the shares of Common Stock (if any) to be issued to the Forward Purchaser pursuant to the Forward Sale Agreement and the Additional Forward Sale Agreement, if any (whether pursuant to Physical Settlement, Net Share Settlement (as such terms are defined in the Forward Sale Agreement or the Additional Forward Sale Agreement, as applicable), the provisions of Section 9 (“Acceleration Events”) of the Forward Sale Agreement or the Additional Forward Sale Agreement, as applicable, or otherwise).

8. *Conditions of the Obligations of the Underwriters.* The obligations of the several Underwriters to purchase and pay for the Underwritten Shares on the First Time of Delivery or the Option Shares on the Option Time of Delivery, and the obligations of the Forward Seller to deliver and sell the Borrowed Underwritten Shares on the First Time of Delivery or the Borrowed Option Shares on the Option Time of Delivery, as the case may be, are 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 any 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 such Time of Delivery, 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 such Time of Delivery, 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 such Time of Delivery, 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 such Time of Delivery, 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 Shares on the terms and in the manner contemplated by the Pricing Disclosure Package and the Prospectus.

- (e) The Representatives, the Forward Purchaser and the Forward Seller, 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 such Time of Delivery, to the effect that:
- (i) Each of the Principal Subsidiaries, other than each of Duke Energy Carolinas, LLC, Duke Energy Florida, LLC and Duke Energy Progress, LLC, 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 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, 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 and the Forward Sale Agreement have been, and the Additional Forward Sale Agreement, if any, will be, duly authorized, executed and delivered by the Corporation.
- (vi) The execution, delivery and performance by the Corporation of this Agreement, the Forward Sale Agreement and any Additional Forward Sale Agreement and the consummation by the Corporation of the transactions contemplated hereby and thereby, including the issuance and sale of the Corporation Shares, if any, to be issued and sold by the Corporation hereunder, 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 Forward Sale Agreement and any Additional Forward Sale Agreement.
- (vii) No consent, approval, authorization, order, registration or qualification is required to authorize, or for the Corporation to consummate the transactions contemplated by this Agreement, the Forward Sale Agreement and any Additional Forward Sale 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 Shares by the Underwriters, the Forward Seller and the Forward Purchaser 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.
- (viii) The North Carolina Utilities Commission has issued an appropriate order with respect to the issuance and sale of the Shares in accordance with this Agreement, the Forward Sale Agreement and any Additional Forward Sale Agreement, and, to the best of such counsel's knowledge, such orders are still in effect; the issuance and sale of the Shares to the Underwriters are in conformity with the terms of such orders; and no other authorization, approval or consent of any other governmental body (other than in connection or compliance with the provisions of the securities or Blue Sky laws of any jurisdiction) is legally required for the issuance and sale of the Shares

pursuant to this Agreement, the Forward Sale Agreement and any Additional Forward Sale Agreement.

- (ix) The Corporation Shares, if any, to be issued and sold by the Corporation hereunder have been duly authorized, and, upon payment and delivery in accordance with this Agreement, such Corporation Shares will be validly issued, fully paid and nonassessable; none of the Shares are subject to preemptive rights of any security holder of the Corporation; and the Shares conform as to legal matters in all material respects to the description thereof in (i) the Base Prospectus under the caption "Description of Capital Stock" and (ii) the Pricing Disclosure Package and the Prospectus under the caption "Description of Common Stock". A number of shares of Common Stock equal to two times the aggregate Full Number of Shares (as such term is defined in the Forward Sale Agreement or the Additional Forward Sale Agreement, as applicable) have been duly authorized in connection with any share settlement obligations under the Forward Sale Agreement or Additional Forward Sale Agreement, if any (including in upon Physical Settlement or Net Share Settlement (as such terms are defined in the Forward Sale Agreement or Additional Forward Sale Agreement, as applicable)) and, upon issuance pursuant to the terms of the Transaction (as defined in the Forward Sale Agreement or Additional Forward Sale Agreement, as applicable), will be validly issued, fully paid and nonassessable (subject to customary exceptions, limitations and qualifications).

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 such Time of Delivery, 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 or (ii) 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) The Representatives, the Forward Purchaser and the Forward Seller, shall have received an opinion or opinions of Hunton & Williams LLP, counsel to the Corporation, dated such Time of Delivery, to the effect that:
  - (i) This Agreement and the Forward Sale Agreement have been, and each Additional Forward Sale Agreement will be, duly authorized, executed and delivered by the Corporation.
  - (ii) The Forward Sale Agreement is, and each Additional Forward Sale Agreement (if any) will be, valid and binding agreements of the Corporation, enforceable against the Corporation in accordance with their terms.
  - (iii) The execution and delivery by the Corporation of this Agreement, the Forward Sale Agreement and any Additional Forward Sale Agreement and the consummation by the Corporation of the transactions contemplated hereby and thereby, including the issuance and sale of the Corporation Shares, if any, to be issued and sold by the Corporation hereunder, will not (i) conflict with the Corporation's certificate of incorporation or Bylaws, (ii) constitute a violation of, or a breach of or default under, the terms of any of the contracts set forth on Schedule IV hereto or (iii) violate or conflict with, or result in any contravention of, any Applicable Law. "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 our having made any special investigation as to the applicability of any specific law, rule or regulation.
  - (iv) 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, the Forward Sale Agreement or any Additional Forward Sale Agreement by the Corporation or the consummation

by the Corporation of the transactions contemplated hereby or thereby, except for (A) registration of the Shares under the 1933 Act and (B) 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 Shares 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, the Forward Sale Agreement or any Additional Forward Sale 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.

- (v) The Corporation has been duly incorporated and is validly existing in good standing under the laws of the State of Delaware, and has the corporate power and corporate authority to execute and deliver this Agreement, the Forward Sale Agreement and any Additional Forward Sale Agreement and to consummate the transactions contemplated hereby and thereby.
- (vi) The Corporation Shares, if any, to be issued and sold by the Corporation hereunder have been duly authorized, and, upon payment and delivery in accordance with this Agreement, such Corporation Shares will be validly issued, fully paid and nonassessable; there are no preemptive rights under federal or New York law or under the General Corporation Law of the State of Delaware to subscribe for or to purchase Shares; there are no preemptive or other similar rights to subscribe for or to purchase Shares pursuant to the Certificate of Incorporation or By-Laws of the Corporation or any agreement or other instrument filed or incorporated by reference therein, or as an exhibit to, the Registration Statement. A number of shares of Common Stock equal to two times the aggregate Full Number of Shares (as such term is defined in the Forward Sale Agreement or the Additional Forward Sale Agreement, as applicable) have been duly authorized in connection with any share settlement obligations under the Forward Sale Agreement or Additional Forward Sale Agreement, if any (including in upon Physical Settlement or Net Share Settlement (as such terms are defined in the Forward Sale Agreement or Additional Forward Sale Agreement, as applicable)) and, upon issuance pursuant to the terms of the Transaction (as defined in the Forward Sale Agreement or Additional Forward Sale Agreement, as applicable), will be

validly issued, fully paid and nonassessable (subject to customary exceptions, limitations and qualifications).

- (vii) The Corporation is not and, solely after giving effect to the offering and sale of the Shares and the application of the proceeds thereof as described in the Prospectus, will not be an "investment company," as such term is defined in the Investment Company Act of 1940, as amended.
- (viii) The statements set forth 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.
- (ix) The statements set forth (i) under the caption "Description of Capital Stock" in the Base Prospectus and (ii) under the caption "Description of Common Stock" in the Pricing Disclosure Package and the Prospectus, insofar as such statements purport to summarize the terms of the Shares, fairly summarize such terms in all material respects.
- (x) The statements set forth in the Prospectus under the caption "U.S. Federal Income Tax Considerations for Non-U.S. Holders," insofar as they 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.

The Representatives, the Forward Purchaser and the Forward Seller, shall also have received a statement of Hunton & Williams LLP, dated such Time of Delivery, 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 or 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 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 or compliance with XBRL interactive data requirements) 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 such Time of Delivery, contained or contains 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 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). 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).

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 hereof, the Registration Statement became effective upon filing with the Commission pursuant to Rule 462 of the 1933 Act Regulations, 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 they have 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) The Representatives, the Forward Purchaser and the Forward Seller, shall have received an opinion of Sidley Austin LLP, counsel for the Underwriters, the Forward Purchaser and the Forward Seller, dated such Time of Delivery, with respect to the validity of the Shares, 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 they request 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 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 Shares being delivered at such Time of

Delivery 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 9 hereof and except for the expenses to be borne by the Corporation as provided in Section 7(i) hereof.

- (i) The Representatives, the Forward Purchaser and the Forward Seller, 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 such Time of Delivery, 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 such Time of Delivery, 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 Time of Delivery, that the conditions specified in Section 8(c) and Section 8(d) hereof 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, the Representatives and the Forward Seller, shall have received a letter dated such date, in form and substance satisfactory to the Representatives and the Forward Seller, 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 such Time of Delivery you shall have received from Deloitte & Touche LLP, a letter, dated such Time of Delivery, to the effect that such accountants reaffirm the statements made in the letter furnished pursuant to subsection (j) of this Section 8, except that the specified date referred to shall be a date not more than three business days prior to such Time of Delivery.
- (l) The Corporation Shares, if any, to be issued and sold by the Corporation hereunder on the First Time of Delivery or the Option Time of Delivery, if any, and the shares of Common Stock (if any) deliverable to the Forward Purchaser pursuant to the Forward Sale Agreement and the Additional Forward Sale Agreement, if any, (whether pursuant to Physical Settlement, Net Share Settlement (as such terms are defined in the Forward Sale Agreement or relevant Additional Forward Sale Agreement, as applicable), the provisions of Section 9 ("*Acceleration Events*") of the Forward Sale

Agreement or relevant Additional Forward Sale Agreement, as applicable, or otherwise, in each case, shall have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

- (m) At the First Time of Delivery, the Corporation shall have furnished to the Representatives an agreement substantially in the form of Exhibit 1 hereto from each of the parties listed on Schedule VI hereto addressed to the Representatives.
- (n) The Corporation will furnish you with such conformed copies of such opinions, certificates, letters and documents as you reasonably request.

9. *Indemnification.* (a) The Corporation agrees to indemnify and hold harmless each Underwriter, the Forward Purchaser and the Forward Seller, their respective affiliates, officers and directors, and each person, if any, who controls any Underwriter 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, any issuer free writing prospectus as defined in Rule 433 of the 1933 Act Regulations or any electronic roadshow or other written communication that constitutes an offer to buy the Shares provided to investors by, or with the approval of, the Corporation, 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 or the Forward Purchaser or Forward Seller 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 9.

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 9(a) and 9(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 Shares.

- (b) (i) Each Underwriter, severally and not jointly, 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.

- (ii) The Forward Seller agrees that it will indemnify and hold harmless the Corporation, its directors and each of the officers who signed the Registration Statement, each Underwriter, each of the directors and officers of each Underwriter, and each person, if any, who controls the Corporation or any of the Underwriters within the meaning of Section 15 of the 1933 Act to the same extent as the indemnity set forth in paragraph (a) above, but only with respect to any and all loss, liability, claim, damage and expense whatsoever arising out of, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any written information relating to the Forward Seller or the Forward Purchaser furnished to the Corporation by the Forward Seller or the Forward Purchaser expressly for use in the Registration Statement, the Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus (or any amendment or supplement thereto), any Permitted Free Writing Prospectus and any issuer free writing prospectus as defined in Rule 433 of the 1933 Act Regulations, it being understood and agreed upon that the only such information furnished by the Forward Seller or the Forward Purchaser consists of the following information in the Prospectus: the statement regarding affiliations with Barclays Capital Inc. on the cover page of the Prospectus.
- (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 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 9 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, the Forward Purchaser and the Forward Seller on the other from the offering of the Shares. 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, the Forward Purchaser and the Forward Seller 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, the Forward Purchaser and the Forward Seller 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 (which benefits shall include the proceeds to be received by the Corporation pursuant to the Forward Sale Agreement and the Additional Forward Sale Agreement, if any, assuming, in each case, Physical Settlement thereof on the Effective Date (as such terms are defined in the Forward Sale Agreement or Additional Forward Sale Agreement, as the case may be)) 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, or with respect to the Forward Seller and the Forward Purchaser, the aggregate spread received by affiliates of the Forward Seller under the Forward Sale Agreement and the Additional Forward Sale Agreement, if any, net of any costs associated therewith, as reasonably determined by the Forward Seller, bear to the aggregate offering price, as applicable. 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, the Forward Purchaser or the Forward Seller on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Corporation, the Underwriters and the Forward Seller 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, the Forward Purchaser and the Forward Seller 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, Forward Purchaser or Forward Seller (except as may be provided in any agreement among the Underwriters, the Forward Purchaser and the Forward Seller relating to the offering of the Shares) shall be required to contribute any amount in excess of the amount, with respect to the Underwriters, by which the total price at which the Shares underwritten by it and distributed to the public were offered to the public or, with respect to the Forward Seller and the Forward Purchaser, the aggregate spread

received by affiliates of the Forward Seller under the Forward Sale Agreement and the Additional Forward Sale Agreement, if any, net of any costs associated therewith, exceeds the amount of any damages which such Underwriter, Forward Purchaser or Forward Seller 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' and the Forward Seller's obligations to contribute are several in proportion to their respective obligations and not joint.

10. *Default by One or More of the Underwriters.*

- (a) If any Underwriter shall default in its obligation to purchase the number of Shares which it has agreed to purchase hereunder on such Time of Delivery, you may in your discretion arrange for you or another party or other parties to purchase such Shares 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 Shares, 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 Shares 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 Shares, or the Corporation notifies you that it has so arranged for the purchase of such Shares, you or the Corporation shall have the right to postpone such Time of Delivery 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 Shares.
- (b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you or the Corporation as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased does not exceed one-tenth of the aggregate number of all the Shares to be purchased at such Time of Delivery, then the Corporation shall have the right to require each non-defaulting Underwriter to purchase the number of Shares which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares which such Underwriter agreed to purchase hereunder at such Time of Delivery) of the Shares 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 Shares of a defaulting Underwriter or Underwriters by you or the Corporation as provided in subsection (a) above, the aggregate number of such Shares which remains

unpurchased exceeds one-tenth of the aggregate number of all the Shares to be purchased at such Time of Delivery, or if the Corporation shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement (or, with respect to the Option Time of Delivery, if any, the obligations of the Underwriters to purchase and of the Corporation to sell the Option Shares) 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 7(i) hereof and the indemnity and contribution agreement in Section 9 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

11. *Issuance and Sale by the Corporation.*

- (a) In the event that (i) all the Conditions are not satisfied on or prior to the First Time of Delivery or, in respect of the Additional Forward Sale Agreement, if any, entered into pursuant to Section 4(b), all the Additional Conditions are not satisfied on the Option Time of Delivery, if any, as the case may be, and the Forward Seller elects, pursuant to Section 4(c) or Section 4(d) hereof, as the case may be, not to deliver the Borrowed Underwritten Shares or the Borrowed Option Shares deliverable by the Forward Seller, as applicable, (ii) in the Forward Purchaser's commercially reasonable judgment, the Forward Seller is unable to borrow and deliver for sale under this Agreement a number of shares of Common Stock equal to the number of the Borrowed Underwritten Shares or Borrowed Option Shares, as applicable, to be borrowed and delivered for sale by the Forward Seller under this Agreement or (iii) in the Forward Purchaser's commercially reasonable judgment, the Forward Seller would incur a stock loan cost of more than a rate equal to 50 basis points per annum to do so, then, in each case, the Corporation shall issue and sell to the Underwriters, pursuant to Section 4 hereof, in whole but not in part, an aggregate number of shares of Common Stock equal to the number of Borrowed Underwritten Shares or Borrowed Option Shares, as the case may be, that the Forward Seller does not so deliver and sell to the Underwriters. In connection with any such issuance and sale by the Corporation, the Corporation or the Representatives shall have the right to postpone the First Time of Delivery or the Option Time of Delivery, as the case may be, for a period not exceeding three business days in order to effect any required changes in any documents or arrangements. The shares of Common Stock sold by the Corporation to the Underwriters pursuant to this Section 11(a) in lieu of Borrowed Underwritten Shares are referred to herein as the "Corporation Top-Up Underwritten Shares," and the shares of Common Stock sold by the Corporation to the Underwriters pursuant to this Section 11(a) in lieu of Borrowed Option Shares are referred to herein as the "Corporation Top-Up Option Shares."
- (b) Neither the Forward Purchaser nor the Forward Seller shall have any liability whatsoever for any Borrowed Shares that the Forward Seller does not deliver and sell to the Underwriters or any other party if (i) all of the Conditions are not satisfied on or prior to the First Time of Delivery, in the case of Borrowed Underwritten Shares, or all of the Additional Conditions are not satisfied on or prior to the Option Time of Delivery, in the case of Borrowed Option Shares, and the Forward Seller elects,

pursuant to Section 4(c) or Section 4(d) hereof, as the case may be, not to deliver and sell to the Underwriters the Borrowed Underwritten Shares or the Borrowed Option Shares, as applicable, (ii) in the Forward Purchaser's commercially reasonable judgment, the Forward Seller is unable to borrow and deliver for sale under this Agreement on the First Time of Delivery or the Option Time of Delivery, as the case may be, a number of shares of Common Stock equal to the number of the Borrowed Underwritten Shares or Borrowed Option Shares, as applicable, to be borrowed and delivered for sale by the Forward Seller under this Agreement or (iii) in the Forward Purchaser's commercially reasonable judgment, the Forward Seller would incur a stock loan cost of more than a rate equal to 50 basis points per annum to do so.

12. *Survival.* The respective indemnities, rights of contribution, agreements, representations, warranties and other statements of the Corporation or its officers and of the several Underwriters and the Forward Seller 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, the Forward Purchaser and the Forward Seller or the Corporation, or any of its officers or directors or any controlling person, and shall survive delivery of and payment for the Shares.

13. *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.

14. *No Fiduciary Relationship.* The Corporation acknowledges and agrees that (i) the purchase and sale of the Shares pursuant to this Agreement is an arm's-length commercial transaction between the Corporation on the one hand, and the Underwriters, the Forward Purchaser and the Forward Seller on the other hand, (ii) in connection with the offering contemplated hereby and the process leading to such transaction, each Underwriter, Forward Purchaser and Forward Seller 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, Forward Purchaser or Forward Seller 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, Forward Purchaser or Forward Seller has advised or is currently advising the Corporation on other matters) and no Underwriter, Forward Purchaser or Forward Seller has any obligation to the Corporation with respect to the offering contemplated hereby except the obligations expressly set forth in this Agreement, the Forward Sale Agreement and the Additional Forward Sale Agreement, if any, (iv) the Underwriters, the Forward Purchaser and the Forward Seller 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, the Forward Purchaser and the Forward Seller 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.

15. *Notices.* All communications hereunder will be in writing and, if sent to the Underwriters, will be mailed or telecopied and confirmed to the Underwriters, in care of

Barclays Capital Inc., Attn: Syndicate Registration, 745 Seventh Avenue, New York, N.Y. 10019 (Fax no.: (646) 834-8133); Citigroup Global Markets Inc., 388 Greenwich Street, New York, New York, 10013, Attention: General Counsel (Fax no.: (646) 291-1469); J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179, Attention Equity Syndicate Desk (Fax no.: (212) 622-8358); Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Bryant Park, New York, New York 10036, attention of Syndicate Department (Fax no.: (646) 855-3073), with a copy to Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Bryant Park, New York, New York 10036, attention of ECM Legal (Fax no.: (212) 230-8730); Wells Fargo Securities, LLC, 375 Park Avenue, New York, New York 10152, Attention: Equity Syndicate Department (facsimile number 212-214-5918); if sent to the Forward Purchaser or the Forward Seller, will be mailed, or telecopied to Barclays Bank PLC, c/o Barclays Capital Inc., 745 Seventh Avenue, New York, NY 10019, Attention: Paul Robinson (Fax no.: (646) 834-8133); 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; provided, however, that any notice to an Underwriter pursuant to Section 9 hereof shall be delivered or sent by mail or telecopy to such Underwriter at its address or telecopy number set forth in its Underwriters' Questionnaire or telex constituting such Questionnaire, which address or telecopy number will be supplied to the Corporation by the Representatives. Any such communications shall take effect upon receipt thereof.

16. *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.

17. *Successors.* This Agreement shall inure to the benefit of and be binding upon the Underwriters, the Forward Seller 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, the Forward Purchaser and their respective successors and the controlling persons, officers and directors referred to in Section 9 hereof 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, the Forward Purchaser 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 Shares from any Underwriter, the Forward Purchaser or the Forward Seller shall be deemed to be a successor or assign by reason merely of such purchase.

18. *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.

19. *Applicable Law.* This Agreement and any claim, controversy or dispute arising under or related to this Agreement shall be governed by, and construed in accordance with, the laws of the State of New York. Any legal suit, action or proceeding arising out of or based upon this Agreement or the transactions contemplated hereby shall be instituted in (I) the federal courts of the United States of America located in the City and County of New York, Borough of Manhattan or (II) the courts of the State of New York located in the City and County of New

York, Borough of Manhattan, and each party irrevocably submits to the exclusive jurisdiction (except for proceedings instituted in regard to the enforcement of a judgment of any such court, as to which such jurisdiction is non-exclusive) of such courts in any such suit, action or proceeding.

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 Representatives on behalf of each of the Underwriters, this letter and such confirmation and acceptance will become a binding agreement among the Corporation, the Underwriters and the Forward Seller, 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

[Remainder of Page Intentionally Left Blank]

Confirmed and accepted as of the date first above written.

BARCLAYS CAPITAL INC.

By: /s/ Paul L. Robinson  
Name: Paul Robinson  
Title: Managing Director

CITIGROUP GLOBAL MARKETS INC.

By: /s/ Dylan Tomay  
Name: Dylan Tomay  
Title: Managing Director

J.P. MORGAN SECURITIES LLC

By: /s/ Geoffrey Paul  
Name: Geoffrey Paul  
Title: Managing Director — Energy Equity Capital Markets

MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED

By: /s/ Shiv Vasisht  
Name: Shiv Vasisht  
Title: Managing Director

WELLS FARGO SECURITIES, LLC

By: /s/ David Herman  
Name: David Herman  
Title: Director

On behalf of themselves and each of the Underwriters



BARCLAYS CAPITAL INC.

By: /s/ Paul Robinson  
Name: Paul Robinson  
Title: Managing Director

Acting in its capacity as Forward Seller and as  
agent for Barclays Bank PLC

**SCHEDULE I**

**Underwriters**

<b>Underwriter</b>	<b>Total Number of Underwritten Shares to be Purchased</b>
Barclays Capital Inc.	3,700,000
Citigroup Global Markets Inc.	555,000
J.P. Morgan Securities LLC	555,000
Merrill Lynch, Pierce, Fenner & Smith Incorporated	555,000
Wells Fargo Securities, LLC	555,000
BNP Paribas Securities Corp.	268,250
BTIG, LLC	268,250
Credit Suisse Securities (USA) LLC	344,100
Loop Capital Markets LLC	344,100
Mitsubishi UFJ Securities (USA), Inc.	344,100
Mizuho Securities USA Inc.	344,100
RBC Capital Markets, LLC	268,250
Scotia Capital (USA) Inc.	268,250
SunTrust Robinson Humphrey, Inc.	268,250
TD Securities (USA) LLC	268,250
UBS Securities LLC	344,100
<b>Total Shares</b>	<b>9,250,000</b>

**SCHEDULE II**

Shares Offered: 9,250,000

Initial Public Offering Price: \$72.00

---

**SCHEDULE III**

Permitted Free Writing Prospectus

- None.
-

**SCHEDULE IV**

Material Agreements

1. 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.

---

**SCHEDULE V**

[Form of Additional Forward Sale Agreement]

---

**FORM OF ADDITIONAL FORWARD CONFIRMATION**

Barclays Bank PLC  
c/o Barclays Capital Inc.  
as Agent for Barclays Bank PLC  
745 Seventh Ave  
New York, NY 10019  
Telephone: +1 212 412 4000

**DATE:** , 2016

**TO:** Duke Energy Corporation  
**ATTENTION:** 550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
**TELEPHONE:** 980-373-3564

**FROM:** Barclays Capital Inc., acting as Agent for Barclays Bank PLC  
**TELEPHONE:** 212-412-4000  
**SUBJECT:** Additional Issuer Forward Transaction

The purpose of this letter agreement (this “**Confirmation**”) is to confirm the terms and conditions of the Transaction entered into between Barclays Bank PLC (“**Barclays**”), through its agent Barclays Capital Inc. (the “**Agent**”), and Duke Energy Corporation (“**Counterparty**”), on the Trade Date specified below (the “**Transaction**”). This Confirmation constitutes a “Confirmation” as referred to in the Agreement specified below. This Confirmation is a confirmation for purposes of Rule 10b-10 promulgated under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”).

This Confirmation evidences a complete and binding agreement between Barclays and Counterparty as to the terms of the Transaction to which this Confirmation relates and supersedes all prior or contemporaneous written or oral communications with respect thereto. This Confirmation shall supplement, form a part of, and be subject to an agreement (the “**Agreement**”) in the form of the 1992 ISDA Master Agreement (Multicurrency — Cross Border) as if Barclays and Counterparty had executed an agreement in such form (without any Schedule but with the elections set forth in this Confirmation) on the Trade Date. The Transaction hereunder shall be the sole Transaction under the Agreement. If there exists any ISDA Master Agreement between Barclays and Counterparty or any confirmation or other agreement between Barclays and Counterparty pursuant to which an ISDA Master Agreement is deemed to exist between Barclays and Counterparty, then notwithstanding anything to the contrary in such ISDA Master Agreement, such confirmation or agreement or any other agreement to which Barclays and Counterparty are parties, the Transaction shall not be considered a Transaction under, or otherwise governed by, such existing or deemed ISDA Master Agreement.

The definitions and provisions contained in the 2006 ISDA Definitions (the “**Swap Definitions**”) and the 2002 ISDA Equity Derivatives Definitions (the “**Equity Definitions**”) as published by the International Swaps and Derivatives Association, Inc. (“**ISDA**”) are incorporated into this Confirmation. Any reference to a currency shall have the meaning contained in Section 1.7 of the 2006 ISDA Definitions as published by ISDA.

THIS CONFIRMATION AND THE AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO CHOICE OF LAW DOCTRINE THAT WOULD APPLY THE LAWS OF ANOTHER JURISDICTION. NOTWITHSTANDING THE FOREGOING, OR ANYTHING TO THE CONTRARY IN THIS CONFIRMATION OR THE AGREEMENT, COUNTERPARTY DOES NOT BY THIS CONFIRMATION OR

THE TRANSACTION HEREUNDER SUBMIT TO THE JURISDICTION OF ANY FOREIGN NATION OR FOREIGN SUPRANATIONAL ORGANIZATION OR SUCH ENTITY'S LAWS OR REGULATIONS, INCLUDING WITHOUT LIMITATION THE EUROPEAN MARKET INFRASTRUCTURE REGULATION. THIS CONFIRMATION, THE AGREEMENT AND THE TRANSACTION ARE INTENDED TO BE GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK AND NOT THE LAWS, RULES OR REGULATIONS OF ANY FOREIGN JURISDICTION.

THE PARTIES HERETO IRREVOCABLY SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES DISTRICT COURT LOCATED IN THE BOROUGH OF MANHATTAN IN NEW YORK CITY IN CONNECTION WITH ALL MATTERS RELATING HERETO AND WAIVE ANY OBJECTION TO THE LAYING OF VENUE IN, AND ANY CLAIM OF INCONVENIENT FORUM WITH RESPECT TO, THESE COURTS.

Each of Barclays and Counterparty acknowledges to and agrees with the other party hereto and to and with the Agent that (i) the Agent is acting as agent for Barclays under the Transaction pursuant to instructions from Barclays, (ii) the Agent is not a principal or party to the Transaction, and may transfer its rights and obligations with respect to the Transaction, it being understood that no such transfer shall release Barclays from any of its obligations with respect to the Transaction, (iii) the Agent shall have no responsibility, obligation or liability, by way of issuance, guaranty, endorsement or otherwise in any manner with respect to the performance of either party under the Transaction, (iv) Barclays and the Agent have not given, and Counterparty is not relying (for purposes of making any investment decision or otherwise) upon, any statements, opinions or representations (whether written or oral) of Barclays or the Agent, other than the representations expressly set forth in this Confirmation or the Agreement, and (v) each party agrees to proceed solely against the other party, and not the Agent, to collect or recover any money or securities owed to it in connection with the Transaction. Each party hereto acknowledges and agrees that the Agent is an intended third party beneficiary hereunder. Counterparty acknowledges that the Agent is an affiliate of Barclays. Barclays will be acting for its own account in respect of this Confirmation and the Transaction contemplated hereunder.

The time of dealing for the Transaction will be confirmed by Barclays upon written request by Counterparty. The Agent will furnish to Counterparty upon written request a statement as to the source and amount of any remuneration received or to be received by the Agent in connection with the Transaction.

**Barclays Bank PLC is not a member of the Securities Investor Protection Corporation ("SIPC"). Barclays is authorized by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.**

1. In the event of any inconsistency among this Confirmation, the Swap Definitions, the Equity Definitions or the Agreement, the following will prevail for purposes of the Transaction in the order of precedence indicated: (i) this Confirmation; (ii) the Equity Definitions; (iii) the Swap Definitions and (iv) the Agreement.

2. Each party will make each payment specified in this Confirmation as being payable by such party not later than the specified due date, for value on that date in the place of the account specified below or otherwise specified in writing, in freely transferable funds and in a manner customary for payments in the required currency.

3. **General Terms:**

Buyer:	Barclays.
Seller:	Counterparty.
Trade Date:	[•], 2016.
Effective Date:	[•], 2016, or such later date on which the conditions set forth in Section 4 of this Confirmation have been satisfied.



Number of Shares: Initially, (x) if no Initial Hedging Disruption (as defined in Section 4(b)) occurs, [\*] Shares (the "Full Number of Shares") or (y) if an Initial Hedging Disruption occurs, the Reduced Number of Shares (as defined in Section 4(b)).

Maturity Date: June 30, 2017 (or, if such date is not a Clearance System Business Day, the next following Clearance System Business Day).

Daily Forward Price: On the Effective Date, the Initial Forward Price, and on any other day, the Daily Forward Price as of the immediately preceding calendar day *multiplied* by the sum of (i) 1 and (ii) the Daily Rate for such day; *provided* that on each Forward Price Reduction Date (including, for the avoidance of doubt, any Forward Price Reduction Date occurring from the Trade Date to a date on or before the Effective Date), the Daily Forward Price in effect on such date shall be the Daily Forward Price otherwise in effect on such date, *minus* the Forward Price Reduction Amount for such Forward Price Reduction Date.

Initial Forward Price: USD \$69.84 per Share.

Daily Rate: For any day, (i)(A) USD-Federal Funds Rate for such day, *minus* (B) the Spread, *divided* by (ii) 365. For the avoidance of doubt, the Daily Rate may be negative.

USD-Federal Funds Rate: For any day, the rate set forth for such day opposite the caption "Federal funds", as such rate is displayed on the page "FedsOpen <Index> <GO>" on the BLOOMBERG Professional Service, or any successor page; *provided* that if no rate appears for any day on such page, the rate for the immediately preceding day for which a rate appears shall be used for such day.

Spread: 75 basis points.

Forward Price Reduction Date: Each ex-dividend date for the Shares as set forth in Schedule I hereto.

Forward Price Reduction Amount: For each Forward Price Reduction Date, the Forward Price Reduction Amount set forth opposite such date on Schedule I.

Shares: Common stock, \$0.001 par value per share, of Counterparty (Exchange identifier: "DUK").

Exchange: New York Stock Exchange.

Related Exchange(s): All Exchanges.

Clearance System: The Depository Trust Company.

**Valuation:**

Designated Valuation: Subject to Section 9 of this Confirmation, Counterparty shall have the right to designate a date (a “**Designated Date**”) occurring on or prior to the Maturity Date for a valuation and settlement of the Transaction with respect to all or a portion of the Undesignated Shares as of the Designated Date by written notice to Barclays delivered no later than the applicable Settlement Method Election Date; *provided* that Counterparty may not designate a Designated Date occurring during an Unwind Period related to a different Designated Date. The portion of the Undesignated Shares designated for valuation and settlement in respect of a Designated Date shall be the “**Designated Shares**” for such Designated Date. If the number of Undesignated Shares on the Maturity Date is greater than zero, then the Maturity Date will be a Designated Date for a Physical Settlement with a number of Designated Shares equal to such number of Undesignated Shares.

Valuation Date: With respect to any Physical Settlement, the relevant Designated Date. With respect to any Cash Settlement or Net Share Settlement, the last day of the related Unwind Period.

Undesignated Shares: At any time, the Number of Shares *minus* the aggregate number of Designated Shares for all Designated Dates occurring prior to such time.

Unwind Period: For any Cash Settlement or Net Share Settlement, a period beginning on, and including, the Designated Date and ending on the date on which Barclays or its affiliates finishes unwinding Barclays’ Hedge Positions in respect of such Designated Date.

Market Disruption Event: Section 6.3(a) of the Equity Definitions shall be amended by deleting the words “at any time during the one hour period that ends at the relevant Valuation Time, Latest Exercise Time, Knock-in Valuation Time or Knock-out Valuation Time, as the case may be” and replacing them with the words “at any time during the regular trading session on the Exchange, without regard to after hours or any other trading outside of the regular trading session hours”, and by replacing “or (iii) an Early Closure” with: “(iii) an Early Closure, or (iv) a Regulatory Disruption.”

Section 6.3(d) of the Equity Definitions is hereby amended by deleting the remainder of the provision following the term “Scheduled Closing Time” in the fourth line thereof.

Any Exchange Business Day on which, as of the date hereof, the Exchange is scheduled to close prior to its normal close of trading shall be deemed not to be an Exchange Business Day; if a closure of the Exchange prior to its normal close of

trading on any Exchange Business Day is scheduled following the date hereof, then such Exchange Business Day shall be deemed to be a Disrupted Day in full.

A “Regulatory Disruption” shall occur if Barclays determines in good faith and in its reasonable discretion, based on advice of counsel, that it is appropriate in light of legal, regulatory or self-regulatory requirements or related policies or procedures (so long as such requirements, policies or procedures, if voluntarily adopted by Barclays, generally are applicable in similar circumstances and are not arbitrarily or capriciously applied) for Barclays (or its agent or affiliate) to refrain from all or any part of the market activity in which it would otherwise engage in connection with the Transaction.

Consequences of Disrupted Days:

As set forth in Section 9 of this Confirmation.

**Settlement:**

Settlement Date:

The date one Settlement Cycle following each Valuation Date, except that in the case of Physical Settlement, the date two Clearance System Business Days following the relevant Designated Date.

Settlement Method Election:

Applicable; *provided* that:

- (i) Net Share Settlement shall be deemed to be included as an additional potential settlement method under Section 7.1 of the Equity Definitions;
- (ii) Counterparty may elect Cash Settlement or Net Share Settlement only if Counterparty represents and warrants to Barclays in writing that, as of the date of such election,
  - (A) Counterparty is not aware of any material nonpublic information concerning itself or the Shares;
  - (B) Counterparty is electing the settlement method and designating the related Designated Date in good faith and not as part of a plan or scheme to evade compliance with Rule 10b-5 under the Exchange Act (“Rule 10b-5”) or any other provision of the federal securities laws;
  - (C) Counterparty is not “insolvent” (as such term is defined under Section 101(32) of the U.S. Bankruptcy Code (Title 11 of the United States Code) (the “Bankruptcy Code”));
  - (D) Counterparty would be able to purchase, in open market transactions, a number of Shares equal to the number of related Designated Shares (or, if greater in the case of a Net Share Settlement, a number of Shares with a value as of the date of such election

equal to the product of (I) such number of Designated Shares and (II) the then-current Daily Forward Price) in compliance with the laws of Counterparty's jurisdiction of organization;

(E) Counterparty is not electing Cash Settlement or Net Share Settlement to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for Shares); and

(F) such election, and settlement in accordance therewith, does not and will not violate or conflict with any law, regulation or supervisory guidance applicable to Counterparty, or any order or judgment of any court or other agency of government applicable to it or any of its assets, and any governmental consents that are required to have been obtained by Counterparty with respect to such election or settlement have been obtained and are in full force and effect and all conditions of any such consents have been complied with.

(iii) Notwithstanding any election to the contrary as of any Settlement Method Election Date, Physical Settlement shall be applicable:

(A) to all of the Designated Shares for the relevant Designated Date if, on the relevant Settlement Method Election Date, (I) the trading price per Share on the Exchange (as determined by Barclays) is below USD \$34.92 (the "Threshold Price") or (II) Barclays determines, in its good faith and reasonable judgment, that it would be unable to purchase a number of Shares in the market sufficient to unwind its hedge position in respect of the Transaction and satisfy its delivery obligation hereunder, if any, by the Maturity Date (x) in a manner that (A) would, if purchases by Barclays were considered purchases by Counterparty or by an affiliated purchaser of Counterparty, be compliant with the safe harbor provided by Rule 10b-18(b) under the Exchange Act and (B) based on the advice of counsel, would not raise material risks under applicable securities laws or (y) due to the lack of sufficient liquidity in the Shares (each, a "Trading Condition"); or

(B) to all or a portion of the Designated Shares for the relevant Designated Date if, on any day during the relevant Unwind Period, (I) the trading price per Share on the Exchange (as determined by Barclays)

is below the Threshold Price or (II) Barclays determines, in its good faith and reasonable judgment, that a Trading Condition has occurred, in which case the provisions set forth below in Section 9(c) shall apply as if such day were the "Early Valuation Date" and (x) for purposes of clause (i) of such paragraph, such day shall be the last Unwind Date of such Unwind Period and the "Unwound Shares" shall be calculated to, and including, such day and (y) for purposes of clause (ii) of such paragraph, the "Remaining Amount" shall be equal to the number of Designated Shares for the relevant Designated Date *minus* the Unwound Shares determined in accordance with clause (x) of this sentence.

Electing Party:	Counterparty.
Settlement Method Election Date:	The fifth Scheduled Trading Day immediately preceding the relevant Designated Date, except that in the case of Physical Settlement, the date specified in writing by Counterparty no later than 5:00 p.m., New York City time, on the relevant Designated Date.
Default Settlement Method:	Physical Settlement.
Physical Settlement:	If Physical Settlement is applicable, then on the relevant Settlement Date, Barclays will pay to Counterparty an amount equal to the product of (x) the number of Designated Shares for the related Designated Date and (y) the Daily Forward Price on such Settlement Date and Counterparty will deliver to Barclays a number of Shares equal to such number of Designated Shares. Section 9.2 of the Equity Definitions (other than the last sentence thereof) will not apply to any Physical Settlement.
Prepayment:	Not Applicable.
Variable Obligation:	Not Applicable.
Cash Settlement Payment Date:	The third Currency Business Day following each Valuation Date.
Forward Cash Settlement Amount:	The aggregate sum, for all Unwind Dates in the relevant Unwind Period, of the Daily Cash Settlement Amounts.
Daily Cash Settlement Amount:	For any Unwind Date, the product of (i) the Daily Share Number of such Unwind Date and (ii)(A) the Settlement Price for such Unwind Date <i>minus</i> (B) the Daily Forward Price on the day that is one Settlement Cycle immediately following such Unwind Date.
Unwind Date:	Each Exchange Business Day during the Unwind Period on which Barclays or its affiliates unwind any portion of

	Barclays' Hedge Positions in respect of the relevant Designated Date.
Daily Share Number:	For any Unwind Date, the number of Designated Shares with respect to which Barclays or its affiliates unwind any portion of Barclays' Hedge Positions in respect of the relevant Designated Date.
Settlement Price:	For any Unwind Date, the weighted average price per Share at which Barclays or its affiliates unwind any portion of Barclays' Hedge Positions on such Unwind Date in respect of the relevant Designated Date <i>plus</i> USD0.02.
Net Share Settlement:	If Net Share Settlement is applicable, then on the relevant Net Share Settlement Date: <ul style="list-style-type: none"><li>(i) if the Net Share Settlement Number is positive, then Counterparty will deliver to Barclays a number of Shares equal to the Net Share Settlement Number; and</li><li>(ii) if the Net Share Settlement Number is negative, then Barclays will deliver to Counterparty a number of Shares equal to the absolute value of the Net Share Settlement Number;</li></ul> in either case in accordance with Section 9.2 (last sentence only), 9.4 (with the Net Share Settlement Date deemed to be a "Settlement Date" for purposes of such Section 9.4), 9.8, 9.9, 9.11 (as modified herein) and 9.12 of the Equity Definitions as if Physical Settlement were applicable.
Net Share Settlement Number:	A number of Shares equal to the sum of (i) the Aggregate Net Share Number as of the last Unwind Date in any Unwind Period and (ii) the sum of the quotients (rounded to the nearest whole number), for each Unwind Adjustment Amount for such Unwind Period, obtained by dividing (x) such Unwind Adjustment Amount by (y) the Settlement Price on the Forward Price Reduction Date relating to such Unwind Adjustment Amount.
Aggregate Net Share Number:	As of any date, the aggregate sum, for all Unwind Dates in the relevant Unwind Period occurring on or prior to such date, of the quotient (rounded to the nearest whole number) obtained by dividing (x) the Daily Cash Settlement Amount for such Unwind Date by (y) the Settlement Price for such Unwind Date.
Net Share Settlement Date:	The date one Settlement Cycle following each Valuation Date.
Unwind Adjustment Amount:	For any Unwind Period, for any Forward Price Reduction Date that occurs during the period from, and including, the date one Settlement Cycle immediately following the relevant Designated Date to, and including, the date one Settlement

	<p>Cycle immediately following the relevant Valuation Date, an amount equal to the product of (i) the relevant Forward Price Reduction Amount <i>multiplied by</i> (ii)(A) if the Aggregate Net Share Number as of the date immediately prior to the date one Settlement Cycle immediately preceding the relevant Forward Price Reduction Date is a positive number, such Aggregate Net Share Number or (B) otherwise, zero.</p>
Unwound Shares:	<p>For any Unwind Period at any time, the aggregate sum of the Daily Share Numbers for all Unwind Dates in such Unwind Period that have occurred prior to such time.</p>
Delivery of Shares:	<p>Notwithstanding anything to the contrary herein, Barclays may, by prior notice to Counterparty, satisfy its obligation to deliver any Shares or other securities on any date due (an "Original Delivery Date") by making separate deliveries of Shares or such securities, as the case may be, at more than one time on or prior to such Original Delivery Date, so long as the aggregate number of Shares and other securities so delivered on or prior to such Original Delivery Date is equal to the number required to be delivered on such Original Delivery Date.</p>
Consequences of Late Delivery:	<p>Without limiting the generality of this Confirmation, the Agreement and the Equity Definitions, if for any reason Counterparty fails to deliver when due any Shares required to be delivered hereunder and a Forward Price Reduction Date occurs on or after the date such Shares are due and on or before the date such Shares are delivered, Counterparty acknowledges and agrees that, in addition to any other amounts for which Counterparty may be liable hereunder or under law (but without duplication), Counterparty shall be liable to Barclays for an amount equal to the product of the number of Shares so due but not yet delivered on or prior to such Forward Price Reduction Date and the Forward Price Reduction Amount for such Forward Price Reduction Date.</p>
Representation and Agreement:	<p>Section 9.11 of the Equity Definitions is hereby modified to exclude any representations therein relating to restrictions, obligations, limitations or requirements under applicable securities laws that exist as a result of the fact that Counterparty is the Issuer of the Shares.</p>
<b>Share Adjustments:</b>	
Method of Adjustment:	<p>Calculation Agent Adjustment; provided that Section 11.2(e)(iii) shall be deleted and that the issuance of stock options, restricted stock or restricted stock units in the ordinary course pursuant to Counterparty's employee incentive plans shall not constitute a Potential Adjustment Event.</p>
Extraordinary Dividend:	<p>Any dividend or distribution on the Shares with an ex-dividend date occurring on any day following the Trade Date</p>

(other than (i) any dividend or distribution of the type described in Section 11.2(e)(i) or Section 11.2(e)(ii)(A) of the Equity Definitions or (ii) a regular, quarterly cash dividend in an amount per Share equal to or less than the Forward Price Reduction Amount corresponding to the relevant quarter that has an ex-dividend date no earlier than the Forward Price Reduction Date corresponding to the relevant quarter).

***Extraordinary Events:***

Merger Event:	Section 12.1 (b) of the Equity Definitions shall be amended by deleting the remainder of such Section following the definition of "Reverse Merger" therein.
Tender Offer:	Applicable; provided that Section 12.1(d) of the Equity Definitions shall be amended by replacing "10%" in the third line thereof with "15%."
Announcement Date:	Section 12.1(f) of the Equity Definitions shall be amended (A) by deleting the parenthetical phrase in the third line, the fifth line and the tenth line thereof and (B) by replacing the word "that" in the third line, the fifth line and the tenth line thereof with the words "whether or not such announcement".
Delisting:	In addition to the provisions of Section 12.6(a)(iii) of the Equity Definitions, it shall also constitute a Delisting if the Exchange is located in the United States and the Shares are not immediately re-listed, re-traded or re-quoted on any of the New York Stock Exchange, NYSE MKT, The NASDAQ Global Select Market or The NASDAQ Global Market (or their respective successors); if the Shares are immediately re-listed, re-traded or re-quoted on any such exchange or quotation system, such exchange or quotation system shall be deemed to be the Exchange.

***Additional Disruption Events:***

Change in Law:	Applicable; <i>provided</i> that Section 12.9(a)(ii) of the Equity Definitions is hereby amended by (i) replacing the phrase "the interpretation" in the third line thereof with the phrase ", or public announcement of the formal or informal interpretation"; and (ii) replacing the word "Shares" where it appears in clause (X) with the words "Hedge Position."
Failure to Deliver:	Applicable if Barclays is required to deliver Shares hereunder; otherwise, Not Applicable.
Hedging Disruption:	Applicable.
Increased Cost of Hedging:	Applicable; <i>provided</i> that clause (C) of Section 12.9(b)(vi) and the third and fourth sentences therein shall be deleted.
Increased Cost of Stock Borrow:	Applicable; <i>provided</i> that clause (C) of Section 12.9(b)(v) and the third, fourth and fifth sentences therein shall be deleted.



Initial Stock Loan Rate:	50 basis points per annum.
Loss of Stock Borrow:	Applicable.
Maximum Stock Loan Rate:	300 basis points per annum.
Hedging Party:	For all applicable Additional Disruption Events, Barclays.
Determining Party:	For all applicable Extraordinary Events, Barclays.
Consequences of Extraordinary Events:	The consequences that would otherwise apply under Article 12 of the Equity Definitions to any applicable Extraordinary Event (excluding any Failure to Deliver, Increased Cost of Hedging, Increased Cost of Stock Borrow or any event that also constitutes a Bankruptcy Termination Event, but including, for the avoidance of doubt, any other applicable Additional Disruption Event) shall not apply, and instead, the consequences specified in Section 9 of this Confirmation shall apply.

***Acknowledgements:***

Non-Reliance:	Applicable.
Agreements and Acknowledgements Regarding Hedging Activities:	Applicable.
Additional Acknowledgements:	Applicable.
Calculation Agent:	Barclays; provided that following the occurrence and during the continuance of an Event of Default of the type provided in Section 5(a)(vii) of the Agreement with respect to which Barclays is the Defaulting Party, Counterparty shall have the right to designate a leading dealer in the over-the-counter equity derivatives market to act as the Calculation Agent.

***Account Details:***

Payments to Barclays:	Barclays Bank PLC ABA: BIC: Account: Beneficiary: REF:
Payments to Counterparty:	Bank: Account Name: Account Number: ABA:
Delivery of Shares to Barclays:	DTC Securities:

Delivery of Shares to Counterparty:

DTC LPA Number:

4. Conditions to Effectiveness:

- (a) The effectiveness of this Confirmation on the Effective Date shall be subject to the following conditions:
- (i) The representations and warranties of Counterparty contained in the Underwriting Agreement dated March 1, 2016, between Counterparty and Barclays Capital Inc., among others (the “**Underwriting Agreement**”), and any certificate delivered pursuant thereto by Counterparty shall be true and correct on the Effective Date as if made as of the Effective Date;
  - (ii) Counterparty shall have performed all of the obligations required to be performed by it under the Underwriting Agreement on or prior to the Effective Date;
  - (iii) All of the conditions set forth in Section 8 of the Underwriting Agreement shall have been satisfied;
  - (iv) The Option Time of Delivery (as defined in the Underwriting Agreement) shall have occurred as provided in the Underwriting Agreement;
  - (v) All of the representations and warranties of Counterparty hereunder and under the Agreement shall be true and correct on the Effective Date as if made as of the Effective Date;
  - (vi) Counterparty shall have performed all of the obligations required to be performed by it hereunder and under the Agreement on or prior to the Effective Date, including without limitation its obligations under Sections 5, 6 and 11 hereof; and
  - (vii) Counterparty shall have delivered to Barclays an opinion of counsel in form and substance reasonably satisfactory to Barclays with respect to matters set forth in Section 3(a) of the Agreement and that the Shares initially issuable hereunder have been duly authorized and, upon issuance pursuant to the terms of the Transaction, will be validly issued, fully paid and nonassessable (subject to customary exceptions, limitations and other qualifications).
- (b) Notwithstanding the foregoing or any other provision of this Confirmation, if (x) on or prior to 9:00 a.m, New York City time, on the date the Option Time of Delivery (as defined in the Underwriting Agreement) is scheduled to occur, Barclays, in its good faith and commercially reasonable judgment, is unable to borrow and deliver for sale the Full Number of Shares or (y) in Barclays’s good faith and commercially reasonable judgment, it would incur a stock loan cost of more than 50 basis points per annum with respect to all or any portion of the Full Number of Shares (in each case, an “**Initial Hedging Disruption**”), the effectiveness of this Confirmation and the Transaction shall be limited to the number of Shares Barclays may borrow at a cost of not more than 50 basis points per annum (such number of Shares, the “**Reduced Number of Shares**”), which, for the avoidance of doubt, may be zero.

5. **Representations and Agreements of Counterparty:** Counterparty represents and warrants to, and agrees with, Barclays as of the date hereof that:
- (a) Counterparty shall promptly provide written notice to Barclays upon obtaining knowledge of (i) the occurrence or announcement of any event that would constitute an Event of Default as to which it is the Defaulting Party or a Potential Adjustment Event or (ii) any Announcement Date in respect of an Extraordinary Event; *provided* that should Counterparty be in possession of material non-public information regarding Counterparty, Counterparty shall not communicate such information to Barclays;
  - (b) A number of Shares of Counterparty equal to [\*](1) Shares, as such number may be reduced by a number of Shares issued directly by Counterparty as contemplated in the Underwriting Agreement (the "Capped Number"); has been reserved for issuance upon settlement of the Transaction by all required corporate action of Counterparty. The Shares of Counterparty issuable, from time to time, upon settlement of the Transaction have been duly authorized and, when delivered as contemplated by the terms of the Transaction upon settlement of the Transaction, will be validly issued, fully-paid and non-assessable, and the issuance of such Shares will not be subject to any pre-emptive or similar rights;
  - (c) [RESERVED]
  - (d) Counterparty shall not take any action to reduce or decrease the number of authorized and unissued Shares below the sum of (i) the Capped Number *plus* (ii) the total number of Shares issuable upon settlement (whether by net share settlement or otherwise) of any other transaction or agreement to which it is a party (or, if greater, the number of Shares reserved by Counterparty for settlement of or delivery under such transaction or agreement);
  - (e) Counterparty will not repurchase any Shares if, immediately following such repurchase, the Number of Shares *plus* the "Number of Shares" under the letter agreement (the "Base Confirmation"), dated March 1, 2016, between Barclays and Counterparty, relating to the forward sale of Shares, would be equal to or greater than 8.5% of the number of then-outstanding Shares and it will notify Barclays promptly upon the announcement or consummation of any repurchase of Shares that, taken together with the amount of all repurchases since the date of the last such notice (or, if no such notice has been given, the Trade Date for the Base Confirmation), would increase such percentage by more than 1% of the number of then-outstanding Shares;
  - (f) As of the Trade Date and as of the date of any payment or delivery by Counterparty or Barclays hereunder, it is not and will not be "insolvent" (as such term is defined under Section 101(32) of the Bankruptcy Code);
  - (g) Neither Counterparty nor any of its "affiliated purchasers" (as defined by Rule 10b-18 under the Exchange Act ("Rule 10b-18")) shall take any action that would cause any purchases of Shares by Barclays or any of its affiliates in connection with any Cash Settlement or Net Share Settlement not to meet the requirements of the safe harbor provided by Rule 10b-18 if such purchases were made by Counterparty.

---

(1) Two times the Number of Shares or, if less, 19.9% of outstanding Shares \* Number of Shares under this Confirmation / (aggregate Number of Shares for base and additional confirmation).

Without limiting the generality of the foregoing, during any Unwind Period, except with the prior written consent of Barclays, Counterparty will not, and will cause its affiliated purchasers (as defined in Rule 10b-18) not to, directly or indirectly (including, without limitation, by means of a derivative instrument) purchase, offer to purchase, place any bid or limit order that would effect a purchase of, or announce or commence any tender offer relating to, any Shares (or equivalent interest, including a unit of beneficial interest in a trust or limited partnership or a depository share) or any security convertible into or exchangeable for the Shares. However, the foregoing shall not (a) limit Counterparty's ability, pursuant to its employee incentive plan or dividend reinvestment program, to re-acquire Shares from employees in connection with such plan or program, (b) limit Counterparty's ability to withhold Shares to cover tax liabilities associated with such a plan, (c) prohibit any purchases effected by or for an issuer "plan" by an "agent independent of the issuer" (each as defined in Rule 10b-18), (d) otherwise restrict Counterparty's or any of its affiliates' ability to repurchase Shares under privately negotiated, off exchange transactions with any of its employees, officers, directors, affiliates or any third party that are not expected to result in market transactions or (e) limit Counterparty's ability to grant stock and options to "affiliated purchasers" (as defined in Rule 10b-18) or the ability of such affiliated purchasers to acquire such stock or options in connection with Counterparty's compensation policies for directors, officers and employees or any agreements with respect to the compensation of directors, officers or employees of any entities that are acquisition targets of Counterparty, and in connection with any such purchase under (a) through (e) above, Counterparty will be deemed to represent to Barclays that such purchase does not constitute a "Rule 10b-18 purchase" (as defined in Rule 10b-18);

- (h) Counterparty will not be subject to any "restricted period" (as such term is defined in Regulation M promulgated under the Exchange Act ("Regulation M")) in respect of Shares or any security with respect to which the Shares are a "reference security" (as such term is defined in Regulation M) during any Unwind Period unless Counterparty has provided written notice to Barclays thereof not later than three Scheduled Trading Days immediately preceding the first day of such "restricted period," in which case Counterparty acknowledges that a Disrupted Day may occur and that such notice must comply with the standards set forth in Section 11(c) of this Confirmation;
- (i) Counterparty shall: (i) prior to the opening of trading in the Shares on any day on which Counterparty makes, or expects to be made, any public announcement (as defined in Rule 165(f) under the Securities Act) of any Merger Transaction, to the extent permitted by applicable law but in no event later than the time such announcement is first made, notify Barclays of such public announcement; (ii) promptly notify Barclays following any such announcement that such announcement has been made; (iii) promptly (but in any event prior to the next opening of the regular trading session on the Exchange) provide Barclays with written notice specifying (A) Counterparty's average daily Rule 10b-18 Purchases (as defined in Rule 10b-18) during the three full calendar months immediately preceding the Announcement Date that were not effected through Barclays or its affiliates, if any, and (B) the number of Shares, if any, purchased pursuant to the proviso in Rule 10b-18(b)(4) under the Exchange Act for the three full calendar months preceding the Announcement Date. Such written notice shall be deemed to be a certification by Counterparty to Barclays that such information is true and correct. In addition, Counterparty shall promptly notify Barclays of the earlier to occur of the completion of such transaction and the completion of the vote by target shareholders. Counterparty acknowledges that any such notice may result in a

Regulatory Disruption or may affect the length of any ongoing Unwind Period; accordingly, Counterparty acknowledges that its delivery of such notice must comply with the standards set forth in Section 11(c) of this Confirmation. "Securities Act" means the Securities Act of 1933, as amended. "Merger Transaction" means any merger, acquisition or similar transaction involving a recapitalization as contemplated by Rule 10b-18(a)(13)(iv) under the Exchange Act;

- (j) Counterparty is an "eligible contract participant" (as such term is defined in the Commodity Exchange Act, as amended);
- (k) Counterparty is not entering into the Transaction, and will not elect Cash Settlement or Net Share Settlement, to create actual or apparent trading activity in the Shares (or any security convertible into or exchangeable for Shares) or to raise or depress or otherwise manipulate the price of the Shares (or any security convertible into or exchangeable for Shares), in either case in violation of the Exchange Act or any other applicable securities laws;
- (l) Counterparty (i) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities; (ii) will exercise independent judgment in evaluating the recommendations of any broker-dealer or its associated persons, unless it has otherwise notified the broker-dealer in writing; and (iii) has total assets of at least \$50 million as of the date hereof;
- (m) Without limiting the generality of Section 13.1 of the Equity Definitions, Counterparty acknowledges that Barclays is not making any representations or warranties with respect to the treatment of the Transaction, including without limitation ASC Topic 260, *Earnings Per Share*, ASC Topic 815, *Derivatives and Hedging*, FASB Statements 128, 133, as amended, 149 or 150, EITF 00-19, 01-6, 03-6 or 07-5, ASC Topic 480, *Distinguishing Liabilities from Equity*, ASC 815-40, *Derivatives and Hedging — Contracts in Entity's Own Equity* (or any successor issue statements) or under the Financial Accounting Standards Board's Liabilities & Equity Project;
- (n) Counterparty is in compliance with its reporting obligations under the Exchange Act and its most recent Annual Report on Form 10-K, together with all reports subsequently filed or furnished by it pursuant to the Exchange Act and all public statements by it, taken together and as amended and supplemented to the date of this representation, do not, as of their respective dates, 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, in the light of the circumstances under which they were made, not misleading;
- (o) Counterparty is not aware of any material non-public information regarding itself or the Shares; Counterparty is entering into this Confirmation and will provide any settlement method election notice in good faith and not as part of a plan or scheme to evade compliance with Rule 10b-5 or any other provision of the federal securities laws; and Counterparty has consulted with its own advisors as to the legal aspects of its adoption and implementation of this Confirmation under Rule 10b5-1 under the Exchange Act ("Rule 10b5-1");
- (p) [RESERVED]

- (q) Counterparty is not, and after giving effect to the transactions contemplated hereby will not be, required to register as an “investment company” as such term is defined in the Investment Company Act of 1940, as amended;
  - (r) Counterparty understands, agrees and acknowledges that no obligations of Barclays to it hereunder shall be entitled to the benefit of deposit insurance and that such obligations shall not be guaranteed by any affiliate of Barclays or any governmental agency;
  - (s) Counterparty: (i) is an “institutional account” as defined in FINRA Rule 4512(c); and (ii) is capable of evaluating investment risks independently, both in general and with regard to all transactions and investment strategies involving a security or securities, and will exercise independent judgment in evaluating any recommendations of Barclays or its associated persons; and
  - (t) COUNTERPARTY UNDERSTANDS THAT THE TRANSACTION IS SUBJECT TO COMPLEX RISKS WHICH MAY ARISE WITHOUT WARNING AND MAY AT TIMES BE VOLATILE AND THAT LOSSES MAY OCCUR QUICKLY AND IN UNANTICIPATED MAGNITUDE AND IS WILLING TO ACCEPT SUCH TERMS AND CONDITIONS AND ASSUME (FINANCIALLY AND OTHERWISE) SUCH RISKS.
6. **Issuance of Shares by Counterparty:** Counterparty acknowledges and agrees that any Shares delivered by Counterparty to Barclays on any Settlement Date or Net Share Settlement Date will be newly issued. Counterparty further acknowledges and agrees that, except to the extent that the Private Placement Procedures in Annex A apply, any Shares delivered by Counterparty to Barclays on any Settlement Date or Net Share Settlement Date will be (i) approved for listing or quotation on the Exchange, subject to official notice of issuance and (ii) registered under the Exchange Act, and, when delivered by Barclays (or an affiliate of Barclays) to securities lenders from whom Barclays (or an affiliate of Barclays) borrowed Shares in connection with hedging its exposure to the Transaction, will be freely saleable without further registration or other restrictions under the Securities Act in the hands of those securities lenders, irrespective of whether any such stock loan is effected by Barclays or an affiliate of Barclays. Accordingly, Counterparty agrees that, except to the extent that the Private Placement Procedures in Annex A apply, any Shares so delivered will not bear a restrictive legend and will be deposited in, and the delivery thereof shall be effected through the facilities of, the Clearance System.
7. **Termination on Bankruptcy:** The parties hereto agree that, notwithstanding anything to the contrary in the Agreement or the Equity Definitions, the Transaction constitutes a contract to issue a security of Counterparty as contemplated by Section 365(c) (2) of the Bankruptcy Code (as defined below) and that the Transaction and the obligations and rights of Counterparty and Barclays (except for any liability as a result of breach of any of the representations or warranties provided by Counterparty in Section 5 above) shall immediately terminate, without the necessity of any notice, payment (whether directly, by netting or otherwise) or other action by Counterparty or Barclays, if, on or prior to the final Settlement Date, Cash Settlement Payment Date or Net Share Settlement Date, an Insolvency Filing occurs (a “Bankruptcy Termination Event”).
8. **Special Dividends:** If an ex-dividend date for a Special Dividend occurs on or after the Trade Date and on or prior to the Maturity Date (or, if later, the last date on which Shares are delivered by Counterparty to Barclays in settlement of the Transaction), Counterparty shall pay to Barclays on the earlier of (i) the date on which such Special Dividend is paid by the Issuer to holders of record of the Shares, (ii) the Designated Date where the Undesignated

Shares become equal to zero and (iii) the Maturity Date an amount, as determined by the Calculation Agent, in cash equal to the product of (a) per Share amount of such Special Dividend, and (b) the Remaining Amount on such ex-dividend date. "Special Dividend" means any cash dividend or distribution declared by the Issuer with respect to the Shares that is specified by the board of directors of the Issuer as an "extraordinary" dividend. "Remaining Amount" means, at any time, the sum of (i) the number of Undesignated Shares as of such time, (ii)(A) if any, the number of Designated Shares for any Designated Date occurring prior to such time for which the related Unwind Period has not been completed at such time *minus* (B) the number of Unwound Shares for such Unwind Period at such time and (iii) if any Aggregate Net Share Number or Net Share Settlement Number, as applicable, as of such time is (A) a positive number and (B) has not been delivered by Counterparty to Barclays pursuant to "Net Share Settlement" above, such Aggregate Net Share Number or Net Share Settlement Number, as applicable.

9. **Acceleration Events:**

- (a) Notwithstanding anything to the contrary herein, in the Agreement or in the Equity Definitions, at any time following the occurrence of an Acceleration Event, Barclays (or, in the case of an Acceleration Event that is an Event of Default or a Termination Event, the party that would be entitled to designate an Early Termination Date in respect of such event pursuant to Section 6 of the Agreement) shall have the right to designate by notice to the other party any Scheduled Trading Day not earlier than the day such notice is effective to be the "Early Valuation Date" but which, in the case of an Acceleration Event that results from the commencement of any proceeding with respect to Counterparty under the Bankruptcy Code other than in a Bankruptcy Termination Event, shall be the Scheduled Trading Day on which such proceeding is commenced (or, if not commenced on such a day, the following Scheduled Trading Day), in which case the provisions set forth in this Section 9 shall apply in lieu of Section 6 of the Agreement or Article 12 of the Equity Definitions.
- (b) If the Early Valuation Date occurs on a date that is not during an Unwind Period, then the Early Valuation Date shall be deemed to be a Designated Date for a Physical Settlement, and the number of Designated Shares for such Designated Date shall be the number of Undesignated Shares on the Early Valuation Date; *provided* that in the case of an Acceleration Event of the type described in paragraph (e)(iv) below, the number of Designated Shares for such Designated Date shall be only such number of Designated Shares necessary so that such Acceleration Event shall no longer exist after such Physical Settlement, as determined by the Calculation Agent; and, *provided, further*, that in the case of an Acceleration Event of the type described in paragraph (e)(i) below and resulting from the commencement of any proceeding with respect to Counterparty under the Bankruptcy Code other than in a Bankruptcy Termination Event, the Early Valuation Date shall be deemed to be the last Unwind Date for a Cash Settlement and in such case the aggregate net loss or cost reasonably determined by Barclays as of the related Early Valuation Date in connection with unwinding its Hedge Positions shall be added to the Forward Cash Settlement Amount (or, if an aggregate net gain is so determined, such gain shall be subtracted therefrom).
- (c) If the Early Valuation Date occurs during an Unwind Period, then (i) (A) the last Unwind Date of such Unwind Period shall occur on the Early Valuation Date, (B) a settlement shall occur in respect of such Unwind Period, and the settlement method elected by Counterparty in respect of such settlement shall

apply, and (C) the number of Designated Shares for such settlement shall be deemed to be the number of Unwound Shares for such Unwind Period on the Early Valuation Date, and (ii) (A) the Early Valuation Date shall be deemed to be an additional Designated Date for a Physical Settlement and (B) the number of Designated Shares for such additional Designated Date shall be the Remaining Amount on the Early Valuation Date; *provided* that in the case of an Acceleration Event of the type described in paragraph (e)(iv) below, the number of Designated Shares for such additional Designated Date shall be only such number of Designated Shares necessary so that such Acceleration Event shall no longer exist after such Physical Settlement, as determined by the Calculation Agent; and, provided, further, that in the case of an Acceleration Event of the type described in paragraph (e)(i) below and resulting from the commencement of any proceeding with respect to Counterparty under the Bankruptcy Code other than in a Bankruptcy Termination Event, the Early Valuation Date shall be deemed to be the last Unwind Date of an additional Unwind Period for a Cash Settlement and the number of Designated Shares for such settlement shall be deemed to be the Remaining Amount on the Early Valuation Date and in such case the aggregate net loss or cost reasonably determined by Barclays as of the related Early Valuation Date in connection with unwinding its Hedge Positions shall be added to the Forward Cash Settlement Amount (or, if an aggregate net gain is so determined, such gain shall be subtracted therefrom).

- (d) Notwithstanding the foregoing, in the case of an Early Valuation Date that occurs due to an announcement of a Nationalization or a Merger Event, if at the time of the related Settlement Date or Net Share Settlement Date, as applicable, the Shares have changed into cash or any other property or the right to receive cash or any other property, such cash, other property or right shall be deliverable instead of such Shares.
- (e) “Acceleration Event” means:
- (i) any Event of Default or Termination Event, other than an Event of Default or Termination Event that also constitutes a Bankruptcy Termination Event, that would give rise to the right of either party to designate an Early Termination Date pursuant to Section 6 of the Agreement;
  - (ii) the announcement of any event or transaction that, if consummated, would result in a Merger Event, Tender Offer, Nationalization, Delisting or Change in Law, in each case, as determined by the Calculation Agent;
  - (iii) (x) A Loss of Stock Borrow or Hedging Disruption or (y) (A) an Increased Cost of Stock Borrow or (B) an Increased Cost of Hedging, in the case of sub-clause (A) or (B), in connection with which Counterparty does not elect, and so notify the Hedging Party of its election, in each case, within the required time period to either amend the Transaction pursuant to Section 12.9(b)(v)(A) or Section 12.9(b)(vi)(A) of the Equity Definitions, as applicable, or pay an amount determined by the Calculation Agent that corresponds to the relevant Price Adjustment pursuant to Section 12.9(b)(v)(B) or Section 12.9(b)(vi)(B) of the Equity Definitions, as applicable;



- (iv) the declaration or payment by Counterparty of any Extraordinary Dividend;
- (v) the occurrence of a Market Disruption Event during an Unwind Period and the continuance of such Market Disruption Event for at least eight Scheduled Trading Days;
- (vi) the occurrence of an Excess Section 13 Ownership Position or Excess Regulatory Ownership Position; or
- (vii) the occurrence of the Maturity Date during an Unwind Period.

10. **Private Placement Procedures:** If either Barclays or Counterparty determines in good faith that Counterparty will be unable to comply with the covenant set forth in the second sentence of Section 6 of this Confirmation because of a change in law or a change in the policy of the Securities and Exchange Commission ("SEC") or its staff (the "Staff"), or Barclays otherwise determines that in its reasonable opinion (based on the advice of counsel) any Shares to be delivered to Barclays by Counterparty hereunder may not be freely returned by Barclays or its affiliates to securities lenders as contemplated by Section 6 of this Confirmation (in either case without regard to exceptions therein), then delivery of any such Shares (the "Restricted Shares") shall be effected pursuant to Annex A hereto, unless waived by Barclays.

11. Rule 10b5-1: Share Purchases by Barclays

- (a) The parties acknowledge that, following any election of Cash Settlement or Net Share Settlement by Counterparty, this Confirmation is intended to constitute a binding contract satisfying the requirements of Rule 10b5-1(c) of the Exchange Act and agree that this Confirmation shall be interpreted to comply with such requirements.
- (b) The times and prices at which Barclays (or its agent or affiliate) purchases any Shares during any Unwind Period shall be at Barclays' good faith and commercially reasonable discretion. Counterparty acknowledges that during any Unwind Period Counterparty does not have, and shall not attempt to exercise, any influence over how, when or whether to effect purchases of Shares or any other transactions by Barclays (or its agent or affiliate) in connection with this Confirmation. Counterparty agrees that during any Unwind Period it will not enter into or alter any corresponding or hedging transaction or position with respect to the Shares.
- (c) Counterparty hereby agrees with Barclays that during any Unwind Period Counterparty shall not communicate, directly or indirectly, any material non-public information (within the meaning of such term under Rule 10b5-1) to any employee of Barclays (or its agents or affiliates) who is directly involved with the hedging of, and trading with respect to, the Transaction. Counterparty acknowledges and agrees that any amendment, modification, waiver or termination of the Transaction must be effected in accordance with the requirements for the amendment or termination of a contract, instruction or plan under Rule 10b5-1(c). Without limiting the generality of the foregoing, any such amendment, modification, waiver or termination shall be made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act, and no such amendment, modification or waiver shall be made at any time at which Counterparty or any officer, director, manager or similar person of Counterparty is aware of any material non-public information regarding Counterparty or the Shares.
- (d) Following any election of Cash Settlement or Net Share Settlement by Counterparty, in addition to the representations, warranties and covenants in the Agreement and elsewhere in this Confirmation, Barclays represents, warrants and covenants to Counterparty that Barclays shall use commercially reasonable efforts, during any Unwind Period, to make all purchases of Shares in connection with such election in a manner that would comply with the limitations set forth in clauses (b)(1), (b)(2), (b)(3) and (b)(4) and (c) of Rule 10b-18, as if such rule were applicable to such purchases (and considering only such purchases when determining compliance with the foregoing provisions), after taking into account any applicable SEC no-action letters as appropriate, subject to any delays between the execution and reporting of a trade of the Shares on the Exchange and other circumstances beyond Barclays' control; *provided* that, during any Unwind Period, the foregoing agreement shall not apply to purchases made to dynamically hedge for Barclays' own account or the account of its affiliate(s) the optionality arising under in connection with such Settlement (including, for the avoidance of doubt, timing optionality); and *provided, further*, that, without limiting the generality of the first sentence of this paragraph (d), Barclays shall not be responsible for any failure to comply with Rule 10b-18(b)(3) to the extent any transaction that was executed (or deemed to be executed) by or on behalf of Counterparty or an "affiliated purchaser" (as defined under Rule 10b-18) pursuant to a separate agreement is not deemed to be an "independent bid" or an "independent transaction" for purposes of Rule 10b-18(b)(3).

12. **Capped Number of Shares:** Notwithstanding any other provision of the Agreement or this Confirmation, in no event will Counterparty be required to deliver in the aggregate in respect of all Settlement Dates, Net Share Settlement Dates or other dates on which Shares are delivered in respect of any amount owed under this Confirmation a number of Shares greater than the Capped Number. Counterparty represents and warrants to Barclays (which representation and warranty shall be deemed to be repeated on each day that the Transaction is outstanding) that the Capped Number is equal to or less than the number of authorized but unissued Shares that are not reserved for future issuance in connection with transactions in the Shares (other than the Transaction) on the date of the determination of the Capped Number (such Shares, the "Available Shares"). In the event Counterparty shall not have delivered the full number of Shares otherwise deliverable as a result of this Section 12 (the resulting deficit, the "Deficit Shares"), Counterparty shall be continually obligated to deliver Shares, from time to time until the full number of Deficit Shares have been delivered pursuant to this paragraph, when, and to the extent, that (A) Shares are repurchased, acquired or otherwise received by Counterparty or any of its subsidiaries after the Trade Date (whether or not in exchange for cash, fair value or any other consideration), (B) authorized and unissued Shares reserved for issuance in respect of other transactions as of the Trade Date become no longer so reserved and (C) Counterparty authorizes any additional unissued Shares that are not reserved for other transactions (such events as set forth in clauses (A), (B) and (C) above, collectively, the "Share Issuance Events"). Counterparty shall promptly notify Barclays of the occurrence of any of the Share Issuance Events (including the number of Shares subject to clause (A), (B) or (C) and the corresponding number of Shares to be delivered) and, as promptly as reasonably practicable after such Share Issuance Event (or, if later, on the Settlement Date or the date of any Private Placement Settlement for which there are Deficit Shares), deliver such Shares. Counterparty shall not, until Counterparty's obligations under the Transaction have been satisfied in full, use any Shares that become available for potential delivery to Barclays as a result of any Share Issuance Event for the settlement or satisfaction of any transaction or obligation other than the Transaction or the "Transaction" under the Base Confirmation or reserve any such Shares for future issuance for any purpose other than to satisfy Counterparty's obligations to Barclays under the Transaction or the "Transaction" under the Base Confirmation.](2)

13. **Transfer, Assignment and Designation:**

- (a) Notwithstanding any provision of the Agreement to the contrary, Barclays may assign, transfer and set over all rights, title and interest, powers, privileges and remedies of Barclays under the Transaction, in whole or part, to an affiliate of Barclays without the consent of Counterparty; *provided* that (i) no Event of Default, Potential Event of Default or Termination Event with respect to which Barclays or such affiliate is the Defaulting Party or an Affected Party, as the case may be, exists or would result therefrom, (ii) no Acceleration Event or other event giving rise to a right or responsibility to designate an Early Valuation Date or otherwise terminate or cancel the Transaction or to make an adjustment to the terms of the Transaction would result therefrom, and (iii) Counterparty shall not, as a result of such assignment or transfer, (A) be required to pay to Barclays or such affiliate an additional amount in respect of an Indemnifiable Tax, (B) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax as to which no additional amount is required to be paid, or (C) become subject to the jurisdiction of any state or country other than the United States of America.

---

(2) To be deleted if the Capped Number is based on 19.9% of TSO.

- (b) Notwithstanding any other provision in this Confirmation to the contrary requiring or allowing Barclays to purchase, sell, receive or deliver any Shares or other securities to or from Counterparty, Barclays may designate any of its affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Barclays's obligations in respect of the Transaction and any such designee may assume such obligations. Barclays shall be discharged of its obligations to Counterparty to the extent of any such performance.
14. **Indemnity:** Counterparty agrees to indemnify Barclays and its affiliates and their respective directors, officers, agents and controlling parties (Barclays and each such affiliate or person being an "Indemnified Party") from and against any and all losses, claims, damages and liabilities, joint and several, incurred by or asserted against such Indemnified Party, that arise out of, are in connection with, or relate to, the execution or delivery of this Confirmation by Counterparty, the performance by Counterparty of its obligations under the Transaction or any breach of any covenant or representation made by Counterparty in this Confirmation or the Agreement, and Counterparty will reimburse any Indemnified Party for all reasonable expenses (including reasonable legal fees and expenses) in connection with the investigation of, preparation for, or defense of any pending or threatened claim or any action or proceeding arising therefrom, whether or not such Indemnified Party is a party thereto. Counterparty will not be liable under this Indemnity paragraph to the extent that any such loss, claim, damage, liability or expense resulted from an Indemnified Party's gross negligence, bad faith or willful misconduct or Barclays' breach of this Confirmation or the Agreement. If for any reason the foregoing indemnification is unavailable to any Indemnified Party or insufficient to hold harmless any Indemnified Party, then Counterparty shall contribute, to the maximum extent permitted by law, to the amount paid or payable by the Indemnified Party as a result of such loss, claim, damage or liability not resulting from its gross negligence, bad faith or willful misconduct, *provided* that no person guilty of fraudulent misrepresentation shall be entitled to contribution.
15. **No Collateral; Netting; Setoff:**
- (a) Notwithstanding any provision of the Agreement or any other agreement between the parties to the contrary, the obligations of Counterparty hereunder are not secured by any collateral.
- (b) If on any date any Shares would otherwise be deliverable under the Transaction or the Base Confirmation by Counterparty to Barclays and by Barclays to Counterparty, then, on such date, each party's obligations to make delivery of such Shares will be automatically satisfied and discharged and, if the aggregate number of Shares that would otherwise have been deliverable by one party exceeds the aggregate number of Shares that would have otherwise been deliverable by the other party, replaced by an obligation upon the party by whom the larger aggregate number of Shares would have been deliverable to deliver to the other party the excess of the larger aggregate number over the smaller aggregate number.
- (c) The parties agree that upon the occurrence of an Event of Default or Termination Event with respect to a party who is the Defaulting Party or the Affected Party ("X"), the other party ("Y") will have the right (but not be obliged) without prior notice to X or any other person to set-off or apply any obligation of X owed to Y (or any affiliate of Y) (whether or not matured or contingent and whether or not arising under the Agreement, and regardless of the currency, place of payment or booking office of the obligation) against any obligation of Y (or any affiliate of Y) owed to X (whether or not matured or contingent and whether or not arising under the Agreement, and regardless of the currency, place of payment or booking office of

the obligation). Y will give notice to the other party of any set-off effected under this Section 15.

- (d) Amounts (or the relevant portion of such amounts) subject to set-off may be converted by Y into the Termination Currency or into Shares, at the election of Y, at the rate of exchange at which such party would be able, acting in a reasonable manner and in good faith, to purchase the relevant amount of such currency or Shares. If any obligation is unascertained, Y may in good faith estimate that obligation and set-off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained. Nothing in this Section 15 shall be effective to create a charge or other security interest. This Section 15 shall be without prejudice and in addition to any right of set-off, combination of accounts, lien or other right to which any party is at any time otherwise entitled (whether by operation of law, contract or otherwise).
- (e) Notwithstanding anything to the contrary in the foregoing, Barclays agrees not to set off or net amounts due from Counterparty with respect to the Transaction against amounts due from Barclays (or its affiliate) to Counterparty with respect to contracts or instruments that are not Equity Contracts; *provided, however*, that, and notwithstanding any provision to the contrary set forth in this Confirmation or in the Agreement, Barclays may not use this provision or any other set-off or recoupment right under this Confirmation or the Agreement as a basis for any action under or nonperformance of its obligations under any loan, letter of credit or other borrowing arrangement with Counterparty as borrower and to which Barclays or any affiliate of Barclays is a participating lender, with respect to which the terms of such loan, letter of credit or other borrowing arrangement shall control. "Equity Contract" means any transaction or instrument that does not convey to Barclays rights, or the ability to assert claims, that are senior to the rights and claims of common stockholders in the event of Counterparty's bankruptcy.
16. **Delivery of Cash:** For the avoidance of doubt, nothing in this Confirmation shall be interpreted as requiring Counterparty to deliver cash in respect of the settlement of the Transaction, except (i) as set forth under Section 8 above or (ii) in circumstances where the cash settlement thereof is within Counterparty's control (including, without limitation, where Counterparty so elects to deliver cash or fails timely to deliver Shares in respect of such settlement). For the avoidance of doubt, the preceding sentence shall not be construed as limiting any damages that may be payable by Counterparty as a result of a breach of or an indemnity under this Confirmation or the Agreement.
17. **Status of Claims in Bankruptcy:** Barclays acknowledges and agrees that this Confirmation is not intended to convey to Barclays rights with respect to the transactions contemplated hereby that are senior to the claims of common stockholders in any U.S. bankruptcy proceedings of Counterparty; *provided* that nothing herein shall limit or shall be deemed to limit Barclays's right to pursue remedies in the event of a breach by Counterparty of its obligations and agreements with respect to this Confirmation and the Agreement; and *provided further* that nothing herein shall limit or shall be deemed to limit Barclays's rights in respect of any transaction other than the Transaction.
18. **Limit on Beneficial Ownership:** Notwithstanding anything to the contrary in the Agreement or this Confirmation, in no event shall Barclays be entitled to receive, or be deemed to receive, Shares to the extent that, upon such receipt of such Shares, and after taking into account any Shares concurrently delivered by Seller under the Base Confirmation (i) the "beneficial ownership" (within the meaning of Section 13 of the Exchange Act and the rules promulgated thereunder) of Shares by Barclays, any of its affiliates' business units

subject to aggregation with Barclays for purposes of the “beneficial ownership” test under Section 13 of the Exchange Act and all persons who may form a “group” (within the meaning of Rule 13d-5(b)(1) under the Exchange Act) with Barclays with respect to “beneficial ownership” of any Shares (collectively, “**Barclays Group**”) would be equal to or greater than 8.5% of the outstanding Shares (an “**Excess Section 13 Ownership Position**”) or (ii) Barclays, Barclays Group or any person whose ownership position would be aggregated with that of Barclays or Barclays Group (Barclays, Barclays Group or any such person, a “**Barclays Person**”) under Section 203 of the Delaware General Corporation Law (the “**DGCL Takeover Statute**”) or any state or federal bank holding company or banking laws, or other federal, state or local laws, regulations or regulatory orders applicable to ownership of Shares (“**Applicable Laws**”), would own, beneficially own, constructively own, control, hold the power to vote or otherwise meet a relevant definition of ownership in excess of a number of Shares equal to (x) the lesser of (A) the maximum number of Shares that would be permitted under Applicable Laws and (B) the number of Shares that would give rise to reporting or registration obligations or other requirements (including obtaining prior approval by a state or federal regulator, such as a state or federal banking regulator) of a Barclays Person under Applicable Laws (including, without limitation, “interested stockholder” or “acquiring person” status under the DGCL Takeover Statute) and with respect to which such requirements have not been met or the relevant approval has not been received or that would give rise to any consequences under the constitutive documents of Counterparty or any contract or agreement to which Counterparty is a party, in each case *minus* (y) 1% of the number of Shares outstanding on the date of determination (such condition described in clause (ii), an “**Excess Regulatory Ownership Position**”). If any delivery owed to Barclays hereunder is not made, in whole or in part, as a result of this provision, Counterparty’s obligation to make such delivery shall not be extinguished and Counterparty shall make such delivery as promptly as practicable after, but in no event later than one Exchange Business Day after, Barclays gives notice to Counterparty that such delivery would not result in (x) Barclays Group directly or indirectly so beneficially owning in excess of 8.5% of the outstanding Shares or (y) the occurrence of an Excess Regulatory Ownership Position.

19. **Acknowledgements:**

(a) Counterparty acknowledges that:

- (i) During the term of the Transaction, Barclays and its affiliates may buy or sell Shares or other securities or buy or sell options or futures contracts or enter into swaps or other derivative securities in order to establish, adjust or unwind its hedge position with respect to the Transaction.
- (ii) Barclays and its affiliates may also be active in the market for the Shares and derivatives linked to the Shares other than in connection with hedging activities in relation to the Transaction, including acting as agent or as principal and for its own account or on behalf of customers.
- (iii) Barclays shall make its own determination as to whether, when or in what manner any hedging or market activities in Counterparty’s securities shall be conducted and shall do so in a manner that it deems appropriate to hedge its price and market risk with respect to the Settlement Price.
- (iv) Any market activities of Barclays and its affiliates with respect to the Shares may affect the market price of the Shares, as well as any

Settlement Price, each in a manner that may be adverse to Counterparty.

- (v) The Transaction is a derivative transaction; Barclays and its affiliates may purchase or sell Shares for their own account at prices that may be greater than, or less than, the prices paid or received by Counterparty under the terms of the Transaction.
- (b) The parties intend for this Confirmation to constitute a "Contract" as described in the letter dated October 6, 2003 submitted on behalf of GS&Co. to Paula Dubberly of the Staff to which the Staff responded in an interpretive letter dated October 9, 2003.
- (c) The parties hereto intend for:
- (i) this Transaction to be a "securities contract" as defined in Section 741(7) of the Bankruptcy Code, qualifying for the protections under Sections 362(b)(6), 362(b)(27), 362(o), 546(e), 546(j), 548(d)(2), 555 and 561 of the Bankruptcy Code;
  - (ii) the rights given to Barclays pursuant to "Acceleration Events" in Section 9 above to constitute "contractual rights" to cause the liquidation of a "securities contract" and to set off mutual debts and claims in connection with a "securities contract", as such terms are used in Sections 555 and 362(b)(6) of the Bankruptcy Code;
  - (iii) Barclays to be a "financial institution" within the meaning of Section 101(22) of the Bankruptcy Code;
  - (iv) any cash, securities or other property provided as performance assurance, credit support or collateral with respect to the Transaction to constitute "margin payments" and "transfers" under a "securities contract" as defined in the Bankruptcy Code;
  - (v) all payments for, under or in connection with the Transaction, all payments for Shares and the transfer of Shares to constitute "settlement payments" and "transfers" under a "securities contract" as defined in the Bankruptcy Code; and
  - (vi) any or all obligations that either party has with respect to this Confirmation or the Agreement to constitute property held by or due from such party to margin, guaranty or settle obligations of the other party with respect to the transactions under the Agreement (including the Transaction) or any other agreement between such parties.
- (d) In addition to the representations and warranties in the Agreement and elsewhere in this Confirmation, Barclays represents and warrants to Counterparty that it is an "eligible contract participant" (as such term is defined in the Commodity Exchange Act, as amended) and an "accredited investor" (as defined in Section 2(a)(15)(ii) of the Securities Act) and that it is entering into the Transaction as principal and not for the benefit of any third party.
20. **Wall Street Transparency and Accountability Act.** In connection with Section 739 of the Wall Street Transparency and Accountability Act of 2010 ("WSTAA"), the parties hereby agree that neither the enactment of WSTAA or any regulation under the WSTAA, nor any requirement under WSTAA or an amendment made by WSTAA, shall limit or otherwise impair either party's otherwise applicable rights to terminate, renegotiate, modify, amend or supplement this Confirmation or the Agreement, as applicable, arising from a

termination event, force majeure, illegality, increased costs, regulatory change or similar event under this Confirmation, the Swap Definitions or Equity Definitions incorporated herein or the Agreement (including, but not limited to, rights arising from an Acceleration Event, Increased Cost of Hedging, Increased Cost of Stock Borrow, any condition described in clause (i) of Section 18, an Excess Regulatory Ownership Position or Illegality (as defined in the Agreement)).

21. [RESERVED]

22. [RESERVED]

23. **Notices:** For the purpose of Section 12(a) of the Agreement:

(a) Address for notices or communications to Barclays:

Barclays Capital Inc.  
745 Seventh Ave  
New York, NY 10019  
Attention: Paul Robinson  
Fax: 917-522-0458  
Phone:  
Email:

with a copy to

Barclays Capital Inc.  
745 Seventh Ave  
New York, NY 10019  
Attention: Legal Department, Equity Derivatives

(b) Address for notices or communications to Counterparty:

Address: Jack Sullivan  
Corporate Finance Director and Assistant Treasurer  
Duke Energy Corporation  
550 South Tryon Street  
Charlotte, NC 28202  
Telephone:  
Email:

24. **Waiver of Right to Trial by Jury:** EACH OF COUNTERPARTY AND BARCLAYS HEREBY IRREVOCABLY WAIVES (ON SUCH PARTY'S OWN BEHALF AND, TO THE EXTENT PERMITTED BY APPLICABLE LAW, ON BEHALF OF SUCH PARTY'S STOCKHOLDERS) ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS CONFIRMATION OR THE ACTIONS OF COUNTERPARTY AND BARCLAYS OR ANY OF THEIR AFFILIATES IN THE NEGOTIATION, PERFORMANCE OR ENFORCEMENT HEREOF.

25. **Severability:** If any term, provision, covenant or condition of this Confirmation, or the application thereof to any party or circumstance, shall be held to be invalid or unenforceable in whole or in part for any reason, the remaining terms, provisions, covenants, and conditions hereof shall continue in full force and effect as if this Confirmation had been executed with the invalid or unenforceable provision eliminated, so long as this Confirmation as so



modified continues to express, without material change, the original intentions of the parties as to the subject matter of this Confirmation and the deletion of such portion of this Confirmation will not substantially impair the respective benefits or expectations of parties to the Agreement; *provided* that this severability provision shall not be applicable if any provision of Section 2, 5, 6 or 13 of the Agreement (or any definition or provision in Section 14 of the Agreement to the extent that it relates to, or is used in or in connection with any such Section) shall be so held to be invalid or unenforceable.

26. **Tax Disclosure:** Notwithstanding anything to the contrary herein, in the Equity Definitions or in the Agreement, and notwithstanding any express or implied claims of exclusivity or proprietary rights, the parties (and each of their employees, representatives or other agents) are authorized to disclose to any and all persons, beginning immediately upon commencement of their discussions and without limitation of any kind, the tax treatment and tax structure of the Transaction, and all materials of any kind (including opinions or other tax analyses) that are provided by either party to the other relating to such tax treatment and tax structure.

27. **Schedule Provisions:**

(a) For so long as the Agreement is in the form of the 1992 ISDA Master Agreement, for purposes of Section 6(e) of the Agreement and this Transaction:

- (i) Loss will apply.
- (ii) The Second Method will apply.

(b) The Termination Currency shall be USD.

(c) Other:

The text beginning with the word "if" in Section 5(a)(i) of the Agreement shall be amended to read as follows: "if such failure is not remedied on or before the second Local Business Day after notice of such failure is given to the party."

Cross Default: The provisions of Section 5(a)(vi) of the Agreement will apply to Barclays and will apply to Counterparty with a Threshold Amount of 3% of shareholders equity for each of Barclays and Counterparty (*provided* that, in each case, (a) the text "or becoming capable at such time of being declared," shall be deleted from Section 5(a)(vi)(1) of the Agreement and (b) the following provision shall be added to the end of Section 5(a)(vi) of the Agreement: "but a default under clause (2) above shall not constitute an Event of Default if (x) the default was caused solely by error or omission of an administrative or operational nature, (y) funds were available to enable the party to make the payment when due and (z) the payment is made within two Local Business Days of such party's receipt of written notice of its failure to pay").

The "Automatic Early Termination" provision of Section 6(a) of the Agreement will not apply to Barclays and will not apply to Counterparty.

(d) **Part 2(b) of the ISDA Schedule — Payee Representation:**

For the purpose of Section 3(f) of the Agreement, Counterparty makes the following representation to Barclays:

Counterparty is a corporation established under the laws of the State of Delaware and is a U.S. person (as that term is defined in Section 7701(a)(30) of the United States Internal Revenue Code of 1986, as amended).

For the purpose of Section 3(f) of the Agreement, Barclays makes the following representation to Counterparty:

(A) Each payment received or to be received by it in connection with the Agreement is effectively connected with its conduct of a trade or business within the United States; and

(B) It is a "foreign person" (as that term is used in Section 1.6041-4(a)(4) of the United States Treasury Regulations) for United States federal income tax purposes.

(e) **Part 3(a) of the ISDA Schedule — Tax Forms:**

**Party Required to Deliver Document**

	<u>Form/Document/Certificate</u>	<u>Date by which to be Delivered</u>
Counterparty	A complete and duly executed United States Internal Revenue Service Form W-9 (or successor thereto.)	(i) Upon execution and delivery of the Agreement; (ii) promptly upon reasonable demand by Barclays; and (iii) promptly upon learning that any such Form previously provided by Counterparty has become obsolete or incorrect.
Barclays	A complete and duly executed United States Internal Revenue Service Form W-8ECI (or successor thereto.)	(i) Upon execution and delivery of the Agreement; and (ii) promptly upon learning that any such Form previously provided by Barclays has become obsolete or incorrect.

(f) Section 2(c) will not apply to the Transaction.

(g) Section 12(a)(ii) of the Agreement hereby is amended by deleting the text thereof and inserting "[Reserved]" in place of such text. Section 12(b) of the Agreement hereby is amended by striking the word "telex" and the comma immediately preceding such word. For the avoidance of doubt, the text "electronic messaging system" as used in Section 12 of the Agreement shall mean only electronic mail (also known as e-mail).

28. Any calculation, adjustment, judgment or other determination made hereunder by Barclays or any of its affiliates with respect to the Transaction (including, for the avoidance of doubt, in its capacity as Calculation Agent) shall be furnished to Counterparty by Barclays on or prior to the effective date thereof or the effective date of any notice of an amount payable in respect thereof (including any such notice referenced in Section 6(d)(ii) of the Agreement), together with a report (in a commonly used file format for storage and manipulation of financial data but without disclosing any proprietary models of the Calculation Agent or other information that may be proprietary or subject to contractual, legal or regulatory obligations to not disclose such information) displaying in reasonable detail such calculation, adjustment judgment or other determination, as the case may be, and the basis therefor.
29. "Indemnifiable Tax" as defined in Section 14 of the Agreement shall not include (i) any tax imposed on payments treated as dividends from sources within the United States under Section 871(m) of the United States Internal Revenue Code of 1986, as amended (the "Code"), or any regulations issued thereunder (a "Section 871(m) Tax") or (ii) any U.S. federal withholding tax imposed or collected pursuant to Sections 1471 through 1474 of the Code, any current or future regulations or official interpretations thereof, any agreement entered into pursuant to Section 1471(b) of the Code, or any fiscal or regulatory legislation, rules or practices adopted pursuant to any intergovernmental agreement entered into in connection with the implementation of such Sections of the Code (a "FATCA Withholding Tax"). For the avoidance of doubt, each of a Section 871(m) Tax and a FATCA

Withholding Tax is a Tax the deduction or withholding of which is required by applicable law for the purposes of Section 2(d) of the Agreement.

*[Signature pages to follow. Remainder of page intentionally left blank.]*

Yours sincerely,

**BARCLAYS CAPITAL INC. ACTING AS AGENT  
FOR BARCLAYS BANK PLC**

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

Confirmed as of the date first above written:

**DUKE ENERGY CORPORATION**

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

---

**SCHEDULE I**

FORWARD PRICE REDUCTION DATES AND AMOUNTS

I-1

---

ANNEX A

PRIVATE PLACEMENT PROCEDURES

If Counterparty delivers Restricted Shares pursuant to Section 10 above (a "Private Placement Settlement"), then:

(a) the delivery of Restricted Shares by Counterparty shall be effected in accordance with customary private placement procedures for issuers comparable to Counterparty with respect to such Restricted Shares reasonably acceptable to Barclays. Counterparty shall not take, or cause to be taken, any action that would make unavailable either the exemption pursuant to Section 4(2) of the Securities Act for the sale by Counterparty to Barclays (or any affiliate designated by Barclays) of the Restricted Shares or the exemption pursuant to Section 4(a)(1) or Section 4(a)(3) of the Securities Act for resales of the Restricted Shares by Barclays (or any such affiliate of Barclays);

(b) as of or prior to the date of delivery, Barclays and any potential purchaser of any such Restricted Shares from Barclays (or any affiliate of Barclays designated by Barclays) identified by Barclays shall be afforded a commercially reasonable opportunity to conduct a due diligence investigation with respect to Counterparty customary in scope for similarly-sized private placements of equity securities for issuers comparable to Counterparty (including, without limitation, the right to have made available to them for inspection all financial and other records, pertinent corporate documents and other information reasonably requested by them); *provided* that, prior to receiving or being granted access to any such information, any such potential purchaser may be required by Counterparty to enter into a customary non-disclosure agreement with Counterparty in respect of any such due diligence investigation;

(c) as of the date of delivery, Counterparty shall enter into an agreement (a "Private Placement Agreement") with Barclays (or any affiliate of Barclays designated by Barclays) in connection with the private placement of such Restricted Shares by Counterparty to Barclays (or any such affiliate) and the private resale of such Restricted Shares by Barclays (or any such affiliate), substantially similar to private placement purchase agreements customary for private placements of equity securities for issuers comparable to Counterparty, in form and substance commercially reasonable satisfactory to Barclays, which Private Placement Agreement shall include, without limitation, provisions substantially similar to those contained in such private placement purchase agreements relating, without limitation, to the mutual indemnification of, and contribution in connection with the liability of the parties and the provision of customary opinions, accountants' comfort letters and lawyers' negative assurance letters, and shall provide for the payment by Counterparty of all reasonable fees and expenses in connection with such resale, including all reasonable fees and expenses of counsel for Barclays, and shall contain representations, warranties, covenants and agreements of Counterparty customary for issuers comparable to Counterparty and reasonably necessary or advisable to establish and maintain the availability of an exemption from the registration requirements of the Securities Act for such resales; and

(d) in connection with the private placement of such Restricted Shares by Counterparty to Barclays (or any such affiliate) and the private resale of such Restricted Shares by Barclays (or any such affiliate), Counterparty shall, if so requested by Barclays, prepare, in cooperation with Barclays, a private placement memorandum customary for issuers comparable to Counterparty and in form and substance reasonably satisfactory to Barclays.

In the case of a Private Placement Settlement, Barclays shall, in its good faith discretion, adjust the amount of Restricted Shares to be delivered to Barclays hereunder and/or the applicable Daily Forward Price(s) in a commercially reasonable manner to reflect the fact that such Restricted Shares may not be freely returned to securities lenders by Barclays and may only be saleable by Barclays at a discount to reflect the lack of transferability and liquidity in Restricted Shares based on actual charges incurred or discounts given.

If Counterparty delivers any Restricted Shares in respect of the Transaction, Counterparty agrees that (i) such Shares may be transferred by and among Barclays and its affiliates and (ii) after the minimum "holding period" within the meaning of Rule 144(d) under the Securities Act has elapsed after the applicable Settlement Date, Counterparty shall (so long as Barclays or any such affiliate is not an "affiliate" of Counterparty within the meaning of Rule 144 under the Securities Act) promptly remove, or cause the transfer agent for the Shares to remove, any legends referring to any transfer restrictions from such Shares upon delivery by Barclays (or such affiliate of Barclays) to Counterparty or such transfer agent of seller's and broker's representation letters customarily delivered in connection with resales of restricted securities pursuant to Rule 144 under the Securities Act, each without any further requirement for the delivery of any certificate, consent, agreement, opinion of counsel, notice or any other document, any transfer tax stamps or payment of any other amount or any other action by Barclays (or such affiliate of Barclays).

**SCHEDULE VI**

Lynn J. Good

Melissa H. Anderson

Douglas F. Esamann

Dhiaa M. Jamil

Julia S. Janson

A.R. Mullinax

Lloyd M. Yates

Steven K. Young

Brian D. Savoy

---



Exhibit 1

DUKE ENERGY CORPORATION  
LOCK-UP AGREEMENT

March 1, 2016

BARCLAYS CAPITAL INC.  
CITIGROUP GLOBAL MARKETS INC.  
J.P. MORGAN SECURITIES LLC  
MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED  
WELLS FARGO SECURITIES, LLC

As Representatives of the several Underwriters

c/o BARCLAYS CAPITAL INC.  
745 Seventh Avenue  
New York, NY 10019

Re: Duke Energy Corporation—Lock-Up Agreement

Ladies and Gentlemen:

The undersigned understands that you, as representatives (the "Representatives"), propose to enter into an Underwriting Agreement on behalf of the several Underwriters named in Schedule I to such agreement (collectively, the "Underwriters"), with Duke Energy Corporation, a North Carolina corporation (the "Corporation"), providing for a public offering (the "Public Offering") of shares of the common stock (the "Common Stock") of the Corporation (the "Shares") pursuant to an automatic shelf Registration Statement on Form S-3 filed with the Securities and Exchange Commission (the "Commission").

In consideration of the agreement by the Underwriters to offer and sell the Shares, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that, during the period beginning from the date hereof and continuing to and including the date (the "Cut-off Date") 60 days after the date of the final Prospectus covering the public offering of the shares of Common Stock of the Corporation, the undersigned will not (i) directly or indirectly offer or sell (or grant any option or warrant to offer or sell), (ii) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of the Subject Shares (as defined below), whether any such swap or transaction described in clause (i) or (ii) above is to be settled by delivery of Subject Shares or such other securities, in cash or otherwise, or any

---

options or warrants to purchase any Subject Shares, or any securities convertible into, exchangeable for or that represent the right to receive Subject Shares.

The foregoing restriction is expressly agreed to preclude the undersigned from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the undersigned's Subject Shares even if such Subject Shares would be disposed of by someone other than the undersigned. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the undersigned's Subject Shares or with respect to any security that includes, relates to, or derives any significant part of its value from such Subject Shares.

The term "Subject Shares" means (i) the shares of Common Stock, whether now owned or hereafter acquired, owned directly by the undersigned (including holding as a custodian) or with respect to which the undersigned has beneficial ownership within the rules and regulations of the Commission and (ii) shares of Common Stock acquired prior to the Cut-Off Date pursuant to any employee or director compensation plan of the Corporation or pursuant to any employee or shareholder investment plan of the Corporation.

Notwithstanding the foregoing, the undersigned may transfer the Subject Shares (i) as a bona fide gift or gifts, provided that the donee or donees thereof agree(s) to be bound in writing by the restrictions set forth herein, (ii) to any member of the immediate family of the undersigned provided that the transferee or transferees agree(s) to be bound in writing by the restrictions set forth herein, (iii) to any trust or foundation, provided that the trustee of the trust or foundation agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, (iv) to an entity controlled by the undersigned provided the transferee or transferees agree(s) to be bound in writing by the restrictions set forth herein, (v) pursuant to the laws of testamentary or intestate descent, provided that the transferee or transferees agree(s) to be bound in writing by the restrictions set forth herein or (vi) with the prior written consent of the Representatives on behalf of the Underwriters. For purposes of this Lock-Up Agreement, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin. The undersigned will have at the time the undersigned acquires each of the Subject Shares, and, except as contemplated by clause (i), (ii), (iii), (iv), (v) or (vi) above, for the duration of this Lock-Up Agreement will have, good and marketable title to such Subject Shares, free and clear of all liens, encumbrances, and claims whatsoever created by the undersigned. The undersigned also agrees and consents to the entry of stop transfer instructions with the Corporation in its capacity as transfer agent and registrar against the transfer of the Subject Shares except in compliance with the foregoing restrictions.

Notwithstanding the foregoing, the undersigned may not make any transfer of the Shares under clauses (i), (ii), (iii) or (iv) above if any filing by any party (donor, donee, transferor or transferee) under Section 16(a) of the Securities Exchange Act of 1934, as amended, shall be required (or be made voluntarily) in connection with such transfer or distribution (other than a filing on a Form 5 made after the expiration of the 60-day period referred to above).

The undersigned understands that the Corporation and the Underwriters are relying upon this Lock-Up Agreement in proceeding toward consummation of the offering. The undersigned further understands that this Lock-Up Agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors, and assigns.

Very truly yours,

\_\_\_\_\_  
Exact Name of Shareholder

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
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): April 1, 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**

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))
-

**Item 8.01 Other Events.**

During the first quarter of 2016, the Duke Energy Corporation ("Duke Energy") chief operating decision maker 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. The segment measure information attached hereto, and incorporated by reference herein, as exhibit 99.1, recasts Duke Energy's historical segment measure for each of the interim financial periods for the year ended December 31, 2015, based upon this new segment measure.

**Item 9.01 Financial Statements and Exhibits.**

(d) *Exhibits.*

99.1 2015 Segment Income for Interim Periods

---

**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: April 1, 2016

By: /s/ Brian D. Savoy

Name: Brian D. Savoy

Title: Senior Vice President, Chief Accounting Officer and Controller

---

**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
99.1	2015 Segment Income for Interim Periods



## 2015 Segment Income For Interim Periods

---



**Table of Contents**

DUKE ENERGY CORPORATION (Unaudited)

3 Recasted Segment Income for Interim Periods

Non-GAAP Disclosures (Unaudited)

4 Adjusted to Reported Earnings Reconciliations

10 Non-GAAP Financial Measures

---

DUKE ENERGY CORPORATION  
Recasted Segment Income for Interim Periods  
(Unaudited)

(in millions)	2015					
	GAAP Reported Segment Income	Adjustment <sup>(a)</sup>	Recasted GAAP Reported Segment Income	Adjusted Segment Income	Adjustment <sup>(a)</sup>	Recasted Adjusted Segment Income
<b>Three Months Ended March 31, 2015</b>						
Regulated Utilities	\$ 774	\$ —	\$ 774	\$ 774	\$ —	\$ 774
International Energy	36	—	36	36	—	36
Commercial Portfolio	1	6	7	95	6	101
Other	(37)	(6)	(43)	(24)	(6)	(30)
<b>Total</b>	<b>\$ 774</b>	<b>\$ —</b>	<b>\$ 774</b>	<b>\$ 881</b>	<b>\$ —</b>	<b>\$ 881</b>
<b>Three Months Ended June 30, 2015</b>						
Regulated Utilities	\$ 632	\$ —	\$ 632	\$ 632	\$ —	\$ 632
International Energy	52	—	52	52	—	52
Commercial Portfolio	(33)	3	(30)	8	3	11
Other	(48)	(3)	(51)	(34)	(3)	(37)
<b>Total</b>	<b>\$ 603</b>	<b>\$ —</b>	<b>\$ 603</b>	<b>\$ 658</b>	<b>\$ —</b>	<b>\$ 658</b>
<b>Six Months Ended June 30, 2015</b>						
Regulated Utilities	\$ 1,406	\$ —	\$ 1,406	\$ 1,406	\$ —	\$ 1,406
International Energy	88	—	88	88	—	88
Commercial Portfolio	(32)	9	(23)	103	9	112
Other	(85)	(9)	(94)	(58)	(9)	(67)
<b>Total</b>	<b>\$ 1,377</b>	<b>\$ —</b>	<b>\$ 1,377</b>	<b>\$ 1,539</b>	<b>\$ —</b>	<b>\$ 1,539</b>
<b>Three Months Ended September 30, 2015</b>						
Regulated Utilities	\$ 905	\$ —	\$ 905	\$ 965	\$ —	\$ 965
International Energy	69	—	69	69	—	69
Commercial Portfolio	(3)	11	8	(4)	11	7
Other	(34)	(11)	(45)	(19)	(11)	(30)
<b>Total</b>	<b>\$ 937</b>	<b>\$ —</b>	<b>\$ 937</b>	<b>\$ 1,011</b>	<b>\$ —</b>	<b>\$ 1,011</b>
<b>Nine Months Ended September 30, 2015</b>						
Regulated Utilities	\$ 2,311	\$ —	\$ 2,311	\$ 2,371	\$ —	\$ 2,371
International Energy	157	—	157	157	—	157
Commercial Portfolio	(35)	20	(15)	99	20	119
Other	(119)	(20)	(139)	(77)	(20)	(97)
<b>Total</b>	<b>\$ 2,314</b>	<b>\$ —</b>	<b>\$ 2,314</b>	<b>\$ 2,550</b>	<b>\$ —</b>	<b>\$ 2,550</b>
<b>Three Months Ended December 31, 2015</b>						
Regulated Utilities	\$ 582	\$ —	\$ 582	\$ 601	\$ —	\$ 601
International Energy	68	—	68	68	—	68
Commercial Portfolio	39	(20)	19	41	(20)	21
Other	(203)	20	(183)	(108)	20	(88)
<b>Total</b>	<b>\$ 486</b>	<b>\$ —</b>	<b>\$ 486</b>	<b>\$ 602</b>	<b>\$ —</b>	<b>\$ 602</b>

(a) During the first quarter of 2016, the Duke Energy Corporation (Duke Energy) chief operating decision maker 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. The adjustment recasts Duke Energy's historical segment measure to reflect the segment measure change. Income tax levelization is recorded within Income tax expense on the Condensed Consolidated Statements of Operations.

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
**Three Months Ended March 31, 2015**  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items		Discontinued Operations	Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Midwest Generation Operations			
<b>SEGMENT INCOME</b>						
Regulated Utilities	\$ 774	\$ —	\$ —	\$ —	\$ —	\$ 774
International Energy	36	—	—	—	—	36
Commercial Portfolio	101	—	(94) B	—	(94)	7
<b>Total Reportable Segment Income</b>	<b>911</b>	<b>—</b>	<b>(94)</b>	<b>—</b>	<b>(94)</b>	<b>817</b>
Other	(30)	(13) A	—	—	(13)	(43)
Intercompany Eliminations	—	—	—	(1) D	(1)	(1)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>881</b>	<b>(13)</b>	<b>(94)</b>	<b>(1)</b>	<b>(108)</b>	<b>773</b>
Discontinued Operations	—	—	94 B	(3) C	91	91
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<b>\$ 881</b>	<b>\$ (13)</b>	<b>\$ —</b>	<b>\$ (4)</b>	<b>\$ (17)</b>	<b>\$ 864</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 1.24</b>	<b>\$ (0.02)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (0.02)</b>	<b>\$ 1.22</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.24</b>	<b>\$ (0.02)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (0.02)</b>	<b>\$ 1.22</b>

A - Net of \$8 million tax benefit. Recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B - 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).

C - Recorded in Income (Loss) From Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

D - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	708
Diluted	708

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
**Three Months Ended June 30, 2015**  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items		Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Discontinued Operations		
<b>SEGMENT INCOME</b>					
Regulated Utilities	\$ 632	\$ —	\$ —	\$ —	\$ 632
International Energy	52	—	—	—	52
Commercial Portfolio	11	—	(41) D	(41)	(30)
Total Reportable Segment Income	695	—	(41)	(41)	654
Other	(37)	(14) A	—	(14)	(51)
Intercompany Eliminations	—	—	(3) C	(3)	(3)
Total Reportable Segment Income and Other Net Expense	658	(14)	(44)	(58)	600
Discontinued Operations	—	—	(57) B	(57)	(57)
Net Income (Loss) Attributable to Duke Energy Corporation	\$ 658	\$ (14)	\$ (101)	\$ (115)	\$ 543
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	\$ 0.95	\$ (0.02)	\$ (0.15)	\$ (0.17)	\$ 0.78
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	\$ 0.95	\$ (0.02)	\$ (0.15)	\$ (0.17)	\$ 0.78

A - Net of \$8 million tax benefit. Recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B - Recorded in Income (Loss) 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.

C - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.

D - State tax expense resulting from the completion of the sale of the nonregulated Midwest generation business.

**Weighted Average Shares (reported and adjusted) - in millions**

Basic	692
Diluted	692

DUKE ENERGY CORPORATION  
ADJUSTED TO REPORTED EARNINGS RECONCILIATION  
Six Months Ended June 30, 2015  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items			Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Midwest Generation Operations	Discontinued Operations		
<b>SEGMENT INCOME</b>						
Regulated Utilities	\$ 1,406	\$ —	\$ —	\$ —	\$ —	\$ 1,406
International Energy	88	—	—	—	—	88
Commercial Portfolio	112	—	(94) B	(41) E	(135)	(23)
<b>Total Reportable Segment Income</b>	<b>1,606</b>	<b>—</b>	<b>(94)</b>	<b>(41)</b>	<b>(135)</b>	<b>1,471</b>
Other	(67)	(27) A	—	—	(27)	(94)
Intercompany Eliminations	—	—	—	(4) D	(4)	(4)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>1,539</b>	<b>(27)</b>	<b>(94)</b>	<b>(45)</b>	<b>(166)</b>	<b>1,373</b>
Discontinued Operations	—	—	94 B	(60) C	34	34
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<b>\$ 1,539</b>	<b>\$ (27)</b>	<b>\$ —</b>	<b>\$ (105)</b>	<b>\$ (132)</b>	<b>\$ 1,407</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 2.20</b>	<b>\$ (0.04)</b>	<b>\$ —</b>	<b>\$ (0.15)</b>	<b>\$ (0.19)</b>	<b>\$ 2.01</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 2.20</b>	<b>\$ (0.04)</b>	<b>\$ —</b>	<b>\$ (0.15)</b>	<b>\$ (0.19)</b>	<b>\$ 2.01</b>

A - Net of \$16 million tax benefit. Recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B - 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).

C - Recorded in Income (Loss) 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.

D - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.

E - State tax expense resulting from the completion of the sale of the nonregulated Midwest generation business.

Weighted Average Shares (reported and adjusted) - in millions

Basic 700  
Diluted 700

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
**Three Months Ended September 30, 2015**  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items			Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Edwardsport Settlement	Ash Basin Settlement				
<b>SEGMENT INCOME</b>								
Regulated Utilities	\$ 965	\$ —	\$ (56)	B \$ (4)	C \$ —	\$ —	\$ (60)	\$ 905
International Energy	69	—	—	—	—	—	—	69
Commercial Portfolio	7	—	—	—	1 D	—	1	8
<b>Total Reportable Segment Income</b>	<b>1,041</b>	<b>—</b>	<b>(56)</b>	<b>(4)</b>	<b>1</b>	<b>—</b>	<b>(59)</b>	<b>982</b>
Other	(30)	(15) A	—	—	—	—	(15)	(45)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>1,011</b>	<b>(15)</b>	<b>(56)</b>	<b>(4)</b>	<b>1</b>	<b>—</b>	<b>(74)</b>	<b>937</b>
Discontinued Operations	—	—	—	—	—	(5) E	(5)	(5)
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<b>\$ 1,011</b>	<b>\$ (15)</b>	<b>\$ (56)</b>	<b>\$ (4)</b>	<b>\$ 1</b>	<b>\$ (5)</b>	<b>\$ (79)</b>	<b>\$ 932</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 1.47</b>	<b>\$ (0.02)</b>	<b>\$ (0.08)</b>	<b>\$ (0.01)</b>	<b>\$ —</b>	<b>\$ (0.01)</b>	<b>\$ (0.12)</b>	<b>\$ 1.35</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.47</b>	<b>\$ (0.02)</b>	<b>\$ (0.08)</b>	<b>\$ (0.01)</b>	<b>\$ —</b>	<b>\$ (0.01)</b>	<b>\$ (0.12)</b>	<b>\$ 1.35</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 and also relate to existing derivative positions that may have tenors beyond the planned disposal date of the nonregulated Midwest generation business. 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 these 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. However, due to the divestiture of the nonregulated Midwest generation business as mentioned above, certain derivative positions have tenors beyond the planned disposal date of these assets. As such, management has excluded settlements of these derivative positions from adjusted diluted EPS as these realized gains and losses more closely relate to the loss on disposal of these assets. 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 TO REPORTED EARNINGS RECONCILIATION**  
**Nine Months Ended September 30, 2015**  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items				Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Edwardsport Settlement	Midwest Generation Operations	Ash Basin Settlement				
<b>SEGMENT INCOME</b>									
Regulated Utilities	\$ 2,371	\$ —	\$ (56) B	\$ —	\$ (4) D	\$ —	\$ —	\$ (60)	\$ 2,311
International Energy	157	—	—	—	—	—	—	—	157
Commercial Portfolio	119	—	—	(94) C	—	1 E	(41) F	(134)	(15)
<b>Total Reportable Segment Income</b>	<b>2,647</b>	<b>—</b>	<b>(56)</b>	<b>(94)</b>	<b>(4)</b>	<b>1</b>	<b>(41)</b>	<b>(194)</b>	<b>2,453</b>
Other	(97)	(42) A	—	—	—	—	—	(42)	(139)
Intercompany Eliminations	—	—	—	—	—	—	(4) G	(4)	(4)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>2,550</b>	<b>(42)</b>	<b>(56)</b>	<b>(94)</b>	<b>(4)</b>	<b>1</b>	<b>(45)</b>	<b>(240)</b>	<b>2,310</b>
Discontinued Operations	—	—	—	94 C	—	—	(65) H	29	29
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<b>\$ 2,550</b>	<b>\$ (42)</b>	<b>\$ (56)</b>	<b>\$ —</b>	<b>\$ (4)</b>	<b>\$ 1</b>	<b>\$ (110)</b>	<b>\$ (211)</b>	<b>\$ 2,339</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 3.66</b>	<b>\$ (0.05)</b>	<b>\$ (0.08)</b>	<b>\$ —</b>	<b>\$ (0.01)</b>	<b>\$ —</b>	<b>\$ (0.16)</b>	<b>\$ (0.30)</b>	<b>\$ 3.36</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 3.66</b>	<b>\$ (0.05)</b>	<b>\$ (0.08)</b>	<b>\$ —</b>	<b>\$ (0.01)</b>	<b>\$ —</b>	<b>\$ (0.16)</b>	<b>\$ (0.30)</b>	<b>\$ 3.36</b>

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 TO REPORTED EARNINGS RECONCILIATION**  
**Three Months Ended December 31, 2015**  
(Dollars in millions, except per-share amounts)

	Special Items							Total Adjustments	Reported Earnings
	Adjusted Earnings	Costs to Achieve, Mergers	Edwardsport Settlement	Cost Savings Initiatives	Ash Basin Settlement and Penalties	Economic Hedges (Mark-to-Market)	Discontinued Operations		
<b>SEGMENT INCOME</b>									
Regulated Utilities	\$ 601	\$ —	\$ (2) <sup>B</sup>	\$ (10) <sup>C</sup>	\$ (7) <sup>F</sup>	\$ —	\$ —	\$ (19)	\$ 582
International Energy	68	—	—	—	—	—	—	—	68
Commercial Portfolio	21	—	—	(1) <sup>D</sup>	—	(1) <sup>G</sup>	—	(2)	19
<b>Total Reportable Segment Income</b>	<b>690</b>	<b>—</b>	<b>(2)</b>	<b>(11)</b>	<b>(7)</b>	<b>(1)</b>	<b>—</b>	<b>(21)</b>	<b>669</b>
Other	(88)	(18) <sup>A</sup>	—	(77) <sup>E</sup>	—	—	—	(95)	(183)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>602</b>	<b>(18)</b>	<b>(2)</b>	<b>(88)</b>	<b>(7)</b>	<b>(1)</b>	<b>—</b>	<b>(116)</b>	<b>486</b>
Discontinued Operations	—	—	—	—	—	—	(9) <sup>H</sup>	(9)	(9)
<b>Net Income (Loss) Attributable to Duke Energy Corporation</b>	<b>\$ 602</b>	<b>\$ (18)</b>	<b>\$ (2)</b>	<b>\$ (88)</b>	<b>\$ (7)</b>	<b>\$ (1)</b>	<b>\$ (9)</b>	<b>\$ (125)</b>	<b>\$ 477</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 0.87</b>	<b>\$ (0.03)</b>	<b>\$ —</b>	<b>\$ (0.13)</b>	<b>\$ (0.01)</b>	<b>\$ —</b>	<b>\$ (0.01)</b>	<b>\$ (0.18)</b>	<b>\$ 0.69</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 0.87</b>	<b>\$ (0.03)</b>	<b>\$ —</b>	<b>\$ (0.13)</b>	<b>\$ (0.01)</b>	<b>\$ —</b>	<b>\$ (0.01)</b>	<b>\$ (0.18)</b>	<b>\$ 0.69</b>

A - Net of \$12 million tax benefit. Recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B - Net of \$1 million tax benefit. \$3 million recorded within Impairment charges on the Duke Energy Indiana Condensed Consolidated Statements of Operations.

C - Net of \$6 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Condensed 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.

D - Net of \$1 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

E - Net of \$47 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

F - Recorded within Operation, maintenance and other on the Duke Energy Carolinas Condensed Consolidated Statements of Operations.

G - Recorded within Operating Revenues on the Condensed Consolidated Statements of Operations.

H - 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 688  
Diluted 688



**DUKE ENERGY CORPORATION**  
**Non-GAAP Financial Measures**

Management evaluates financial performance in part based on the non-GAAP financial measures, adjusted earnings and adjusted diluted earnings per share (EPS). These items are measured as income from continuing operations net of income (loss) attributable to non-controlling interests, adjusted for the dollar and per-share impact of mark-to-market impacts of economic hedges in the Commercial Portfolio segment and special items including the operating results of the nonregulated Midwest generation business and Duke Energy Retail Sales, LLC (Disposal Group) sold to Dynegy Inc. and classified as discontinued operations for GAAP purposes. Special items represent certain charges and credits, which management believes will not be recurring on a regular basis, although it is reasonably possible such charges and credits could recur. Management believes that including the operating results of the Disposal Group reported as discontinued operations better reflects its financial performance and therefore has included these results in adjusted earnings and adjusted diluted EPS prior to the sale of the Disposal Group. Additionally, as a result of completing the sale of the Disposal Group during the second quarter of 2015, state income tax expense increased as state income tax apportionments changed. The additional tax expense was recognized in Continuing Operations on a GAAP basis. This impact to state income taxes has been excluded from the Commercial Portfolio segment for adjusted diluted EPS purposes as management believes these impacts are incidental to the sale of the Disposal Group. Derivative contracts 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 and, if associated with the Disposal Group, classified as discontinued operations, as such derivative contracts do not qualify for hedge accounting or regulatory treatment. The economic value of generation assets is subject to fluctuations in fair value due to market price volatility of input and output commodities (e.g. coal, electricity, natural gas). Economic hedging involves both purchases and sales of those input and output commodities related to generation assets. Operations of the generation assets are accounted for under the accrual method. Management believes excluding impacts of mark-to-market changes of the derivative contracts from adjusted earnings until settlement better matches the financial impacts of the derivative contract with the portion of economic value of the underlying hedged asset. Management believes the presentation of adjusted earnings and adjusted diluted EPS provides useful information to investors, as it provides them an additional relevant comparison of Duke Energy's performance across periods. Management uses these non-GAAP financial measures for planning and forecasting and for reporting results to the 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, which include the dollar and per share impact of special items, mark-to-market impacts of economic hedges in the Commercial Portfolio segment and discontinued operations.

Management evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to non-controlling 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 the mark-to-market impacts of economic hedges in the Commercial Portfolio segment and special items, including the operating results of the Disposal Group classified as discontinued operations for GAAP purposes. Management believes the presentation of adjusted segment income as presented 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 is segment income, which represents segment income from continuing operations, including any special items and the mark-to-market impacts of economic hedges in the Commercial Portfolio segment.

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.

---

---

**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): April 12, 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**

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))
- 
-

**ITEM 5.02. DEPARTURE OF DIRECTORS OR CERTAIN OFFICERS; ELECTION OF DIRECTORS; APPOINTMENT OF CERTAIN OFFICERS; COMPENSATORY ARRANGEMENTS OF CERTAIN OFFICERS**

On April 12, 2016, Duke Energy Corporation (the "Corporation") announced that Mr. Dhiaa M. Jamil has been appointed as Executive Vice President and Chief Operating Officer, effective May 1, 2016, and that Mr. William E. Currens Jr. has been appointed as Senior Vice President, Chief Accounting Officer and Controller, effective May 16, 2016. Mr. Brian D. Savoy, currently Senior Vice President, Chief Accounting Officer and Controller, has been appointed as Senior Vice President, Business Transformation and Technology, also effective May 16, 2016.

Mr. Jamil, 59, has served as Executive Vice President and President, Generation and Transmission, since May 2015 and currently oversees nuclear, fossil, hydro, fuels and systems optimization, coal combustion products and transmission operations, as well as construction and project management and environmental health and safety. He will also assume responsibility for the supply chain organization. Prior to his current position, Mr. Jamil was Executive Vice President and President, Regulated Generation from August 2014 to May 2015, Executive Vice President and President, Duke Energy Nuclear from March 2013 until August 2014, Chief Nuclear Officer from 2008 until March 2013, and Group Executive and Chief Generation Officer from July 2009 until March 2013.

Mr. Currens, 47, has served as Vice President, Investor Relations, since September 2013, and served as General Manager, Investor Relations from April 2008 until September 2013. Prior to joining the Investor Relations organization, Mr. Currens served in various roles within the Corporate Controller's organization after joining the Corporation in 2002. Prior to joining the Corporation, Mr. Currens had over nine years of experience in public accounting with KPMG LLP.

Mr. Currens will participate in the Duke Energy Corporation Executive Severance Plan as a "Tier I" participant upon his appointment to his new role. The Executive Severance Plan is described in more detail on pages 64-65 of the Duke Energy Corporation Proxy Statement dated March 24, 2016. In all other respects, Mr. Jamil and Mr. Currens will continue to participate in the compensation and benefit plans in which they were participating prior to the change in responsibilities. Mr. Jamil and Mr. Currens have not entered into, nor were any amendments made to, any material plans, contracts or arrangements in connection with their change in responsibilities.

**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: April 12, 2016

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

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 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 3, 2016**

**DUKE ENERGY CORPORATION**

(Exact Name of Registrant as Specified in Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-32853**  
(Commission  
File No.)

**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))

---

**Item 2.02 Results of Operations and Financial Condition**

On May 3, 2016, Duke Energy Corporation issued a news release announcing its financial results for the first quarter ended March 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 May 3, 2016

---

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 thereunto duly authorized.

DUKE ENERGY CORPORATION

/s/ BRIAN D. SAVOY

Brian D. Savoy  
Senior Vice President, Chief Accounting Officer and  
Controller

Dated: May 3, 2016

---

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
99.1	News Release issued by Duke Energy Corporation on May 3, 2016



Exhibit 99.1

## News Release



Media Contact: Tom Shiel  
24-Hour: 800.559.3853

Analysts: Bill Currens  
Office: 704.382.1603

May 3, 2016

### Duke Energy reports first quarter 2016 adjusted earnings

- **First quarter 2016 adjusted diluted earnings per share (EPS) were \$1.13 compared to \$1.24 for the first quarter of 2015, reflecting the impact of milder winter weather and the prior-year sale of the Midwest Generation business**
- **Reported diluted EPS of \$1.01 for first quarter 2016, compared to \$1.22 for the first quarter of 2015**
- **Company remains on track to achieve its 2016 adjusted diluted earnings guidance range of \$4.50 to \$4.70 per share**

CHARLOTTE, N.C. – Duke Energy today announced first quarter 2016 adjusted diluted EPS of \$1.13, compared to \$1.24 for first quarter 2015. First quarter 2016 reported EPS was \$1.01, compared to \$1.22 for first quarter 2015.

Adjusted diluted EPS for the first quarter of 2016 were lower than the prior year, primarily due to milder winter weather, the absence of prior-year Midwest Generation results, and higher winter storm costs. International's results were supported by a favorable tax adjustment and stronger results in Brazil.

Based upon results through the first quarter, the company remains on track to achieve its 2016 adjusted diluted earnings guidance range of \$4.50 to \$4.70 per share.

"Operational excellence continues to underpin our commitment to our customers, communities and investors," said Lynn Good, chairman, president and CEO. "This was evidenced by our quick response in restoring more than 1.1 million customers after multiple winter storms in the Carolinas.

"Equally important, we continued to make investments to better serve our customers — expanding natural gas and renewable generation investments, modernizing the electric grid and investing in infrastructure while continuing to efficiently manage our operations."

---

Duke Energy News Release

2

### **Business unit results**

In addition to the summary business unit discussion below, a comprehensive table of quarterly adjusted earnings per share drivers compared to the prior year is provided on page 14.

The discussion below of first-quarter results includes adjusted segment income, which is a non-GAAP financial measure. The tables on pages 23 and 24 present a reconciliation of 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**

Regulated Utilities recognized first quarter 2016 adjusted segment income of \$695 million, compared to \$774 million in the first quarter 2015, a decrease of \$0.11 per share.

Lower quarterly results at Regulated Utilities were primarily driven by:

- Milder winter weather compared to the prior year (-\$0.10 per share), principally in the Carolinas and Midwest
- Higher depreciation and amortization expense (-\$0.06 per share), primarily resulting from additional plant-in-service, including the North Carolina Eastern Municipal Power Agency (NCEMPA) asset purchase in July 2015
- Higher O&M expenses (-\$0.01 per share), as a result of significant winter storm costs and the NCEMPA asset purchase, which were mostly offset by lower outage costs and ongoing cost efficiency initiatives

These unfavorable drivers were partially offset by:

- Higher revenues from increased pricing and riders (+\$0.07 per share) driven by the NCEMPA rider and energy efficiency programs

### **Commercial Portfolio**

Commercial Portfolio recognized first quarter 2016 adjusted segment income of \$27 million, compared to \$101 million in the first quarter 2015, a decrease of \$0.11 per share.

Lower quarterly results at Commercial Portfolio were primarily driven by the absence of earnings from the Midwest Generation business (-\$0.12 per share), which was sold in

---

Duke Energy News Release

3

April 2015, partially offset by stronger results from the renewables portfolio (+\$0.01 per share).

#### **International Energy**

International Energy recognized first quarter 2016 adjusted segment income of \$123 million, compared to \$36 million in the first quarter 2015, an increase of \$0.13 per share.

International Energy's improved quarterly earnings were driven by lower tax expense (+\$0.11 per share) and stronger results in Brazil (+\$0.05 per share), primarily due to improved hydrology. These results were partially offset by weaker foreign currency exchange rates (-\$0.02 per share).

#### **Other**

On an adjusted basis, Other primarily includes corporate interest expense not allocated to the business units, results from Duke Energy's captive insurance company, and other investments.

Other recognized a first quarter 2016 adjusted net expense of \$68 million, compared to net expense of \$30 million in the first quarter 2015. The \$0.06 per share decrease was primarily driven by tax adjustments in the prior year (-\$0.04 per share) and higher interest expense (-\$0.01 per share).

The consolidated adjusted effective tax rate for first quarter 2016 was 26 percent, compared to 32 percent in the first quarter of 2015. Adjusted effective tax rate is a non-GAAP financial measure. The tables on pages 25 and 26 present a reconciliation of reported effective tax rate to adjusted effective tax rate.

#### **Accelerated stock repurchase program**

In connection with the transaction to sell the Midwest Generation business to Dynegy for \$2.8 billion, which closed on April 2, 2015, Duke Energy completed a \$1.5 billion accelerated stock repurchase program (ASR). The program resulted in share retirements of approximately 19.8 million, providing a benefit to the first quarter 2016 results of approximately 4 cents per share.

#### **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 877-856-1955 in the

Duke Energy News Release

4

United States or 719-325-4765 outside the United States. The confirmation code is 7567946. 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, May 13, 2016, by calling 888-203-1112 in the United States or 719-457-0820 outside the United States and using the code 7567946. A replay and transcript also will be available by accessing the investors' section of the company's website.

**Special Items and Non-GAAP Reconciliation**

Special items affecting Duke Energy's adjusted diluted EPS for quarterly results in 2016 and 2015 include:

<u>(In millions, except per-share amounts)</u>	<u>After-Tax Amount</u>	<u>1Q 2016 EPS Impact</u>	<u>1Q 2015 EPS Impact</u>
<b>First Quarter 2016</b>			
• Cost to achieve, mergers	\$ (74)	\$ (0.11)	
• Cost savings initiatives	(12)	(0.02)	
• Discontinued operations	3	0.01	
<b>First Quarter 2015</b>			
• Cost to achieve, mergers	\$ (13)		\$ (0.02)
• Discontinued operations (1)	(4)		—
<b>Total diluted EPS impact</b>		<u>\$ (0.12)</u>	<u>\$ (0.02)</u>

(1) Amounts exclude the Midwest Generation business operating results of \$0.13 per diluted share included in reported income from discontinued operations, and included within adjusted diluted EPS.

Reconciliation of reported to adjusted diluted EPS for the quarter:

	<u>1Q 2016 EPS</u>	<u>1Q 2015 EPS</u>
Diluted EPS, as reported	<u>\$ 1.01</u>	<u>\$ 1.22</u>
Adjustments to reported EPS:		
• Diluted EPS impact of special items and discontinued operations	<u>0.12</u>	<u>0.02</u>
<b>Diluted EPS, adjusted</b>	<u>\$ 1.13</u>	<u>\$ 1.24</u>

**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 will not be recurring on a regular basis. The special items for the period ended March 31, 2015, include the operating results of the nonregulated Midwest generation business and Duke Energy Retail Sales (collectively, the Disposal Group) which are classified as discontinued operations for GAAP purposes. Management believes inclusion of the Disposal Group's operating results within adjusted earnings and adjusted diluted EPS

results in a better reflection of Duke Energy's financial performance. Costs to achieve mergers includes financing costs related to the Bridge Facility and the mark-to-market unrealized losses related to the forward-starting interest rate swaps used by Duke Energy to manage interest rate exposure for the expected financing of the Piedmont acquisition. The mark-to-market impact of forward-starting interest rate swaps is recognized in GAAP earnings immediately as the contracts do not qualify for hedge accounting or regulatory treatment. Management believes excluding the impact of the mark-to-market losses of the forward-starting interest rate swaps from adjusted earnings better reflects Duke Energy's financial performance and therefore has excluded these impacts from adjusted earnings and adjusted diluted EPS. Management believes the presentation of adjusted earnings and adjusted diluted EPS provides useful information to investors, as it provides them an additional relevant comparison of Duke Energy's performance across periods. Management uses these non-GAAP financial measures for planning and forecasting and for reporting results to the 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.

Management evaluates segment performance based on segment income. Segment income is defined as income from continuing operations net of income attributable to noncontrolling interests. Segment income, as discussed below, 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, including the operating results of the Disposal Group classified as discontinued operations for GAAP purposes. Management believes the presentation of adjusted segment income as presented 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 is segment income, which represents segment income from continuing operations not adjusted for any special items.

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.

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,

---

Duke Energy News Release

6

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 or any amounts that may be reported as discontinued operations or extraordinary items for future periods.

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. 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 a 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 required closure of certain ash basins, are uncertain and difficult to estimate; the ability to recover eligible costs, including amounts associated with coal ash basin asset retirement obligations and future significant weather events, and 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

---

Duke Energy News Release

7

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 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 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; the expected timing and likelihood of completion of the proposed acquisition of Piedmont Natural Gas Company, Inc. (Piedmont), including the timing, receipt and terms and

---

Duke Energy News Release

8

conditions of any required governmental and regulatory approvals of the proposed acquisition that could reduce anticipated benefits or cause the parties to abandon the acquisition, and under certain specified circumstance pay a termination fee of \$250 million, as well as the ability to successfully integrate the businesses 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; and the likelihood, terms and timing of the potential sale of International Energy, excluding the equity investment in National Methanol Company, could change the presentation of certain assets, liabilities and results of operations as assets held for sale, liabilities associated with assets held for sale, and discontinued operations, respectively.

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.

###



March 2016  
**QUARTERLY HIGHLIGHTS**  
(Unaudited)

	Three Months Ended March 31,	
	2016	2015
<i>(In millions, except per-share amounts and where noted)</i>		
<b>Earnings Per Share - Basic and Diluted</b>		
Income from continuing operations attributable to Duke Energy Corporation common stockholders		
Basic	\$ 1.00	\$ 1.09
Diluted	\$ 1.00	\$ 1.09
Income from discontinued operations attributable to Duke Energy Corporation common stockholders		
Basic	\$ 0.01	\$ 0.13
Diluted	\$ 0.01	\$ 0.13
Net income attributable to Duke Energy Corporation common stockholders		
Basic	\$ 1.01	\$ 1.22
Diluted	\$ 1.01	\$ 1.22
Weighted-average shares outstanding		
Basic	689	708
Diluted	689	708
<b>SEGMENT INCOME (LOSS) BY BUSINESS SEGMENT</b>		
Regulated Utilities	\$ 695	\$ 774
International Energy(a)	123	36
Commercial Portfolio	27	7
Total Reportable Segment Income	845	817
Other Net Expense(b)(c)	(154)	(43)
Intercompany Eliminations	—	(1)
Income from Discontinued Operations, net of tax	3	91
Net Income Attributable to Duke Energy Corporation	<u>\$ 694</u>	<u>\$ 864</u>
<b>CAPITALIZATION</b>		
Total Common Equity	48%	49%
Total Debt	52%	51%
Total Debt	\$43,794	\$43,608
Book Value Per Share	\$ 57.98	\$ 58.03
Actual Shares Outstanding	689	708
<b>CAPITAL AND INVESTMENT EXPENDITURES</b>		
Regulated Utilities	\$ 1,448	\$ 1,262
International Energy	5	12
Commercial Portfolio	214	122
Other	37	58
Total Capital and Investment Expenditures	<u>\$ 1,704</u>	<u>\$ 1,454</u>

Note: Prior period segment income (loss) has been recast to conform with the new segment income measure.

- (a) Includes a tax benefit of \$84 million related to lower income taxes resulting from the decision to divest the International Energy segment combined with more efficient utilization of foreign tax credits, net of the impact of no longer asserting indefinite reinvestment of foreign earnings for the three months ended March 31, 2016.
- (b) Includes costs to achieve mergers of \$74 million for the three months ended March 31, 2016 (net of tax of \$46 million) and \$13 million for the three months ended March 31, 2015 (net of tax of \$8 million).
- (c) Includes a charge of \$12 million for the three months ended March 31, 2016, related to cost savings initiatives (net of tax of \$8 million).

March 2016  
**QUARTERLY HIGHLIGHTS**  
(Unaudited)

	Three Months Ended March 31,	
	2016	2015
<i>(In millions, except for GWh and MW amounts)</i>		
<b>REGULATED UTILITIES</b>		
Operating Revenues	\$ 5,259	\$ 5,723
Operating Expenses	3,967	4,305
Gains on Sales of Other Assets, net	1	7
Operating Income	1,293	1,425
Other Income and Expenses	64	72
Interest Expense	277	275
Income Before Income Taxes	1,080	1,222
Income Tax Expense	385	448
Segment Income	<u>\$ 695</u>	<u>\$ 774</u>
Depreciation and Amortization	\$ 728	\$ 698
<b>INTERNATIONAL ENERGY</b>		
Operating Revenues	\$ 246	\$ 273
Operating Expenses	154	207
Operating Income	92	66
Other Income and Expenses	16	14
Interest Expense	22	23
Income Before Income Taxes	86	57
Income Tax (Benefit) Expense(a)	(39)	20
Less: Income Attributable to Noncontrolling Interests	2	1
Segment Income	<u>\$ 123</u>	<u>\$ 36</u>
Depreciation and Amortization	\$ 22	\$ 23
Sales, GWh	5,880	4,470
Proportional MW Capacity in Operation	4,315	4,335
<b>COMMERCIAL PORTFOLIO</b>		
Operating Revenues	\$ 114	\$ 73
Operating Expenses	111	89
Gains on Sales of Other Assets, net	1	—
Operating Income (Loss)	4	(16)
Other Income and Expenses	2	2
Interest Expense	12	12
Loss Before Income Taxes	(6)	(26)
Income Tax Benefit	(33)	(33)
Segment Income	<u>\$ 27</u>	<u>\$ 7</u>
Depreciation and Amortization	\$ 30	\$ 24
Actual Renewable Plant Production, GWh	2,060	1,310
Net Proportional MW Capacity in Operation	1,963	1,415
<b>OTHER</b>		
Operating Revenues	\$ 29	\$ 27
Operating Expenses(b)(c)(d)	92	50
Gains on Sales of Other Assets, net	7	7
Operating Loss	(56)	(16)
Other Income and Expenses	10	1
Interest Expense(e)	205	97
Loss Before Income Taxes	(251)	(112)
Income Tax Benefit(f)(g)(h)	(100)	(71)
Less: Income Attributable to Noncontrolling Interests	3	2
Segment Net Expense	<u>\$ (154)</u>	<u>\$ (43)</u>
Depreciation and Amortization	\$ 34	\$ 32

Note: Prior period has been recast to conform with the new segment income measure.

- (a) Includes a tax benefit of \$84 million related to lower income taxes resulting from the decision to divest the International Energy segment combined with more efficient utilization of foreign tax credits, net of the impact of no longer asserting indefinite reinvestment of foreign earnings, for the three months ended March 31, 2016.
- (b) Includes costs to achieve mergers of \$19 million for the three months ended March 31, 2016.
- (c) Includes a charge of \$20 million for the three months ended March 31, 2016, related to cost savings initiatives.
- (d) Includes costs to achieve Progress merger of \$21 million for the three months ended March 31, 2015.
- (e) Includes costs to achieve mergers of \$100 million for the three months ended March 31, 2016.
- (f) Includes a tax benefit related to costs to achieve mergers of \$46 million for the three months ended March 31, 2016.
- (g) Includes a tax benefit related to cost savings initiatives of \$8 million for the three months ended March 31, 2016.
- (h) Includes a tax benefit related to costs to achieve Progress merger of \$8 million for the three months ended March 31, 2015.

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)  
(In millions, except per-share amounts)

	Three Months Ended March 31,	
	2016	2015
<b>Operating Revenues</b>		
Regulated electric	\$5,053	\$5,457
Nonregulated electric and other	400	377
Regulated natural gas	169	231
Total operating revenues	<u>5,622</u>	<u>6,065</u>
<b>Operating Expenses</b>		
Fuel used in electric generation and purchased power - regulated	1,577	1,941
Fuel used in electric generation and purchased power - nonregulated	58	104
Cost of natural gas	60	111
Operation, maintenance and other	1,489	1,426
Depreciation and amortization	814	777
Property and other taxes	297	264
Impairment charges	3	—
Total operating expenses	<u>4,298</u>	<u>4,623</u>
<b>Gains on Sales of Other Assets and Other, net</b>	9	14
<b>Operating Income</b>	<u>1,333</u>	<u>1,456</u>
<b>Other Income and Expenses</b>		
Equity in earnings of unconsolidated affiliates	8	13
Other income and expenses, net	79	74
Total other income and expenses	<u>87</u>	<u>87</u>
<b>Interest Expense</b>	<u>511</u>	<u>403</u>
<b>Income from Continuing Operations before Income Taxes</b>	909	1,140
<b>Income Tax Expense from Continuing Operations</b>	<u>213</u>	<u>364</u>
<b>Income from Continuing Operations</b>	696	776
<b>Income from Discontinued Operations, net of tax</b>	3	91
<b>Net Income</b>	699	867
<b>Less: Net Income Attributable to Noncontrolling Interests</b>	<u>5</u>	<u>3</u>
<b>Net Income Attributable to Duke Energy Corporation</b>	<u>\$ 694</u>	<u>\$ 864</u>
<b>Earnings Per Share - Basic and Diluted</b>		
Income from continuing operations attributable to Duke Energy Corporation common stockholders		
Basic	\$ 1.00	\$ 1.09
Diluted	\$ 1.00	\$ 1.09
Income from discontinued operations attributable to Duke Energy Corporation common stockholders		
Basic	\$ 0.01	\$ 0.13
Diluted	\$ 0.01	\$ 0.13
Net income attributable to Duke Energy Corporation common stockholders		
Basic	\$ 1.01	\$ 1.22
Diluted	\$ 1.01	\$ 1.22
Weighted-average shares outstanding		
Basic	689	708
Diluted	689	708

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

<i>(in million, except per-share amounts)</i>	<u>March 31, 2016</u>	<u>December 31, 2015</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 778	\$ 857
Receivables (net of allowance for doubtful accounts of \$18 at March 31, 2016 and December 31, 2015)	609	703
Restricted receivables of variable interest entities (net of allowance for doubtful accounts of \$55 at March 31, 2016 and \$53 at December 31, 2015)	1,714	1,748
Inventory	3,721	3,810
Regulatory assets	813	877
Other	308	327
Total current assets	<u>7,943</u>	<u>8,322</u>
<b>Investments and Other Assets</b>		
Investments in equity method unconsolidated affiliates	547	499
Nuclear decommissioning trust funds	5,880	5,825
Goodwill	16,349	16,343
Other	3,036	3,042
Total investments and other assets	<u>25,812</u>	<u>25,709</u>
<b>Property, Plant and Equipment</b>		
Cost	113,942	112,826
Accumulated depreciation and amortization	(38,154)	(37,665)
Generation facilities to be retired, net	644	548
Net property, plant and equipment	<u>76,432</u>	<u>75,709</u>
<b>Regulatory Assets and Deferred Debits</b>		
Regulatory assets	11,483	11,373
Other	39	43
Total regulatory assets and deferred debits	<u>11,522</u>	<u>11,416</u>
<b>Total Assets</b>	<u><b>\$121,709</b></u>	<u><b>\$ 121,156</b></u>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,086	\$ 2,400
Notes payable and commercial paper	3,486	3,633
Taxes accrued	394	348
Interest accrued	481	430
Current maturities of long-term debt	2,075	2,074
Regulatory liabilities	404	400
Other	1,965	2,115
Total current liabilities	<u>10,891</u>	<u>11,400</u>
<b>Long-Term Debt</b>		
	<u>38,232</u>	<u>37,495</u>
<b>Deferred Credits and Other Liabilities</b>		
Deferred income taxes	12,825	12,705
Investment tax credits	493	472
Accrued pension and other post-retirement benefit costs	1,077	1,088
Asset retirement obligations	10,269	10,264
Regulatory liabilities	6,278	6,255
Other	1,703	1,706
Total deferred credits and other liabilities	<u>32,645</u>	<u>32,490</u>
<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 March 31, 2016 and December 31, 2015, respectively	1	1
Additional paid-in capital	37,969	37,968
Retained earnings	2,688	2,564
Accumulated other comprehensive income	(766)	(806)
Total Duke Energy Corporation stockholder's equity	<u>39,892</u>	<u>39,727</u>
Noncontrolling interests	49	44
Total equity	<u>39,941</u>	<u>39,771</u>
<b>Total Liabilities and Equity</b>	<u><b>\$121,709</b></u>	<u><b>\$ 121,156</b></u>

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(In millions)

	Three Months Ended March 31,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 699	\$ 867
Adjustments to reconcile net income to net cash provided by operating activities	965	573
Net cash provided by operating activities	<u>1,664</u>	<u>1,440</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	<u>(1,758)</u>	<u>(1,456)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash provided by financing activities	<u>15</u>	<u>801</u>
Net (decrease) increase in cash and cash equivalents	(79)	785
Cash and cash equivalents at the beginning of period	<u>857</u>	<u>2,036</u>
Cash and cash equivalents at end of period	<u>\$ 778</u>	<u>\$ 2,821</u>

**DUKE ENERGY CORPORATION**  
**EARNINGS VARIANCES**  
**March 2016 YTD vs. Prior Year**

(\$ per share)	Regulated Utilities	International Energy	Commercial Portfolio	Other	Consolidated
<b>2015 YTD Reported Earnings Per Share, Diluted</b>	<b>\$ 1.09</b>	<b>\$ 0.05</b>	<b>\$ 0.01</b>	<b>\$(0.06)</b>	<b>\$ 1.22</b>
Costs to Achieve, Mergers	—	—	—	0.02	0.02
Midwest Generation Operations (offset in Discontinued Operations)	—	—	0.13	—	0.13
Discontinued Operations	—	—	—	—	(0.13)
<b>2015 YTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 1.09</b>	<b>\$ 0.05</b>	<b>\$ 0.14</b>	<b>\$(0.04)</b>	<b>\$ 1.24</b>
Stock repurchase (a)	0.03	—	0.01	—	0.04
Weather	(0.10)	—	—	—	(0.10)
Pricing and Riders (b)	0.07	—	—	—	0.07
Volume	(0.01)	—	—	—	(0.01)
Wholesale (c)	0.01	—	—	—	0.01
Operations and Maintenance, net of recoverables (d)	(0.01)	—	—	—	(0.01)
Latin America, including Foreign Exchange Rates (e)	—	0.04	—	—	0.04
National Methanol Company	—	(0.01)	—	—	(0.01)
Duke Energy Renewables, net of tax (f)	—	—	0.01	—	0.01
Midwest Generation, net of tax (g)	—	—	(0.12)	—	(0.12)
Interest Expense	—	—	—	(0.01)	(0.01)
Change in effective income tax rate (h)	0.01	0.11	—	(0.04)	0.08
Other (i)	(0.08)	(0.01)	—	(0.01)	(0.10)
<b>2016 YTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 1.01</b>	<b>\$ 0.18</b>	<b>\$ 0.04</b>	<b>\$(0.10)</b>	<b>\$ 1.13</b>
Cost to Achieve, Mergers	—	—	—	(0.11)	(0.11)
Cost Savings Initiatives	—	—	—	(0.02)	(0.02)
Discontinued Operations	—	—	—	—	0.01
<b>2016 YTD Reported Earnings Per Share, Diluted</b>	<b>\$ 1.01</b>	<b>\$ 0.18</b>	<b>\$ 0.04</b>	<b>\$(0.23)</b>	<b>\$ 1.01</b>

Note 1: Earnings Per Share amounts are calculated using the consolidated statutory income 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: Prior year amounts have been recast to conform with the new segment income measure.

- (a) Due to the decrease in common shares outstanding as a result of stock repurchased and retired under the Accelerated Stock Repurchase Program. Weighted-average diluted shares outstanding decreased from 708 million shares for the three months ended March 31, 2015, to 689 million shares for the three months ended March 31, 2016.
- (b) Primarily due to higher retail pricing due to lower volumes for Duke Energy Carolinas and Duke Energy Indiana (+\$0.03), the NCEMPA rider (+\$0.02), higher recoveries on energy efficiency programs in the Carolinas (+\$0.01).
- (c) Primarily due to the implementation of the new 30-year contract with NCEMPA (+\$0.03), partially offset by lower sales volumes (-\$0.02).
- (d) Primarily due to increased storm restoration costs and costs related to the NCEMPA asset purchase, partially offset by lower outage costs and cost efficiency initiatives.
- (e) Primarily due to higher results in Brazil due to improved hydrology (+\$0.05), partially offset by weaker foreign currency exchange rates (-\$0.02).
- (f) Primarily due to higher wind production.
- (g) Due to the absence of earnings from the nonregulated Midwest generation business, which was sold in April 2015.
- (h) Amount for 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, net of the impact of no longer asserting indefinite reinvestment of foreign earnings.
- (i) Amount for Regulated Utilities includes increased depreciation and amortization expense (-\$0.06) due to higher depreciable base and higher non-income taxes (-\$0.02).

**Regulated Utilities  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
March 2016**

	Three Months Ended March 31			
	2016	2015	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>				
Residential	21,662	24,030	(9.9%)	(0.3%)
General Service	17,850	18,282	(2.4%)	(1.5%)
Industrial	12,272	12,264	0.1%	0.9%
Other Energy Sales	146	152	(3.9%)	
Unbilled Sales	(344)	(1,046)	67.1%	n/a
<b>Total Retail Sales</b>	<b>51,586</b>	<b>53,682</b>	<b>(3.9%)</b>	<b>(0.4%)</b>
Special Sales	11,145	9,519	17.1%	
<b>Total Consolidated Electric Sales - Regulated Utilities</b>	<b>62,731</b>	<b>63,201</b>	<b>(0.7%)</b>	
<b>Average Number of Customers (Electric)</b>				
Residential	6,425,427	6,342,548	1.3%	
General Service	957,484	947,745	1.0%	
Industrial	17,936	18,183	(1.4%)	
Other Energy Sales	23,112	22,952	0.7%	
<b>Total Regular Sales</b>	<b>7,423,959</b>	<b>7,331,428</b>	<b>1.3%</b>	
Special Sales	62	65	(4.6%)	
<b>Total Average Number of Customers - Regulated Utilities</b>	<b>7,424,021</b>	<b>7,331,493</b>	<b>1.3%</b>	
<b>Sources of Electric Energy (GWh)</b>				
Generated - Net Output (3)				
Coal	17,934	20,961	(14.4%)	
Nuclear	17,999	17,389	3.5%	
Hydro	1,047	495	111.5%	
Oil and Natural Gas	16,083	14,271	12.7%	
Renewable Energy	53	3	1,666.7%	
<b>Total Generation (4)</b>	<b>53,116</b>	<b>53,119</b>	<b>— %</b>	
Purchased Power and Net Interchange (5)	12,513	13,384	(6.5%)	
<b>Total Sources of Energy</b>	<b>65,629</b>	<b>66,503</b>	<b>(1.3%)</b>	
Less: Line Loss and Company Usage	2,898	3,302	(12.2%)	
<b>Total GWh Sources</b>	<b>62,731</b>	<b>63,201</b>	<b>(0.7%)</b>	
<b>Owned MW Capacity (3)</b>				
Summer	50,157	49,739		
Winter	53,346	52,994		
<b>Nuclear Capacity Factor (%) (6)</b>	95	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.

**Regulated Utilities  
 Quarterly Highlights  
 Supplemental Regulated Utilities Electric Information  
 March 2016**

	<u>Three Months Ended March 31</u>		
	<u>2016</u>	<u>2015</u>	<u>% Inc. (Dec.)</u>
<b>Heating and Cooling Degree Days</b>			
<b>Carolinas - Actual</b>			
Heating Degree Days	1,588	1,904	(16.6%)
Cooling Degree Days	28	4	600.0%
<b><u>Variance from Normal</u></b>			
Heating Degree Days	(6.5%)	15.0%	n/a
Cooling Degree Days	250.0%	(60.0%)	n/a
<b>Midwest - Actual</b>			
Heating Degree Days	2,435	3,120	(22.0%)
Cooling Degree Days	—	—	— %
<b><u>Variance from Normal</u></b>			
Heating Degree Days	(9.4%)	18.6%	n/a
Cooling Degree Days	(100.0%)	(100.0%)	n/a
<b>Florida - Actual</b>			
Heating Degree Days	401	373	7.5%
Cooling Degree Days	199	234	(15.0%)
<b><u>Variance from Normal</u></b>			
Heating Degree Days	4.2%	(4.1%)	n/a
Cooling Degree Days	7.6%	36.0%	n/a



**Duke Energy Carolinas**  
**Quarterly Highlights**  
**Supplemental Regulated Utilities Electric Information**  
**March 2016**

	Three Months Ended March 31			
	2016	2015	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>				
Residential	7,580	8,478	(10.6%)	
General Service	6,664	6,859	(2.8%)	
Industrial	5,078	5,075	0.1%	
Other Energy Sales	76	77	(1.3%)	
Unbilled Sales	5	(489)	101.0%	
Total Regular Electric Sales	19,403	20,000	(3.0%)	0.3%
Special Sales	2,222	2,468	(10.0%)	
Total Consolidated Electric Sales - Duke Energy Carolinas	21,625	22,468	(3.8%)	
<b>Average Number of Customers</b>				
Residential	2,138,535	2,108,669	1.4%	
General Service	347,329	343,194	1.2%	
Industrial	6,333	6,471	(2.1%)	
Other Energy Sales	15,133	14,954	1.2%	
Total Regular Sales	2,507,330	2,473,288	1.4%	
Special Sales	24	26	(7.7%)	
Total Average Number of Customers - Duke Energy Carolinas	2,507,354	2,473,314	1.4%	
<b>Sources of Electric Energy (GWh)</b>				
Generated - Net Output (3)				
Coal	5,579	7,835	(28.8%)	
Nuclear	10,993	11,316	(2.9%)	
Hydro	725	257	182.1%	
Oil and Natural Gas	2,986	2,233	33.7%	
Renewable Energy	3	3	— %	
Total Generation (4)	20,286	21,644	(6.3%)	
Purchased Power and Net Interchange (5)	2,619	2,122	23.4%	
Total Sources of Energy	22,905	23,766	(3.6%)	
Less: Line Loss and Company Usage	1,280	1,298	(1.4%)	
Total GWh Sources	21,625	22,468	(3.8%)	
<b>Owned MW Capacity (3)</b>				
Summer	19,678	19,645		
Winter	20,383	20,357		
<b>Nuclear Capacity Factor (%) (6)</b>	97	95		
<b>Heating and Cooling Degree Days</b>				
<b>Actual</b>				
Heating Degree Days	1,661	1,941	(14.4%)	
Cooling Degree Days	19	1	1,800.0%	
<b>Variance from Normal</b>				
Heating Degree Days	(5.9%)	13.1%	n/a	
Cooling Degree Days	171.4%	(90.0%)	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 Progress  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
March 2016**

	Three Months Ended March 31			% Inc. (Dec.) Weather Normal (2)
	2016	2015	% Inc. (Dec.)	
<b>GWH Sales (1)</b>				
Residential	5,000	5,767	(13.3%)	
General Service	3,660	3,749	(2.4%)	
Industrial	2,439	2,437	0.1%	
Other Energy Sales	24	28	(14.3%)	
Unbilled Sales	(135)	(441)	69.4%	
Total Regular Electric Sales	10,988	11,540	(4.8%)	0.8%
Special Sales	6,161	5,225	17.9%	
Total Consolidated Electric Sales - Duke Energy Progress	17,149	16,765	2.3%	
<b>Average Number of Customers</b>				
Residential	1,285,880	1,269,070	1.3%	
General Service	227,523	224,411	1.4%	
Industrial	4,159	4,230	(1.7%)	
Other Energy Sales	1,601	1,688	(5.2%)	
Total Regular Sales	1,519,163	1,499,399	1.3%	
Special Sales	15	15	— %	
Total Average Number of Customers - Duke Energy Progress	1,519,178	1,499,414	1.3%	
<b>Sources of Electric Energy (GWh)</b>				
Generated - Net Output (3)				
Coal	2,107	4,004	(47.4%)	
Nuclear	7,006	6,073	15.4%	
Hydro	253	182	39.0%	
Oil and Natural Gas	6,472	5,821	11.2%	
Total Generation (4)	15,888	16,080	(1.2%)	
Purchased Power and Net Interchange (5)	1,765	1,514	16.6%	
Total Sources of Energy	17,653	17,594	0.3%	
Less: Line Loss and Company Usage	504	829	(39.2%)	
Total GWh Sources	17,149	16,765	2.3%	
<b>Owned MW Capacity (3)</b>				
Summer	12,935	12,222		
Winter	14,034	13,319		
<b>Nuclear Capacity Factor (%) (6)</b>	91	92		
<b>Heating and Cooling Degree Days</b>				
Actual				
Heating Degree Days	1,514	1,867	(18.9%)	
Cooling Degree Days	36	7	414.3%	
<u>Variance from Normal</u>				
Heating Degree Days	(7.1%)	17.1%	n/a	
Cooling Degree Days	260.0%	(36.4%)	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 Florida  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
March 2016**

	Three Months Ended March 31			
	2016	2015	% Inc. (Dec.)	% Inc. (Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>				
Residential	4,173	4,104	1.7%	
General Service	3,241	3,235	0.2%	
Industrial	752	760	(1.1%)	
Other Energy Sales	6	6	— %	
Unbilled Sales	(11)	114	(109.6%)	
Total Regular Electric Sales	8,161	8,219	(0.7%)	(1.0%)
Special Sales	295	254	16.1%	
Total Electric Sales - Duke Energy Florida	8,456	8,473	(0.2%)	
<b>Average Number of Customers</b>				
Residential	1,541,555	1,516,509	1.7%	
General Service	194,707	192,560	1.1%	
Industrial	2,202	2,256	(2.4%)	
Other Energy Sales	1,536	1,542	(0.4%)	
Total Regular Sales	1,740,000	1,712,867	1.6%	
Special Sales	13	15	(13.3%)	
Total Average Number of Customers - Duke Energy Florida	1,740,013	1,712,882	1.6%	
<b>Sources of Electric Energy (GWh)</b>				
Generated - Net Output (3)				
Coal	1,451	2,153	(32.6%)	
Oil and Natural Gas	6,123	5,483	11.7%	
Total Generation (4)	7,574	7,636	(0.8%)	
Purchased Power and Net Interchange (5)	1,509	1,384	9.0%	
Total Sources of Energy	9,083	9,020	0.7%	
Less: Line Loss and Company Usage	627	547	14.6%	
Total GWh Sources	8,456	8,473	(0.2%)	
<b>Owned MW Capacity (3)</b>				
Summer	8,989	9,154		
Winter	9,894	10,120		
<b>Heating and Cooling Degree Days</b>				
<u>Actual</u>				
Heating Degree Days	401	373	7.5%	
Cooling Degree Days	199	234	(15.0%)	
<u>Variance from Normal</u>				
Heating Degree Days	4.2%	(4.1%)	n/a	
Cooling Degree Days	7.6%	36.0%	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 Ohio  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
March 2016**

	Three Months Ended March 31			% Inc. (Dec.) Weather Normal (2)
	2016	2015	% Inc. (Dec.)	
<b>GWh Sales (1)</b>				
Residential	2,320	2,681	(13.5%)	
General Service	2,297	2,363	(2.8%)	
Industrial	1,444	1,448	(0.3%)	
Other Energy Sales	27	28	(3.6%)	
Unbilled Sales	(92)	(133)	30.8%	
<b>Total Regular Electric Sales</b>	<b>5,996</b>	<b>6,387</b>	<b>(6.1%)</b>	<b>(2.1%)</b>
Special Sales	111	380	(70.8%)	
<b>Total Electric Sales - Duke Energy Ohio</b>	<b>6,107</b>	<b>6,767</b>	<b>(9.8%)</b>	
<b>Average Number of Customers</b>				
Residential	753,189	747,619	0.7%	
General Service	87,441	87,173	0.3%	
Industrial	2,529	2,536	(0.3%)	
Other Energy Sales	3,245	3,206	1.2%	
<b>Total Regular Sales</b>	<b>846,404</b>	<b>840,534</b>	<b>0.7%</b>	
Special Sales	1	1	— %	
<b>Total Average Number of Customers - Duke Energy Ohio</b>	<b>846,405</b>	<b>840,535</b>	<b>0.7%</b>	
<b>Sources of Electric Energy (GWh)</b>				
Generated - Net Output (3)				
Coal	928	1,220	(23.9%)	
Oil and Natural Gas	1	20	(95.0%)	
<b>Total Generation (4)</b>	<b>929</b>	<b>1,240</b>	<b>(25.1%)</b>	
Purchased Power and Net Interchange (5)	5,555	5,950	(6.6%)	
<b>Total Sources of Energy</b>	<b>6,484</b>	<b>7,190</b>	<b>(9.8%)</b>	
Less: Line Loss and Company Usage	377	423	(10.9%)	
<b>Total GWh Sources</b>	<b>6,107</b>	<b>6,767</b>	<b>(9.8%)</b>	
<b>Owned MW Capacity (3)</b>				
Summer	1,062	1,225		
Winter	1,164	1,327		
<b>Heating and Cooling Degree Days</b>				
<b>Actual</b>				
Heating Degree Days	2,349	2,962	(20.7%)	
Cooling Degree Days	—	—	— %	
<b>Variance from Normal</b>				
Heating Degree Days	(9.5%)	16.4%	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.

**Duke Energy Ohio  
 Quarterly Highlights  
 Supplemental Regulated Utilities Gas Information  
 March 2016**

	Three Months Ended March 31			% Inc. (Dec.) Weather Normal (2)
	2016	2015	% Inc. (Dec.)	
<b>MCF Sales (1)</b>				
Residential	16,697,555	22,178,905	(24.7%)	
General Service	10,079,678	13,071,081	(22.9%)	
Industrial	2,478,003	3,075,861	(19.4%)	
Other Energy Sales	5,825,284	6,216,151	(6.3%)	
Unbilled Sales	(339,000)	(353,000)	4.0%	
<b>Total Gas Sales - Duke Energy Ohio</b>	<b>34,741,520</b>	<b>44,188,998</b>	<b>(21.4%)</b>	<b>(9.8%)</b>
<b>Average Number of Customers</b>				
Residential	480,519	478,136	0.5%	
General Service	45,224	45,340	(0.3%)	
Industrial	1,699	1,706	(0.4%)	
Other Energy Sales	143	144	(0.7%)	
<b>Total Average Number of Gas Customers - Duke Energy Ohio</b>	<b>527,585</b>	<b>525,326</b>	<b>0.4%</b>	
<b>Heating and Cooling Degree Days</b>				
<u>Actual</u>				
Heating Degree Days	2,349	2,962	(20.7%)	
Cooling Degree Days	—	—	— %	
<u>Variance from Normal</u>				
Heating Degree Days	(9.5%)	16.4%	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).

**Duke Energy Indiana  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
March 2016**

	Three Months Ended March 31			% Inc. (Dec.) Weather Normal (2)
	2016	2015	% Inc. (Dec.)	
<b>GWh Sales (1)</b>				
Residential	2,589	3,000	(13.7%)	
General Service	1,988	2,076	(4.2%)	
Industrial	2,559	2,544	0.6%	
Other Energy Sales	13	13	— %	
Unbilled Sales	(111)	(97)	(14.4%)	
Total Regular Electric Sales	7,038	7,536	(6.6%)	(2.2%)
Special Sales	2,356	1,192	97.7%	
Total Electric Sales - Duke Energy Indiana	9,394	8,728	7.6%	
<b>Average Number of Customers</b>				
Residential	706,268	700,681	0.8%	
General Service	100,484	100,407	0.1%	
Industrial	2,713	2,690	0.9%	
Other Energy Sales	1,597	1,562	2.2%	
Total Regular Sales	811,062	805,340	0.7%	
Special Sales	9	8	12.5%	
Total Average Number of Customers - Duke Energy Indiana	811,071	805,348	0.7%	
<b>Sources of Electric Energy (GWh)</b>				
Generated - Net Output (3)				
Coal	7,869	5,749	36.9%	
Hydro	69	56	23.2%	
Oil and Natural Gas	501	714	(29.8%)	
Total Generation (4)	8,439	6,519	29.5%	
Purchased Power and Net Interchange (5)	1,065	2,414	(55.9%)	
Total Sources of Energy	9,504	8,933	6.4%	
Less: Line Loss and Company Usage	110	205	(46.3%)	
Total GWh Sources	9,394	8,728	7.6%	
<b>Owned MW Capacity (3)</b>				
Summer	7,493	7,493		
Winter	7,871	7,871		
<b>Heating and Cooling Degree Days</b>				
Actual				
Heating Degree Days	2,521	3,278	(23.1%)	
Cooling Degree Days	—	—	— %	
<u>Variance from Normal</u>				
Heating Degree Days	(9.3%)	20.7%	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.

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
Three Months Ended March 31, 2016  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items		Discontinued Operations	Total Adjustments	Reported Earnings
		Costs to Achieve, Mergers	Cost Savings Initiatives			
<b>SEGMENT INCOME</b>						
Regulated Utilities	\$ 695	\$ —	\$ —	\$ —	\$ —	\$ 695
International Energy	123	—	—	—	—	123
Commercial Portfolio	27	—	—	—	—	27
<b>Total Reportable Segment Income</b>	<b>845</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>845</b>
Other	(68)	(74) <sup>A</sup>	(12) <sup>B</sup>	—	(86)	(154)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>777</b>	<b>(74)</b>	<b>(12)</b>	<b>—</b>	<b>(86)</b>	<b>691</b>
Discontinued Operations	—	—	—	3 <sup>C</sup>	3	3
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 777</b>	<b>\$ (74)</b>	<b>\$ (12)</b>	<b>\$ 3</b>	<b>\$ (83)</b>	<b>\$ 694</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 1.13</b>	<b>\$ (0.11)</b>	<b>\$ (0.02)</b>	<b>\$ 0.01</b>	<b>\$ (0.12)</b>	<b>\$ 1.01</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.13</b>	<b>\$ (0.11)</b>	<b>\$ (0.02)</b>	<b>\$ 0.01</b>	<b>\$ (0.12)</b>	<b>\$ 1.01</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.
- 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 - 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	689

**DUKE ENERGY CORPORATION**  
**ADJUSTED TO REPORTED EARNINGS RECONCILIATION**  
**Three Months Ended March 31, 2015**  
(Dollars in millions, except per-share amounts)

	Adjusted Earnings	Special Items			Total Adjustments	Reported Earnings
		Costs to Achieve, Progress Merger	Midwest Generation Operations	Discontinued Operations		
<b>SEGMENT INCOME</b>						
Regulated Utilities	\$ 774	\$ —	\$ —	\$ —	\$ —	\$ 774
International Energy	36	—	—	—	—	36
Commercial Portfolio	101	—	(94)B	—	(94)	7
<b>Total Reportable Segment Income</b>	<b>911</b>	<b>—</b>	<b>(94)</b>	<b>—</b>	<b>(94)</b>	<b>817</b>
Other	(30)	(13)A	—	—	(13)	(43)
Intercompany Eliminations	—	—	—	(1)D	(1)	(1)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>881</b>	<b>(13)</b>	<b>(94)</b>	<b>(1)</b>	<b>(108)</b>	<b>773</b>
Discontinued Operations	—	—	94B	(3)C	91	91
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 881</b>	<b>\$ (13)</b>	<b>\$ —</b>	<b>\$ (4)</b>	<b>\$ (17)</b>	<b>\$ 864</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 1.24</b>	<b>\$ (0.02)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (0.02)</b>	<b>\$ 1.22</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.24</b>	<b>\$ (0.02)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (0.02)</b>	<b>\$ 1.22</b>

- A - Net of \$8 million tax benefit. Recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.  
B - 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).  
C - Recorded in Income (Loss) From Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.  
D - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.

Weighted Average Shares (reported and adjusted) - in millions

Basic	708
Diluted	708



**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
**Three Months Ended March 31, 2016**  
**(Dollars in Millions)**

	<b>Three Months Ended March 31, 2016</b>	
	<b>Balance</b>	<b>Effective Tax Rate</b>
<b>Adjusted Earnings, Pretax Income</b>	<b>\$1,044</b>	
Costs to Achieve, Mergers	(120)	
Cost Savings Initiatives	(20)	
Noncontrolling interests	5	
<b>Reported Income From Continuing Operations Before Income Taxes</b>	<b><u>\$ 909</u></b>	
<b>Adjusted Tax Expense</b>	<b>\$ 267</b>	<b>26%*</b>
Costs to Achieve, Mergers	(46)	
Cost Savings Initiatives	(8)	
<b>Reported Income Tax Expense From Continuing Operations</b>	<b><u>\$ 213</u></b>	<b>23%</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, 2015**  
(Dollars in Millions)

	Three Months Ended March 31, 2015	
	<u>Balance</u>	<u>Effective Tax Rate</u>
<b>Adjusted Earnings, Pretax Income</b>	\$1,305	
Costs to Achieve, Mergers	(21)	
Midwest Generation Operations	(147)	
Noncontrolling interests	3	
<b>Reported Income From Continuing Operations Before Income Taxes</b>	<u>\$1,140</u>	
<b>Adjusted Tax Expense</b>	\$ 425	32%*
Costs to Achieve, Mergers	(8)	
Midwest Generation Operations	(53)	
<b>Reported Income Tax Expense From Continuing Operations</b>	<u>\$ 364</u>	32%

\* 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

---

**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 5, 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**

20-2777218

(a Delaware corporation)  
550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
704-382-6200

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.**

- (e) On April 12, 2016, Duke Energy Corporation (“Duke Energy”) announced that Mr. William E. Currens Jr. has been appointed to the position of Senior Vice President, Chief Accounting Officer and Controller, effective May 16, 2016. In connection with this promotion, the Compensation Committee of the Board of Directors of Duke Energy, effective as of May 16, 2016, approved an increase in Mr. Currens’ annual base salary from \$229,446 to \$270,000, an increase in his short-term incentive opportunity from 40% to 50% of his annual base salary, and an increase in his long-term incentive opportunity from 60% to 80% of his annual base salary. Except as otherwise described in the Form 8-K dated April 12, 2016, Mr. Currens has not entered into, nor were any amendments made to, any material plans, contracts or arrangements in connection with his change in responsibilities.

**Item 5.07 Submission of Matters to a Vote of Security Holders.**

- (a) The Corporation held its Annual Meeting on May 5, 2016.
- (b) At the Annual Meeting, shareholders voted on the following items: (i) election of directors, (ii) ratification of Deloitte & Touche LLP as Duke Energy’s independent registered public accounting firm for 2016, (iii) an advisory vote to approve Duke Energy’s named executive officer compensation, (iv) a shareholder proposal regarding elimination of supermajority voting provisions in Duke Energy’s Certificate of Incorporation, and (v) a shareholder proposal regarding lobbying expenses disclosure. For more information on the proposals, see Duke Energy’s proxy statement dated March 24, 2016. Set forth below are the final voting results for each of the proposals.

**Election of Director Nominees**

<u>Director</u>	<u>Votes For</u>	<u>Withhold</u>	<u>Broker Non-Votes</u>	<u>Votes Cast FOR Votes Cast FOR + WITHHELD</u>
Michael J. Angelakis	410,602,050	6,533,299	162,240,011	98.43%
Michael G. Browning	410,596,969	7,983,502	162,240,011	98.09%
Daniel R. DiMicco	410,178,930	6,956,419	162,240,011	98.33%
John H. Forsgren	410,849,610	6,285,739	162,240,011	98.49%
Lynn J. Good	397,676,061	19,459,288	162,240,011	95.34%
Ann Maynard Gray	400,957,111	16,178,238	162,240,011	96.12%
John T. Herron	411,302,671	5,832,678	162,240,011	98.60%
James B. Hyler, Jr.	410,985,164	6,150,185	162,240,011	98.53%
William E. Kennard	406,747,048	10,388,301	162,240,011	97.51%
E. Marie McKee	408,832,401	8,302,948	162,240,011	98.01%
Charles W. Moorman IV	411,395,596	5,739,753	162,240,011	98.62%
Carlos A. Saladrigas	407,739,519	9,395,830	162,240,011	97.75%

**Proposal to ratify Deloitte & Touche LLP as Duke Energy's independent registered public accounting firm for 2016**

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>	<u>Broker Non-Votes</u>	<u>Votes Cast FOR Votes Cast FOR + AGAINST</u>	<u>Votes Cast FOR Votes Cast FOR + AGAINST + ABSTAIN</u>
566,145,561	10,823,808	2,405,991	0	98.12%	97.72%

**Advisory vote to approve Duke Energy Corporation's named executive officer compensation**

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>	<u>Broker Non-Votes</u>	<u>Votes Cast FOR Votes Cast FOR + AGAINST</u>	<u>Votes Cast FOR Votes Cast FOR + AGAINST + ABSTAIN</u>
384,908,575	27,061,315	5,165,460	162,240,011	93.43%	92.27%

**Shareholder proposal regarding elimination of supermajority voting provisions in Duke Energy Corporation's Certificate of Incorporation**

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>	<u>Broker Non-Votes</u>	<u>Votes Cast FOR Votes Cast FOR + AGAINST</u>	<u>Votes Cast FOR Votes Cast FOR + AGAINST + ABSTAIN</u>
222,442,040	187,618,772	7,074,538	162,240,011	54.25%	53.33%

**Shareholder proposal regarding lobbying expenses disclosure**

<u>Votes For</u>	<u>Votes Against</u>	<u>Abstentions</u>	<u>Broker Non-Votes</u>	<u>Votes Cast FOR Votes Cast FOR + AGAINST</u>	<u>Votes Cast FOR Votes Cast FOR + AGAINST + ABSTAIN</u>
121,419,140	232,667,168	63,049,041	162,240,011	34.29%	29.11%

(c) Not applicable.

(d) Not applicable.

**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.

Date: May 10, 2016

**DUKE ENERGY CORPORATION**


By: /s/ Julia S. Janson  
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): May 18, 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 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) (a North Carolina corporation) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853	56-0205520
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

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 7.01. Regulation FD Disclosure.**

North Carolina's Coal Ash Management Act of 2014 (the "CAMA") established requirements regarding the closure of existing ash impoundments and requires the North Carolina Department of Environmental Quality ("NCDEQ") to risk rank North Carolina's ash basins, determining the timeline and closure options, and ultimately the cost of the work. Under CAMA, basins designated as low risk can be closed in a variety of ways, including cap-in-place, by the end of 2029, while basins designated as intermediate or high risk must be excavated by the end of 2024 and 2019, respectively. CAMA deemed eight ash basins at four Duke Energy facilities to be high priority, requiring closure no later than the end of 2019, with a potential extension for closure of the Asheville basins until 2022. Classifications for the remaining basins are to be made by NCDEQ and approved by the Coal Ash Management Commission (the "Commission").

In January 2016, NCDEQ published its draft risk classifications for the North Carolina ash basins of Duke Energy Carolinas, LLC and Duke Energy Progress, LLC (collectively "Duke Energy") that were not specifically delineated by CAMA as high priority. NCDEQ categorized 12 basins as intermediate risk and four basins as low risk. NCDEQ also categorized nine basins as "low-to-intermediate" risk, thereby not assigning a proposed risk ranking at that time.

On May 18, 2016, NCDEQ issued its proposed risk classifications on Duke Energy's North Carolina ash basins. The NCDEQ also asked the North Carolina General Assembly to revise CAMA to allow the reconsideration of its classifications based on repairs currently being made to some of the basins that have the potential to change the risk ranking of the basins.

---

Facility	Basin	Original Draft Proposed Risk Classification	Proposed Risk Classification
Allen Steam Station	Active Ash Basin	Low to Intermediate	Intermediate
Allen Steam Station	Retired Ash Basin	Low to Intermediate	Intermediate
Asheville Steam Station	1964 Ash Basin		High*
Asheville Steam Station	1982 Ash Basin		High*
Belews Creek Steam Station	Active Ash Basin	Low to Intermediate	Intermediate
Buck Combined Cycle Station	Ash Basin 1	Low to Intermediate	Intermediate
Buck Combined Cycle Station	Ash Basin 2	Low to Intermediate	Intermediate
Buck Combined Cycle Station	Ash Basin 3	Low to Intermediate	Intermediate
Cape Fear Steam Electric Plant	1956 Ash Pond	Intermediate	Intermediate
Cape Fear Steam Electric Plant	1963 Ash Pond	Intermediate	Intermediate
Cape Fear Steam Electric Plant	1970 Ash Pond	Intermediate	Intermediate
Cape Fear Steam Electric Plant	1978 Ash Pond	Intermediate	Intermediate
Cape Fear Steam Electric Plant	1985 Ash Pond	Intermediate	Intermediate
Dan River Combined Cycle Station	Primary Ash Basin		High*
Dan River Combined Cycle Station	Secondary Ash Basin		High*
H.F. Lee Energy Complex	Active Ash Pond	Intermediate	Intermediate
H.F. Lee Energy Complex	Polishing Pond	Intermediate	Intermediate
H.F. Lee Energy Complex	Ash Pond #1	Intermediate	Intermediate
H.F. Lee Energy Complex	Ash Pond #2	Intermediate	Intermediate
H.F. Lee Energy Complex	Ash Pond #3	Intermediate	Intermediate
James E. Rogers Energy Complex (formerly Cliffsides Steam Station)	Active Ash Basin	Low to Intermediate	Intermediate
James E. Rogers Energy Complex (formerly Cliffsides Steam Station)	Retired Unit 1-4 Basin	Low	Intermediate
James E. Rogers Energy Complex (formerly Cliffsides Steam Station)	Retired Unit 5 Basin	Low	Intermediate
Marshall Steam Station	Ash Basin	Low to Intermediate	Intermediate
Mayo Steam Electric Plant	Ash Pond	Low	Intermediate
Riverbend Steam Station	Primary Ash Basin		High*
Riverbend Steam Station	Secondary Ash Basin		High*
Roxboro Steam Electric Plant	Unnamed Eastern Extension Impoundment	Intermediate	Intermediate
Roxboro Steam Electric Plant	East Ash Pond	Low to Intermediate	Intermediate
Roxboro Steam Electric Plant	West Ash Pond	Low	Intermediate
L.V. Sutton Energy Complex	1971 Ash Pond		High*
L.V. Sutton Energy Complex	1984 Ash Pond		High*
W.H. Weatherspoon Power Plant	Ash Pond	Intermediate	Intermediate

\* Legislated risk classification

Per CAMA, the proposed risk classifications are subject to adjustment and approval by the Commission but may be deemed approved if the Commission fails to act within 60 days. In March 2016, the Commission was disbanded by the Governor of North Carolina based on a North Carolina Supreme Court ruling regarding the constitutionality of the appointment procedure for the body. Duke Energy is evaluating next steps.

Estimated asset retirement obligations ("ARO") have been recognized based on the assigned risk categories or, if not assigned, based on a probability weighting of potential closure methods. As of March 31, 2016, Duke Energy recognized ARO of approximately \$4 billion for closure of the North Carolina ash basins under CAMA and the U.S. Environmental Protection Agency's Coal Combustion Residuals Rule. If the proposed risk classifications made by NCDEQ on May 18, 2016 are upheld, the cost of compliance and, therefore, the ARO would significantly increase. Duke Energy will continue to reassess its estimated ARO related to CAMA. Cost recovery for basin closure expenditures will be pursued through the customary ratemaking process with federal and state utility commissions, which permit recovery of necessary and prudently incurred costs associated with Duke Energy's regulated operations.

**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: May 18, 2016

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

**DUKE ENERGY CAROLINAS, LLC**

Date: May 18, 2016

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

**DUKE ENERGY PROGRESS, LLC**

Date: May 18, 2016

By: /s/ Julia S. Janson  
Name: Julia S. Janson  
Title: Executive Vice President, Chief Legal Officer and 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): **June 10, 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 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) (a North Carolina corporation) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853	56-0205520
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

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 8.01. Other Events.**

On June 10, 2016, Duke Energy Corporation (the "Corporation"), Piedmont Natural Gas Company, Inc. ("Piedmont") and the Public Staff— North Carolina Utilities Commission (the "Public Staff") filed an Agreement and Stipulation of Settlement (the "Settlement") with the North Carolina Utilities Commission (the "NCUC") in connection with the Corporation's proposed acquisition of Piedmont pursuant to which the Public Staff agreed that the acquisition will have no adverse impact on customer bills or service, is justified and meets the standard for approval by the NCUC.

Pursuant to the Settlement, the parties also agreed to the following terms and conditions, among others, upon the closing of the acquisition:

- Piedmont's customer bills in North Carolina collectively will decrease by \$10 million, spread over the first two years after the closing of the acquisition, in order for Piedmont customers to benefit from Piedmont-related cost savings generated by the acquisition. In North Carolina, Piedmont has approximately 655,000 residential customers, 69,000 commercial business customers and 1,000 industrial and other customers.
- Duke Energy Carolinas, LLC, Duke Energy Progress, LLC and Piedmont (together, the "Companies"), will make aggregate annual charitable contributions totaling at least \$17.5 million in North Carolina during each of the four years after the closing of the acquisition.
- Together the Companies will commit \$7.5 million for low-income household energy assistance and community job training programs during the first year after the closing of the acquisition.
- Certain expenses related to the acquisition, including severance costs and investment banker and legal fees for transaction structuring, will be excluded from customer bills.
- The Corporation and Piedmont will be subject to a Code of Conduct, specific to the acquisition, in order to, among other things, safeguard that customers will continue to benefit from competitive natural gas prices.

Piedmont's shareholders previously approved its acquisition by the Corporation, and the Federal Trade Commission has granted early termination of the 30-day waiting period under the federal Hart-Scott-Rodino Antitrust Improvements Act of 1976. The Corporation and Piedmont have also received prior approval of the Tennessee Regulatory Authority, contingent upon the approval of the NCUC. The Corporation and Piedmont have also formally notified the Public Service Commission of South Carolina (the "PSCSC") about the acquisition and provide updates to the PSCSC regarding the review by the NCUC.

The NCUC has scheduled hearings on the proposed acquisition on July 18, 2016. The parties seek to close the acquisition, subject to NCUC approval, by the end of 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: June 10, 2016

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

**DUKE ENERGY CAROLINAS, LLC**

Date: June 10, 2016

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

**DUKE ENERGY PROGRESS, LLC**

Date: June 10, 2016

By: /s/ Julia S. Janson  
Name: Julia S. Janson  
Title: Executive Vice President, Chief Legal Officer and  
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 4, 2016

Commission file  
number

Registrant, State of Incorporation or Organization,  
Address of Principal Executive Offices, and Telephone Number

IRS Employer  
Identification No.

**DUKE ENERGY CORPORATION**

(a Delaware corporation)

550 South Tryon Street

Charlotte, North Carolina 28202-1803

704-382-3853

1-32853

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 Condition**

On August 4, 2016, Duke Energy Corporation issued a news release announcing its financial results for the second quarter ended June 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 August 4, 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 thereunto duly authorized.

DUKE ENERGY CORPORATION

/s/ WILLIAM E. CURRENS JR.

---

William E. Currens Jr.

Senior Vice President, Chief Accounting Officer and Controller

Dated: August 4, 2016

---

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
99.1	News Release issued by Duke Energy Corporation on August 4, 2016

## News Release



Media Contact: Catherine Butler  
24-Hour: 800.559.3853

Analysts: Mike Callahan  
Office: 704.382.0459

Aug. 4, 2016

### **Duke Energy reports second quarter 2016 financial results**

- **Second quarter 2016 GAAP reported diluted EPS was \$0.74 compared to \$0.78 for the second quarter of 2015**
- **Adjusted diluted EPS of \$1.07 for second quarter 2016, compared to \$0.95 for the second quarter of 2015**
- **Company remains on track to achieve its 2016 adjusted diluted earnings guidance range of \$4.50 to \$4.70 per share**

CHARLOTTE, N.C. - Duke Energy today announced second quarter 2016 reported diluted earnings per share (EPS), prepared in accordance with Generally Accepted Accounting Principles (GAAP) of \$0.74, compared to \$0.78 for second quarter 2015. Second quarter 2016 adjusted diluted EPS was \$1.07, compared to \$0.95 for second quarter 2015.

GAAP reported diluted EPS includes the impact of special items, which are excluded from adjusted diluted EPS. Special items during the second quarter of 2016 include charges related to an impairment in Central America, costs to achieve mergers and cost savings initiatives.

Second quarter adjusted diluted EPS was higher than the prior year due to higher retail revenues from pricing and rider recoveries, lower O&M expense, and additional earnings from the North Carolina Eastern Municipal Power Agency (NCEMPA) acquisition.

Based upon results through the second quarter, the company remains on track to achieve its 2016 adjusted diluted earnings guidance range of \$4.50 to \$4.70 per share.

"Our solid second quarter performance reflects the strength of our regulated utilities driven by strategic investments, dedicated cost management and a relentless focus on operational excellence," said Lynn Good, Duke Energy chairman, president and CEO. "The execution of our long-term strategy to modernize the energy grid and generate cleaner energy creates value for customers, delivers growth for shareholders and enhances our position as a leader in the industry.

"Looking ahead, we are on track with our proposed acquisition of Piedmont Natural Gas and the marketing of our Latin American assets," Good added. "The successful completion of both transactions will align our portfolio to focus on domestic infrastructure businesses that drive more stable earnings and cash flow growth."

---

## Business unit results

In addition to the summary business unit discussion below, a comprehensive table of quarterly earnings per share drivers compared to the prior year is provided on pages 15 and 16.

The discussion below of the second-quarter results includes adjusted segment income, which is a non-GAAP financial measure. In addition to the drivers that follow, the variances in GAAP reported earnings were impacted by special items. The tables on pages 25 through 28 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

Regulated Utilities recognized second quarter 2016 adjusted segment income of \$718 million, compared to \$632 million in the second quarter 2015, an increase of \$0.13 per share.

Higher quarterly results at Regulated Utilities were primarily driven by:

- Higher pricing and riders (+\$0.08 per share)
- Lower O&M expenses (+\$0.05 per share), primarily as a result of favorable outage costs and cost savings initiatives
- Increased wholesale net margins (+\$0.03 per share), primarily due to the long-term wholesale contract associated with the NCEMPA purchase in the prior year

These favorable drivers were partially offset by:

- Less favorable weather (-\$0.04 per share)

On a year-to-date basis, Regulated Utilities recognized adjusted segment income of \$1,413 million, compared to \$1,406 million in the comparable year-to-date period of 2015, an increase of \$0.01 per share.

Increased year-to-date results at Regulated Utilities were primarily driven by:

- Higher pricing and riders (+\$0.15 per share)
- Increased wholesale net margins (+\$0.05 per share) primarily due to the long-term wholesale contract associated with the NCEMPA acquisition in the prior year
- Lower O&M expense (+\$0.03 per share) as a result of favorable outage costs and cost savings initiatives, despite higher storm costs (-\$0.06 per share)
- Lower effective tax rate (+\$0.03 per share)

These favorable drivers were partially offset by:

---

- Less favorable weather (-\$0.14 per share)
- Higher depreciation and amortization expense (-\$0.06 per share) primarily resulting from additional plant in-service
- Higher non-income taxes (-\$0.04 per share) primarily due to increased property taxes

### **Commercial Portfolio**

Commercial Portfolio recognized second quarter 2016 adjusted segment income of \$14 million, compared to \$11 million in the second quarter 2015, an increase of \$0.01 per share.

Higher quarterly results at Commercial Portfolio were primarily driven by increased investments in the Atlantic Coast and Sabal Trail pipelines.

On a year-to-date basis, Commercial Portfolio recognized adjusted segment income of \$41 million, compared to \$112 million in the comparable year-to-date period of 2015, a decrease of \$0.10 per share.

Commercial Portfolio's lower year-to-date earnings were driven by the absence of earnings from the Midwest Generation business (-\$0.12 per share), which was sold in April 2015, partially offset by higher earnings from the renewables portfolio (+\$0.01 per share) and increased investments in the Atlantic Coast and Sabal Trail pipelines (+\$0.01 per share).

### **International Energy**

International Energy recognized second quarter 2016 adjusted segment income of \$43 million, compared to \$52 million in the second quarter 2015, a decrease of \$0.02 per share.

International Energy's decreased quarterly earnings were driven by lower earnings at National Methanol Company (NMC) (-\$0.02 per share) and a higher effective tax rate (-\$0.02 per share), partially offset by stronger results in Latin America (+\$0.03 per share) primarily due to improved hydrology in Brazil despite weaker foreign currency exchange rates.

On a year-to-date basis, International Energy recognized adjusted segment income of \$166 million, compared to \$88 million in the comparable year-to-date period of 2015, an increase of \$0.11 per share.

Higher year-to-date earnings at International Energy were driven by a lower effective tax rate (+\$0.08 per share), stronger results in Latin America (+\$0.06 per share) primarily due to improved hydrology in Brazil, partially offset by weaker foreign currency exchange rates, and lower earnings from NMC (-\$0.03 per share).

### **Other**

On an adjusted basis, Other primarily includes corporate interest expense not allocated to the business units, results from Duke Energy's captive insurance company, and other investments.

Other recognized second quarter 2016 adjusted net expense of \$36 million, compared to net expense of \$37 million in the second quarter 2015, which was flat on a per share basis. The decreased net expense was primarily driven by a change in effective tax rate (+\$0.02 per share) and higher interest expense (-\$0.01 per share).

---

On a year-to-date basis, Other recognized adjusted net expense of \$104 million, compared to \$67 million in the comparable period of 2015, a decrease of \$0.05 per share. Other's year-to-date results were primarily driven by higher interest expense (-\$0.02 per share) and a change in effective tax rate (-\$0.01 per share).

The consolidated adjusted effective tax rate for second quarter 2016 was 31.4 percent, compared to 31.3 percent in the second quarter of 2015. Adjusted effective tax rate is a non-GAAP financial measure. The tables on pages 29 and 30 present a reconciliation of GAAP reported effective tax rate to adjusted effective tax rate.

#### **Accelerated stock repurchase program**

In connection with the transaction to sell the Midwest Generation Business to Dynegy for \$2.8 billion, which closed on April 2, 2015, Duke Energy completed a \$1.5 billion accelerated stock repurchase program (ASR). The program resulted in share retirements of approximately 19.8 million, providing a benefit to the year-to-date 2016 results of \$0.03 per share.

#### **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 877-723-9502 in the United States or 719-325-4795 outside the United States. The confirmation code is 4669837. 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, August 14, 2016, by calling 888-203-1112 in the United States or 719-457-0820 outside the United States and using the code 4669837. 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	2Q 2016 EPS	2Q 2015 EPS
Diluted EPS, as reported		\$ 0.74	\$ 0.78
Adjustments to reported EPS:			
<b>Second Quarter 2016</b>			
Costs to achieve, mergers	\$ 69	0.10	
International impairment	145	0.21	
Cost savings initiatives	15	0.02	
Discontinued operations	1	—	
<b>Second Quarter 2015</b>			
Costs to achieve, Progress merger	14		0.02
Discontinued operations <sup>(1)</sup>	101		0.15
Total adjustments		\$ 0.33	\$ 0.17
Diluted EPS, as adjusted		\$ 1.07	\$ 0.95

(1) Adjusted earnings for the second quarter of 2015 excludes GAAP reported loss from discontinued operations of \$0.09 per diluted share, which was driven by the impact of a litigation reserve related to the nonregulated Midwest generation business, as well as a tax charge recorded within continuing operations of \$0.06 resulting from changes in state tax apportionment factors related to the sale of the Midwest generation business.

### 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 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 of the business.
- Costs savings initiatives represent restructuring charges incurred to reduce future expenses 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 Disposal Group), which have been classified as discontinued operations. Management believes inclusion of the 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. 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 as presented 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 is segment income.

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 or any amounts that may be reported as discontinued operations or extraordinary 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. 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 required closure of certain ash basins, are uncertain and difficult to estimate; the ability to recover eligible costs, including amounts associated with coal ash basin asset retirement obligations and future significant weather events, and 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 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 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; the expected timing and likelihood of completion of the proposed acquisition of Piedmont Natural Gas Company, Inc. (Piedmont), including the timing, receipt and terms and conditions of any required governmental and regulatory approvals of the proposed acquisition that could reduce anticipated benefits or cause the parties to abandon the acquisition, and under certain specified circumstance pay a termination fee of \$250 million, as well as the ability to successfully integrate the businesses 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; and the likelihood, terms and timing of the potential sale of International Energy, excluding the equity investment in National Methanol Company, could change the presentation of certain assets, liabilities and results of operations as assets held for sale, liabilities associated with assets held for sale, and discontinued operations, respectively.

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.

###

---

June 2016  
QUARTERLY HIGHLIGHTS  
(Unaudited)

(In millions, except per-share amounts and where noted)	Three Months Ended June 30,		Six Months Ended June 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	\$ 0.74	\$ 0.87	\$ 1.74	\$ 1.96
Diluted	\$ 0.74	\$ 0.87	\$ 1.74	\$ 1.96
(Loss) Income from discontinued operations attributable to Duke Energy Corporation common stockholders:				
Basic	\$ —	\$ (0.09)	\$ —	\$ 0.05
Diluted	\$ —	\$ (0.09)	\$ —	\$ 0.05
Net income attributable to Duke Energy Corporation common stockholders:				
Basic	\$ 0.74	\$ 0.78	\$ 1.74	\$ 2.01
Diluted	\$ 0.74	\$ 0.78	\$ 1.74	\$ 2.01
Weighted average shares outstanding				
Basic	689	692	689	700
Diluted	690	692	689	700
<b>SEGMENT INCOME (LOSS) BY BUSINESS SEGMENT</b>				
Regulated Utilities	\$ 718	\$ 632	\$ 1,413	\$ 1,408
International Energy <sup>(a)(b)</sup>	(102)	52	21	88
Commercial Portfolio <sup>(c)</sup>	14	(30)	41	(23)
Total Reportable Segment Income	630	654	1,475	1,471
Other Net Expense <sup>(d)(e)(f)</sup>	(120)	(51)	(274)	(94)
Intercompany Eliminations	—	(3)	—	(4)
(Loss) Income from Discontinued Operations, net of tax <sup>(g)</sup>	(1)	(57)	2	34
Net Income Attributable to Duke Energy Corporation	\$ 509	\$ 543	\$ 1,203	\$ 1,407
<b>CAPITALIZATION</b>				
Total Common Equity			47%	49%
Total Debt			53%	51%
Total Debt			\$ 44,585	\$ 41,173
Book Value Per Share			\$ 57.96	\$ 57.56
Actual Shares Outstanding			689	688
<b>CAPITAL AND INVESTMENT EXPENDITURES</b>				
Regulated Utilities	\$ 1,565	\$ 1,411	\$ 3,013	\$ 2,673
International Energy	10	7	15	19
Commercial Portfolio	208	261	422	383
Other	42	56	79	114
Total Capital and Investment Expenditures	\$ 1,825	\$ 1,735	\$ 3,529	\$ 3,189

Note: Certain prior period amounts have been reclassified to conform to the current year presentation, including changes related to the new segment income measure.

- (a) Includes an impairment charge of \$145 million (net of tax of \$49 million) for the three and six months ended June 30, 2016, related to certain assets in Central America.
- (b) Includes a tax benefit of \$79 million for the six months ended June 30, 2016, resulting from the ability to more efficiently utilize foreign tax credits, net of higher taxes due to no longer asserting indefinite reinvestment of foreign earnings.
- (c) Includes a tax charge of \$41 million for the three and six months ended June 30, 2015, resulting from the completion of the sale of the nonregulated Midwest generation business.
- (d) Includes costs to achieve mergers of \$69 million for the three months ended June 30, 2016 (net of tax of \$42 million), and \$143 million for the six months ended June 30, 2016 (net of tax of \$88 million). These costs primarily consist of mark-to-market losses related to forward-starting interest rate swaps utilized to manage interest rate exposure for the expected financing of the Piedmont acquisition.
- (e) Includes costs to achieve Progress merger of \$14 million for the three months ended June 30, 2015 (net of tax of \$8 million), and \$27 million for the six months ended June 30, 2015 (net of tax of \$16 million).
- (f) Includes a charge of \$15 million for the three months ended June 30, 2016 (net of tax of \$9 million) and \$27 million for the six months ended June 30, 2016 (net of tax of \$17 million), primarily consisting of severance expense related to cost savings initiatives.
- (g) Includes the impact of a litigation reserve related to the nonregulated Midwest generation business of \$46 million for the three months ended June 30, 2015 (net of tax of \$25 million), and \$53 million for the six months ended June 30, 2015 (net of tax of \$28 million).

June 2016  
QUARTERLY HIGHLIGHTS  
(Unaudited)

(In millions, except for GWh and MW amounts)	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2016	2015	2016	2015
<b>REGULATED UTILITIES</b>				
Operating Revenues	\$ 5,099	\$ 5,220	\$ 10,358	\$ 10,943
Operating Expenses	3,772	4,003	7,739	8,308
Gains on Sales of Other Assets, net	1	2	2	9
Operating Income	1,328	1,219	2,621	2,644
Other Income and Expenses	74	59	138	131
Interest Expense	278	274	555	549
Income Before Income Taxes	1,124	1,004	2,204	2,228
Income Tax Expense	406	372	791	820
Segment Income	\$ 718	\$ 632	\$ 1,413	\$ 1,408
Depreciation and Amortization	\$ 721	\$ 707	\$ 1,449	\$ 1,405
<b>INTERNATIONAL ENERGY</b>				
Operating Revenues	\$ 270	\$ 287	\$ 516	\$ 560
Operating Expenses <sup>(1)</sup>	382	232	536	439
Loss on Sales of Other Assets, net	(1)	(1)	(1)	(1)
Operating (Loss) Income	(113)	54	(21)	120
Other Income and Expenses	23	31	39	48
Interest Expense	22	22	44	45
(Loss) Income Before Income Taxes	(112)	63	(26)	120
Income Tax (Benefit) Expense <sup>(2)(3)</sup>	(13)	10	(52)	30
Less: Income Attributable to Noncontrolling Interests	3	1	5	2
Segment (Loss) Income	\$ (102)	\$ 52	\$ 21	\$ 88
Depreciation and Amortization	\$ 22	\$ 23	\$ 44	\$ 46
Sales, GWh	5,625	4,520	11,505	8,990
Proportional MW Capacity in Operation			4,315	4,333
<b>COMMERCIAL PORTFOLIO</b>				
Operating Revenues	\$ 112	\$ 75	\$ 226	\$ 148
Operating Expenses	121	84	232	173
Gains on Sales of Other Assets, net	1	6	2	6
Operating Loss	(8)	(3)	(4)	(19)
Other Income and Expenses	4	(2)	6	—
Interest Expense	11	10	23	22
Loss Before Income Taxes	(15)	(15)	(21)	(41)
Income Tax (Benefit) Expense <sup>(4)</sup>	(28)	15	(61)	(18)
Less: Loss Attributable to Noncontrolling Interests	(1)	—	(1)	—
Segment Income (Loss)	\$ 14	\$ (30)	\$ 41	\$ (23)
Depreciation and Amortization	\$ 33	\$ 26	\$ 63	\$ 50
Actual Renewable Plant Production, GWh	1,756	1,373	3,818	2,683
Net Proportional MW Capacity in Operation			1,978	1,634
<b>OTHER</b>				
Operating Revenues	\$ 30	\$ 34	\$ 59	\$ 61
Operating Expenses <sup>(5)(6)</sup>	96	63	188	113
Gains on Sales of Other Assets, net	4	6	11	13
Operating Loss	(62)	(23)	(118)	(39)
Other Income and Expenses	8	9	18	10
Interest Expense <sup>(7)</sup>	191	97	396	194
Loss Before Income Taxes	(245)	(111)	(496)	(223)
Income Tax Benefit <sup>(8)(9)</sup>	(126)	(83)	(226)	(134)

	1	3	4	5
Less: Income Attributable to Noncontrolling Interests				
Segment Net Expense	\$ (120)	\$ (51)	\$ (274)	\$ (94)
Depreciation and Amortization	\$ 37	\$ 34	\$ 71	\$ 66

Note: Certain prior period amounts have been reclassified to conform to the current year presentation, including changes related to the new segment income measure.

- (a) Includes a pretax impairment charge of \$194 million for the three and six months ended June 30, 2016, related to certain assets in Central America.
- (b) Includes a tax benefit of \$49 million for the three and six months ended June 30, 2016 related to the asset impairment.
- (c) Includes a tax benefit of \$79 million for the six months ended June 30, 2016, resulting from the ability to more efficiently utilize foreign tax credits, net of higher taxes due to no longer asserting indefinite reinvestment of foreign earnings.
- (d) Includes a tax charge of \$41 million for the three and six months ended June 30, 2015, resulting from the completion of the sale of the nonregulated Midwest generation business.
- (e) Includes costs to achieve mergers of \$28 million for the three months ended June 30, 2016, and \$47 million for the six months ended June 30, 2016.
- (f) Includes charges of \$24 million for the three months ended June 30, 2016, and \$44 million for the six months ended June 30, 2016, related to cost savings initiatives.
- (g) Includes costs to achieve Progress merger of \$22 million for the three months ended June 30, 2015 and \$43 million for the six months ended June 30, 2015.
- (h) Includes costs to achieve mergers of \$63 million for the three months ended June 30, 2016 and \$183 million for the six months ended June 30, 2016. These costs primarily consist of mark-to-market losses related to forward-starting interest rate swaps utilized to manage interest rate exposure for the expected financing of the Piedmont acquisition.
- (i) Includes a tax benefit related to costs to achieve mergers of \$42 million for the three months ended June 30, 2016 and \$88 million for the six months ended June 30, 2016.
- (j) Includes a tax benefit related to cost savings initiatives of \$9 million for the three months ended June 30, 2016 and \$17 million for the six months ended June 30, 2016.
- (k) Includes a tax benefit related to costs to achieve Progress merger of \$8 million for the three months ended June 30, 2015 and \$16 million for the six months ended June 30, 2015.

**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,	
	2016	2015	2016	2015
<b>Operating Revenues</b>				
Regulated electric	\$ 4,965	\$ 5,090	\$ 10,018	\$ 10,547
Nonregulated electric and other	422	403	822	780
Regulated natural gas	97	96	266	327
<b>Total operating revenues</b>	<b>5,484</b>	<b>5,589</b>	<b>11,106</b>	<b>11,654</b>
<b>Operating Expenses</b>				
Fuel used in electric generation and purchased power - regulated	1,509	1,721	3,086	3,662
Fuel used in electric generation and purchased power - nonregulated	82	118	140	222
Cost of natural gas	21	26	81	137
Operation, maintenance and other	1,431	1,422	2,920	2,848
Depreciation and amortization	813	790	1,627	1,567
Property and other taxes	293	279	590	543
Impairment charges	195	—	198	—
<b>Total operating expenses</b>	<b>4,344</b>	<b>4,356</b>	<b>8,642</b>	<b>8,979</b>
<b>Gains on Sales of Other Assets and Other, net</b>	<b>5</b>	<b>13</b>	<b>14</b>	<b>27</b>
<b>Operating Income</b>	<b>1,145</b>	<b>1,246</b>	<b>2,478</b>	<b>2,702</b>
<b>Other Income and Expenses</b>				
Equity in earnings of unconsolidated affiliates	15	23	23	36
Other income and expenses, net	92	72	171	146
<b>Total other income and expenses</b>	<b>107</b>	<b>95</b>	<b>194</b>	<b>182</b>
<b>Interest Expense</b>	<b>500</b>	<b>403</b>	<b>1,011</b>	<b>806</b>
<b>Income from Continuing Operations before Income Taxes</b>	<b>752</b>	<b>938</b>	<b>1,661</b>	<b>2,078</b>
<b>Income Tax Expense from Continuing Operations</b>	<b>239</b>	<b>334</b>	<b>452</b>	<b>698</b>
<b>Income from Continuing Operations</b>	<b>513</b>	<b>604</b>	<b>1,209</b>	<b>1,380</b>
<b>(Loss) Income from Discontinued Operations, net of tax</b>	<b>(1)</b>	<b>(57)</b>	<b>2</b>	<b>34</b>
<b>Net Income</b>	<b>512</b>	<b>547</b>	<b>1,211</b>	<b>1,414</b>
<b>Less: Net Income Attributable to Noncontrolling Interests</b>	<b>3</b>	<b>4</b>	<b>8</b>	<b>7</b>
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 509</b>	<b>\$ 543</b>	<b>\$ 1,203</b>	<b>\$ 1,407</b>

**Earnings Per Share - Basic and Diluted**

Income from continuing operations attributable to Duke Energy Corporation common stockholders

Basic	\$ 0.74	\$ 0.87	\$ 1.74	\$ 1.96
Diluted	\$ 0.74	\$ 0.87	\$ 1.74	\$ 1.96

(Loss) Income from discontinued operations attributable to Duke Energy Corporation common stockholders

Basic	\$ —	\$ (0.09)	\$ —	\$ 0.05
Diluted	\$ —	\$ (0.09)	\$ —	\$ 0.05

Net income attributable to Duke Energy Corporation common stockholders

Basic	\$ 0.74	\$ 0.78	\$ 1.74	\$ 2.01
Diluted	\$ 0.74	\$ 0.78	\$ 1.74	\$ 2.01

Weighted average shares outstanding

Basic	689	692	689	700
Diluted	690	692	689	700



DUKE ENERGY CORPORATION  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)

<i>(in millions)</i>	June 30, 2016	December 31, 2015
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 676	\$ 857
Receivables (net of allowance for doubtful accounts of \$23 at 2016 and \$18 at 2015)	575	703
Receivables of VIEs (net of allowance for doubtful accounts of \$56 at 2016 and \$53 at 2015)	1,943	1,748
Inventory	3,627	3,810
Regulatory assets (Includes \$34 related to VIEs at 2016)	825	877
Other	451	327
<b>Total current assets</b>	<b>8,097</b>	<b>8,322</b>
<b>Investments and Other Assets</b>		
Investments in equity method unconsolidated affiliates	613	499
Nuclear decommissioning trust funds	5,966	5,825
Goodwill	16,357	16,343
Other	2,972	3,042
<b>Total investments and other assets</b>	<b>25,908</b>	<b>25,709</b>
<b>Property, Plant and Equipment</b>		
Cost	115,143	112,826
Accumulated depreciation and amortization	(38,412)	(37,665)
Generation facilities to be retired, net	598	548
<b>Net property, plant and equipment</b>	<b>77,329</b>	<b>75,709</b>
<b>Regulatory Assets and Deferred Debits</b>		
Regulatory assets (Includes \$1,194 related to VIEs at 2016)	11,290	11,373
Other	30	43
<b>Total regulatory assets and deferred debits</b>	<b>11,320</b>	<b>11,416</b>
<b>Total Assets</b>	<b>\$ 122,654</b>	<b>\$ 121,156</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,221	\$ 2,400
Notes payable and commercial paper	2,312	3,633
Taxes accrued	467	348
Interest accrued	448	430
Current maturities of long-term debt (includes \$197 at 2016 and \$125 at 2015 related to VIEs)	2,342	2,074
Regulatory liabilities	332	400
Other	1,784	2,115
<b>Total current liabilities</b>	<b>9,906</b>	<b>11,400</b>
<b>Long-Term Debt (includes \$3,383 at 2016 and \$2,197 at 2015 related to VIEs)</b>	<b>39,931</b>	<b>37,495</b>
<b>Deferred Credits and Other Liabilities</b>		
Deferred income taxes	13,038	12,705
Investment tax credits	492	472
Accrued pension and other post-retirement benefit costs	1,044	1,088
Asset retirement obligations	10,231	10,264
Regulatory liabilities	6,334	6,255
Other	1,730	1,706
<b>Total deferred credits and other liabilities</b>	<b>32,869</b>	<b>32,490</b>
<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	37,984	37,968
Retained earnings	2,627	2,564
Accumulated other comprehensive loss	(717)	(806)

Total Duke Energy Corporation stockholders' equity	39,895	39,727
Noncontrolling interests	53	44
Total equity	39,948	39,771
<b>Total Liabilities and Equity</b>	<b>\$ 122,654</b>	<b>\$ 121,156</b>

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(In millions)

	Six Months Ended June 30,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 1,211	\$ 1,414
Adjustments to reconcile net income to net cash provided by operating activities	1,995	1,465
Net cash provided by operating activities	<u>3,206</u>	<u>2,879</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	<u>(3,608)</u>	<u>(294)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash provided by (used in) financing activities	<u>221</u>	<u>(3,661)</u>
Net decrease in cash and cash equivalents	(181)	(1,076)
Cash and cash equivalents at the beginning of period	857	2,036
Cash and cash equivalents at end of period	<u>\$ 676</u>	<u>\$ 960</u>

DUKE ENERGY CORPORATION  
EARNINGS VARIANCES  
June 2016 QTD vs. Prior Year

(\$ per share)	Regulated Utilities	International Energy	Commercial Portfolio	Other	Consolidated
<b>2015 QTD Reported Earnings Per Share, Diluted</b>	\$ 0.91	\$ 0.08	\$ (0.05)	\$ (0.07)	\$ 0.78
Costs to Achieve, Progress Merger	—	—	—	0.02	0.02
Discontinued Operations	—	—	0.06	—	0.15
<b>2015 QTD Adjusted Earnings Per Share, Diluted</b>	\$ 0.91	\$ 0.08	\$ 0.01	\$ (0.05)	\$ 0.95
Weather	(0.04)	—	—	—	(0.04)
Pricing and Riders (a)	0.08	—	—	—	0.08
Volume	—	—	—	—	—
Wholesale (b)	0.03	—	—	—	0.03
Operations and Maintenance, net of recoverables (c)	0.05	—	—	—	0.05
Latin America, Including Foreign Exchange Rates (d)	—	0.03	—	—	0.03
National Methanol Company	—	(0.02)	—	—	(0.02)
Duke Energy Renewables, net of tax	—	—	—	—	—
Commercial Transmission, Pipeline and Other (e)	—	—	0.01	—	0.01
Interest Expense	—	—	—	(0.01)	(0.01)
Change in effective income tax rate (f)(g)	0.01	(0.02)	—	0.02	0.01
Other	—	(0.01)	—	(0.01)	(0.02)
<b>2016 QTD Adjusted Earnings Per Share, Diluted</b>	\$ 1.04	\$ 0.06	\$ 0.02	\$ (0.05)	\$ 1.07
Costs to Achieve, Mergers	—	—	—	(0.10)	(0.10)
International Impairment	—	(0.21)	—	—	(0.21)
Cost Savings Initiatives	—	—	—	(0.02)	(0.02)
<b>2016 QTD Reported Earnings Per Share, Diluted</b>	\$ 1.04	\$ (0.15)	\$ 0.02	\$ (0.17)	\$ 0.74

Note 1: Earnings Per Share amounts are calculated using the consolidated statutory income 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: Prior year amounts have been recast to conform with the new segment income measure.

- (a) Primarily due to higher retail pricing due to lower volumes for Duke Energy Carolinas (+\$0.02), the NCEMPA rider (+\$0.02), higher energy efficiency recoveries in the Carolinas (+\$0.02), and a prior year unfavorable regulatory order in Ohio related to energy efficiency (+\$0.02).
- (b) Primarily due to the implementation of the new 30-year contract with NCEMPA.
- (c) Primarily due to lower outage costs and cost savings initiatives, partially offset by costs related to the NCEMPA asset purchase.
- (d) Primarily due to higher results in Brazil due to improved hydrology (+\$0.04), partially offset by weaker foreign currency exchange rates (-\$0.01).
- (e) Primarily due to increased investments in Atlantic Coast and Sabal Trail pipelines.
- (f) International Energy includes the impact of no longer asserting indefinite reinvestment of foreign earnings (-\$0.01).
- (g) Other is driven by impacts of finalizing federal tax audits.

DUKE ENERGY CORPORATION  
EARNINGS VARIANCES  
June 2016 YTD vs. Prior Year

(\$ per share)	Regulated Utilities	International Energy	Commercial Portfolio	Other	Consolidated
<b>2015 YTD Reported Earnings Per Share, Diluted</b>	\$ 2.01	\$ 0.13	\$ (0.03)	\$ (0.14)	\$ 2.01
Costs to Achieve, Progress Merger	—	—	—	0.04	0.04
Midwest Generation Operations (offset in Discontinued Operations)	—	—	0.13	—	0.13
Discontinued Operations	—	—	0.06	—	0.02
<b>2015 YTD Adjusted Earnings Per Share, Diluted</b>	\$ 2.01	\$ 0.13	\$ 0.16	\$ (0.10)	\$ 2.20
Stock repurchase (a)	0.03	—	—	—	0.03
Weather	(0.14)	—	—	—	(0.14)
Pricing and Riders (b)	0.15	—	—	—	0.15
Volume	(0.01)	—	—	—	(0.01)
Wholesale (c)	0.05	—	—	—	0.05
Operations and Maintenance, net of recoverables (d)	0.03	—	—	—	0.03
Latin America, including Foreign Exchange Rates (e)	—	0.06	—	—	0.06
National Methanol Company	—	(0.03)	—	—	(0.03)
Duke Energy Renewables, net of tax	—	—	0.01	—	0.01
Commercial Transmission, Pipeline and Other (f)	—	—	0.01	—	0.01
Midwest Generation, net of tax (g)	—	—	(0.12)	—	(0.12)
Interest Expense	—	—	—	(0.02)	(0.02)
Change in effective income tax rate (h)	0.03	0.08	—	(0.01)	0.10
Other (i)	(0.10)	—	—	(0.02)	(0.12)
<b>2016 YTD Adjusted Earnings Per Share, Diluted</b>	\$ 2.05	\$ 0.24	\$ 0.06	\$ (0.15)	\$ 2.20
Costs to Achieve, Mergers	—	(0.21)	—	—	(0.21)
Cost Savings Initiatives	—	—	—	(0.04)	(0.04)
International Impairment	—	—	—	(0.21)	(0.21)
<b>2016 YTD Reported Earnings Per Share, Diluted</b>	\$ 2.05	\$ 0.03	\$ 0.06	\$ (0.40)	\$ 1.74

Note 1: Earnings Per Share amounts are calculated using the consolidated statutory income 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: Prior year amounts have been recast to conform with the new segment income measure.

- (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 700 million shares for the six months ended June 30, 2015, to 689 million shares for the six months ended June 30, 2016.
- (b) Primarily due to higher retail pricing for Duke Energy Carolinas (+\$0.05) driven by lower volumes, the NCEMPA rider (+\$0.04), higher energy efficiency recoveries in the Carolinas (+\$0.03), 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 savings initiatives, 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 (+\$0.06), partially offset by weaker foreign currency exchange rates (-\$0.02).
- (f) Primarily due to increased investments in Atlantic Coast and Sabal Trail pipelines.
- (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, net of the impact of no longer asserting indefinite reinvestment of foreign earnings.
- (i) Regulated Utilities includes increased depreciation and amortization expense (-\$0.06) due to higher depreciable base including the NCEMPA asset purchase, and higher non-income taxes (-\$0.04) primarily due to increased property taxes.

Regulated Utilities  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
June 2016

	Three Months Ended June 30,				Six Months Ended June 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	17,655	17,989	(1.7%)	0.7%	39,347	42,019	(6.4%)	0.3%
General Service	18,673	18,795	(0.6%)	(0.2%)	38,523	37,077	(1.5%)	(0.8%)
Industrial	13,021	13,105	(0.6%)	(0.5%)	25,293	25,369	(0.3%)	—%
Other Energy Sales	145	149	(2.7%)		291	301	(3.3%)	
Unbilled Sales	2,125	2,378	(10.6%)	n/a	1,781	1,332	33.7%	n/a
Total Retail Sales	51,649	52,418	(1.5%)	—%	103,235	108,098	(2.7%)	(0.2%)
Special Sales	10,536	8,582	22.8%		21,561	18,101	19.8%	
Total Consolidated Electric Sales - Regulated Utilities	62,185	60,998	1.9%		124,916	124,199	0.6%	
<b>Average Number of Customers (Electric)</b>								
Residential	6,438,062	6,348,277	1.4%		6,431,744	6,345,413	1.4%	
General Service	961,364	951,642	1.0%		959,423	949,694	1.0%	
Industrial	17,864	18,159	(1.6%)		17,900	18,172	(1.5%)	
Other Energy Sales	23,099	23,012	0.4%		23,106	22,982	0.5%	
Total Regular Sales	7,440,389	7,341,090	1.4%		7,432,173	7,336,261	1.3%	
Special Sales	65	61	6.6%		64	54	—%	
Total Average Number of Customers - Regulated Utilities	7,440,454	7,341,151	1.4%		7,432,237	7,336,325	1.3%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	15,768	17,963	(12.2%)		33,702	38,824	(13.4%)	
Nuclear	18,609	16,722	11.3%		36,608	34,111	7.3%	
Hydro	324	439	(26.2%)		1,371	934	45.8%	
Oil and Natural Gas	14,784	15,250	(3.1%)		30,867	29,521	4.6%	
Renewable Energy	45	4	1,025.0%		98	7	1,300.0%	
Total Generation (4)	49,530	50,378	(1.7%)		102,646	103,497	(0.8%)	
Purchased Power and Net Interchange (5)	16,139	13,842	16.6%		28,652	27,226	5.2%	
Total Sources of Energy	65,669	64,220	2.3%		131,298	130,723	0.4%	
Less: Line Loss and Company Usage	3,484	3,222	8.1%		8,302	6,524	(2.2%)	
Total GWh Sources	62,185	60,998	1.9%		124,916	124,199	0.6%	
<b>Owned MW Capacity (3)</b>								
Summer					49,666	49,578		
Winter					52,637	52,631		
<b>Nuclear Capacity Factor (%) (6)</b>								
					98	93		

(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.

Regulated Utilities  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
June 2016

	Three Months Ended June 30,			Six Months Ended June 30,		
	2016	2015	% Inc.(Dec.)	2016	2015	% Inc.(Dec.)
<b>Heating and Cooling Degree Days</b>						
<b>Carolina - Actual</b>						
Heating Degree Days	189	150	26.0%	1,777	2,054	(13.5%)
Cooling Degree Days	573	632	(9.3%)	601	636	(5.5%)
<b>Variance from Normal</b>						
Heating Degree Days	(7.6%)	(19.5%)	n/a	(6.6%)	11.6%	n/a
Cooling Degree Days	12.6%	15.3%	n/a	16.5%	14.0%	n/a
<b>Midwest - Actual</b>						
Heating Degree Days	499	380	31.3%	2,934	3,500	(16.2%)
Cooling Degree Days	374	378	(1.1%)	374	378	(1.1%)
<b>Variance from Normal</b>						
Heating Degree Days	5.7%	(10.4%)	n/a	(7.2%)	14.6%	n/a
Cooling Degree Days	14.7%	3.0%	n/a	13.3%	1.3%	n/a
<b>Florida - Actual</b>						
Heating Degree Days	—	—	—%	401	373	7.5%
Cooling Degree Days	1,112	1,256	(11.5%)	1,311	1,490	(12.0%)
<b>Variance from Normal</b>						
Heating Degree Days	(100.0%)	(100.0%)	n/a	1.1%	(6.3%)	n/a
Cooling Degree Days	8.0%	19.3%	n/a	7.9%	21.6%	n/a

Duke Energy Carolinas  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
June 2016

	Three Months Ended June 30,				Six Months Ended June 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	5,571	5,754	(1.4%)		13,251	14,232	(6.9%)	
General Service	6,934	6,942	(0.1%)		13,598	13,801	(1.5%)	
Industrial	5,545	5,614	(1.2%)		10,623	10,689	(0.6%)	
Other Energy Sales	76	78	—%		152	153	(0.7%)	
Unbilled Sales	685	843	(18.7%)		650	354	94.9%	
Total Regular Electric Sales	18,911	19,229	(1.7%)	(0.4%)	38,314	39,229	(2.3%)	(0.1%)
Special Sales	1,846	2,077	(11.1%)		4,068	4,545	(10.5%)	
Total Consolidated Electric Sales - Duke Energy Carolinas	20,757	21,306	(2.6%)		42,382	43,774	(3.2%)	
<b>Average Number of Customers</b>								
Residential	2,143,608	2,112,443	1.5%		2,141,071	2,110,558	1.4%	
General Service	348,878	344,565	1.2%		348,103	344,029	1.2%	
Industrial	6,301	6,446	(2.2%)		6,317	6,459	(2.2%)	
Other Energy Sales	15,163	14,903	1.1%		15,143	14,974	1.1%	
Total Regular Sales	2,513,940	2,478,747	1.4%		2,510,634	2,476,018	1.4%	
Special Sales	25	24	4.2%		24	25	(4.0%)	
Total Average Number of Customers - Duke Energy Carolinas	2,513,965	2,478,771	1.4%		2,510,658	2,476,043	1.4%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	5,082	5,695	(10.8%)		10,661	13,530	(21.2%)	
Nuclear	10,809	11,803	(8.4%)		21,802	23,119	(5.7%)	
Hydro	112	219	(48.8%)		837	476	75.8%	
Oil and Natural Gas	2,691	2,758	(2.4%)		5,677	4,991	13.7%	
Renewable Energy	4	4	—%		7	7	—%	
Total Generation (4)	18,698	20,479	(8.7%)		38,984	42,123	(7.5%)	
Purchased Power and Net Interchange (5)	3,448	2,135	61.5%		6,067	4,257	42.5%	
Total Sources of Energy	22,146	22,614	(2.1%)		45,051	46,380	(2.9%)	
Less: Line Loss and Company Usage	1,389	1,308	6.2%		2,669	2,606	2.4%	
Total GWh Sources	20,757	21,306	(2.6%)		42,382	43,774	(3.2%)	
<b>Owned MW Capacity (3)</b>								
Summer					19,678	19,645		
Winter					20,383	20,357		
Nuclear Capacity Factor (%) (6)					96	88		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	200	183	22.7%		1,861	2,104	(11.5%)	
Cooling Degree Days	570	623	(8.5%)		589	624	(5.6%)	
<b>Variance from Normal</b>								
Heating Degree Days	(9.5%)	(18.9%)	n/a		(6.3%)	9.7%	n/a	
Cooling Degree Days	17.3%	18.7%	n/a		19.6%	15.9%	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  
June 2016

	Three Months Ended June 30,				Six Months Ended June 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	3,597	3,673	(2.1%)		8,597	9,440	(8.9%)	
General Service	3,680	3,688	(0.2%)		7,340	7,437	(1.3%)	
Industrial	2,547	2,565	(0.7%)		4,986	5,002	(0.3%)	
Other Energy Sales	22	27	(18.5%)		46	55	(16.4%)	
Unbilled Sales	345	570	(39.5%)		210	129	62.8%	
Total Regular Electric Sales	10,191	10,523	(3.2%)	(1.3%)	21,179	22,063	(4.0%)	(0.5%)
Special Sales	6,638	4,429	49.9%		12,799	9,654	32.6%	
Total Consolidated Electric Sales - Duke Energy Progress	16,829	14,952	12.6%		33,978	31,717	7.1%	
<b>Average Number of Customers</b>								
Residential	1,289,306	1,271,808	1.4%		1,287,583	1,270,438	1.4%	
General Service	228,717	225,735	1.3%		228,120	225,073	1.4%	
Industrial	4,137	4,229	(2.2%)		4,148	4,229	(1.9%)	
Other Energy Sales	1,542	1,680	(6.8%)		1,571	1,688	(7.0%)	
Total Regular Sales	1,523,702	1,503,460	1.3%		1,521,432	1,501,429	1.3%	
Special Sales	15	15	—%		15	15	—%	
Total Average Number of Customers - Duke Energy Progress	1,523,717	1,503,475	1.3%		1,521,447	1,501,444	1.3%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	2,328	3,340	(30.3%)		4,435	7,344	(39.6%)	
Nuclear	7,800	4,919	58.6%		14,806	10,992	34.7%	
Hydro	125	152	(17.8%)		378	334	13.2%	
Oil and Natural Gas	5,623	5,505	2.1%		12,095	11,326	6.8%	
Renewable Energy	41	—	n/a		91	—	n/a	
Total Generation (4)	15,917	13,916	14.4%		31,805	29,996	6.0%	
Purchased Power and Net Interchange (5)	1,497	1,668	(10.1%)		3,262	3,180	2.6%	
Total Sources of Energy	17,414	15,582	11.8%		35,067	33,176	5.7%	
Less: Line Loss and Company Usage	585	630	(7.1%)		1,089	1,459	(25.4%)	
Total GWh Sources	16,829	14,952	12.8%		33,978	31,717	7.1%	
<b>Owned MW Capacity (3)</b>								
Summer					12,935	12,222		
Winter					14,034	13,319		
<b>Nuclear Capacity Factor (%) (6)</b>								
					96	83		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	179	136	31.6%		1,693	2,003	(15.5%)	
Cooling Degree Days	576	641	(10.1%)		612	848	(5.6%)	
<b>Variance from Normal</b>								
Heating Degree Days	(5.3%)	(19.0%)	n/a		(6.9%)	13.6%	n/a	
Cooling Degree Days	8.7%	12.5%	n/a		13.3%	11.5%	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.

(6) Statistics reflect 100% of jointly owned stations.

Duke Energy Florida  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
June 2016

	Three Months Ended June 30,				Six Months Ended June 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	4,872	4,944	(1.5%)		9,045	9,048	—%	
General Service	3,820	3,857	(1.0%)		7,061	7,092	(0.4%)	
Industrial	812	821	(1.1%)		1,564	1,581	(1.1%)	
Other Energy Sales	6	8	—%		12	12	—%	
Unbilled Sales	669	679	(1.5%)		658	793	(17.0%)	
Total Regular Electric Sales	10,179	10,307	(1.2%)	2.2%	18,340	18,526	(1.0%)	1.0%
Special Sales	467	485	(5.7%)		762	749	1.7%	
Total Electric Sales - Duke Energy Florida	10,646	10,802	(1.4%)		19,102	19,275	(0.9%)	
<b>Average Number of Customers</b>								
Residential	1,546,606	1,521,460	1.7%		1,544,081	1,518,965	1.7%	
General Service	195,358	193,278	1.1%		195,032	192,919	1.1%	
Industrial	2,182	2,245	(2.8%)		2,192	2,251	(2.6%)	
Other Energy Sales	1,536	1,537	(0.1%)		1,536	1,539	(0.2%)	
Total Regular Sales	1,745,680	1,718,520	1.6%		1,742,841	1,715,694	1.6%	
Special Sales	15	14	7.1%		15	15	—%	
Total Average Number of Customers - Duke Energy Florida	1,745,695	1,718,534	1.6%		1,742,856	1,715,709	1.6%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	2,331	3,044	(23.4%)		3,782	5,197	(27.2%)	
Oil and Natural Gas	5,538	6,430	(12.3%)		11,761	11,913	(1.3%)	
Total Generation (4)	7,869	9,474	(15.9%)		15,543	17,110	(9.2%)	
Purchased Power and Net Interchange (5)								
Total Sources of Energy	3,130	1,910	63.9%		4,639	3,294	40.8%	
Less: Line Loss and Company Usage	11,069	11,364	(2.6%)		20,182	20,404	(1.1%)	
Less: Line Loss and Company Usage	453	582	(22.2%)		1,060	1,129	(4.3%)	
Total GWh Sources	10,646	10,802	(1.4%)		19,102	19,275	(0.9%)	
<b>Owned MW Capacity (3)</b>								
Summer					8,948	9,154		
Winter					9,735	10,120		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	—	—	—%		401	373	7.5%	
Cooling Degree Days	1,112	1,256	(11.5%)		1,311	1,490	(12.0%)	
<b>Variance from Normal</b>								
Heating Degree Days	(100.0%)	(100.0%)	n/a		1.1%	(6.3%)	n/a	
Cooling Degree Days	8.0%	19.3%	n/a		7.9%	21.6%	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.

Duke Energy Ohio  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
June 2016

	Three Months Ended June 30,				Six Months Ended June 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	1,747	1,811	(3.5%)		4,067	4,492	(9.5%)	
General Service	2,278	2,315	(1.6%)		4,575	4,678	(2.2%)	
Industrial	1,457	1,479	(1.5%)		2,901	2,927	(0.9%)	
Other Energy Sales	28	26	7.7%		55	54	1.9%	
Unbilled Sales	212	182	16.5%		120	49	144.9%	
Total Regular Electric Sales	5,722	5,813	(1.6%)	(1.0%)	11,718	12,200	(4.0%)	(1.3%)
Special Sales	74	420	(82.4%)		185	800	(76.9%)	
Total Electric Sales - Duke Energy Ohio	5,796	6,233	(7.0%)		11,903	13,000	(8.4%)	
<b>Average Number of Customers</b>								
Residential	752,249	748,005	0.6%		752,718	746,812	0.8%	
General Service	87,543	87,200	0.4%		87,481	87,187	0.3%	
Industrial	2,517	2,530	(0.5%)		2,523	2,534	(0.4%)	
Other Energy Sales	3,254	3,218	1.1%		3,250	3,212	1.2%	
Total Regular Sales	845,563	838,953	0.8%		845,982	839,745	0.7%	
Special Sales	1	1	—%		1	1	—%	
Total Average Number of Customers - Duke Energy Ohio	845,564	838,954	0.8%		845,983	839,746	0.7%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	538	1,168	(54.1%)		1,484	2,388	(38.7%)	
Oil and Natural Gas	10	10	—%		11	30	(63.3%)	
Total Generation (4)	548	1,178	(53.7%)		1,475	2,418	(39.0%)	
Purchased Power and Net Interchange (5)	5,931	5,496	7.5%		11,486	11,448	0.3%	
Total Sources of Energy	6,477	6,674	(3.0%)		12,961	13,864	(6.5%)	
Less: Line Loss and Company Usage	681	441	54.4%		1,058	864	22.5%	
Total GWh Sources	5,796	6,233	(7.0%)		11,903	13,000	(8.4%)	
<b>Owned MW Capacity (3)</b>								
Summer					1,062	1,062		
Winter					1,184	1,164		
<b>Heating and Cooling Degree Days</b>								
<u>Actual</u>								
Heating Degree Days	475	348	36.5%		2,824	3,310	(14.7%)	
Cooling Degree Days	372	391	(4.9%)		372	391	(4.9%)	
<u>Variance from Normal</u>								
Heating Degree Days	5.8%	(14.5%)	n/a		(7.2%)	12.1%	n/a	
Cooling Degree Days	14.5%	7.7%	n/a		13.3%	5.3%	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 Ohio  
Quarterly Highlights  
Supplemental Regulated Utilities Gas Information  
June 2016

	Three Months Ended June 30,				Six Months Ended June 30,			
	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2016	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>MCF Sales (1)</b>								
Residential	4,930,088	5,052,315	(2.4%)		21,627,643	27,231,220	(20.6%)	
General Service	3,487,618	3,553,999	(1.9%)		13,567,296	16,625,060	(18.4%)	
Industrial	1,404,742	1,335,427	5.2%		3,882,745	4,411,288	(12.0%)	
Other Energy Sales	4,986,355	4,538,714	9.9%		10,813,639	10,754,865	0.5%	
Unbilled Sales	(2,096,877)	(2,892,000)	27.5%		(2,435,677)	(3,245,000)	24.9%	
<b>Total Gas Sales - Duke Energy Ohio</b>	<b>12,714,126</b>	<b>11,588,455</b>	<b>9.7%</b>	<b>6.2%</b>	<b>47,455,648</b>	<b>55,777,463</b>	<b>(14.9%)</b>	<b>(7.7%)</b>
<b>Average Number of Customers</b>								
Residential	477,813	474,973	0.6%		479,166	476,554	0.5%	
General Service	42,888	43,003	(0.2%)		44,061	44,171	(0.2%)	
Industrial	1,601	1,604	(0.2%)		1,650	1,655	(0.3%)	
Other Energy Sales	143	143	—%		143	144	(0.7%)	
<b>Total Average Number of Gas Customers - Duke Energy Ohio</b>	<b>522,455</b>	<b>519,723</b>	<b>0.5%</b>		<b>525,020</b>	<b>522,524</b>	<b>0.5%</b>	
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	475	348	36.5%		2,824	3,310	(14.7%)	
Cooling Degree Days	372	391	(4.9%)		372	391	(4.9%)	
<b>Variance from Normal</b>								
Heating Degree Days	5.8%	(14.5%)	n/a		(7.2%)	12.1%	n/a	
Cooling Degree Days	14.5%	7.7%	n/a		13.3%	6.3%	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).

Duke Energy Indiana  
Quarterly Highlights  
Supplemental Regulated Utilities Electric Information  
June 2018

	Three Months Ended June 30,				Six Months Ended June 30,			
	2018	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2018	2015	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	1,798	1,807	(0.5%)		4,367	4,807	(8.7%)	
General Service	1,961	1,993	(1.6%)		3,949	4,059	(2.9%)	
Industrial	2,660	2,628	1.3%		5,219	5,170	0.9%	
Other Energy Sales	13	14	(7.1%)		26	27	(3.7%)	
Unbilled Sales	214	104	105.8%		103	7	1,371.4%	
Total Regular Electric Sales	6,646	6,544	1.6%	0.8%	13,564	14,080	(2.8%)	(0.6%)
Special Sales	1,511	1,181	30.1%		3,867	2,353	64.3%	
Total Electric Sales - Duke Energy Indiana	8,157	7,705	5.9%		17,551	16,433	6.8%	
<b>Average Number of Customers</b>								
Residential	706,293	696,563	1.4%		706,291	698,622	1.1%	
General Service	100,870	100,564	0.3%		100,877	100,488	0.2%	
Industrial	2,727	2,709	0.7%		2,720	2,699	0.8%	
Other Energy Sales	1,614	1,574	2.5%		1,606	1,568	2.4%	
Total Regular Sales	811,504	801,410	1.3%		811,294	803,375	1.0%	
Special Sales	9	7	28.6%		9	8	12.5%	
Total Average Number of Customers - Duke Energy Indiana	811,513	801,417	1.3%		811,293	803,383	1.0%	
<b>Sources of Electric Energy (GWh)</b>								
<b>Generated - Net Output (3)</b>								
Coal	5,481	4,716	16.4%		13,360	10,465	27.7%	
Hydro	87	68	27.9%		156	124	25.8%	
Oil and Natural Gas	822	547	50.3%		1,323	1,261	4.9%	
Total Generation (4)	6,400	5,331	20.1%		14,839	11,850	25.2%	
Purchased Power and Net Interchange (5)	2,133	2,635	(19.1%)		3,198	5,049	(36.7%)	
Total Sources of Energy	8,533	7,966	7.1%		18,037	16,899	6.7%	
Less: Line Loss and Company Usage	376	261	44.1%		486	468	4.3%	
Total GWh Sources	8,157	7,705	5.9%		17,551	16,433	6.8%	
<b>Owned MW Capacity (3)</b>								
Summer					7,143	7,480		
Winter					7,521	7,871		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	522	411	27.0%		3,043	3,589	(17.5%)	
Cooling Degree Days	376	364	3.3%		376	364	3.3%	
<b>Variance from Normal</b>								
Heating Degree Days	6.1%	(7.0%)	n/a		(7.0%)	16.9%	n/a	
Cooling Degree Days	14.6%	(1.4%)	n/a		13.4%	(2.9%)	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 June 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			
<b>SEGMENT INCOME</b>							
Regulated Utilities	\$ 718	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 718
International Energy	(102)	—	145 B	—	—	145	43
Commercial Portfolio	14	—	—	—	—	—	14
<b>Total Reportable Segment Income</b>	<b>630</b>	<b>—</b>	<b>145</b>	<b>—</b>	<b>—</b>	<b>145</b>	<b>775</b>
Other	(120)	69 A	—	15 C	—	84	(36)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>510</b>	<b>69</b>	<b>145</b>	<b>15</b>	<b>—</b>	<b>229</b>	<b>739</b>
Discontinued Operations	(1)	—	—	—	1 D	1	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 509</b>	<b>\$ 69</b>	<b>\$ 145</b>	<b>\$ 15</b>	<b>\$ 1</b>	<b>\$ 230</b>	<b>\$ 739</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 0.74</b>	<b>\$ 0.10</b>	<b>\$ 0.21</b>	<b>\$ 0.02</b>	<b>\$ —</b>	<b>\$ 0.33</b>	<b>\$ 1.07</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 0.74</b>	<b>\$ 0.10</b>	<b>\$ 0.21</b>	<b>\$ 0.02</b>	<b>\$ —</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 is primarily mark-to-market losses related to forward-starting interest rate swaps utilized to manage interest rate exposure for the expected financing of the Piedmont acquisition.

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 \$9 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other 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.

**Weighted Average Shares (reported and adjusted) - in millions**

Basic	689
Diluted	690



**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				Total Adjustments	Adjusted Earnings
		Costs to Achieve, Mergers	International Impairment	Cost Savings Initiatives	Discontinued Operations		
<b>SEGMENT INCOME</b>							
Regulated Utilities	\$ 1,413	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,413
International Energy	21	—	145 B	—	—	145	168
Commercial Portfolio	41	—	—	—	—	—	41
<b>Total Reportable Segment Income</b>	<b>1,475</b>	<b>—</b>	<b>145</b>	<b>—</b>	<b>—</b>	<b>145</b>	<b>1,620</b>
Other	(274)	143 A	—	27 C	—	170	(104)
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>1,201</b>	<b>143</b>	<b>145</b>	<b>27</b>	<b>—</b>	<b>315</b>	<b>1,516</b>
Discontinued Operations	2	—	—	—	(2) D	(2)	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 1,203</b>	<b>\$ 143</b>	<b>\$ 145</b>	<b>\$ 27</b>	<b>\$ (2)</b>	<b>\$ 313</b>	<b>\$ 1,516</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 1.74</b>	<b>\$ 0.21</b>	<b>\$ 0.21</b>	<b>\$ 0.04</b>	<b>\$ —</b>	<b>\$ 0.46</b>	<b>\$ 2.20</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.74</b>	<b>\$ 0.21</b>	<b>\$ 0.21</b>	<b>\$ 0.04</b>	<b>\$ —</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 is primarily mark-to-market losses related to forward-starting interest rate swaps utilized to manage interest rate exposure for the expected financing of the Piedmont acquisition.

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 \$17 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other 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.

**Weighted Average Shares (reported and adjusted) - in millions**

Basic	689
Diluted	689

DUKE ENERGY CORPORATION  
REPORTED TO ADJUSTED EARNINGS RECONCILIATION  
Three Months Ended June 30, 2015  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items			Adjusted Earnings
		Costs to Achieve, Progress Merger	Discontinued Operations	Total Adjustments	
<b>SEGMENT INCOME</b>					
Regulated Utilities	\$ 632	\$ —	\$ —	\$ —	\$ 632
International Energy	52	—	—	—	52
Commercial Portfolio	(30)	—	41 D	41	11
<b>Total Reportable Segment Income</b>	<b>654</b>	<b>—</b>	<b>41</b>	<b>41</b>	<b>695</b>
Other	(51)	14 A	—	14	(37)
Intercompany Eliminations	(3)	—	3 C	3	—
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>600</b>	<b>14</b>	<b>44</b>	<b>58</b>	<b>658</b>
Discontinued Operations	(57)	—	57 B	57	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 543</b>	<b>\$ 14</b>	<b>\$ 101</b>	<b>\$ 115</b>	<b>\$ 658</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 0.78</b>	<b>\$ 0.02</b>	<b>\$ 0.15</b>	<b>\$ 0.17</b>	<b>\$ 0.95</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 0.78</b>	<b>\$ 0.02</b>	<b>\$ 0.15</b>	<b>\$ 0.17</b>	<b>\$ 0.95</b>

A - Net of \$8 million tax benefit. 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, and includes the impact of a litigation reserve related to the nonregulated Midwest generation business.

C - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.

D - State tax expense resulting from the completion of the sale of the nonregulated Midwest generation business.

Weighted Average Shares (reported and adjusted) - in millions

Basic	692
Diluted	692

DUKE ENERGY CORPORATION  
REPORTED TO ADJUSTED EARNINGS RECONCILIATION  
Six Months Ended June 30, 2015  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items			Total Adjustments	Adjusted Earnings
		Costs to Achieve, Progress Merger	Midwest Generation Operations	Discontinued Operations		
<b>SEGMENT INCOME</b>						
Regulated Utilities	\$ 1,406	\$ —	\$ —	\$ —	\$ —	\$ 1,406
International Energy	88	—	—	—	—	88
Commercial Portfolio	(23)	—	94	B 41	E 135	112
<b>Total Reportable Segment Income</b>	<b>1,471</b>	<b>—</b>	<b>94</b>	<b>41</b>	<b>135</b>	<b>1,606</b>
Other	(94)	27	A —	—	27	(67)
Intercompany Eliminations	(4)	—	—	4	D 4	—
<b>Total Reportable Segment Income and Other Net Expense</b>	<b>1,373</b>	<b>27</b>	<b>94</b>	<b>45</b>	<b>166</b>	<b>1,539</b>
Discontinued Operations	34	—	(94)	B 60	C (34)	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 1,407</b>	<b>\$ 27</b>	<b>\$ —</b>	<b>\$ 105</b>	<b>\$ 132</b>	<b>\$ 1,539</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, BASIC</b>	<b>\$ 2.01</b>	<b>\$ 0.04</b>	<b>\$ —</b>	<b>\$ 0.15</b>	<b>\$ 0.19</b>	<b>\$ 2.20</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 2.01</b>	<b>\$ 0.04</b>	<b>\$ —</b>	<b>\$ 0.15</b>	<b>\$ 0.19</b>	<b>\$ 2.20</b>

A - Net of \$16 million tax benefit. Recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B - 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).

C - 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.

D - Reverses the impact on eliminations of classifying the nonregulated Midwest generation business as discontinued operations.

E - State tax expense resulting from the completion of the sale of the nonregulated Midwest generation business.

Weighted Average Shares (reported and adjusted) - in millions

Basic	700
Diluted	700

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
**Three and Six Months Ended June 30, 2016**  
(Dollars in Millions)

	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>	\$ 752		\$ 1,661	
Costs to Achieve, Mergers	111		231	
International Impairment	194		194	
Cost Savings Initiatives	24		44	
Noncontrolling interests	(3)		(8)	
<b>Adjusted Pretax Income</b>	<u>\$ 1,078</u>		<u>\$ 2,122</u>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 239	31.8%	\$ 452	27.2%
Costs to Achieve, Mergers	42		88	
International Impairment	49		49	
Cost Savings Initiatives	9		17	
<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.

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
**Three and Six Months Ended June 30, 2015**  
(Dollars in Millions)

	Three Months Ended June 30, 2015		Six Months Ended June 30, 2015	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 938		\$ 2,078	
Costs to Achieve, Progress Energy Merger	22		43	
Midwest Generation Operations	—		147	
Noncontrolling Interests	(4)		(7)	
Intercompany Eliminations	2		4	
<b>Adjusted Pretax Income</b>	<u>\$ 958</u>		<u>\$ 2,265</u>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 334	35.6%	\$ 698	33.6%
Tax Adjustment Related to Midwest Generation Sale	(41)		(41)	
Midwest Generation Operations	—		53	
Costs to Achieve, Progress Energy Merger	8		16	
Intercompany Eliminations	(1)		—	
<b>Adjusted Tax Expense</b>	<u>\$ 300</u>	31.3% *	<u>\$ 726</u>	32.1% *

\*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

---

**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 9, 2016



**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))
- 
-

**Item 8.01. Other Events.**

On August 12, 2016, Duke Energy Corporation (the "Company") consummated the issuance and sale of the securities described below pursuant to an underwriting agreement, dated August 9, 2016 (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"), pursuant to which the Company agreed to issue and sell to the Underwriters \$750,000,000 aggregate principal amount of the Company's 1.800% Senior Notes due 2021, \$1,500,000,000 aggregate principal amount of the Company's 2.650% Senior Notes due 2026 and \$1,500,000,000 aggregate principal amount of the Company's 3.750% Senior Notes due 2046 (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 Fourteenth Supplemental Indenture, dated as of August 12, 2016 (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 No. 333-191462.

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

(d) Exhibits

<u>Exhibit</u>	<u>Description</u>
Exhibit 4.1	Fourteenth Supplemental Indenture, dated as of August 12, 2016, 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
Exhibit 5.1	Opinion regarding validity of the Securities
Exhibit 23.1	Consent (included as part of Exhibit 5.1)
Exhibit 99.1	Underwriting Agreement, dated August 9, 2016, among the Company and 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

**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 12, 2016

**DUKE ENERGY CORPORATION**

By: /s/ Robert T. Lucas III

Name: Robert T. Lucas III

Title: Assistant Secretary



**EXHIBIT INDEX**

<b>Exhibit</b>	<b>Description</b>
Exhibit 4.1	Fourteenth Supplemental Indenture, dated as of August 12, 2016, 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
Exhibit 5.1	Opinion regarding validity of the Securities
Exhibit 23.1	Consent (included as part of Exhibit 5.1)
Exhibit 99.1	Underwriting Agreement, dated August 9, 2016, among the Company and 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

Exhibit 4.1

---

DUKE ENERGY CORPORATION

TO

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.

Trustee

---

Fourteenth Supplemental Indenture  
Dated as of August 12, 2016

---

\$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

---

---

TABLE OF CONTENTS(1)

ARTICLE I  
1.800% SENIOR NOTES DUE 2021

Section 1.01.	Establishment	1
Section 1.02.	Definitions	2
Section 1.03.	Payment of Principal and Interest	2
Section 1.04.	Denominations	3
Section 1.05.	Global Securities	3
Section 1.06.	Redemption	4
Section 1.07.	Paying Agent	6

ARTICLE II  
2.650% SENIOR NOTES DUE 2026

Section 2.01.	Establishment	6
Section 2.02.	Definitions	6
Section 2.03.	Payment of Principal and Interest	7
Section 2.04.	Denominations	7
Section 2.05.	Global Securities	8
Section 2.06.	Redemption	8
Section 2.07.	Paying Agent	10

ARTICLE III  
3.750% SENIOR NOTES DUE 2046

Section 3.01.	Establishment	10
Section 3.02.	Definitions	11
Section 3.03.	Payment of Principal and Interest	11
Section 3.04.	Denominations	12
Section 3.05.	Global Securities	12
Section 3.06.	Redemption	12
Section 3.07.	Paying Agent	14

ARTICLE IV  
MISCELLANEOUS PROVISIONS

Section 4.01.	Recitals by the Corporation	15
Section 4.02.	Ratification and Incorporation of Original Indenture	15
Section 4.03.	Executed in Counterparts	15

Exhibit A	— Form of 1.800% Senior Note Due 2021
Exhibit B	— Certificate of Authentication
Exhibit C	— Form of 2.650% Senior Note Due 2026
Exhibit D	— Certificate of Authentication
Exhibit E	— Form of 3.750% Senior Note Due 2046
Exhibit F	— Certificate of Authentication

(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.

**THIS FOURTEENTH SUPPLEMENTAL INDENTURE** is made as of the 12<sup>th</sup> day of August, 2016, 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 Fourteenth 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 Fourteenth 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**

**1.800% SENIOR NOTES DUE 2021**

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 1.800% Senior Notes due 2021 (the "2021 Notes").

There are to be authenticated and delivered \$750,000,000 principal amount of the 2021 Notes, and no further 2021 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 2021 Notes shall be issued in fully registered form without coupons.

The 2021 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 2021 Notes shall be in substantially the form set forth in Exhibit B hereto.

---

Each 2021 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 2021 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, 2021.

Section 1.03. Payment of Principal and Interest. The principal of the 2021 Notes shall be due at Stated Maturity (unless earlier redeemed). The unpaid principal amount of the 2021 Notes shall bear interest at the rate of 1.800% 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 2021 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 2021 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 2021 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 2021 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 2021 Notes shall include interest accrued to but excluding the respective Interest Payment Dates. Interest payments for the 2021 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