

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

**IN THE MATTER OF THE ADJUSTMENT  
OF THE ELECTRIC RATES OF DUKE ENERGY KENTUCKY, INC.**

**CASE NO. 2019-00271**

**FILING REQUIREMENTS**

**VOLUME 5**

**Duke Energy Kentucky, Inc.**  
**Case No. 2019-00271**  
**Forecasted Test Period Filing Requirements**  
**Table of Contents**

<b>Vol. #</b>	<b>Tab #</b>	<b>Filing Requirement</b>	<b>Description</b>	<b>Sponsoring Witness</b>
1	1	KRS 278.180	30 days' notice of rates to PSC.	Amy B. Spiller
1	2	807 KAR 5:001 Section 7(1)	The original and 10 copies of application plus copy for anyone named as interested party.	Amy B. Spiller
1	3	807 KAR 5:001 Section 12(2)	<p>(a) Amount and kinds of stock authorized.</p> <p>(b) Amount and kinds of stock issued and outstanding.</p> <p>(c) Terms of preference of preferred stock whether cumulative or participating, or on dividends or assets or otherwise.</p> <p>(d) Brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee, or trustee, amount of indebtedness authorized to be secured thereby, and the amount of indebtedness actually secured, together with any sinking fund provisions.</p> <p>(e) Amount of bonds authorized, and amount issued, giving the name of the public utility which issued the same, describing each class separately, and giving date of issue, face value, rate of interest, date of maturity and how secured, together with amount of interest paid thereon during the last fiscal year.</p> <p>(f) Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid thereon during the last fiscal year.</p> <p>(g) Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of any portion of such indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid thereon during the last fiscal year.</p> <p>(h) Rate and amount of dividends paid during the five (5) previous fiscal years, and the amount of capital stock on which dividends were paid each year.</p> <p>(i) Detailed income statement and balance sheet.</p>	Christopher M. Jacobi Danielle L. Weatherston
1	4	807 KAR 5:001 Section 14(1)	Full name, mailing address, and electronic mail address of applicant and reference to the particular provision of law requiring PSC approval.	Amy B. Spiller
1	5	807 KAR 5:001 Section 14(2)	If a corporation, the applicant shall identify in the application the state in which it is incorporated and the date of its incorporation, attest that it is currently in good standing in the state in which it is incorporated, and, if it is not a Kentucky corporation, state if it is authorized to transact business in Kentucky.	Amy B. Spiller

1	6	807 KAR 5:001 Section 14(3)	If a limited liability company, the applicant shall identify in the application the state in which it is organized and the date on which it was organized, attest that it is in good standing in the state in which it is organized, and, if it is not a Kentucky limited liability company, state if it is authorized to transact business in Kentucky.	Amy B. Spiller
1	7	807 KAR 5:001 Section 14(4)	If the applicant is a limited partnership, a certified copy of its limited partnership agreement and all amendments, if any, shall be annexed to the application, or a written statement attesting that its partnership agreement and all amendments have been filed with the commission in a prior proceeding and referencing the case number of the prior proceeding.	Amy B. Spiller
1	8	807 KAR 5:001 Section 16 (1)(b)(1)	Reason adjustment is required.	Amy B. Spiller William Don Wathen, Jr.
1	9	807 KAR 5:001 Section 16 (1)(b)(2)	Certified copy of certificate of assumed name required by KRS 365.015 or statement that certificate not necessary.	Amy B. Spiller
1	10	807 KAR 5:001 Section 16 (1)(b)(3)	New or revised tariff sheets, if applicable in a format that complies with 807 KAR 5:011 with an effective date not less than thirty (30) days from the date the application is filed	Jeff L. Kern
1	11	807 KAR 5:001 Section 16 (1)(b)(4)	Proposed tariff changes shown by present and proposed tariffs in comparative form or by indicating additions in italics or by underscoring and striking over deletions in current tariff.	Jeff L. Kern
1	12	807 KAR 5:001 Section 16 (1)(b)(5)	A statement that notice has been given in compliance with Section 17 of this administrative regulation with a copy of the notice.	Amy B. Spiller
1	13	807 KAR 5:001 Section 16(2)	If gross annual revenues exceed \$5,000,000, written notice of intent filed at least 30 days, but not more than 60 days prior to application. Notice shall state whether application will be supported by historical or fully forecasted test period.	Amy B. Spiller
1	14	807 KAR 5:001 Section 16(3)	Notice given pursuant to Section 17 of this administrative regulation shall satisfy the requirements of 807 KAR 5:051, Section 2.	Amy B. Spiller
1	15	807 KAR 5:001 Section 16(6)(a)	The financial data for the forecasted period shall be presented in the form of pro forma adjustments to the base period.	Christopher M. Jacobi
1	16	807 KAR 5:001 Section 16(6)(b)	Forecasted adjustments shall be limited to the twelve (12) months immediately following the suspension period.	Sarah E. Lawler Melissa B. Abernathy Christopher M. Jacobi
1	17	807 KAR 5:001 Section 16(6)(c)	Capitalization and net investment rate base shall be based on a thirteen (13) month average for the forecasted period.	Sarah E. Lawler
1	18	807 KAR 5:001 Section 16(6)(d)	After an application based on a forecasted test period is filed, there shall be no revisions to the forecast, except for the correction of mathematical errors, unless the revisions reflect statutory or regulatory enactments that could not, with reasonable diligence, have been included in the forecast on the date it was filed. There shall be no revisions filed within thirty (30) days of a scheduled hearing on the rate application.	Christopher M. Jacobi

1	19	807 KAR 5:001 Section 16(6)(e)	The commission may require the utility to prepare an alternative forecast based on a reasonable number of changes in the variables, assumptions, and other factors used as the basis for the utility's forecast.	Christopher M. Jacobi
1	20	807 KAR 5:001 Section 16(6)(f)	The utility shall provide a reconciliation of the rate base and capital used to determine its revenue requirements.	Sarah E. Lawler
1	21	807 KAR 5:001 Section 16(7)(a)	Prepared testimony of each witness supporting its application including testimony from chief officer in charge of Kentucky operations on the existing programs to achieve improvements in efficiency and productivity, including an explanation of the purpose of the program.	All Witnesses
1	22	807 KAR 5:001 Section 16(7)(b)	Most recent capital construction budget containing at minimum 3 year forecast of construction expenditures.	Christopher M. Jacobi James Michael Mosley Ash M. Norton
1	23	807 KAR 5:001 Section 16(7)(c)	Complete description, which may be in prefiled testimony form, of all factors used to prepare forecast period. All econometric models, variables, assumptions, escalation factors, contingency provisions, and changes in activity levels shall be quantified, explained, and properly supported.	Christopher M. Jacobi
1	24	807 KAR 5:001 Section 16(7)(d)	Annual and monthly budget for the 12 months preceding filing date, base period and forecasted period.	Christopher M. Jacobi
1	25	807 KAR 5:001 Section 16(7)(e)	Attestation signed by utility's chief officer in charge of Kentucky operations providing: 1. That forecast is reasonable, reliable, made in good faith and that all basic assumptions used have been identified and justified; and 2. That forecast contains same assumptions and methodologies used in forecast prepared for use by management, or an identification and explanation for any differences; and 3. That productivity and efficiency gains are included in the forecast.	Amy B. Spiller
1	26	807 KAR 5:001 Section 16(7)(f)	For each major construction project constituting 5% or more of annual construction budget within 3 year forecast, following information shall be filed: 1. Date project began or estimated starting date; 2. Estimated completion date; 3. Total estimated cost of construction by year exclusive and inclusive of Allowance for Funds Used During construction ("AFUDC") or Interest During construction Credit; and 4. Most recent available total costs incurred exclusive and inclusive of AFUDC or Interest During Construction Credit.	Christopher M. Jacobi James Michael Mosley Ash M. Norton
1	27	807 KAR 5:001 Section 16(7)(g)	For all construction projects constituting less than 5% of annual construction budget within 3 year forecast, file aggregate of information requested in paragraph (f) 3 and 4 of this subsection.	Christopher M. Jacobi James Michael Mosley Ash M. Norton



1	28	807 KAR 5:001 Section 16(7)(h)	Financial forecast for each of 3 forecasted years included in capital construction budget supported by underlying assumptions made in projecting results of operations and including the following information: 1. Operating income statement (exclusive of dividends per share or earnings per share); 2. Balance sheet; 3. Statement of cash flows; 4. Revenue requirements necessary to support the forecasted rate of return; 5. Load forecast including energy and demand (electric); 6. Access line forecast (telephone); 7. Mix of generation (electric); 8. Mix of gas supply (gas); 9. Employee level; 10. Labor cost changes; 11. Capital structure requirements; 12. Rate base; 13. Gallons of water projected to be sold (water); 14. Customer forecast (gas, water); 15. MCF sales forecasts (gas); 16. Toll and access forecast of number of calls and number of minutes (telephone); and 17. A detailed explanation of any other information provided.	Christopher M. Jacobi John A. Verderame Benjamin W. B. Passty
1	29	807 KAR 5:001 Section 16(7)(i)	Most recent FERC or FCC audit reports.	Danielle L. Weatherston
1	30	807 KAR 5:001 Section 16(7)(j)	Prospectuses of most recent stock or bond offerings.	Christopher M. Jacobi
1	31	807 KAR 5:001 Section 16(7)(k)	Most recent FERC Form 1 (electric), FERC Form 2 (gas), or PSC Form T (telephone).	Danielle L. Weatherston
2	32	807 KAR 5:001 Section 16(7)(l)	Annual report to shareholders or members and statistical supplements for the most recent 2 years prior to application filing date.	Christopher M. Jacobi
3	33	807 KAR 5:001 Section 16(7)(m)	Current chart of accounts if more detailed than Uniform System of Accounts charts.	Danielle L. Weatherston
3	34	807 KAR 5:001 Section 16(7)(n)	Latest 12 months of the monthly managerial reports providing financial results of operations in comparison to forecast.	Danielle L. Weatherston
3	35	807 KAR 5:001 Section 16(7)(o)	Complete monthly budget variance reports, with narrative explanations, for the 12 months prior to base period, each month of base period, and subsequent months, as available.	Danielle L. Weatherston Christopher M. Jacobi
3-9	36	807 KAR 5:001 Section 16(7)(p)	SEC's annual report for most recent 2 years, Form 10-Ks and any Form 8-Ks issued during prior 2 years and any Form 10-Qs issued during past 6 quarters.	Danielle L. Weatherston
9	37	807 KAR 5:001 Section 16(7)(q)	Independent auditor's annual opinion report, with any written communication which indicates the existence of a material weakness in internal controls.	Danielle L. Weatherston
9	38	807 KAR 5:001 Section 16(7)(r)	Quarterly reports to the stockholders for the most recent 5 quarters.	Christopher M. Jacobi

10	39	807 KAR 5:001 Section 16(7)(s)	Summary of latest depreciation study with schedules itemized by major plant accounts, except that telecommunications utilities adopting PSC's average depreciation rates shall identify current and base period depreciation rates used by major plant accounts. If information has been filed in another PSC case, refer to that case's number and style.	John J. Spanos
10	40	807 KAR 5:001 Section 16(7)(t)	List all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with application. Include each software, program, or model; its use; identify the supplier of each; briefly describe software, program, or model; specifications for computer hardware and operating system required to run program	Sarah E. Lawler
10	41	807 KAR 5:001 Section 16(7)(u)	If utility had any amounts charged or allocated to it by affiliate or general or home office or paid any monies to affiliate or general or home office during the base period or during previous 3 calendar years, file: 1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each allocation or payment; 2. method and amounts allocated during base period and method and estimated amounts to be allocated during forecasted test period; 3. Explain how allocator for both base and forecasted test period was determined; and 4. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during base period is reasonable.	Jeffrey R. Setser
10	42	807 KAR 5:001 Section 16(7)(v)	If gas, electric or water utility with annual gross revenues greater than \$5,000,000, cost of service study based on methodology generally accepted in industry and based on current and reliable data from single time period.	James E. Ziolkowski
10	43	807 KAR 5:001 Section 16(7)(w)	Local exchange carriers with fewer than 50,000 access lines need not file cost of service studies, except as specifically directed by PSC. Local exchange carriers with more than 50,000 access lines shall file: 1. Jurisdictional separations study consistent with Part 36 of the FCC's rules and regulations; and 2. Service specific cost studies supporting pricing of services generating annual revenue greater than \$1,000,000 except local exchange access: a. Based on current and reliable data from single time period; and b. Using generally recognized fully allocated, embedded, or incremental cost principles.	N/A
10	44	807 KAR 5:001 Section 16(8)(a)	Jurisdictional financial summary for both base and forecasted periods detailing how utility derived amount of requested revenue increase.	Sarah E. Lawler

10	45	807 KAR 5:001 Section 16(8)(b)	Jurisdictional rate base summary for both base and forecasted periods with supporting schedules which include detailed analyses of each component of the rate base.	Sarah E. Lawler Melissa B. Abernathy Christopher M. Jacobi John R. Panizza James E. Ziolkowski Danielle L. Weatherston
10	46	807 KAR 5:001 Section 16(8)(c)	Jurisdictional operating income summary for both base and forecasted periods with supporting schedules which provide breakdowns by major account group and by individual account.	Sarah E. Lawler
10	47	807 KAR 5:001 Section 16(8)(d)	Summary of jurisdictional adjustments to operating income by major account with supporting schedules for individual adjustments and jurisdictional factors.	Sarah E. Lawler Melissa B. Abernathy Christopher M. Jacobi James E. Ziolkowski
10	48	807 KAR 5:001 Section 16(8)(e)	Jurisdictional federal and state income tax summary for both base and forecasted periods with all supporting schedules of the various components of jurisdictional income taxes.	John R. Panizza
10	49	807 KAR 5:001 Section 16(8)(f)	Summary schedules for both base and forecasted periods (utility may also provide summary segregating items it proposes to recover in rates) of organization membership dues; initiation fees; expenditures for country club; charitable contributions; marketing, sales, and advertising; professional services; civic and political activities; employee parties and outings; employee gifts; and rate cases.	Sarah E. Lawler
10	50	807 KAR 5:001 Section 16(8)(g)	Analyses of payroll costs including schedules for wages and salaries, employee benefits, payroll taxes, straight time and overtime hours, and executive compensation by title.	Sarah E. Lawler Renee H. Metzler
10	51	807 KAR 5:001 Section 16(8)(h)	Computation of gross revenue conversion factor for forecasted period.	Sarah E. Lawler
10	52	807 KAR 5:001 Section 16(8)(i)	Comparative income statements (exclusive of dividends per share or earnings per share), revenue statistics and sales statistics for 5 calendar years prior to application filing date, base period, forecasted period, and 2 calendar years beyond forecast period.	Danielle L. Weatherston Christopher M. Jacobi
10	53	807 KAR 5:001 Section 16(8)(j)	Cost of capital summary for both base and forecasted periods with supporting schedules providing details on each component of the capital structure.	Christopher M. Jacobi
10	54	807 KAR 5:001 Section 16(8)(k)	Comparative financial data and earnings measures for the 10 most recent calendar years, base period, and forecast period.	Melissa B. Abernathy Christopher M. Jacobi Danielle L. Weatherston
10	55	807 KAR 5:001 Section 16(8)(l)	Narrative description and explanation of all proposed tariff changes.	Jeff L. Kern
10	56	807 KAR 5:001 Section 16(8)(m)	Revenue summary for both base and forecasted periods with supporting schedules which provide detailed billing analyses for all customer classes.	Jeff L. Kern
10	57	807 KAR 5:001 Section 16(8)(n)	Typical bill comparison under present and proposed rates for all customer classes.	Jeff L. Kern
10	58	807 KAR 5:001 Section 16(9)	The commission shall notify the applicant of any deficiencies in the application within thirty (30) days of the application's submission. An application shall not be accepted for filing until the utility has cured all noted deficiencies.	William Don Wathen, Jr.

10	59	807 KAR 5:001 Section 16(10)	Request for waivers from the requirements of this section shall include the specific reasons for the request. The commission shall grant the request upon good cause shown by the utility.	Legal
10	60	807 KAR 5:001 Section (17)(1)	<p>(1) Public postings.</p> <p>(a) A utility shall post at its place of business a copy of the notice no later than the date the application is submitted to the commission.</p> <p>(b) A utility that maintains a Web site shall, within five (5) business days of the date the application is submitted to the commission, post on its Web sites:</p> <ol style="list-style-type: none"> <li>1. A copy of the public notice; and</li> <li>2. A hyperlink to the location on the commission's Web site where the case documents are available.</li> </ol> <p>(c) The information required in paragraphs (a) and (b) of this subsection shall not be removed until the commission issues a final decision on the application.</p>	Amy B. Spiller
10	61	807 KAR 5:001 Section 17(2)	<p>(2) Customer Notice.</p> <p>(a) If a utility has twenty (20) or fewer customers, the utility shall mail a written notice to each customer no later than the date on which the application is submitted to the commission.</p> <p>(b) If a utility has more than twenty (20) customers, it shall provide notice by:</p> <ol style="list-style-type: none"> <li>1. Including notice with customer bills mailed no later than the date the application is submitted to the commission;</li> <li>2. Mailing a written notice to each customer no later than the date the application is submitted to the commission;</li> <li>3. Publishing notice once a week for three (3) consecutive weeks in a prominent manner in a newspaper of general circulation in the utility's service area, the first publication to be made no later than the date the application is submitted to the commission; or</li> <li>4. Publishing notice in a trade publication or newsletter delivered to all customers no later than the date the application is submitted to the commission.</li> </ol> <p>(c) A utility that provides service in more than one (1) county may use a combination of the notice methods listed in paragraph (b) of this subsection.</p>	Amy B. Spiller



10	62	807 KAR 5:001 Section 17(3)	<p>(3) Proof of Notice. A utility shall file with the commission no later than forty-five (45) days from the date the application was initially submitted to the commission:</p> <p>(a) If notice is mailed to its customers, an affidavit from an authorized representative of the utility verifying the contents of the notice, that notice was mailed to all customers, and the date of the mailing;</p> <p>(b) If notice is published in a newspaper of general circulation in the utility's service area, an affidavit from the publisher verifying the contents of the notice, that the notice was published, and the dates of the notice's publication; or</p> <p>(c) If notice is published in a trade publication or newsletter delivered to all customers, an affidavit from an authorized representative of the utility verifying the contents of the notice, the mailing of the trade publication or newsletter, that notice was included in the publication or newsletter, and the date of mailing.</p>	Amy B. Spiller
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10	63	807 KAR 5:001 Section 17(4)	<p>(4) Notice Content. Each notice issued in accordance with this section shall contain:</p> <p>(a) The proposed effective date and the date the proposed rates are expected to be filed with the commission;</p> <p>(b) The present rates and proposed rates for each customer classification to which the proposed rates will apply;</p> <p>(c) The amount of the change requested in both dollar amounts and percentage change for each customer classification to which the proposed rates will apply;</p> <p>(d) The amount of the average usage and the effect upon the average bill for each customer classification to which the proposed rates will apply, except for local exchange companies, which shall include the effect upon the average bill for each customer classification for the proposed rate change in basic local service;</p> <p>(e) A statement that a person may examine this application at the offices of (utility name) located at (utility address);</p> <p>(f) A statement that a person may examine this application at the commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the commission's Web site at <a href="http://psc.ky.gov">http://psc.ky.gov</a>;</p> <p>(g) A statement that comments regarding the application may be submitted to the Public Service Commission through its Web site or by mail to Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602;</p> <p>(h) A statement that the rates contained in this notice are the rates proposed by (utility name) but that the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice;</p> <p>(i) A statement that a person may submit a timely written request for intervention to the Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party; and</p> <p>(j) A statement that if the commission does not receive a written request for intervention within thirty (30) days of initial publication or mailing of the notice, the commission may take final action on the application.</p>	Jeff L. Kern
10	64	807 KAR 5:001 Section 17(5)	(5) Abbreviated form of notice. Upon written request, the commission may grant a utility permission to use an abbreviated form of published notice of the proposed rates, provided the notice includes a coupon that may be used to obtain all the required information.	N/A

11	-	807 KAR 5:001 Section 16(8)(a) through (k)	Schedule Book (Schedules A-K)	Various
12	-	807 KAR 5:001 Section 16(8)(l) through (n)	Schedule Book (Schedules L-N)	Jeff L. Kern
13	-	-	Work Papers	Various
14	-	807 KAR 5:001 Section 16(7)(a)	Testimony (Volume 1 of 4)	Various
15	-	807 KAR 5:001 Section 16(7)(a)	Testimony (Volume 2 of 4)	Various
16	-	807 KAR 5:001 Section 16(7)(a)	Testimony (Volume 3 of 4)	Various
17	-	807 KAR 5:001 Section 16(7)(a)	Testimony (Volume 4 of 4)	Various
18-19	-	KRS 278.2205(6)	Cost Allocation Manual	Legal

**TAB 36 CONTINUED**

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

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**FORM 8-K**  
**CURRENT REPORT**  
**Pursuant to Section 13 or 15(d) of the**  
**Securities Exchange Act of 1934**

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Date of Report (Date of earliest event reported): **February 20, 2018**



**Duke Energy Corporation**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-32853**  
(Commission File Number)

**20-2777218**  
(IRS Employer  
Identification No.)

**550 South Tryon Street, Charlotte, North Carolina 28202**  
(Address of Principal Executive Offices, including Zip Code)

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

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

- Emerging growth company
  - If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.
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**Item 1.01. Entry into a Material Definitive Agreement.**

On February 20, 2018, Duke Energy Corporation (the “Company”) entered into an Equity Distribution Agreement dated February 20, 2018 (the “Equity Distribution Agreement”) with Wells Fargo Securities, LLC (“Wells Fargo”), Citigroup Global Markets Inc. (“Citigroup”) and J.P. Morgan Securities LLC (“J.P. Morgan”), each acting as agent for the Company (each, a “Sales Agent” and collectively, the “Sales Agents”) and Wells Fargo Bank, National Association, Citibank, N.A. and JPMorgan Chase Bank, National Association, each acting as forward purchaser (each, a “Forward Purchaser” and collectively, the “Forward Purchasers”), establishing an at-the-market equity distribution program (the “ATM Program”) pursuant to which the Company, through the Sales Agents, may issue, offer and sell up to an aggregate sales price of \$1,000,000,000 of shares of the Company’s common stock, par value \$0.001 per share (“Common Stock”) over a period of time and from time to time.

In addition to the issuance, offering and sale of shares of Common Stock through the Sales Agents, the Company may enter into one or more separate forward sale agreements (each, a “Forward Sale Agreement” and collectively, the “Forward Sale Agreements”) with the Forward Purchasers. In connection with each Forward Sale Agreement, the relevant Forward Purchaser will, at the Company’s request, borrow from third parties and, through its relevant agent, sell a number of shares of Common Stock equal to the number of shares of Common Stock that underlie the Forward Sale Agreement (each of Wells Fargo, Citigroup and J.P. Morgan, in its capacity as agent for a Forward Purchaser, a “Forward Seller” and collectively, the “Forward Sellers”).

The Company will not initially receive any proceeds from the sale of borrowed shares of Common Stock by a Forward Seller. The Company expects to receive proceeds from the sale of shares of Common Stock upon future physical settlement of the relevant Forward Sale Agreement with the relevant Forward Purchaser on dates specified by the Company on or prior to the maturity date of the relevant Forward Sale Agreement. If the Company elects to cash settle or net share settle a Forward Sale Agreement, the Company may not (in the case of cash settlement) or will not (in the case of net share settlement) receive any proceeds, and the Company may owe cash (in the case of cash settlement) or shares of Common Stock (in the case of net share settlement) to the relevant Forward Purchaser.

The shares of Common Stock will be offered at market prices prevailing at the time of sale. The sales proceeds from any shares of Common Stock sold through each Sales Agent under the Equity Distribution Agreement, after deducting such Sales Agent’s commission and any expenses payable by the Company and any transaction fees imposed by any governmental, regulatory or self-regulatory organization in connection with the sales, will be the Company’s net proceeds for the sale of the shares. In connection with each Forward Sale Agreement, the relevant Forward Seller will receive, reflected in a reduced initial forward price payable by the relevant Forward Purchaser under its Forward Sale Agreement, a specified commission relating to all borrowed shares of Common Stock sold during the applicable period by it as a Forward Seller.

The shares will be offered pursuant to the Company’s prospectus supplement, dated February 20, 2018, and the Company’s automatic shelf registration statement on Form S-3, as amended (File No. 333-213765) originally filed with the Securities and Exchange Commission (the “SEC”) on September 23, 2016 and subsequently filed on January 26, 2017.

The foregoing description of the Equity Distribution Agreement and the Forward Sale Agreement does not purport to be complete and is qualified in its entirety by reference to the terms and conditions of the Equity Distribution Agreement and the Form of Forward Sale Agreement, which are filed as Exhibits 99.1 and 10.1, respectively, and are incorporated herein by reference.



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

- (d) Exhibits.
- 5.1 Opinion regarding validity of the shares of Common Stock
- 10.1 Form of Forward Sale Agreement
- 23.1 Consent (included as part of Exhibit 5.1)
- 99.1 Equity Distribution Agreement dated February 20, 2018, among the Company and Wells Fargo Securities, LLC, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, acting as sales agents and/or forward sellers, and Wells Fargo Bank, National Association, Citibank, N.A. and JPMorgan Chase Bank, National Association, acting as forward purchasers

**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 SEC, including Management's Discussion and Analysis of Financial Condition and Results of Operations and the risks described therein from time to time.

EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
5.1	<u>Opinion regarding validity of the shares of Common Stock</u>
10.1	<u>Form of Forward Sale Agreement</u>
23.1	<u>Consent (included as part of Exhibit 5.1)</u>
99.1	<u>Equity Distribution Agreement February 20, 2018, among the Company and Wells Fargo Securities, LLC, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, acting as sales agents and/or forward sellers, and Wells Fargo Bank, National Association, Citibank, N.A. and JPMorgan Chase Bank, National Association, acting as forward purchasers</u>

**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: February 20, 2018

**DUKE ENERGY CORPORATION**

By: /s/ Robert T. Lucas III  
Name: Robert T. Lucas III  
Title: Assistant Corporate Secretary

Exhibit 5.1

**DUKE ENERGY BUSINESS SERVICES LLC**  
550 S. Tryon Street  
Charlotte, North Carolina 28202  
February 20, 2018

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

Re: Duke Energy Corporation's Shares of Common Stock, Par Value \$0.001 Per Share to be Sold Under the Equity Distribution Agreement

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 proposed issuance and sale of shares (the "Shares") of common stock of the Company, par value \$0.001 per share, having an aggregate sales price of up to \$1,000,000,000, in one or more public offerings over a period of time and from time to time, pursuant to (i) the Equity Distribution Agreement dated February 20, 2018 (the "Equity Distribution Agreement") with Wells Fargo Securities, LLC, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC, as sales agents, and Wells Fargo Bank, National Association, Citibank, N.A. and JPMorgan Chase Bank, National Association, as forward purchasers (each, a "Forward Purchaser" and collectively, the "Forward Purchasers") and (ii) forward sales transactions, as to be set forth in one or more letter agreements that may be entered into between the Company and a Forward Purchaser (each, a "Forward Sale Agreement" and collectively, the "Forward Sale Agreements").

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, as amended (File No. 333-213765) of the Company relating to the Shares and other securities of the Company originally filed on September 23, 2016, and subsequently filed on January 26, 2017, with the Securities and Exchange Commission (the "Commission") under the Securities Act, allowing for delayed offerings pursuant to Rule 415 under the

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Securities Act and the information deemed to be a part of such registration statement as of the date hereof pursuant to Rule 430B of the General Rules and Regulations under the Securities Act (the "Rules and Regulations") (such registration statement, effective upon original filing with the Commission on September 23, 2016 pursuant to Rule 462(e) of the Rules and Regulations, being hereinafter referred to as the "Registration Statement");

(b) the prospectus, dated January 26, 2017 relating to the offering of securities of the Company, which forms a part of and is included in the Registration Statement in the form filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations;

(c) the prospectus supplement, dated February 20, 2018, and the prospectus, dated January 26, 2017, relating to the offering of the Shares in the form filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations (the "Prospectus");

(d) the Amended and Restated Certificate of Incorporation of the Company, dated as of May 19, 2014, as certified by the Secretary of State of the State of Delaware;

(e) the Amended and Restated By-laws of the Company, effective as of January 4, 2016;

(f) an executed copy of the Equity Distribution Agreement;

(g) a form of the Forward Sale Agreement; and

(h) resolutions of the Board of Directors of the Company, adopted on August 25, 2016, relating to the preparation and filing with the Commission of the Registration Statement and the issuance of the Company's securities and resolutions of the Board of Directors of the Company, adopted on August 24, 2017 relating to the establishment of the Company's at-the-market equity offering program.

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 Equity Distribution Agreement, any Forward Sale

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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.

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Exhibit 10.1

[Dealer]  
c/o [Agent]  
as Agent for [Dealer]  
[Street Address]  
[City, State and Zip Code]  
[Telephone]

**DATE:** [•], 20[•]  
**TO:** Duke Energy Corporation  
**ATTENTION:** 550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
**TELEPHONE** [ ]  
**FROM:** [Agent], acting as Agent for [Dealer]  
**TELEPHONE:** [ ]  
**SUBJECT:** Issuer Forward Transaction  
**[Reference Number(s):** [ ]]

The purpose of this letter agreement (this “**Confirmation**”) is to confirm the terms and conditions of the Transaction entered into between [Dealer] (“**Dealer**”), through its agent [Agent] (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 Dealer 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, together with any other Confirmations for registered forward transactions entered into between Dealer and Counterparty (each, an “**Additional 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 Dealer 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 and the Transactions to which the Additional Confirmations, if any, relate (each, an “**Additional Transaction**”) shall be the sole Transactions under the Agreement. If there exists any ISDA Master Agreement between Dealer and Counterparty or any confirmation or other agreement between Dealer and Counterparty pursuant to which an ISDA Master Agreement is deemed to exist between Dealer and Counterparty, other than the Additional Confirmations, then notwithstanding anything to the contrary in such ISDA Master Agreement, such confirmation or agreement or any other agreement to which Dealer and Counterparty are parties, the Transaction shall not be considered a Transaction under, or otherwise governed by, such existing or deemed ISDA Master Agreement.

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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 Dealer 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 Dealer under the Transaction pursuant to instructions from Dealer, (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 Dealer 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) Dealer 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 Dealer 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 Dealer. Dealer 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 Dealer 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.

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: Dealer.

Seller: Counterparty.

Trade Date: [•], 20[•].

Effective Date: The first day occurring on or after the Trade Date on which Shares that are sold through [the Agent], acting as forward seller for Dealer, pursuant to the Equity Distribution Agreement (as hereinafter defined) have settled.

Number of Shares: The aggregate number of Shares that are sold through the Agent acting as forward seller for Dealer pursuant to the Equity Distribution Agreement during the period from and including the Trade Date through and including the Hedge Completion Date; *provided, however*, that on each Settlement Date, the Number of Shares shall be reduced by the number of Settlement Shares settled on such date.

Hedge Completion Date: The earliest of (i) the date specified in writing as the Hedge Completion Date by Counterparty on or before such specified Hedge Completion Date, (ii) any Settlement Date and (iii) [•], 20[•]. Promptly after the Hedge Completion Date, Dealer will furnish Counterparty with a pricing supplement (the "**Pricing Supplement**") substantially in the form of Annex B hereto specifying the Number of Shares as of the Hedge Completion Date (the "**Initial Number of Shares**"), the Initial Forward Price and the Spread, all determined in accordance with the terms hereof.

Initial Forward Price: [•]%<sup>1</sup> of the Adjusted Volume-Weighted Hedge Price.

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<sup>1</sup> To be: 1 *minus* the Forward Hedge Selling Commission Rate (as defined in the Equity Distribution Agreement), expressed as a percentage.

Adjusted Volume-Weighted Hedge Price:	The volume weighted average price at which the Shares are sold through the Agent acting as forward seller for Dealer pursuant to the Equity Distribution Agreement during the period from and including the Trade Date through and including the Hedge Completion Date (adjusted as the Calculation Agent determines appropriate to (i) reflect on each day during such period the sum of 1 and the Daily Rate for such day multiplied by the then-Initial Forward Price as of such day and (ii) reduce the then-Initial Forward Price by the relevant Forward Price Reduction Amount on each Forward Price Reduction Date occurring on or before the Hedge Completion Date) (such period, the “ <b>Initial Hedge Period</b> ”).
Maturity Date:	[•], 20[•] (or, if such date is not a Clearance System Business Day, the next following Clearance System Business Day).
Daily Forward Price:	On the Hedge Completion 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 <i>and</i> (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.
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 “OBFR01 <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:	[•] <sup>2</sup>
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.

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<sup>2</sup> To be as recorded in the applicable Placement Notice (as amended by the corresponding Acceptance, if applicable), with each such term as defined in the Equity Distribution Agreement.



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 Dealer delivered no later than the applicable Settlement Method Election Date; *provided* that Counterparty may not designate a Designated Date occurring during an Unwind Period that is not the Designated Date for such Unwind Period. 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 Dealer or its affiliates finishes unwinding Dealer’s 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 Dealer 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 Dealer, generally are applicable in similar circumstances and are not arbitrarily or capriciously applied) for Dealer (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 Dealer 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) in violation of the Exchange Act or any other applicable laws; 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 Dealer) is below fifty percent (50%) of the Initial Forward Price (the "**Threshold Price**") or (II) Dealer 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 (taking into account any overlapping unwind periods in any Additional Transactions) (x) in a manner that (A) would, if purchases by Dealer 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 Dealer) is below the Threshold Price or (II) Dealer 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 [second] 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, Dealer 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 Dealer 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 second 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 Dealer or its affiliates unwind any portion of Dealer's 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 Dealer or its affiliates unwind any portion of Dealer's Hedge Positions in respect of the relevant Designated Date.
Settlement Price:	For any Unwind Date, the weighted average price per Share at which Dealer or its affiliates unwind any portion of Dealer's Hedge Positions on such Unwind Date in respect of the relevant Designated Date [plus USD [•]].
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 Dealer a number of Shares equal to the Net Share Settlement Number; and</li><li>(ii) if the Net Share Settlement Number is negative, then Dealer 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, either party may, by prior notice to the other party, 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 Dealer 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 or arise 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 which is not a Special Dividend and which has 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%."
- 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 interpretation"; and (ii) replacing the word "Shares" where it appears in clause (X) with the words "Hedge Position."
- Failure to Deliver: Applicable if Dealer is required to deliver Shares hereunder; otherwise, Not Applicable.
- Hedging Disruption: Not applicable.
- Increased Cost of Hedging: Not applicable.
- 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: [•] basis points per annum.
- Loss of Stock Borrow: Applicable.
- Maximum Stock Loan Rate: [•] basis points per annum.
- Hedging Party: For all applicable Additional Disruption Events, Dealer.
- Determining Party: For all applicable Extraordinary Events, Dealer.
- Consequences of: The consequences that would otherwise apply under Article 12

Extraordinary Events: of the Equity Definitions to any applicable Extraordinary Event (excluding any Failure to Deliver, 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: Dealer; 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 Dealer 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 Dealer: [Dealer]  
ABA: [•]  
BIC: [•]  
Account: [•]  
Beneficiary: [•]  
REF: [•]

Payments to Counterparty: [To be advised.]

Delivery of Shares to Dealer: DTC Securities: [•]

Delivery of Shares to Counterparty: [To be advised.]

4. **Conditions to Effectiveness:**

- (a) The effectiveness of this Confirmation on the Effective Date shall be subject to the following conditions:
- (i) Shares are sold by [the Agent] acting as forward seller for Dealer on or after the Trade Date; and
  - (ii) Such shares are sold on or before the Hedge Completion Date;



in each case pursuant to the Equity Distribution Agreement dated February 20, 2018, between Counterparty and [•], among others (the “**Equity Distribution Agreement**”).

- (b) If the Equity Distribution Agreement is terminated prior to any such sale of the Shares thereunder during such period, the parties shall have no further obligations in connection with this Transaction.

5. **Representations and Agreements of Counterparty:** Counterparty represents and warrants to, and agrees with, Dealer as of the date hereof that:

- (a) Counterparty shall promptly provide written notice to Dealer 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 Dealer;
- (b) Counterparty will keep available at all times, for the purpose of issuance upon settlement of the Transaction as herein provided, the maximum number of Shares of Counterparty as may be issuable upon settlement of the Transaction. 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 maximum number specified in clause (b) above *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 Outstanding Share Percentage would be equal to or greater than 8.5%, and it will notify Dealer 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. The “**Outstanding Share Percentage**” as of any day

is a fraction (1) the numerator of which is the aggregate of the Number of Shares for this Transaction and the “Number of Shares” (as defined in the applicable Additional Confirmation) under any outstanding Additional Transactions and (2) the denominator of which is the total number of Shares outstanding on such day;

- (f) As of the Trade Date and as of the date of any payment or delivery by Counterparty or Dealer 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 Dealer 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 Dealer, 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 any issuer “plan” (as defined in Rule 10b-18), 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 any issuer “plan” (as defined in Rule 10b-18) for directors, officers and employees or any agreements with respect to any such plan for 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 Dealer that such purchase does not constitute a “Rule 10b-18 purchase” (as defined in Rule 10b-18);
- (h) Counterparty will not engage in any “distribution” (as defined in Regulation M promulgated under the Exchange Act (“**Regulation M**”))

that would cause a “restricted period” (as defined in Regulation M) to occur during any Unwind Period;

- (i) During any Unwind Period, 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 Dealer of such public announcement; (ii) promptly notify Dealer 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 Dealer 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 related announcement date that were not effected through Dealer 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 such announcement date. Such written notice shall be deemed to be a certification by Counterparty to Dealer that such information is true and correct. In addition, Counterparty shall promptly notify Dealer 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) and an “accredited investor” (as defined in Section 2(a)(15)(ii) of the Securities Act);
- (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 Dealer 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 Dealer to it hereunder shall be entitled to the benefit of deposit insurance and that such obligations shall not be guaranteed by any affiliate of Dealer 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 Dealer 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 Dealer 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 Dealer 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. On the basis of the Forward Letter (as hereinafter defined), such Shares, when delivered by Dealer (or an affiliate of Dealer) to securities lenders from whom Dealer (or an affiliate of Dealer) 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 Dealer or an affiliate of Dealer. 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 Dealer (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 Dealer, 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 Dealer in settlement of the Transaction), Counterparty shall pay to Dealer 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 and that Counterparty designates as a Special Dividend hereunder by written notice given to Dealer promptly after the declaration of such dividend or distribution. “**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 Dealer 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 and during the continuation of an Acceleration Event, Dealer (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, by not more than 20 days’ notice to the other party, 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)(iii) or (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 Dealer 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)(iii) or (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 Dealer 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) a Loss of Stock Borrow;
- (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 Dealer or Counterparty reasonably determines in good faith, based on the advice of counsel, 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 Dealer otherwise reasonably determines, based on the advice of counsel, that in its reasonable opinion any Shares to be delivered to Dealer by Counterparty hereunder may not be freely returned by Dealer 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 Dealer.

11. **Rule 10b5-1: Share Purchases by Dealer**

- (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 Dealer (or its agent or affiliate) purchases any Shares during any Unwind Period shall be at Dealer’s 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 Dealer (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 Dealer 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 Dealer (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, Dealer represents, warrants and covenants to Counterparty that Dealer 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 Dealer's control; *provided* that, during any Unwind Period, the foregoing agreement shall not apply to purchases made to dynamically hedge for Dealer's 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), Dealer 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 product of 1.5 and the Number of Shares (the “**Capped Number**”). Counterparty represents and warrants to Dealer (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 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) and are not required to be used for any other purpose, (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 Dealer 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 Dealer as a result of any Share Issuance Event for the settlement or satisfaction of any transaction or obligation other than the Transaction, any Additional Transaction and any other transaction under a confirmation entered into by the Company and another dealer pursuant to the Equity Distribution Agreement (each, an “**Other Dealer’s Transaction**”), or reserve any such Shares for future issuance for any purpose other than to satisfy Counterparty’s obligations to Dealer under the Transaction, any Additional Transaction or any Other Dealer’s Transaction. Allocation of any Shares that become available for potential delivery to Dealer or any dealer party to an Other Dealer’s Transaction as a result of any Share Issuance Event shall be allocated to the Transaction, any Additional Transaction and any Other Dealer’s Transaction on a ratable basis in accordance with the respective remaining Share delivery obligations thereunder.

13. **Transfer, Assignment and Designation:**

- (a) Notwithstanding any provision of the Agreement to the contrary, Dealer may assign, transfer and set over all rights, title and interest, powers, privileges and remedies of Dealer under the Transaction, in whole or part, to an affiliate of Dealer without the consent of Counterparty; *provided* that (i) no Event of Default, Potential Event of Default or Termination Event with respect to which Dealer 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 Dealer 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 Dealer to purchase, sell, receive or deliver any Shares or other securities to or from Counterparty, Dealer may designate any of its affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Dealer's obligations in respect of the Transaction and any such designee may assume such obligations. Dealer shall be discharged of its obligations to Counterparty to the extent of any such performance.

14. **Indemnity:** Counterparty agrees to indemnify Dealer and its affiliates and their respective directors, officers, agents and controlling parties (Dealer 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, a 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 results from an Indemnified Party's gross negligence, bad faith or willful misconduct or Dealer's 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 Additional Transaction by Counterparty to Dealer and

by Dealer 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, Dealer agrees not to set off or net amounts due from Counterparty with respect to the Transaction against amounts due from Dealer (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, Dealer 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 Dealer or any affiliate of Dealer 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 Dealer 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:** Dealer acknowledges and agrees that this Confirmation is not intended to convey to Dealer 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 Dealer’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 Dealer’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 Dealer 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 Confirmation, (i) the “beneficial ownership” (within the meaning of Section 13 of the Exchange Act and the rules promulgated thereunder) of Shares by Dealer, any of its affiliates’ business units subject to aggregation with Dealer 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 Dealer with respect to “beneficial ownership” of any Shares (collectively, “**Dealer Group**”) would be equal to or greater than [8.5]% of the outstanding Shares (an “**Excess Section 13 Ownership Position**”) or (ii) Dealer, Dealer Group or any person whose ownership position would be aggregated with that of Dealer or Dealer Group (Dealer, Dealer Group or any such person, a “**Dealer 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 (including, without limitation, the Federal Power Act), 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 or the Federal Energy Regulatory Commission) of a Dealer 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**”). Dealer shall notify Counterparty promptly if, at any time, an Excess Section 13 Ownership Position or an Excess Regulatory Ownership Position has occurred or would occur as a result of a delivery by Counterparty to Dealer. If any delivery owed to Dealer 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, Dealer gives notice to Counterparty that such delivery would not result in (x) Dealer 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, Dealer 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) Dealer 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) Dealer 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 Dealer 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; Dealer 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 (the “**Forward Letter**”).
- (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 Dealer 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) Dealer 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, Dealer 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 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 Dealer:

[Dealer]  
[Street Address]  
[City, State and Zip Code]  
Attention: [•]  
Fax: [•]  
Phone: [•]  
Email: [•]

with a copy to

[Dealer]  
[Street Address]  
[City, State and Zip Code]  
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: [•]

(c) Section 12(a) of the Agreement hereby is amended by adding, immediately before the comma, the words "or, in the case of e-mail, on the date it is delivered."



24. **Waiver of Right to Trial by Jury:** EACH OF COUNTERPARTY AND DEALER 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 DEALER 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 Dealer and will apply to Counterparty with a Threshold Amount of 3% of shareholders equity for each of [Dealer] [Dealer’s ultimate parent company] 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, (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” and (c) the term “Specified Indebtedness” shall have the meaning specified in Section 14 of the Agreement, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party’s banking business).

The “Automatic Early Termination” provision of Section 6(a) of the Agreement will not apply to Dealer 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 Dealer:

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, Dealer 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.<sup>3</sup>

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<sup>3</sup> To be customized as applicable.

(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 Dealer; and (iii) promptly upon learning that any such Form previously provided by Counterparty has become obsolete or incorrect.
Dealer	A complete and duly executed United States Internal Revenue Service Form [W-8ECI] <sup>4</sup> (or successor thereto.)	(i) Upon execution and delivery of the Agreement; and (ii) promptly upon learning that any such Form previously provided by Dealer 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 Dealer 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 Dealer as soon as is reasonably practicable, 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; provided, that, in the case of determinations that are not calculations, adjustments or other amounts, such a report shall be required only to the extent that such a report is reasonably necessary to show such determination or the basis therefor because such determination or basis is not apparent and such a report shall not be required where such determination is stated to be at Dealer’s sole election or discretion.

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

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<sup>4</sup> To be customized for each Dealer.

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.

30. **Other Forward(s).** Counterparty agrees that (x) it shall not cause to occur, or permit to exist, any Initial Hedge Period at any time there is (1) an "Initial Hedge Period" (or equivalent term) relating to any Other Dealer's Transaction or (2) any "Unwind Period" (or equivalent term) hereunder or under any Other Dealer's Transaction, and (y) it shall not cause to occur, or permit to exist, an Unwind Period at any time there is an "Unwind Period" (or equivalent term) under any Other Dealer's Transaction or an "Initial Hedge Period" (or equivalent term) relating to any Transaction or any Other Dealer's Transaction.

*[Signature page to follow. Remainder of page intentionally left blank.]*

Yours sincerely,

[AGENT], ACTING AS AGENT  
FOR [DEALER]

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

Confirmed as of the date first above written:

**DUKE ENERGY CORPORATION**

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

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**SCHEDULE I**

**FORWARD PRICE REDUCTION DATES AND AMOUNTS**

Forward Price Reduction Date <sup>5</sup>	Forward Price Reduction Amount
[ ], 20[ ]	USD [•]
[ ], 20[ ]	USD [•]
[ ], 20[ ]	USD [•]
[ ], 20[ ]	USD [•]
[ ], 20[ ]	USD [•]
[ ], 20[ ]	USD [•]

<sup>5</sup> Insert expected ex-dividend dates.

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 Dealer. 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 Dealer (or any affiliate designated by Dealer) 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 Dealer (or any such affiliate of Dealer);
- (b) as of or prior to the date of delivery, Dealer and any potential purchaser of any such Restricted Shares from Dealer (or any affiliate of Dealer designated by Dealer) identified by Dealer 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 Dealer (or any affiliate of Dealer designated by Dealer) in connection with the private placement of such Restricted Shares by Counterparty to Dealer (or any such affiliate) and the private resale of such Restricted Shares by Dealer (or any such affiliate), substantially similar to private placement purchase agreements customary for private placements of equity securities of similar size for issuers comparable to Counterparty, in form and substance commercially reasonably satisfactory to Dealer, 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 Dealer, 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 Dealer (or any such affiliate) and the private resale of such Restricted Shares by Dealer (or any such affiliate), Counterparty shall, if so requested by Dealer, prepare, in cooperation with Dealer, a private placement memorandum customary for comparable private placements and issuers comparable to Counterparty and otherwise in form and substance reasonably satisfactory to Dealer.

In the case of a Private Placement Settlement, Dealer shall, in its good faith discretion, adjust the amount of Restricted Shares to be delivered to Dealer 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 Dealer and may only be saleable by Dealer 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 Dealer 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 Dealer 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 Dealer (or such affiliate of Dealer) 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 Dealer (or such affiliate of Dealer).



ANNEX B

**PRICING SUPPLEMENT**

[Dealer Letterhead]

[•], 20[•]

Duke Energy Corporation  
550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
Attn: Jack Sullivan, Corporate Finance Director and Assistant Treasurer  
Telephone: [•]  
E-mail: [•]

Ladies and Gentlemen:

This is the "Pricing Supplement" contemplated by the Issuer Forward Transaction dated [•], 20[•] (the "Confirmation"), between Duke Energy Corporation ("Counterparty") and [•] ("Dealer").

For all purposes under the Confirmation,

- (a) the Hedge Completion Date is [•];
- (b) the Number of Shares shall be [•], subject to further adjustment in accordance with the terms of the Confirmation;
- (c) the Initial Forward Price shall be USD [•]; and
- (d) the Spread shall be [•] basis points.

Very truly yours,

**[DEALER]**

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

Name:

Title:

Confirmed as of the date first above written:

**DUKE ENERGY CORPORATION**

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

Name:

Title:

Annex B-1

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Exhibit 99.1

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**DUKE ENERGY CORPORATION**

Shares of Common Stock  
(par value \$0.001 per share)

With an Aggregate Sales Price of Up to \$1,000,000,000

**EQUITY DISTRIBUTION AGREEMENT**

Dated: February 20, 2018

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**TABLE OF CONTENTS**

	<u>Page</u>
SECTION 1. Description of Shares	2
SECTION 2. Placements	6
SECTION 3. Sale of Shares	8
SECTION 4. Suspension of Sales	9
SECTION 5. Representations and Warranties	10
SECTION 6. Sale and Delivery; Settlement	14
SECTION 7. Covenants of the Company	18
SECTION 8. Payment of Expenses	24
SECTION 9. Conditions Precedent to the Obligations of the Agents, the Forward Sellers and the Forward Purchasers	24
SECTION 10. Indemnification	27
SECTION 11. Contribution	29
SECTION 12. Representations, Warranties and Agreements to Survive Delivery	30
SECTION 13. Termination of Agreement	31
SECTION 14. Notices	32
SECTION 15. Absence of Fiduciary Relationship	32
SECTION 16. Research Analyst Independence	33
SECTION 17. Parties	33
SECTION 18. Adjustments for Stock Splits	34
SECTION 19. Compliance with USA Patriot Act	34
SECTION 20. Governing Law and Time	34
SECTION 21. Effect of Headings	34
SECTION 22. Counterparts	34

**EXHIBITS**

Exhibit A	Form of Placement Notice
Exhibit B	Authorized Individuals for Placement Notices and Acceptances
Exhibit C	Compensation
Exhibit D-1	Form of Opinion of Company Counsel to be delivered only on the date of the Agreement
Exhibit D-2	Form of Opinion of Company Counsel to be delivered on each Representation Date
Exhibit D-3	Form of Opinion of Deputy General Counsel to be delivered on each Representation Date
Exhibit E	Officer Certificate
Exhibit F	Issuer Free Writing Prospectuses
Exhibit G	Form of Forward Confirmation

**DUKE ENERGY CORPORATION**

Shares of Common Stock  
(par value \$0.001 per share)

With an Aggregate Sales Price of Up to \$1,000,000,000

**EQUITY DISTRIBUTION AGREEMENT**

February 20, 2018

Wells Fargo Securities, LLC  
375 Park Avenue  
New York, New York 10152

Wells Fargo Bank, National Association  
375 Park Avenue, 4th Floor  
New York, New York 10152

Citigroup Global Markets Inc.  
388 Greenwich Street  
New York, New York 10013

Citibank, N.A.  
390 Greenwich Street  
New York, New York 10013

J.P. Morgan Securities LLC  
383 Madison Avenue  
New York, New York 10179

JPMorgan Chase Bank, National Association  
25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

Ladies and Gentlemen:

DUKE ENERGY CORPORATION, a Delaware corporation (the "Company"), confirms its agreement (this "Agreement") with Wells Fargo Bank, National Association, Citibank, N.A. and JPMorgan Chase Bank, National Association (or their affiliates) (each in its capacity as purchaser under any Confirmation (as defined below), a "Forward Purchaser" and together, the "Forward Purchasers"), and Wells Fargo Securities, LLC, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC (each in its capacity as agent for the Company and/or principal in connection with the offering and sale of any Issuance Shares (as defined below) hereunder, an "Agent" and together, the "Agents", and each in its capacity as agent for each Forward Purchaser

in connection with the offering and sale of any Forward Hedge Shares (as defined below) hereunder, a "Forward Seller" and together, the "Forward Sellers"), as follows:

SECTION 1. Description of Shares.

The Company has authorized and proposes to issue and sell, in the manner contemplated by this Agreement, Shares (as defined below) of the Company's common stock, par value \$0.001 per share (the "Common Stock") having an aggregate Sales Price (as defined below) of up to \$1,000,000,000 (the "Maximum Amount"), upon the terms and subject to the conditions contained herein. The issuance and sale of the Shares will be effected pursuant to the Registration Statement (as defined below) filed by the Company which became effective upon filing with the Securities and Exchange Commission (the "Commission") pursuant to Rule 462 of the rules and regulations of the Commission under the Securities Act (as defined below), although nothing in this Agreement shall be construed as requiring the Company to use the Registration Statement to issue the Shares. The Company agrees that whenever it determines to sell Shares directly to an Agent, as principal, it will enter into a separate written agreement with such Agent containing the terms and conditions of such sale.

The Company has filed, in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations thereunder (collectively, the "Securities Act"), with the Commission an automatic shelf registration statement on Form S-3, as amended (File No. 333-213765) (the "Original Registration Statement"), including a base prospectus, relating to certain securities, including the Shares to be issued from time to time by the Company, and which incorporates by reference documents that the Company has filed or will file in accordance with the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (collectively, the "Exchange Act"). The Company has prepared a prospectus supplement specifically relating to the Shares (the "Original Prospectus Supplement") to the base prospectus included as part of the Original Registration Statement. Except where the context otherwise requires, the "Registration Statement" refers to (i) initially, the Original Registration Statement and (ii) on and after the date on which the Shares may no longer be offered and sold pursuant to the Original Registration Statement, the registration statement, if any, filed by the Company for the purpose of continuing the offering of the Shares following any such date, in each case, as amended when it became or becomes effective, including all documents filed as part thereof or incorporated by reference therein, and including any information contained in a Prospectus (as defined below) subsequently filed with the Commission pursuant to Rule 424(b) under the Securities Act or deemed to be a part thereof pursuant to Rule 430B under the Securities Act (the "Rule 430B Information"). The base prospectus, including all documents incorporated therein by reference, included in the Registration Statement, supplemented by the most recent prospectus supplement prepared by the Company specifically relating to the Shares, which shall initially be the Original Prospectus Supplement, in the form in which such prospectus and/or prospectus supplement have most recently been filed by the Company with the Commission pursuant to Rule 424(b) under the Securities Act is herein called the "Prospectus." Any reference herein to the Registration Statement, the Prospectus or any amendment or supplement thereto shall be deemed to refer to and include the documents incorporated by reference therein, and any reference herein to the terms "amend," "amendment" or "supplement" with respect to the Registration Statement or the

Prospectus shall be deemed to refer to and include the filing after the execution hereof of any document with the Commission deemed to be incorporated by reference therein. For purposes of this Agreement, all references to the Registration Statement, the Prospectus or to any amendment or supplement thereto shall be deemed to include any copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system (“EDGAR”).

All references in this Agreement to financial statements and schedules and other information that is “contained,” “included” or “stated” in the Registration Statement or the Prospectus (and all other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information that is incorporated by reference in the Registration Statement or the Prospectus, as the case may be.

All references in this Agreement to any Issuer Free Writing Prospectus (as defined below) (other than any Issuer Free Writing Prospectuses that, pursuant to Rule 433 under the Securities Act, are not required to be filed with the Commission) shall be deemed to include the copy thereof filed with the Commission pursuant to EDGAR.

The Agents have been appointed by the Company as its agents to sell the Issuance Shares and agree to use commercially reasonable efforts consistent with their normal trading and sales practices to sell the Issuance Shares offered by the Company upon the terms and subject to the conditions contained herein. The Forward Sellers have been appointed by the Company and the Forward Purchasers as agents to sell the Forward Hedge Shares and agree with the Company and the Forward Purchasers to use commercially reasonable efforts consistent with their normal trading and sales practices to sell the Forward Hedge Shares.

The aggregate Sales Price of the Shares that may be sold pursuant to this Agreement shall not exceed the Maximum Amount. Notwithstanding anything to the contrary contained herein, the parties hereto agree that compliance with the limitations set forth in this Section 1 regarding the aggregate Sales Price of the Shares issued and sold under this Agreement shall be the sole responsibility of the Company, and none of the Agents, the Forward Sellers or the Forward Purchasers shall have any obligation in connection with such compliance.

As used in this Agreement, the following terms have the respective meanings set forth below:

“Actual Sold Forward Amount” means, for any Forward Hedge Selling Period (as defined below) for any Forward (as defined below), the number of Forward Hedge Shares that a Forward Seller has sold during such Forward Hedge Selling Period.

“Applicable Time” means the time of each sale of any Shares pursuant to this Agreement.

“Capped Number” means, for any Confirmation, the meaning set forth in such Confirmation.

“Commitment Period” means the period commencing on the date of this Agreement and expiring on the date this Agreement is terminated pursuant to Section 13.

“Confirmation” means a Confirmation, substantially in the form set forth in Exhibit G, of the terms and conditions of a Transaction (as defined in such Confirmation) in relation to any Forward, by and between the Company and the applicable Forward Purchaser, including all provisions incorporated by reference therein.

“FINRA” means the Financial Industry Regulatory Authority, Inc.

“Forward” means the transaction resulting from each Placement Notice (as defined below) (as amended by the corresponding Acceptance (as defined below), if applicable) specifying that it relates to a “Forward” and requiring a Forward Seller to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell, as specified in such Placement Notice and subject to the terms and conditions of this Agreement and the applicable Confirmation, the Forward Hedge Shares.

“Forward Hedge Amount” means, for any Forward, the amount specified as such in the Placement Notice for such Forward, which amount shall be the target aggregate Sales Price of the Forward Hedge Shares to be sold by the Forward Seller, subject to the terms and conditions of this Agreement.

“Forward Hedge Price” means, for any Confirmation, the product of (x) an amount equal to one (1) minus the Forward Hedge Selling Commission Rate for such Confirmation and (y) the “Adjusted Volume-Weighted Hedge Price” (as defined in such Confirmation).

“Forward Hedge Selling Commission” means, for any Confirmation, the product of (x) the Forward Hedge Selling Commission Rate for such Confirmation and (y) the “Adjusted Volume-Weighted Hedge Price” (as defined in such Confirmation).

“Forward Hedge Selling Commission Rate” means, for any Confirmation, the amount of any commission, discount or other compensation to be paid by the Company to the Forward Seller in connection with the sale of the Forward Hedge Shares, which shall be determined in accordance with the terms set forth on Exhibit C and recorded in the applicable Placement Notice (as amended by the corresponding Acceptance, if applicable).

“Forward Hedge Selling Period” means, for any Confirmation, the period beginning on the “Trade Date” (as defined in such Confirmation) and ending on the earliest of (i) the “Hedge Completion Date” (as defined in such Confirmation), (ii) the “Early Valuation Date” (as defined in such Confirmation) and (iii) the occurrence of a “Bankruptcy Termination Event” (as defined in such Confirmation).

“Forward Hedge Settlement Date” means, for any Confirmation, unless specified in the applicable Placement Notice (as amended by the corresponding Acceptance, if applicable), the second (2nd) Trading Day (as defined below) (or such earlier day as is industry practice for regular-way trading) following the date on which such sales are made.

“Forward Hedge Shares” means all Common Stock borrowed by a Forward Purchaser or its affiliate and offered and sold by a Forward Seller in connection with any Forward that has occurred or may occur in accordance with the terms and conditions of this Agreement.



“Issuance” means each occasion the Company elects to exercise its right to deliver a Placement Notice that does not involve a Forward and that specifies that it relates to an “Issuance” and requires an Agent to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell the Issuance Shares as specified in such Placement Notice, subject to the terms and conditions of this Agreement.

“Issuance Amount” means, for any Issuance, the amount specified as such in the Placement Notice for such Issuance, which amount shall be the target aggregate Sales Price of the Issuance Shares to be sold by an Agent, subject to the terms and conditions of this Agreement.

“Issuance Selling Period” means the period of Trading Days (as determined by the Company in the Company’s sole discretion and specified in the applicable Placement Notice specifying that it relates to an “Issuance”) beginning on the date specified in the applicable Placement Notice (as amended by the corresponding Acceptance, if applicable) or, if such date is not a Trading Day, the next Trading Day following such date.

“Issuance Settlement Date” means, unless otherwise specified in the applicable Placement Notice (as amended by the corresponding Acceptance, if applicable), the second (2nd) Trading Day (or such earlier day as is industry practice for regular-way trading) following the date on which such sales are made.

“Issuance Shares” means all shares of Common Stock issued or issuable pursuant to an Issuance that has occurred or may occur in accordance with the terms and conditions of this Agreement.

“Issuer Free Writing Prospectus” means any “issuer free writing prospectus,” as defined in Rule 433 under the Securities Act, relating to the Shares that (i) is required to be filed with the Commission by the Company, (ii) is a “road show” that is a “written communication” within the meaning of Rule 433(d)(8)(i) under the Securities Act whether or not required to be filed with the Commission, or (iii) is exempt from filing pursuant to Rule 433(d)(5) (i) under the Securities Act because it contains a description of the Shares or of the offering that does not reflect the final terms, and all free writing prospectuses that are listed on Exhibit F, in each case in the form furnished (electronically or otherwise) to the Agents or the Forward Sellers for use in connection with the offering of the Shares.

“NYSE” means the New York Stock Exchange.

“Sales Price” means, for each Forward or each Issuance hereunder, the actual sale execution price of each Forward Hedge Share or Issuance Share, as the case may be, sold by an Agent or a Forward Seller on the NYSE hereunder in the case of ordinary brokers’ transactions, or as otherwise agreed by the parties in other methods of sale.

“Selling Period” means any Forward Hedge Selling Period or any Issuance Selling Period.

“Settlement Date” means, unless the Company and an Agent shall otherwise agree, any Forward Hedge Settlement Date or any Issuance Settlement Date, as applicable.

“Shares” means Issuance Shares and Forward Hedge Shares, as applicable.

“Trading Day” means any day on which shares of Common Stock are purchased and sold on the principal market on which the Common Stock is listed or quoted.

SECTION 2. Placements. In reliance upon the representations, warranties and agreements herein contained, and subject to the terms and conditions set forth herein, the parties agree as follows:

(a) On any Trading Day during the Commitment Period on which (i) the conditions set forth in Section 9 have been satisfied and (ii) with respect to any Forward, during a Forward Hedge Selling Period, the Company may issue (in the case of an Issuance) and sell or cause to be sold the Shares hereunder (each, a “Placement”), by the delivery of a notice to an Agent (in the case of an Issuance), or to a Forward Seller and the applicable Forward Purchaser (in the case of a Forward), in each case, by an email (or other method mutually agreed to in writing by the parties) containing the parameters in accordance with which it desires the Shares to be sold, which shall specify whether it relates to an “Issuance” or a “Forward” and include the maximum number of Shares to be sold (the “Placement Shares”), the time period during which sales are requested to be made, any limitation on the number of Shares that may be sold in any one day, any minimum price below which sales may not be made or a formula pursuant to which such minimum price shall be determined and, as applicable, certain specified terms of the Forward (a “Placement Notice”), a form of which containing such minimum sales parameters necessary with respect to Issuances and Forwards is attached hereto as Exhibit A. The Placement Notice shall originate from any of the individuals from the Company set forth on Exhibit B (with a copy to each of the other individuals from the Company set forth on Exhibit B), and shall be addressed to each of the individuals from the applicable Agent or the applicable Forward Seller and Forward Purchaser set forth on Exhibit B (as such Exhibit B may be amended from time to time). In the case of a Forward, along with the Placement Notice, the Company shall deliver a duly executed Confirmation, with terms corresponding to such Placement.

(b) If an Agent or a Forward Seller and a Forward Purchaser, as applicable, wish to accept such proposed terms included in the Placement Notice and, in the case of a Forward, the Confirmation (which they may decline to do for any reason in their sole discretion) or, following discussion with the Company, wish to accept amended terms, such Agent or such Forward Seller and Forward Purchaser, as applicable, will, prior to 4:30 p.m. (New York City Time) on the business day following the business day on which such Placement Notice was delivered to such Agent or such Forward Seller and Forward Purchaser, as applicable, issue to the Company a notice by email (or other method mutually agreed to in writing by the parties) addressed to all of the individuals from the Company and such Agent or such Forward Seller and Forward Purchaser, as applicable, set forth on Exhibit B, setting forth the terms that such Agent or such Forward Seller and Forward Purchaser, as applicable, are willing to accept. Where the terms provided in the Placement Notice are amended as provided for in the immediately preceding sentence, such terms will not be binding on the Company or an Agent or a Forward Seller and Forward Purchaser, as applicable, until the Company delivers to such Agent or such Forward Seller and Forward Purchaser, as applicable, an acceptance by email (or other method mutually agreed to in writing by the parties) of all of the terms of such Placement Notice, as amended (an

“Acceptance”), which email shall be addressed to all of the individuals from the Company and such Agent or such Forward Seller and Forward Purchaser, as applicable, set forth on Exhibit B, along with, in the case of a Forward, a duly executed amended Confirmation, with terms corresponding to such Placement (as amended). The Placement Notice (as amended by the corresponding Acceptance, if applicable) shall be effective upon receipt by the Company of an Agent’s or a Forward Seller’s and Forward Purchaser’s, as applicable, acceptance of the terms of the Placement Notice or upon receipt by an Agent or a Forward Seller and Forward Purchaser, as applicable, of the Company’s Acceptance, as the case may be, unless and until (i) the entire amount of the Placement Shares has been sold, (ii) in accordance with the notice requirements set forth in the second sentence of the prior paragraph, the Company terminates the Placement Notice, (iii) the Company issues a subsequent Placement Notice with parameters superseding those on the earlier dated Placement Notice, (iv) this Agreement has been terminated pursuant to Section 13 or (v) any party shall have suspended the sale of the Placement Shares in accordance with Section 4. With respect to an Issuance, it is expressly acknowledged and agreed that neither the Company nor any Agent will have any obligation whatsoever with respect to a Placement or any Placement Shares unless and until the Company delivers a Placement Notice to an Agent and either (i) such Agent accepts the terms of such Placement Notice or (ii) where the terms of such Placement Notice are amended by such Agent, the Company accepts such amended terms by means of an Acceptance pursuant to the terms set forth above, and then only upon the terms specified in the Placement Notice (as amended by the corresponding Acceptance, if applicable) and herein. With respect to a Forward, it is expressly acknowledged and agreed that the Company, the applicable Forward Seller and Forward Purchaser will have no obligation whatsoever with respect to a Placement or any Placement Shares unless and until (i) the Company delivers a Placement Notice to such Forward Seller and Forward Purchaser and either (x) such Forward Seller and Forward Purchaser accept the terms of such Placement Notice or (y) where the terms of such Placement Notice are amended by such Forward Seller or Forward Purchaser, the Company accepts such amended terms by means of an Acceptance pursuant to the terms set forth above, and then only upon the terms specified in the Placement Notice (as amended by the corresponding Acceptance, if applicable), this Agreement and the applicable Confirmation, and (ii) the Forward Purchaser executes and delivers to the Company the applicable Confirmation. In the event of a conflict between the terms of this Agreement and the terms of a Placement Notice (as amended by the corresponding Acceptance, if applicable), the terms of the Placement Notice (as amended by the corresponding Acceptance, if applicable) will control.

(c) (i) No Placement Notice may be delivered hereunder other than on a Trading Day during the Commitment Period, (ii) no Placement Notice may be delivered hereunder if the Selling Period specified therein would overlap in whole or in part with any Selling Period specified in any other Placement Notice (as amended by the corresponding Acceptance, if applicable) delivered hereunder unless the Shares to be sold under all such previously delivered Placement Notices have all been sold, (iii) no Placement Notice may be delivered hereunder if any Selling Period specified therein would overlap in whole or in part with any Unwind Period under any Confirmation (as defined in such Confirmation) entered into between the Company and any Forward Purchaser and (iv) no Placement Notice specifying that it relates to a “Forward” may be delivered if such Placement Notice, together with all prior Placement Notices (as amended by the corresponding Acceptance, if applicable) delivered by the Company relating to a “Forward” hereunder, would result in the aggregate Capped Number under all Confirmations

entered into or to be entered into between the Company and the Forward Purchasers exceeding 19.99% of the number of shares of Common Stock outstanding as of the date of this Agreement.

(d) Notwithstanding any other provision of this Agreement, any notice required to be delivered by the Company or by an Agent (in the case of an Issuance) or a Forward Seller and Forward Purchaser (in the case of a Forward) pursuant to this Section 2 may be delivered by telephone (confirmed promptly by facsimile, email or other method mutually agreed to in writing by the parties, addressed to all of the individuals from the Company and such Agent (in the case of an Issuance) or such Forward Seller and Forward Purchaser (in the case of a Forward) set forth on Exhibit B (as such Exhibit B may be amended from time to time), which confirmation will be promptly acknowledged by the receiving party) or other method mutually agreed to in writing by the parties. For the avoidance of doubt, notices delivered by telephone shall originate from any of the individuals from the Company or an Agent (in the case of an Issuance) or a Forward Seller and a Forward Purchaser (in the case of a Forward) set forth on Exhibit B (as such Exhibit B may be amended from time to time).

### SECTION 3. Sale of Shares.

(a) Subject to the provisions of Section 6(a), upon the delivery of a Placement Notice (as amended by the corresponding Acceptance, if applicable) to an Agent specifying that it relates to an "Issuance," such Agent will use its commercially reasonable efforts consistent with its normal trading and sales practices to sell the Issuance Shares at market prevailing prices up to the amount specified, and otherwise in accordance with the terms of such Placement Notice (as amended by the corresponding Acceptance, if applicable). The Agent will provide written confirmation by email (or other method mutually agreed to in writing by the parties) to all of the individuals from the Company set forth on Exhibit B (as such Exhibit B may be amended from time to time) no later than the opening of the Trading Day immediately following the Trading Day on which it has made sales of Issuance Shares hereunder setting forth the number of Issuance Shares sold on such day, the corresponding Sales Price, the compensation payable by the Company to such Agent pursuant to this Section 3(a) with respect to such sales, and the Net Proceeds (as defined in Section 6(b)) payable to the Company, with an itemization of the deductions made by the Agent (as set forth in Section 6(b)) from the Gross Proceeds (as defined in Section 6(b)) (prior to deductions for transaction fees) that it receives from such sales. The amount of any commission, discount or other compensation to be paid by the Company to an Agent, when such Agent is acting as agent, in connection with the sale of the Issuance Shares shall be determined in accordance with the terms set forth on Exhibit C. The amount of any commission, discount or other compensation to be paid by the Company to an Agent, when such Agent is acting as principal, in connection with the sale of the Shares shall be as separately agreed in writing among the relevant parties hereto at the time of any such sales.

(b) In addition, subject to the provisions of Section 6(d) and the applicable Confirmation, upon the delivery of a Placement Notice (as amended by the corresponding Acceptance, if applicable) specifying that it relates to a "Forward" and execution and delivery by the parties thereto of the applicable Confirmation, the applicable Forward Purchaser will use its commercially reasonable efforts to borrow or cause its affiliate to borrow, offer and sell Forward Hedge Shares through the applicable Forward Seller to hedge the Forward, and the applicable

Forward Seller will use its commercially reasonable efforts consistent with its normal trading and sales practices to sell such Forward Hedge Shares at market prevailing prices up to the Forward Hedge Amount specified in such Placement Notice (as amended by the corresponding Acceptance, if applicable), and otherwise in accordance with the terms of such Placement Notice (as amended by the corresponding Acceptance, if applicable). Such Forward Seller will provide written confirmation by email (or other method mutually agreed to in writing by the parties) to all of the individuals from the Company set forth on Exhibit B (as such Exhibit B may be amended from time to time) and to the applicable Forward Purchaser no later than the opening of the Trading Day immediately following the Trading Day on which it has made sales of Forward Hedge Shares hereunder setting forth the number of Forward Hedge Shares sold on such day, the corresponding Sales Price and the Forward Hedge Price payable to such Forward Purchaser in respect thereof.

(c) Promptly following the completion of the Forward Hedge Selling Period, the applicable Forward Purchaser shall execute and deliver to the Company a Pricing Supplement (in the form set forth on Annex A to the applicable Confirmation), which shall set forth the initial "Number of Shares" for such Forward (which shall be the Actual Sold Forward Amount for such Forward Hedge Selling Period), the "Hedge Completion Date" for such Forward and the "Initial Forward Price" for such Forward.

(d) Notwithstanding anything herein to the contrary, any Forward Purchaser's obligation to use its commercially reasonable efforts to borrow or cause its affiliate to borrow all or any portion of the Forward Hedge Shares (and the applicable Forward Seller's obligation to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell such portion of the Forward Hedge Shares) for any Forward hereunder shall be subject in all respects to the last paragraph of Section 4 of the applicable Confirmation.

(e) The Shares may be offered and sold by any method permitted by law deemed to be an "at the market" offering as defined in Rule 415 under the Securities Act, including without limitation sales made directly on the NYSE, on any other existing trading market for the Common Stock or to or through a market maker, or subject to the terms of the Placement Notice (as amended by the corresponding Acceptance, if applicable), any other method permitted by law, including but not limited to, privately negotiated transactions.

(f) If the Company or any Agent has reason to believe that the exemptive provisions set forth in Rule 101(c)(1) of Regulation M under the Exchange Act are not satisfied with respect to the Company or the Shares, it shall promptly notify the other parties, and sales of Shares under this Agreement shall be suspended until that or other exemptive provisions have been satisfied in the judgment of all parties.

SECTION 4. Suspension of Sales. The Company, an Agent or a Forward Seller or Forward Purchaser may, upon notice to the other parties in writing (including by email correspondence or other method mutually agreed to in writing by the parties) to each of the individuals of the other party set forth on Exhibit B (as such Exhibit B may be amended from time to time), if receipt of such correspondence is actually acknowledged by any of the individuals to whom the notice is sent, other than via auto-reply, or by telephone (confirmed

immediately by verifiable facsimile transmission, email correspondence or other method mutually agreed to in writing by the parties) to each of the individuals of the other party set forth on Exhibit B (as such Exhibit B may be amended from time to time), suspend any sale of Shares, and the applicable Selling Period shall immediately terminate; *provided, however*, that such suspension and termination shall not affect or impair any party's obligations with respect to any Shares sold hereunder prior to the receipt of such notice (and, in the case of any Forward Hedge Shares, the resulting Confirmation). The Company agrees that no such notice shall be effective against an Agent, a Forward Seller or a Forward Purchaser unless it is made to one of the individuals named on Exhibit B (as such Exhibit B may be amended from time to time); *provided, however*, that the failure by the Company to deliver such notice shall in no way affect its right to suspend the sale of Shares hereunder. Each of the Agents, the Forward Sellers and the Forward Purchasers agree that no such notice shall be effective against the Company unless it is made to one of the individuals named on Exhibit B (as such Exhibit B may be amended from time to time); *provided, however*, that the failure by an Agent, a Forward Seller or a Forward Purchaser to deliver such notice shall in no way effect such party's right to suspend the sale of Shares hereunder.

SECTION 5. Representations and Warranties.

(a) *Representations and Warranties of the Company.* The Company represents and warrants to each Agent, each Forward Seller and each Forward Purchaser as of the date hereof, as of each Representation Date (as defined below) on which a certificate is required to be delivered pursuant to Section 7(o) of this Agreement, as of each Applicable Time and as of each Settlement Date, and agrees with each Agent, each Forward Seller and each Forward Purchaser, as follows:

(i) The Shares have been duly registered under the Securities Act pursuant to the Registration Statement. The Registration Statement became effective upon filing with the Commission pursuant to Rule 462 under the Securities Act, and no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for such purpose or pursuant to Section 8A of the Securities Act have been initiated or threatened by the Commission, and any request on the part of the Commission for additional information has been complied with.

At the respective times each of the Registration Statement and any post-effective amendments thereto became or becomes effective and as of the date hereof, the Registration Statement and any amendments and supplements thereto complied, will comply and comply in all material respects with the requirements of the Securities Act. The conditions for the use of Form S-3, as set forth in the General Instructions thereto, and the Registration Statement meets, and the offering and sale of the Shares as contemplated hereby complies with, the requirements of Rule 415 under the Securities Act (including, without limitation, Rule 415(a)(5) under the Securities Act). The Registration Statement, as of the date hereof and as of each effective date with respect thereto, 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 not misleading. Neither the Prospectus nor any amendments or supplements thereto, as

of their respective dates, as of each Applicable Time and as of each Settlement Date, included or will include an untrue statement of a material fact or omitted or will omit 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.

The representations and warranties set forth in the immediately preceding paragraph shall not apply to statements in or omissions from the Registration Statement or the Prospectus, as amended or supplemented, made in reliance upon and in conformity with information furnished to the Company in writing by the Agents, the Forward Sellers or the Forward Purchasers expressly for use therein. For purposes of this Agreement, the only information so furnished shall be the legal and/or marketing names of the Agents, the Forward Sellers and the Forward Purchasers appearing on the front cover page of the Prospectus.

The copies of the Registration Statement and any amendments thereto, each Issuer Free Writing Prospectus that is required to be filed with the Commission pursuant to Rule 433 under the Securities Act and the Prospectus and any amendments or supplements thereto delivered and to be delivered to the Agents or the Forward Sellers (electronically or otherwise) in connection with the offering of the Shares are and will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

Each Issuer Free Writing Prospectus relating to the Shares specified on Exhibit F, as of its date, as of the date hereof, as of each Applicable Time and as of each Settlement Date, did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement or the Prospectus, including any incorporated document deemed to be a part thereof, that has not been superseded or modified, or included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in light of the circumstances, prevailing at that subsequent time, not misleading.

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 Company, as of each Applicable Time and Settlement Date, did not include any untrue statement of a material fact or omit 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, except that the Company makes no warranty or representation to the Agents, the Forward Sellers or the Forward Purchasers with respect to any statements or omissions made in reliance upon and in conformity with written information furnished to the Company by the Agents, the Forward Sellers or the Forward Purchasers specifically for use in any such roadshow or other written communication.

At (i)(a) the time of the initial filing of the Registration Statement, (b) the time of the most recent amendment thereto for the purposes of complying with Section 10(a)(3) of the Securities Act (whether such amendment was by post-effective amendment, incorporated report filed pursuant to Section 13 or 15(d) of the Exchange Act or form of

prospectus) and (c) at the earliest time the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) of the Securities Act) of the Shares, the Company was not an ineligible issuer as defined in Rule 405 of the Securities Act. The Company is, and was at the time of the initial filing of the Registration Statement, and will be as of each Applicable Time and Settlement Date, eligible to use Form S-3 under the 1933 Act.

(ii) Any pro forma financial statements of the Company and its subsidiaries and the related notes thereto incorporated by reference in the Registration Statement 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.

(iii) The documents and interactive data in eXtensible Business Reporting Language incorporated or deemed to be incorporated by reference in the Registration Statement 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 Exchange Act, and, when read together with the other information in the Prospectus, (a) at the time the Registration Statement became effective, (b) as of each Representation Date on which a certificate is required to be delivered pursuant to Section 7(o) of this Agreement, (c) as of each Applicable Time and (d) as of each Settlement 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.

(iv) The Company is not required to be qualified as a foreign corporation to transact business in Indiana, North Carolina, Ohio, South Carolina and Florida.

(v) Each of Duke Energy Carolinas, LLC, a North Carolina limited liability company, Duke Energy Indiana, LLC, an Indiana limited liability company, Progress Energy, Inc., a North Carolina corporation, Duke Energy Progress, LLC, a North Carolina limited liability company, and Duke Energy Florida, LLC, a Florida limited liability company, is a "significant subsidiary" of the Company within the meaning of Rule 1-02 of Regulation S-X under the Securities Act (herein collectively referred to, along with Duke Energy Ohio, Inc., an Ohio corporation, and Piedmont Natural Gas Company, Inc., a North Carolina corporation, as the "Principal Subsidiaries").

(vi) This Agreement has been duly authorized, executed and delivered by the Company.

(vii) The Confirmations, if any, will be duly authorized, executed and delivered by the Company.

(viii) The Shares, if any, to be issued and sold by the Company hereunder and, in the case of any Forward, the related Confirmation, have been duly authorized for issuance and sale to the Agents pursuant to this Agreement and, in the case of any



Forward, the related Confirmation, and when issued and delivered by the Company pursuant to this Agreement and, in the case of any Forward, the related Confirmation, against payment of the consideration set forth herein, will be validly issued, fully paid and nonassessable. The Common Stock conforms in all material respects to the description thereof in the base prospectus included as part of the Registration Statement under the caption "Description of Capital Stock." The Shares issuable pursuant to each Confirmation, if any, have been duly authorized by the Company for such issuance and, when issued and delivered by the Company to the applicable Forward Purchaser pursuant to such Confirmation, against payment of any consideration required to be paid by the Forward Purchaser pursuant to the terms of such Confirmation, 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 Company. No holder of the Shares or shares of Common Stock issuable under any Confirmations will be subject to personal liability by reason of being such a holder; and the issuance of the Shares is not subject to the preemptive or other similar rights of any security holder of the Company.

(ix) The compliance by the Company with all of the provisions of this Agreement and any Confirmations have been duly authorized by all necessary corporate action and the consummation of the transactions contemplated herein or therein 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 Company 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 their properties or assets is subject that would have a material adverse effect on the business, financial condition or results of operations of the Company 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 of the Company (the "Certificate of Incorporation"), the amended and restated By-Laws of the Company (the "By-Laws") or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or the 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 Company and its subsidiaries, taken as a whole.

(x) 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 Company of the transactions contemplated by this Agreement or any Confirmations, except for the approval of the North Carolina Utilities Commission which has been received as of the date of this Agreement, registration under the Securities 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 Agents, the Forward Sellers and the Forward Purchasers.

(xi) The Common Stock is an "actively traded security" excepted from the requirements of Rule 101 of Regulation M under the Exchange Act by subsection (c)(1) of such rule.

(xii) Other than excepted activity pursuant to Regulation M under the Exchange Act, the Company has not taken and will not take, directly or indirectly, any action designed to or that would constitute or that might reasonably be expected to cause or result in the stabilization or manipulation of the price of any security to facilitate the sale or resale of the Shares.

(xiii) Any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument filed or incorporated by reference as an exhibit to the Registration Statement or the Annual Report on Form 10-K of the Company for the fiscal year ended December 31, 2016 or any subsequent Annual Report on Form 10-K or Quarterly Report on Form 10-Q of the Company or Current Report on Form 8-K of the Company, except to the extent that such agreement is no longer in effect or to the extent that neither the Company nor any subsidiary of the Company 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 Company.

(xiv) The Company acknowledges and agrees that the Agents or the Forward Sellers, as applicable, have informed the Company that such Agents or Forward Sellers may, to the extent permitted under the Securities Act and the Exchange Act, purchase and sell shares of Common Stock for their own account while this Agreement is in effect, and shall be under no obligation to purchase Shares on a principal basis pursuant to this Agreement, subject to Section 1 and except as otherwise agreed to by an Agent or a Forward Seller, as applicable, in the applicable Placement Notice (as amended by the corresponding Acceptance, if applicable).

(b) *Certificates.* Any certificate signed by any officer of the Company or any of its subsidiaries and delivered to the Agents, the Forward Sellers or the Forward Purchasers or to counsel for the Agents, the Forward Sellers and the Forward Purchasers shall be deemed a representation and warranty by the Company to the Agents, the Forward Sellers and the Forward Purchasers as to the matters covered thereby.

SECTION 6. Sale and Delivery; Settlement.

(a) *Sale of Issuance Shares.* On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, upon an Agent's acceptance of the terms of a Placement Notice specifying that it relates to an "Issuance" or upon receipt by an Agent of an Acceptance, as the case may be, and unless the sale of the Issuance Shares described therein has been declined, suspended, or otherwise terminated in accordance with the terms of this Agreement, such Agent will, for the period specified in such Placement Notice (as amended by the corresponding Acceptance, if applicable), use its commercially reasonable efforts consistent with its normal trading and sales practices to sell such Issuance Shares at market prevailing prices up to the amount specified, and otherwise in accordance with the terms of such Placement Notice (as amended by the corresponding Acceptance, if applicable). The Company acknowledges and agrees that (i) there can be no assurance that any Agent will be successful in selling Issuance Shares, (ii) no Agent will incur any liability or obligation to the Company or any other person or entity if it does not sell Issuance Shares for any reason other than a failure by

such Agent to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell such Issuance Shares as required under this Section 6 and (iii) no Agent shall be under any obligation to purchase Issuance Shares on a principal basis pursuant to this Agreement, except as otherwise agreed by such Agent in a Placement Notice (as amended by the corresponding Acceptance, if applicable) and subject to Section 1 hereof.

(b) *Settlement of Issuance Shares.* On each Issuance Settlement Date, the Issuance Shares sold through an Agent for settlement on such date shall be delivered by the Company to such Agent against payment of (i) the Net Proceeds from the sale of such Issuance Shares or (ii) as mutually agreed between the Company and such Agent, the Gross Proceeds from the sale of such Issuance Shares. The gross proceeds to the Company (the "Gross Proceeds") shall be equal to the aggregate offering price received by an Agent at which such Issuance Shares were sold, after deduction for any transaction fees imposed by any governmental or self-regulatory organization in respect of such sales. The net proceeds to the Company (the "Net Proceeds") shall be equal to the Gross Proceeds less such Agent's commission, discount or other compensation payable by the Company pursuant to Section 3 and any other amounts due and payable by the Company to such Agent hereunder pursuant to Section 8(a). In the event the Company and an Agent have mutually agreed to the delivery of Gross Proceeds at an Issuance Settlement Date, such Agent's commission, discount or other compensation for such sales payable by the Company pursuant to Section 3 hereof and any other amounts due and payable by the Company to such Agent hereunder pursuant to Section 8(a) shall be set forth and invoiced in a periodic statement from such Agent to the Company, payment to be made by the Company promptly after its receipt thereof.

(c) *Delivery of Issuance Shares.* On or before each Issuance Settlement Date, the Company will, or will cause its transfer agent to, electronically transfer the Issuance Shares being sold by crediting the applicable Agent's or its designee's account (provided such Agent shall have given the Company written notice of such designee prior to the Issuance Settlement Date) at The Depository Trust Company through its Deposit and Withdrawal at Custodian System or by such other means of delivery as may be mutually agreed upon by the relevant parties hereto which in all cases shall be freely tradable, transferable, registered shares in good deliverable form. On each Issuance Settlement Date, the applicable Agent will deliver the related Net Proceeds or Gross Proceeds, as applicable, in same day funds to an account designated by the Company prior to the Issuance Settlement Date. The Company agrees that if the Company, or its transfer agent (if applicable), defaults in its obligation to deliver Issuance Shares on an Issuance Settlement Date, the Company, in addition to and in no way limiting the rights and obligations set forth in Section 10 and Section 11, will (i) hold such Agent harmless against any loss, liability, claim, damage, or expense whatsoever (including reasonable legal fees and expenses), as incurred, arising out of or in connection with such default by the Company or its transfer agent (if applicable) and (ii) pay to such Agent any commission, discount, or other compensation to which it would otherwise have been entitled absent such default.

(d) *Sale of Forward Hedge Shares.* On the basis of the representations and warranties herein contained and subject to the terms and conditions in this Agreement and the Confirmation, upon a Forward Purchaser and Forward Seller's acceptance of the terms of a Placement Notice specifying that it relates to a "Forward" or upon receipt by a Forward Purchaser and Forward Seller of an Acceptance, as the case may be, and execution and delivery by all relevant parties of

the related Confirmation, and unless the sale of the Forward Hedge Shares described therein has been declined, suspended, or otherwise terminated in accordance with the terms of this Agreement or such Confirmation, such Forward Purchaser will use its commercially reasonable efforts to borrow or cause its affiliate to borrow a number of Forward Hedge Shares sufficient to have an aggregate Sales Price as close as reasonably practicable to the Forward Hedge Amount specified in the Placement Notice (as amended by the corresponding Acceptance, if applicable) and the applicable Forward Seller will use its commercially reasonable efforts consistent with its normal trading and sales practices to sell such Forward Hedge Shares at market prevailing prices, and otherwise in accordance with the terms of such Placement Notice (as amended by the corresponding Acceptance, if applicable). Each of the Company and the Forward Purchasers acknowledges and agrees that (i) there can be no assurance that any Forward Purchaser or its affiliate will be successful in borrowing or that any Forward Seller will be successful in selling Forward Hedge Shares, (ii) no Forward Seller will incur any liability or obligation to the Company, any Forward Purchaser, or any other person or entity if it does not sell Forward Hedge Shares borrowed by such Forward Purchaser or its affiliate for any reason other than a failure by such Forward Seller to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell such Forward Hedge Shares as required under this Section 6, and (iii) no Forward Purchaser will incur any liability or obligation to the Company, the Forward Seller, or any other person or entity if it or its affiliate does not borrow Forward Hedge Shares for any reason other than a failure by such Forward Purchaser to use its commercially reasonable efforts to borrow or cause its affiliate to borrow such Forward Hedge Shares as required under this Section 6. In acting hereunder, each Forward Seller will be acting as an agent for the applicable Forward Purchaser and not as principal.

(e) *Delivery of Forward Hedge Shares.* On or before each Forward Hedge Settlement Date, the applicable Forward Purchaser will, or will cause its transfer agent to, electronically transfer the Forward Hedge Shares being sold by crediting the applicable Forward Seller or its designee's account (provided such Forward Seller shall have given the applicable Forward Purchaser written notice of such designee prior to the Forward Hedge Settlement Date) at The Depository Trust Company through its Deposit and Withdrawal at Custodian System or by such other means of delivery as may be mutually agreed upon by the parties hereto which in all cases shall be freely tradable, transferable, registered shares in good deliverable form. On each Forward Hedge Settlement Date, the applicable Forward Seller will deliver the related aggregate Forward Hedge Price to the applicable Forward Purchaser in same day funds to an account designated by such Forward Purchaser prior to the relevant Forward Hedge Settlement Date.

(f) *Denominations; Registration.* The Shares shall be in such denominations and registered in such names as an Agent or a Forward Seller, as applicable, may request in writing at least one full business day before the Settlement Date. The Company or a Forward Purchaser, as applicable, shall deliver the Shares, if any, through the facilities of The Depository Trust Company as described in the preceding paragraphs unless such Agent or such Forward Seller, as applicable, shall otherwise instruct.

(g) *Limitations on Offering Size.* Under no circumstances shall the Company cause or request the offer or sale of any Shares if, after giving effect to the sale of such Shares, the aggregate offering price of the Shares sold pursuant to this Agreement would exceed the lesser of (i) the Maximum Amount, (ii) the amount available for offer and sale under the currently

effective Registration Statement, or (iii) the amount authorized from time to time to be issued and sold under this Agreement by the Board of Directors of the Company or a duly authorized committee thereof. Under no circumstances shall the Company cause or request the offer or sale of any Shares pursuant to this Agreement at a price lower than the minimum price authorized from time to time by the Board of Directors of the Company and notified to an Agent or a Forward Seller, as applicable, in writing.

(h) *Limitations on Agents and Forward Sellers.* The Company agrees that any offer to sell, any solicitation of an offer to buy or any sales of Shares or any other equity security of the Company shall only be effected by or through one Agent or Forward Seller, as the case may be, on any single given day, but in no event more than one, and the Company shall in no event request that more than one Agent or Forward Seller, as the case may be, sell Shares on the same day; provided, however, that (a) the foregoing limitation shall not apply to (i) the exercise of any option, warrant, right or any conversion privilege set forth in the instrument governing such security or (ii) sales solely to employees, directors or security holders of the Company or its subsidiaries, or to a trustee or other person acquiring such Shares for the accounts of such persons, (b) such limitation shall not apply on any day during which no sales are made pursuant to this Agreement, and (c) such limitation shall not apply if, prior to any such request to sell Shares, all Shares the Company has previously requested the Agents or the Forward Sellers to sell have been sold.

(i) *Certain Blackout Periods.* Notwithstanding any other provision of this Agreement, the Company shall not offer, sell or deliver, or request the offer or sale of, any Shares and, by notice to an Agent (in the case of an Issuance) or a Forward Seller and Forward Purchaser (in the case of a Forward) given by telephone (confirmed promptly by facsimile transmission, email or other method mutually agreed to in writing by the parties), shall cancel any instructions for the offer or sale of any Shares, and no Agent, Forward Seller or Forward Purchaser, as the case may be, shall be obligated to offer or sell any Shares (i) during the period beginning on the 10th business day after the end of each calendar quarter through and including the first date (each, an "Announcement Date") on which the Company shall issue a press release containing, or shall otherwise publicly announce, its earnings or revenue results for a completed fiscal year or quarter (each, an "Earnings Announcement"), (ii) except as provided in Section 6(j) below, at any time from and including an Announcement Date through and including the time that the Company files (a "Filing Time") a Quarterly Report on Form 10-Q or an Annual Report on Form 10-K that includes consolidated financial statements as of and for the same period or periods, as the case may be, covered by such Earnings Announcement, or (iii) during any other period in which the Company is in possession of material non-public information; provided that, unless otherwise agreed between the Company and an Agent, a Forward Seller or a Forward Purchaser, as the case may be, for purposes of (i) and (ii) above, such period shall be deemed to end at the relevant Filing Time.

(j) *Filing of Earnings 8-K.* If the Company wishes to offer, sell or deliver Shares at any time during the period from and including an Announcement Date through and including the corresponding Filing Time, the Company shall (i) prepare and deliver to the Agents (in the case of an Issuance) or the Forward Sellers and Forward Purchasers (in the case of a Forward) (with a copy to their respective counsel) a Current Report on Form 8-K which shall include substantially the same financial and related information as was set forth in the relevant Earnings

Announcement (other than any earnings projections, similar forward-looking data and officers' quotations) (each, an "Earnings 8-K"), in form and substance reasonably satisfactory to the Agents or the Forward Sellers and Forward Purchasers, as the case may be, and obtain the consent of the Agents or the Forward Sellers and Forward Purchasers, as the case may be, to the filing thereof (such consent not to be unreasonably withheld); (ii) provide the Agents or the Forward Sellers and Forward Purchasers, as the case may be, with the officers' certificate, opinions/letters of counsel and accountants' letter called for by Sections 7(o), (p) and (q) hereof, respectively; (iii) afford the Agents or the Forward Sellers and the Forward Purchasers, as the case may be, the opportunity to conduct a due diligence review in accordance with Section 7(m) hereof; and (iv) file such Earnings 8-K with the Commission. The provisions of clause (ii) of Section 6(i) shall not be applicable for the period from and after the time at which the foregoing conditions shall have been satisfied (or, if later, the time that is 24 hours after the time that the relevant Earnings Announcement was first publicly released) through and including the Filing Time of the relevant Quarterly Report on Form 10-Q or Annual Report on Form 10-K under the Exchange Act, as the case may be. For purposes of clarity, the parties hereto agree that (A) the delivery of any officers' certificate, opinions/letters of counsel and accountants' letter pursuant to this Section 6(j) shall not relieve the Company from any of its obligations under this Agreement with respect to any Quarterly Report on Form 10-Q or Annual Report on Form 10-K, as the case may be, including, without limitation, the obligation to deliver officers' certificates, opinions/letters of counsel and accountants' letters as provided in Sections 7(o), (p) and (q) hereof and (B) other than as set forth in this Section 6(j), this Section 6(j) shall in no way affect or limit the operation of the provisions of clauses (i) and (iii) of Section 6(i), which shall have independent application.

SECTION 7. Covenants of the Company. The Company covenants with each of the Agents, the Forward Sellers and the Forward Purchasers as follows:

(a) The Company will not file any amendment or supplement to the Registration Statement or Prospectus, other than documents incorporated by reference, unless a copy thereof has been submitted to the Agents, the Forward Sellers and the Forward Purchasers within a reasonable period of time before the filing and the Agents, the Forward Sellers and the Forward Purchasers have not reasonably objected thereto (*provided, however*, that the failure of the Agents, the Forward Sellers or the Forward Purchasers to make such objection shall not relieve the Company of any obligation or liability hereunder, or affect the Agents', the Forward Sellers' or the Forward Purchasers' right to rely on the representations and warranties made by the Company in this Agreement) and the Company will promptly notify the Agents, the Forward Sellers and the Forward Purchasers when any such filing has been made or become effective, as applicable, and furnish to the Agents, the Forward Sellers and the Forward Purchasers at the time of filing thereof a copy of any document that upon filing is deemed to be incorporated by reference into the Registration Statement or Prospectus, except for those documents available via EDGAR. The Company will cause each amendment or supplement to the Prospectus, other than documents incorporated by reference or an amendment or supplement relating solely to the issuance or offering of securities other than the Shares, to be filed with the Commission as required pursuant to the applicable paragraph of Rule 424(b) under the Securities Act (without reliance on Rule 424(b)(8) under the Securities Act).

(b) The Company will advise the Agents, the Forward Sellers and the Forward Purchasers promptly of the institution by the Commission of any stop order proceedings in respect of the Registration Statement or any proceedings pursuant to Section 8A of the Securities Act, 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.

(c) The Company will furnish to the Agents, the Forward Sellers and the Forward Purchasers, without charge, copies of the Registration Statement (which will include all exhibits other than those incorporated by reference), the Prospectus, any Issuer Free Writing Prospectuses, and all amendments and supplements to such documents, in each case as soon as available and in such quantities as the Agents, the Forward Sellers and the Forward Purchasers may reasonably request.

(d) The Company, during any period when a prospectus relating to the Shares is required to be delivered under the Securities Act, will timely file all documents required to be filed with the Commission pursuant to Section 13 or 14 of the Exchange Act. If at any time when a prospectus relating to the Shares (or the notice referred to in Rule 173(a) under the Securities Act) is required to be delivered under the Securities Act any event occurs as a result of which 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 Prospectus to comply with the Securities Act, the Company will prepare and file with the Commission an amendment, supplement or an appropriate document pursuant to Section 13 or 14 of the Exchange Act which will correct such statement or omission or which will effect such compliance.

(e) Without the prior consent of the Agents, the Forward Sellers and the Forward Purchasers, the Company 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 under the Securities Act, other than an Issuer Free Writing Prospectus; each Agent, Forward Seller and Forward Purchaser, severally and not jointly, represents and agrees that, without the prior consent of the Company, 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 under the Securities Act, other than an Issuer Free Writing Prospectus or a free writing prospectus that is not required to be filed by the Company pursuant to Rule 433 under the Securities Act; any such free writing prospectus, the use of which has been consented to by the Company and the Agents, the Forward Sellers and the Forward Purchasers, is listed herein on Exhibit F.

(f) The Company represents that it has treated or agrees that it will treat each Issuer Free Writing Prospectus as an “issuer free writing prospectus,” as defined in Rule 433 under the Securities Act, and has complied and will comply with the requirements of Rule 433 under the Securities Act applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission where required, legending and record keeping. The Company agrees that if at any time following the issuance of an Issuer 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 Company, any event occurs as a result of which such Issuer Free Writing Prospectus or such electronic roadshow or other written communication would conflict

with the information in the Registration Statement 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 Company will give prompt notice thereof to the Agents, the Forward Sellers and the Forward Purchasers, and, if requested by the Agents, the Forward Sellers and the Forward Purchasers, will prepare and furnish without charge to each Agent, Forward Seller and Forward Purchaser a free writing prospectus or other document, the use of which has been consented to by the Agents, which will correct such conflict, statement or omission.

(g) The Company 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 Company 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 jurisdiction where it is not now so subject.

(h) The Company 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 Securities Act, which need not be certified by independent certified public accountants unless required by the Securities Act) covering (i) a twelve-month period beginning not later than the first day of the Company'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 Company's fiscal quarter next following the date of this Agreement.

(i) The Company will use the net proceeds received by it from the sale of the Shares in the manner specified in the Prospectus under "Use of Proceeds."

(j) During any Selling Period or period in which the Prospectus relating to the Shares is required by the Securities Act to be delivered in connection with a pending sale of the Shares (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act), the Company will use its commercially reasonable efforts to cause the Shares to be listed on the NYSE.

(k) The Company, during any period when the Prospectus is required to be delivered under the Securities Act (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act), will file all documents required to be filed with the Commission pursuant to the Exchange Act within the time periods required by the Exchange Act.

(l) The Company will, at any time during a fiscal quarter in which the Company intends to tender a Placement Notice or sell Shares, advise the Agents, Forward Sellers and Forward Purchasers promptly after it shall have received notice or obtained knowledge, of any information or fact that would alter or affect in any material respect any opinion, certificate, letter or other document provided to the Agents, the Forward Sellers or the Forward Purchasers, as applicable, pursuant to this Agreement.



(m) The Company will cooperate with any due diligence review reasonably requested by the Agents or the Forward Sellers and Forward Purchasers, as applicable, in connection with the transactions contemplated hereby, including, without limitation, and upon reasonable notice, providing information and making available documents and appropriate corporate officers, during regular business hours and at the Company's principal offices, as the Agents, Forward Sellers and Forward Purchasers may reasonably request.

(n) The Company will disclose in its Quarterly Reports on Form 10-Q and in its Annual Reports on Form 10-K the number of Shares sold pursuant to this Agreement and the Net Proceeds to the Company, together with any other information that the Company reasonably believes is required to comply with the Securities Act and the Exchange Act.

(o) (1) each time the Company:

(i) files the Prospectus relating to the Shares or amends or supplements the Registration Statement or the Prospectus relating to the Shares by means of a post-effective amendment, sticker, or supplement but not by means of incorporation of documents by reference into the Registration Statement or the Prospectus relating to the Shares;

(ii) files an Annual Report on Form 10-K under the Exchange Act;

(iii) files a Quarterly Report on Form 10-Q under the Exchange Act; or

(iv) files a Current Report on Form 8-K that contains financial statements or pro forma financial statements required under Item 2.01 or Item 4.02 or files financial statements or pro forma financial statements or pro forma financial information under Item 9.01 of Form 8-K; and

(2) at any other time reasonably requested by the Agents, the Forward Sellers or the Forward Purchasers (each such date of filing of one or more of the documents referred to in clauses (1)(i) through (iv) above and any time of request pursuant to this Section 7(o) shall be a "Representation Date"),

the Company shall furnish the Agents, the Forward Sellers and the Forward Purchasers with a certificate in the form attached hereto as Exhibit E. The requirement to provide a certificate under this Section 7(o) shall be waived (i) on the date of this Agreement and (ii) for any Representation Date occurring at a time at which no Placement Notice (as amended by the corresponding Acceptance, if applicable) is pending, which waiver shall continue until the earlier to occur of the date the Company delivers a Placement Notice hereunder (which for such calendar quarter shall be considered a Representation Date) and the next occurring Representation Date; *provided, however*, that such waiver shall not apply for any Representation Date on which the Company files its Annual Report on Form 10-K. Notwithstanding the foregoing, if the Company subsequently decides to sell Shares following a Representation Date when the Company relied on such waiver and did not provide the Agents with a certificate under this Section 7(o), then before the Company delivers the Placement Notice or any Agent or Forward Seller sells any Shares, the

Company shall provide the Agents, the Forward Sellers and the Forward Purchasers with a certificate, in the form attached hereto as Exhibit E, dated the date such certificate is delivered.

(p) The Company shall cause to be furnished to the Agents, the Forward Sellers and the Forward Purchasers (A) on the date of this Agreement, a written opinion of Hunton & Williams LLP (“Company Counsel”), or other counsel satisfactory to the Agents, the Forward Sellers and the Forward Purchasers, in form and substance satisfactory to the Agents, the Forward Sellers and the Forward Purchasers and their counsel, dated the date that the opinion is required to be delivered, substantially similar to the form attached hereto as Exhibit D-1 and (B) on each Representation Date with respect to which the Company is obligated to deliver a certificate in the form attached hereto as Exhibit E for which no waiver is applicable, (i) a written opinion and, if not covered in such opinion, a negative assurance letter, of Company Counsel, or other counsel satisfactory to the Agents, the Forward Sellers and the Forward Purchasers, in form and substance satisfactory to the Agents, the Forward Sellers and the Forward Purchasers and their counsel, dated the date that the opinion is required to be delivered, substantially similar to the form attached hereto as Exhibit D-2 and (ii) a written opinion of Robert T. Lucas III, Esq., Deputy General Counsel of Duke Energy Business Services LLC, a service company subsidiary of the Company (“Deputy General Counsel”), or other counsel satisfactory to the Agents, the Forward Sellers and the Forward Purchasers, in form and substance satisfactory to the Agents, the Forward Sellers and the Forward Purchasers and their counsel, dated the date that the opinion is required to be delivered, substantially similar to the form attached hereto as Exhibit D-3; in each case, modified as necessary to relate to the Registration Statement and the Prospectus as then amended or supplemented; *provided, however*, that in lieu of such opinions for subsequent Representation Dates, Company Counsel and Deputy General Counsel may each furnish the Agents, the Forward Sellers and the Forward Purchasers with a reliance letter to the effect that the Agents, the Forward Sellers and the Forward Purchasers may rely on a prior opinion delivered under this Section 7(p)(B) to the same extent as if it were dated the date of such letter (except that statements in such prior opinion shall be deemed to relate to the Registration Statement and the Prospectus as amended or supplemented at such Representation Date).

(q) On each Representation Date with respect to which the Company is obligated to deliver a certificate in the form attached hereto as Exhibit E for which no waiver is applicable, the Company shall cause its independent accountants (and any other independent accountants whose report is included in the Registration Statement or the Prospectus) to furnish the Agents, the Forward Sellers and the Forward Purchasers a letter (the “Comfort Letter”), dated the date the Comfort Letter is delivered, in form and substance satisfactory to the Agents, the Forward Sellers and the Forward Purchasers (i) confirming that they are an independent registered public accounting firm within the meaning of the Securities Act, the Exchange Act and the Public Company Accounting Oversight Board and (ii) stating, as of such date, the conclusions and findings of such firm with respect to the financial information and other matters ordinarily covered by accountants’ “comfort letters” to underwriters in connection with registered public offerings.

(r) On each Representation Date with respect to which the Company is obligated to deliver a certificate in the form attached hereto as Exhibit E for which no waiver is applicable, the Agents, the Forward Sellers and the Forward Purchasers shall have received the favorable

written opinion or opinions of Sidley Austin LLP, counsel for the Agents, the Forward Sellers and the Forward Purchasers, dated such date, with respect to such matters as the Agents, the Forward Sellers and the Forward Purchasers may reasonably request.

(s) The Company will not, directly or indirectly, (i) take any action designed to cause or result in, or that constitutes or might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares or (ii) sell, bid for, or purchase the Shares to be issued and sold pursuant to this Agreement, or pay anyone any compensation for soliciting purchases of the Shares to be issued and sold pursuant to this Agreement other than the Agents and the Forward Sellers; *provided, however*, that the Company may bid for and purchase its Common Stock in accordance with Rule 10b-18 under the Exchange Act; and provided further, that no such bids or purchases shall be made by the Company during the two (2) Trading Days before or after any sale of any Shares pursuant to this Agreement.

(t) The Company consents to the Agents or the Forward Sellers, as applicable, trading in the Company's Common Stock for their own account and for the account of their clients at the same time as sales of Shares occur pursuant to this Agreement.

(u) Other than a "free writing prospectus" (as defined in Rule 405 under the Securities Act) approved in advance in writing by the Company and the Agents in their capacity as principals or agents hereunder or the Forward Sellers in their capacity as agents hereunder, the Company (including its agents and representatives, other than the Agents in their capacity as such) will not, directly or indirectly, make, use, prepare, authorize, approve or refer to any free writing prospectus relating to the Shares to be sold by the Agents or the Forward Sellers as principals or agents hereunder.

(v) The Company shall reserve and keep available at all times, free of pre-emptive rights, Shares for the purpose of enabling the Company to satisfy its obligations under this Agreement and each Confirmation.

(w) In connection with entering into any Forward, neither the Company nor any of its affiliates will acquire any long position (either directly or indirectly, including through a derivative transaction) with respect to shares of Common Stock.

(x) If immediately prior to the third anniversary (the "*Renewal Deadline*") of the initial effective date of the Registration Statement, any of the Shares remain unsold by the Agents, the Company will, prior to the Renewal Deadline file, if it has not already done so and is eligible to do so, a new automatic shelf registration statement relating to the Shares, in a form reasonably satisfactory to the Agents. If the Company is not eligible to file an automatic shelf registration statement, the Company will, prior to the Renewal Deadline, if it has not already done so, file a new shelf registration statement relating to the Shares, in a form reasonably satisfactory to the Agents, and will use its commercially reasonable efforts to cause such registration statement to be declared effective within 180 days after the Renewal Deadline. The Company will take all other action necessary or appropriate to permit the public offering and sale of the Shares to continue as contemplated in the expired registration statement. References

herein to the Registration Statement shall include such new automatic shelf registration statement or such new shelf registration statement, as the case may be.

**SECTION 8. Payment of Expenses.**

(a) *Expenses.* The Company will pay all expenses incident to the performance of its obligations under this Agreement and any Confirmations, 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 Agents, the Forward Sellers and the Forward Purchasers in connection with the qualification of the Shares under the securities laws of any jurisdiction 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 Agents, the Forward Sellers and the Forward Purchasers, in quantities as hereinabove referred to, of copies of the Registration Statement and any amendments thereto, of the Prospectus, of any Issuer Free Writing Prospectus and any amendments or supplements thereto, (vi) any fees and expenses in connection with the listing of the Shares on the NYSE, (vii) any filing fee required by FINRA, (viii) the costs of any depository arrangements for the Shares with DTC or any successor depository, (ix) the costs and expenses of the Company 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 Company, travel and lodging expenses of the Agents, the Forward Sellers and the Forward Purchasers and officers of the Company and any such consultants, and the cost of any aircraft chartered in connection with the road show, (x) the reasonable fees and disbursements of counsel for the Agents, the Forward Sellers and the Forward Purchasers in connection with the transactions contemplated by this Agreement, (xi) any transaction fees, transfer taxes or similar taxes or fees imposed by any governmental entity or self-regulatory organization in respect of sales of Shares and (xii) all other costs and expenses incident to the Company's performance of its obligations hereunder for which provision is not otherwise made in this Section 8.

(b) *Termination of Agreement.* If this Agreement is terminated by an Agent, a Forward Seller or a Forward Purchaser in accordance with the provisions of Section 9(b) or Section 13(a)(i) hereof, the Company shall reimburse such Agent, Forward Seller or Forward Purchaser for all of its out of pocket expenses, including the reasonable fees and disbursements of counsel for such Agent, Forward Seller or Forward Purchaser, as applicable.

**SECTION 9. Conditions Precedent to the Obligations of the Agents, the Forward Sellers and the Forward Purchasers.**

(a) The right of the Company to deliver a Placement Notice hereunder, the obligation of an Agent and a Forward Seller, as applicable, to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell Shares in accordance with the terms

of such Placement Notice (as amended by the corresponding Acceptance, if applicable) and the obligation of a Forward Purchaser to use its commercially reasonable efforts to borrow or cause its affiliate to borrow Forward Hedge Shares in connection with a Placement Notice (as amended by the corresponding Acceptance, if applicable) are subject to the continuing accuracy of the representations and warranties of the Company contained in this Agreement or certificates of any officer of the Company delivered pursuant to the provisions hereof, the performance by the Company of its covenants and obligations hereunder, and the satisfaction, on the applicable Settlement Date, of each of the following conditions, except to the extent waived by the applicable Agent, Forward Seller and Forward Purchaser, in its sole discretion:

(1) The Registration Statement shall remain effective and shall be available for (i) the sale of all Shares issued pursuant to all prior Placement Notices (each as amended by a corresponding Acceptance, if applicable) and (ii) the sale of all Shares contemplated to be issued by any Placement Notice (each as amended by a corresponding Acceptance, if applicable). The Company shall have paid the required Commission filing fees relating to the Shares within the time required by Rule 456(b)(1)(i) under the Securities Act without regard to the proviso therein and otherwise in accordance with Rules 456(b) and 457(r) under the Securities Act (including, if applicable, by updating the "Calculation of Registration Fee" table in accordance with Rule 456(b)(1)(ii) under the Securities Act either in a post-effective amendment to the Registration Statement or on the cover page of the Prospectus).

(2) None of the following events shall have occurred and be continuing: (i) receipt by the Company or any of its subsidiaries of any request for additional information from the Commission or any other federal or state governmental authority during the period of effectiveness of the Registration Statement, the response to which would require any post-effective amendments or supplements to the Registration Statement or the Prospectus; (ii) the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose or pursuant to Section 8A of the Securities Act; (iii) receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of the Common Stock for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; (iv) the occurrence of any event that makes any material statement made in the Registration Statement or the Prospectus, or any Issuer Free Writing Prospectus, or any material document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in the Registration Statement, related Prospectus, or any Issuer Free Writing Prospectus, or such documents so that, in the case of the Registration Statement, it will not contain any materially 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, that in the case of the Prospectus and any Issuer Free Writing Prospectus, it will not contain any materially 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.

(3) None of the Agents, the Forward Sellers or the Forward Purchasers shall have advised the Company that the Registration Statement or Prospectus, or any Issuer Free Writing Prospectus, or any amendment or supplement thereto, contains an untrue statement of fact that in such Agent's, Forward Seller's or Forward Purchaser's reasonable opinion is material, or omits to state a fact that in such Agent's, Forward Seller's or Forward Purchaser's opinion is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(4) Except as contemplated in the Prospectus, or disclosed in the Company's reports filed with the Commission, there shall not have been any material adverse change in the condition of the Company, financial or otherwise, and except as reflected in or contemplated by the Prospectus, or disclosed in the Company's reports filed with the Commission, and, since the date of such disclosure, there shall not have been any material transaction entered into by the Company other than transactions contemplated by the Prospectus, or disclosed in the Company's reports filed with the Commission, 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 Prospectus.

(5) The Agents, the Forward Sellers and the Forward Purchasers shall have received the favorable opinions of Company Counsel and Deputy General Counsel, required to be delivered pursuant to Section 7(p) on the date on which such delivery of such opinion is required pursuant to Section 7(p).

(6) The Agents, the Forward Sellers and the Forward Purchasers shall have received the favorable opinions of Sidley Austin LLP, counsel to the Agents, the Forward Sellers and the Forward Purchasers, required to be delivered pursuant to Section 7(r) on the date on which such delivery of such opinion is required pursuant to Section 7(r).

(7) The Agents, the Forward Sellers and the Forward Purchasers shall have received the certificate required to be delivered pursuant to Section 7(o) on the date on which delivery of such certificate is required pursuant to Section 7(o).

(8) The Agents, the Forward Sellers and the Forward Purchasers shall have received the Comfort Letter required to be delivered pursuant to Section 7(q) on the date on which such delivery of such opinion is required pursuant to Section 7(q).

(9) The Shares shall either have been (i) approved for listing on the NYSE, subject only to notice of issuance, or (ii) the Company shall have filed an application for listing of the Shares on the NYSE at, or prior to, the issuance of any Placement Notice.

(10) Trading in the Shares shall not have been suspended on the NYSE.

(11) On each date on which the Company is required to deliver a certificate pursuant to Section 7(o), counsel for the Agents, the Forward Sellers and the Forward Purchasers shall have been furnished with such

documents as they may require for the purpose of enabling them to issue the opinion required to be delivered pursuant to Section 7(r), or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, contained in this Agreement.

(12) All filings with the Commission required by Rule 424 under the Securities Act to have been filed prior to the issuance of any Placement Notice hereunder shall have been made within the applicable time period prescribed for such filing by Rule 424 under the Securities Act.

(13) In no event may the Company issue a Placement Notice to sell an Issuance Amount or a Forward Hedge Amount, as the case may be, to the extent that the sum of (i) the Sales Price of the requested Issuance Amount or Forward Hedge Amount, as applicable, plus (ii) the aggregate Sales Price of all Shares issued under all previous Issuances and Forwards effected pursuant to this Agreement would exceed the Maximum Amount.

(b) *Termination of Agreement.* If any condition specified in this Section 9 shall not have been fulfilled when and as required to be fulfilled, this Agreement may be terminated by any Agent, Forward Seller or Forward Purchaser by written notice to the Company, and such termination shall be without liability of any party to any other party except as provided in Section 8 hereof and except that, in the case of any termination of this Agreement, Sections 5, 10, 11, 12 and 15 hereof shall survive such termination and remain in full force and effect.

SECTION 10. Indemnification.

(a) *Indemnification by the Company.* The Company agrees to indemnify and hold harmless each of the Agents, the Forward Sellers and the Forward Purchasers, their respective affiliates, officers and directors, and each person, if any, who controls any of the Agents, the Forward Sellers or the Forward Purchasers (the "Indemnified Parties") within the meaning of Section 15 of the Securities 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 Prospectus (or any amendment or supplement thereto), any Issuer 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 Company, 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 Company by the Agents, the Forward Purchasers or the Forward Sellers expressly for use in the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto);

(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 arising out of or 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 Company; 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 10.

In no case shall the Company be liable under this indemnity agreement with respect to any claim made against any Indemnified Party unless the Company shall be notified in writing of the nature of the claim within a reasonable time after the assertion thereof, but failure to so notify the Company shall not relieve it from any liability which it may have otherwise than under this Section 10(a). The Company 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 applicable Indemnified Party or Parties in any suit so brought, which approval shall not be unreasonably withheld. In any such suit, any Indemnified Party shall have the right to employ its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Company and such Indemnified Party 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 Indemnified Party and the Company and such Indemnified Party shall have been advised by such counsel that a conflict of interest between the Company and such Indemnified Party 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 Company 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 Indemnified Parties, which firm shall be designated in writing by you). The Company 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 Company within the meaning of Section 15 of the Securities Act, in connection with the sale of the Shares.

(b) (i) Each Agent, Forward Seller and Forward Purchaser, severally and not jointly, agrees that it will indemnify and hold harmless the Company, its directors and each of the officers of the Company who signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act to the same extent as the indemnity contained in Section 10(a), but only with respect to



statements or omissions made in the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto), in reliance upon and in conformity with written information furnished to the Company by the Agents, the Forward Sellers or Forward Purchasers expressly for use in the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto). In case any action shall be brought against the Company or any person so indemnified based on the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto) and in respect of which indemnity may be sought against any Agent, Forward Seller or Forward Purchaser, such Agent, Forward Seller or Forward Purchaser shall have the rights and duties given to the Company, and the Company and each person so indemnified shall have the rights and duties given to the Agents, the Forward Sellers and the Forward Purchasers and the affiliates, officers, directors and controlling persons by the provisions of Section 10(a).

(ii) 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.

SECTION 11. Contribution. If the indemnification provided for in Section 10 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 Company, on the one hand, and the relevant Agent, Forward Seller and Forward Purchaser, 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 Company, on the one hand, and the relevant Agent, Forward Seller and Forward Purchaser, 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 Company, on the one hand, and the relevant Agent, Forward Seller and Forward Purchaser, on the other, shall be deemed to be in the same proportions as (a) in the case of the Company, (x) the total net proceeds from the offering of the Issuance Shares for each Issuance under this Agreement (before deducting expenses) received by the Company, bear to the aggregate Sales Price of the Issuance Shares, or (y) the Actual Sold Forward Amount for each Forward under this Agreement, multiplied by the Forward Hedge Price for such Forward (the "Net Forward Proceeds"), bear to the sum of the Net Forward Proceeds and the Actual Forward Commission (as defined below) (such sum, the "Gross Forward Amount"), (b) in the case of the Agents, the

total commissions received by the Agents, bear to the aggregate Sales Price of the Issuance Shares, (c) in the case of the Forward Sellers, the Actual Sold Forward Amount for each Forward under this Agreement, multiplied by the Forward Hedge Selling Commission for such Forward (the “Actual Forward Commission”), bear to the Gross Forward Amount, and (d) in the case of the Forward Purchasers, the net Spread (as such term is defined in the related Confirmation for each Forward and net of any related stock borrow costs or other costs or expenses actually incurred) for each Confirmation executed in connection with this Agreement, bear to the Gross Forward Amount. 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 Company, on the one hand, or the Agents, the Forward Sellers and the Forward Purchasers, on the other, and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company, the Agents, the Forward Sellers and the Forward Purchasers agree that it would not be just and equitable if contributions pursuant to this Section were determined by pro rata allocation (even if the Agents, the Forward Sellers and the Forward Purchasers 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 11. 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 11, (i) no Agent or Forward Seller shall in any event be required to contribute any amount in excess of the amount by which the commissions with respect to the offering of the Issuance Shares or the aggregate Forward Hedge Selling Commissions, as the case may be, received by it under this Agreement exceeds the amount of any damages which such Agent or Forward Seller has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission, and (ii) the Forward Purchaser shall in no event be required to contribute any amount in excess of the amount by which the net Spread (as such term is defined in the Confirmations and net of any related stock borrow costs or other costs or expenses actually incurred) for all Confirmations entered into pursuant to this Agreement exceeds the amount of any damages such Forward Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omissions or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Agents’, the Forward Sellers’ and the Forward Purchasers’ obligations to contribute are several in proportion to their respective obligations and not joint.

SECTION 12. Representations, Warranties and Agreements to Survive Delivery. All representations, warranties and agreements contained in this Agreement or in certificates of officers or other representatives of the Company or any of its subsidiaries submitted pursuant hereto, shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of the Agents, the Forward Sellers, the Forward Purchasers or any their respective affiliates, officers and directors, and each person, if any, who controls any of the Agents, the Forward Sellers or the Forward Purchasers, or by or on behalf of the Company or its directors, each of the Company’s officers who signed the Registration Statement, and each

person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, (ii) delivery and acceptance of the Shares and payment therefor, (iii) the settlement of any Confirmations or (iv) any termination of this Agreement or any Confirmations.

SECTION 13. Termination of Agreement.

(a) *Termination; General.* Each Agent, Forward Seller or Forward Purchaser may terminate the right of the Company to effect any Issuances or Forwards under this Agreement, solely with respect to such Agent, Forward Seller or Forward Purchaser, by notice to the Company, as hereinafter specified at any time if there has been (i) a suspension or material limitation in trading in securities generally or of the securities of the Company, 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 13(a) in your reasonable judgment makes it impracticable or inadvisable to market the Shares or to enforce contracts for the sale of the Shares. In such event there shall be no liability on the part of any party to any other party except as otherwise provided in Section 10 hereof and except for the expenses to be borne by the Company as provided in Section 8(a) hereof. Any such termination shall have no effect on the obligations of any other Agent, Forward Seller or Forward Purchaser under this Agreement.

(b) *Termination by the Company.* The Company shall have the right, by giving two (2) days' notice as hereinafter specified, to terminate this Agreement in its sole discretion at any time after the date of this Agreement.

(c) *Termination by the Agents, Forward Sellers or Forward Purchasers.* Each Agent, Forward Seller and Forward Purchaser shall have the right, by giving two (2) days' notice as hereinafter specified, to terminate this Agreement in its sole discretion at any time after the date of this Agreement, solely with respect to such Agent, Forward Seller or Forward Purchaser.

(d) *Automatic Termination.* Unless earlier terminated pursuant to this Section 13, this Agreement shall automatically terminate on the earlier of (i) the date that the aggregate offering price of the Shares sold pursuant to this Agreement, including any separate underwriting or similar agreement covering principal transactions, equals the Maximum Amount, or (ii) September 23, 2019; *provided, however,* that this Agreement will continue in effect for the duration of, and solely with respect to, any Confirmation entered into, but not yet settled, before September 23, 2019.

(e) *Continued Force and Effect.* This Agreement shall remain in full force and effect unless terminated pursuant to Sections 13(a), (b), (c) or (d) above or otherwise by mutual agreement of the parties.

(f) *Effectiveness of Termination.* Any termination of this Agreement shall be effective on the date specified in such notice of termination, subject to Section 13(d); *provided,*

however, that such termination shall not be effective until the close of business on the date of receipt of such notice by the Agents, the Forward Sellers or Forward Purchasers or the Company, as the case may be. If such termination shall occur prior to the Settlement Date for any sale of Shares, such Shares shall settle in accordance with the provisions of this Agreement.

(g) *Liabilities.* If this Agreement is terminated pursuant to this Section 13, such termination shall be without liability of any party to any other party except as provided in Section 8, and except that, in the case of any termination of this Agreement, Section 5, Section 10, Section 11, Section 12, and Section 15 hereof shall survive such termination and remain in full force and effect.

SECTION 14. Notices. Except as otherwise provided in this Agreement, all notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Agents shall be directed to Wells Fargo Securities, LLC, 375 Park Avenue, New York, New York 10152, fax no. (212) 214-5918, Attention of Equity Syndicate Department, Citigroup Global Markets Inc., 388 Greenwich Street, New York, New York 10013, fax no. (646) 291-1469, Attention of General Counsel, and J.P. Morgan Securities LLC, 383 Madison Avenue, 10th Floor, New York, New York 10179, Attention of Special Equities Group, Adam Rosenbluth (email: adam.s.rosenbluth@jpmorgan.com); notices to the Forward Sellers shall be directed to Wells Fargo Securities, LLC, 375 Park Avenue, New York, New York 10152, fax no. (212) 214-5918, Attention of Equity Syndicate Department, Citigroup Global Markets Inc., 388 Greenwich Street, New York, New York 10013, fax no. (646) 291-1469, Attention of General Counsel, and J.P. Morgan Securities LLC, 383 Madison Avenue, 10th Floor, New York, New York 10179, Attention of Special Equities Group, Adam Rosenbluth (email: adam.s.rosenbluth@jpmorgan.com); notices to the Forward Purchasers shall be directed to Wells Fargo Bank, National Association, 375 Park Avenue, New York, New York 10152, fax no. (212) 214-6101, Attention of Structuring Services Group, with a copy to CorpEqDerivSales@wellsfargo.com, Citibank, N.A., 390 Greenwich Street, 3rd Floor, New York, New York 10013, telephone no. (212) 723-5770, (212) 723-7310, (212) 723-3170, Attention of Dustin Sheppard; Eric Natelson; Joseph Stoots, and JPMorgan Chase Bank, National Association, 25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom, fax no. 1-866-886-4506, Attention of EDG Marketing Support, E-mail edg\_notices@jpmorgan.com and edg\_ny\_corporate\_sales\_support@jpmorgan.com with a copy to Adam Rosenbluth; and notices to the Company shall be directed to it at 550 S. Tryon Street, Charlotte, North Carolina 28202 fax no. (980) 373-3699, Attention of Treasurer.

SECTION 15. Absence of Fiduciary Relationship. The Company acknowledges and agrees that (a) the Sales Price of the Shares to be sold pursuant to this Agreement will not be established by the Agents, the Forward Sellers or the Forward Purchasers, (b) the determination of the discounts and commissions to be paid pursuant to this Agreement is an arm's-length commercial transaction between the Company, on the one hand, and Agents, the Forward Sellers and the Forward Purchasers, on the other hand, (c) in connection with any sale contemplated hereby and the process leading to any such transaction, each of the Agents, the Forward Sellers and the Forward Purchasers are acting solely as sales agent and/or principal in connection with

the purchase and sale of the Shares and none of the Agents, the Forward Sellers or the Forward Purchasers are the fiduciary of the Company, or its stockholders, creditors, employees or any other party, (d) the Agents, the Forward Sellers and the Forward Purchasers have not assumed and will not assume an advisory or fiduciary responsibility in favor of the Company with respect to any sale contemplated hereby or the process leading thereto (irrespective of whether the Agents, the Forward Sellers or the Forward Purchasers have advised or are currently advising the Company on other matters) and the Agents, the Forward Sellers and the Forward Purchasers do not have any obligation to the Company with respect to any sale contemplated hereby except the obligations expressly set forth in this Agreement, (e) the Agents, the Forward Sellers, the Forward Purchasers and their respective affiliates may be engaged in a broad range of transactions that involve interests that differ from those of the Company, and (f) the Agents, the Forward Sellers and the Forward Purchasers have not provided any legal, accounting, regulatory or tax advice with respect to any sale contemplated hereby and the Company has consulted its own respective legal, accounting, regulatory and tax advisors to the extent it deemed appropriate. Furthermore, the Company agrees that it is solely responsible for making its own judgments in connection with the offering (irrespective of whether the Agents, the Forward Sellers or the Forward Purchasers have advised or are currently advising the Company on related or other matters). The Company agrees that it will not claim that the Agents, the Forward Sellers or the Forward Purchasers have rendered advisory services of any nature or respect, or owe an agency, fiduciary or similar duty to the Company, in connection with such transaction or the process leading thereto.

SECTION 16. Research Analyst Independence. The Company acknowledges that each Agent's, Forward Seller's and Forward Purchaser's research analysts and research departments are required to be independent from its investment banking division and are subject to certain regulations and internal policies, and that each Agent's, Forward Seller's and Forward Purchaser's research analysts may hold views and make statements or investment recommendations and/or publish research reports with respect to the Company and/or the offering that differ from the views of their respective investment banking divisions. The Company hereby waives and releases, to the fullest extent permitted by law, any claims that the Company may have against any Agent, Forward Seller or Forward Purchaser with respect to any conflict of interest that may arise from the fact that the views expressed by its research analysts and research department may be different from or inconsistent with the views or advice communicated to the Company by any of the Agent's, Forward Seller's or Forward Purchaser's investment banking divisions. The Company acknowledges that each of the Agents, the Forward Sellers and the Forward Purchasers is a full service securities firm and as such from time to time, subject to applicable securities laws, may effect transactions for its own account or the account of its customers and hold long or short positions in debt or equity securities of the Company and any other companies that may be the subject of the transactions contemplated by this Agreement.

SECTION 17. Parties. This Agreement shall inure to the benefit of and be binding upon each Agent, Forward Seller and Forward Purchaser, the Company 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 Agents, the Forward Sellers and Forward Purchasers, the Company and their respective successors and the controlling persons and

officers, directors and affiliates referred to in Sections 10 and 11 and their 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 are intended to be for the sole and exclusive benefit of each Agent, Forward Seller and Forward Purchaser, the Company and their respective successors, and said controlling persons and officers, directors and affiliates and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Shares through or from any Agent or Forward Seller shall be deemed to be a successor by reason merely of such purchase.

SECTION 18. Adjustments for Stock Splits. The parties acknowledge and agree that all stock-related numbers contained in this Agreement shall be adjusted to take into account any stock split, stock dividend or similar event effected with respect to the Shares.

SECTION 19. Compliance with USA Patriot Act. In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), the Agents, Forward Sellers and Forward Purchasers are required to obtain, verify and record information that identifies their respective clients, including the Company, which information may include the name and address of their respective clients, as well as other information that will allow the Agents, Forward Sellers and Forward Purchasers to properly identify their respective clients.

SECTION 20. Governing Law and Time. THIS AGREEMENT, AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED THERETO, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME. 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.

SECTION 21. Effect of Headings. The Section and Exhibit headings herein are for convenience only and shall not affect the construction hereof.

SECTION 22. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed Agreement by one party to the other may be made by facsimile or e-mail transmission.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement between the Agents, the Forward Sellers and Forward Purchasers and the Company 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

CONFIRMED AND ACCEPTED, as of the date first above written:

WELLS FARGO SECURITIES, LLC,  
as Agent and Forward Seller

By /s/ Craig McCracken  
Authorized Signatory

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Forward Purchaser

By /s/ Craig McCracken  
Authorized Signatory



CITIGROUP GLOBAL MARKETS INC.,  
as Agent and Forward Seller

By /s/ Todd Guenther  
Authorized Signatory

CITIBANK, N.A.,  
as Forward Purchaser

By /s/ Herman Hirsch  
Authorized Signatory

J.P. MORGAN SECURITIES LLC,  
as Agent and Forward Seller

By /s/ Adam Rosenbluth  
Authorized Signatory

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,  
as Forward Purchaser

By /s/ Adam Rosenbluth  
Authorized Signatory

EXHIBIT A

**FORM OF PLACEMENT NOTICE**

From: [ ]  
Cc: [ ]  
To: [ ]

Subject: Equity Distribution—Placement Notice

Ladies and Gentlemen:

Reference is made to the Equity Distribution Agreement among Duke Energy Corporation (the “Company”), [•] (the “Forward Purchaser”) and [•] (in its capacity as agent for the Company in connection with the offering and sale of any Issuance Shares thereunder, the “Agent,” and in its capacity as agent for the Forward Purchaser in connection with the offering and sale of any Forward Hedge Shares thereunder, the “Forward Seller”), dated as of February 20, 2018 (the “Equity Distribution Agreement”). Capitalized terms used in this Placement Notice without definition shall have the respective definitions ascribed to them in the Equity Distribution Agreement. This Placement Notice relates to [an “Issuance”] [a “Forward”]. The Company confirms that all conditions to the delivery of this Placement Notice are satisfied as of the date hereof.

The Company represents and warrants that each representation, warranty, covenant and other agreement of the Company contained in the Equity Distribution Agreement [and the Confirmation for this Forward (which accompanies this Placement Notice)]<sup>1</sup> is true and correct on the date hereof, and that the Prospectus, including the documents incorporated by reference therein, and any applicable Issuer Free Writing Prospectus, as of the date hereof, do not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Number of Days in [Issuance] [Forward Hedge] Selling Period: \$ [•]  
First Date of [Issuance] [Forward Hedge] Selling Period: [•]  
Maximum Number of Shares to be Sold: [•]  
[Issuance] [Forward Hedge] Amount: \$ [•]  
Minimum Price (Adjustable by Company during the [Issuance] [Forward Hedge] Selling Period, and in no event less than \$1.00 per share): \$ per share  
[[Forward Hedge Selling Commission Rate]: % [•]

Forward Price Reduction Date	Forward Price Reduction Amounts
	\$
	\$
	\$
	\$

<sup>1</sup> Insert for a Placement Notice relating to a Forward.

Spread: [ ] basis points  
Initial Stock Loan Rate: [ ] basis points  
Maximum Stock Loan Rate: [ ] basis points  
Regular Dividend Amounts:  
For any calendar quarter ending on or prior to [December 31, 20[ ]]: \$ [ ]  
For any calendar quarter ending after [December 31, 20[ ]]: \$ [ ]  
Maturity Date: [ ]<sup>2</sup>  
Minimum Price (Adjustable by Company during the [Issuance] [Forward Hedge] Selling  
Period, and in no event less than \$1.00 per share): \$ [ ] per share

<sup>2</sup> Insert for a Placement Notice that relates to a "Forward." Regular Dividend Amounts shall not exceed the Forward Price Reduction Amount for the Forward Price Reduction Date occurring in the relevant quarter (or, if none, shall not exceed zero).

EXHIBIT B

**AUTHORIZED INDIVIDUALS FOR PLACEMENT NOTICES AND ACCEPTANCES**

**Duke Energy Corporation**

Stephen G. De May  
Senior Vice President, Tax & Treasurer

John L. Sullivan, III  
Director, Corporate Finance & Assistant Treasurer

**Wells Fargo Securities, LLC**

1. Jennifer Lynch
2. William O'Connell
3. Josie Callanan
4. Elizabeth Alvarez
5. Craig Stampone
6. Thomas DeLoache
7. Shannon Chiao
8. Tom Yates
9. Jan Debeuckelaer
10. Aaron Smith
11. Kevin Fuller
12. Vamsi Manda

**Wells Fargo Bank, National Association**

1. Jennifer Lynch
2. William O'Connell
3. Josie Callanan
4. Elizabeth Alvarez
5. Craig Stampone
6. Thomas DeLoache
7. Shannon Chiao
8. Tom Yates
9. Jan Debeuckelaer
10. Aaron Smith
11. Kevin Fuller
12. Vamsi Manda

**Citigroup Global Markets Inc.**

Robert G. Leonard  
(212) 723-7368

**Citibank, N.A.**

Dustin Sheppard  
Eric Natelson  
Joseph Stoots

**J.P. Morgan Securities LLC**

Adam Rosenbluth  
Ara Movsesian  
Jimmy Salih

**JPMorgan Chase Bank, National Association**

Adam Rosenbluth  
Ara Movsesian  
Jimmy Salih

EXHIBIT C

COMPENSATION

The Agents shall be paid compensation not exceeding 2.0% of the Sales Price of Issuance Shares sold pursuant to the terms of this Agreement.

The Forward Sellers shall be paid compensation not exceeding 2.0% of the Sales Price of Forward Hedge Shares sold pursuant to the terms of this Agreement.

EXHIBIT D-1

**FORM OF OPINION OF COMPANY COUNSEL TO BE DELIVERED ONLY ON THE DATE OF THE AGREEMENT**

- (i) The Registration Statement, when filed, and the Prospectus, as of its date, each appeared on their face to be appropriately responsive in all material respects relevant to the offering of the Shares to the requirements of the Securities Act (except, in each case, that we express no view with respect 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
- (ii) The Shares, if any, to be issued and sold by the Company have been duly authorized, and, upon payment and delivery in accordance with this Agreement, such 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 any Shares. The shares of Common Stock issuable pursuant to any Confirmations have been duly authorized for such issuance and, upon issuance pursuant to the terms of the relevant Confirmation), will be validly issued, fully paid and nonassessable. There are no preemptive or other similar rights to subscribe for or to purchase shares of Common Stock pursuant to the Certificate of Incorporation or By-Laws of the Company or any agreement or other instrument filed or incorporated by reference therein, or as an exhibit to, the Registration Statement.



EXHIBIT D-2

**FORM OF OPINION OF COMPANY COUNSEL TO BE  
DELIVERED ON EACH REPRESENTATION DATE**

- (i) The Registration Statement, when filed, and the Prospectus, as of its date, each appeared on their face to be appropriately responsive in all material respects relevant to the offering of the Shares to the requirements of the Securities Act (except that, in each case, we express no view with respect 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 Agreement has been, and each Confirmation (if any) will be, duly authorized, executed and delivered by the Company.
- (iii) The Agreement is, and each Confirmation (if any) will be, valid and binding agreements of the Company, enforceable against the Company in accordance with their terms.
- (iv) The execution and delivery by the Company of the Agreement and any Confirmation and the consummation by the Company of the transactions contemplated thereby, including the issuance and sale of the Shares or other shares of Common Stock, if any, to be issued and sold by the Company thereunder, will not (i) conflict with the Company'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 [•] 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.
- (v) 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 the Agreement or any Confirmation by the Company or the consummation by the Company of the transactions contemplated thereby, except for (A) registration of the Shares under the Securities 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 Agents or Forward Sellers or the borrowing of the shares of Common Stock by the Forward Purchasers. “**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 Company 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 Company) in the transactions contemplated by this Agreement or any Confirmation 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 Company under Applicable Law but excluding the North Carolina Utilities Commission, the New York Public Service Commission and the Delaware Public Service Commission.

- (vi) The Company 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 the Agreement and any Confirmation and to consummate the transactions contemplated thereby.
- (vii) The Shares, if any, to be issued and sold by the Company have been duly authorized, and, upon payment and delivery in accordance with this Agreement, such 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 or pursuant to the Certificate of Incorporation or By-Laws of the Company or any agreement or other instrument filed or incorporated by reference therein, or as an exhibit to, the Registration Statement, to subscribe for or to purchase any shares of Common Stock. The shares of Common Stock issuable pursuant to each Confirmation (if any) have been duly authorized for such issuance and, upon issuance pursuant to the terms of such Confirmation, will be validly issued, fully paid and nonassessable.
- (viii) The Company 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.
- (ix) The statements set forth in the Prospectus under the caption “Plan of Distribution (Conflicts of Interest),” insofar as such statements purport to summarize certain provisions of the Agreement, fairly summarize such provisions in all material respects.

- (x) The statements set forth (i) under the caption “Description of Capital Stock” in the Base Prospectus, insofar as such statements purport to summarize the terms of the Shares, fairly summarize such terms in all material respects.

The Agents, the Forward Sellers and the Forward Purchasers shall also receive a statement from Hunton & Williams LLP, counsel to the Company, on each Representation Date, to the effect that:

No facts have come to our attention that have caused us to believe that (i) the documents filed by the Company under the Exchange Act that are incorporated by reference in the Prospectus, when filed, were not, on their face, appropriately responsive in all material respects to the requirements of the Exchange Act (except that we express no view with respect 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, when filed, and the Prospectus, as of its date, appeared on their face to be appropriately responsive in all material respects to the requirements of the Securities Act (except that, in each case, we express no view with respect 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 our attention that have caused us to believe that the Registration Statement, as of its most recent effective date, 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 each Applicable Time, 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, we do 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 under the Securities Act and any required filing of an Issuer Free Writing Prospectus pursuant to Rule 433 under the Securities Act has been filed with the Commission within the time period required by Rule 433(d) under the Securities Act. Assuming the accuracy of the representations and warranties of the Company set forth in Section 5 of the Agreement, the Registration Statement became effective upon filing with the Commission pursuant to Rule 462 under the Securities Act, and that based solely on our review of the Commission’s website, no stop order suspending the effectiveness of the Registration Statement has been issued and, to our 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 Company and that the signatures on all documents examined by them are genuine, assumptions of which such counsel has not independently verified.

EXHIBIT D-3

**FORM OF OPINION OF DEPUTY GENERAL COUNSEL TO BE DELIVERED ON EACH REPRESENTATION DATE**

(a) Each of Duke Energy Ohio, Inc. and Progress Energy, Inc., and Piedmont Natural Gas Company, Inc., has been duly incorporated and is validly existing in good standing under the laws of the jurisdiction of its incorporation and has the respective corporate power and authority and foreign qualifications necessary to own its properties and to conduct its business as described in the Prospectus. Each of Duke Energy Carolinas, LLC, Duke Energy Florida, LLC, Duke Energy Indiana, LLC and Duke Energy Progress, LLC has been duly organized and is validly existing and in good standing as a limited liability company under the laws of the State of North Carolina, the State of Florida, the State of Indiana and the State of North Carolina, respectively, and has full limited liability company power and authority necessary to own its properties and to conduct its business as described in the Prospectus;

(b) Each of the Company 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 Company and its subsidiaries taken as a whole;

(c) The Registration Statement became effective upon filing with the Commission pursuant to Rule 462 of the Securities Act, and, to the best of my 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 Securities Act;

(d) The descriptions in the Registration Statement and the Prospectus of any legal or governmental proceedings are accurate and fairly present the information required to be shown, and I do not know of any litigation or any legal or governmental proceeding instituted or threatened against the Company or any of its Principal Subsidiaries or any of their respective properties that would be required to be disclosed in the Registration Statement or the Prospectus and is not so disclosed;

(e) The Agreement has been, and each Confirmation (if any) will be, duly authorized, executed and delivered by the Company;

(f) Each Confirmation (if any) will be, valid and binding agreements of the Company, enforceable against the Company in accordance with its terms;

(g) The execution, delivery and performance by the Company of the Agreement and the consummation by the Company of the transactions contemplated thereby, including the issuance and sale of Shares to be issued and sold by the Company

under the Agreement and any Confirmations, will not violate or contravene any of the provisions of the Certificate of Incorporation or By-Laws or any statute or any order, rule or regulation of which I am aware, of any court or governmental agency or body having jurisdiction over the Company 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 me to which the Company 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 Company's ability to perform its obligations under the Agreement or any Confirmations;

(h) No consent, approval, authorization, order, registration or qualification is required to authorize, or for the Company to consummate the transactions contemplated by the Agreement or any Confirmations, 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 Agents, the Forward Sellers and the Forward Purchasers and except as required in (i) Condition 7.6 of the order of the North Carolina Utilities Commission dated September 29, 2016, in Docket Nos. E-7, Sub 1100, E-2, Sub 1095, and G-9, Sub 682 and (ii) Condition 7.6(b) of the orders of the Public Service Commission of South Carolina dated July 11, 2012 and November 2, 2016, in Docket No. 2011-158-E, which conditions have been complied with; and

(i) The Shares, if any, to be issued and sold by the Company under the Agreement have been duly authorized, and, upon payment and delivery in accordance with the Agreement, will be validly issued, fully paid and nonassessable. The shares of Common Stock issuable pursuant to any Confirmations have been duly authorized for such issuance and, upon issuance pursuant to the terms of the relevant Confirmation, will be validly issued, fully paid and nonassessable. There are no preemptive or other similar rights to subscribe for or to purchase shares of Common Stock pursuant to the Certificate of Incorporation or By-Laws of the Company or any agreement or other instrument filed or incorporated by reference therein, or as an exhibit to, the Registration Statement.

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 and the Prospectus, when filed, was not, on its face, appropriately responsive, in all material respects, to the requirements of the Exchange Act. 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 Agents pursuant to Rule 430B(f)(2) of the Securities Act, 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 or (ii) that the Prospectus or any amendment or supplement thereto, as of their respective dates and at each Applicable Time and Settlement 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 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 Company'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 Company and other sources believed by him to be responsible.

EXHIBIT E

**OFFICER'S CERTIFICATE**

The undersigned, the duly qualified and elected [•], of Duke Energy Corporation (the "Company"), a Delaware corporation, does hereby certify in such capacity and on behalf of the Company, pursuant to Section 7(o) of the Equity Distribution Agreement dated February 20, 2018 (the "Agreement") between the Company and Wells Fargo Bank, National Association, Citibank, N.A. and JPMorgan Chase Bank, National Association (or their affiliates) (each in their capacity as purchaser under any Confirmation, a "Forward Purchaser" and together, the "Forward Purchasers"), and Wells Fargo Securities, LLC, Citigroup Global Markets Inc. and J.P. Morgan Securities LLC (each in its capacity as agent for the Company and/or principal in connection with the offering and sale of any Issuance Shares, an "Agent" and together, the "Agents"), and each in its capacity as agent for each Forward Purchaser in connection with the offering and sale of any Forward Hedge Shares, the "Forward Seller" and together, the "Forward Sellers"), that to the knowledge of the undersigned:

(i) The representations and warranties of the Company in Section 5 of the Agreement (A) to the extent such representations and warranties are subject to qualifications and exceptions contained therein relating to materiality, are true and correct on and as of the date hereof with the same force and effect as if expressly made on and as of the date hereof, except for those representations and warranties that speak solely as of a specific date and which were true and correct as of such date, and (B) to the extent such representations and warranties are not subject to any qualifications or exceptions, are true and correct in all material respects as of the date hereof as if made on and as of the date hereof with the same force and effect as if expressly made on and as of the date hereof except for those representations and warranties that speak solely as of a specific date and which were true and correct as of such date; and

(ii) The Company has complied in all material respects with all agreements and satisfied all conditions on their part to be performed or satisfied pursuant to the Agreement at or prior to the date hereof (other than those conditions waived by the Agents, the Forward Sellers or the Forward Purchasers, as applicable).



EXHIBIT F

ISSUER FREE WRITING PROSPECTUSES

None

F-1

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EXHIBIT G  
FORM OF FORWARD CONFIRMATION

G-2

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

**FORM 8-K**

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

Date of Report (Date of earliest event reported): February 20, 2018

Commission file  
number

Registrant, State of Incorporation or Organization,  
Address of Principal Executive Offices, and Telephone Number

IRS Employer  
Identification No.

1-32853

**DUKE ENERGY CORPORATION**

(a Delaware corporation)  
550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
704-382-3853

20-2777218



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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Conditions.**

On February 20, 2018, Duke Energy Corporation will issue and post a news release to its website ([www.Duke-Energy.com/investors](http://www.Duke-Energy.com/investors)) announcing its financial results for the fourth quarter ended December 31, 2017. A copy of this news release is attached hereto as Exhibit 99.1. The information in Exhibit 99.1 is being furnished pursuant to this Item 2.02.

**Item 9.01 Financial Statements and Exhibits.**

(d) *Exhibits*

99.1 News Release to be issued by Duke Energy Corporation on February 20, 2018

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**SIGNATURE**

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

DUKE ENERGY CORPORATION

/s/ WILLIAM E. CURRENS JR.

William E. Currens Jr.

Senior Vice President, Chief Accounting Officer and Controller

Dated: February 20, 2018

## News Release



Media Contact: Catherine Butler  
24-Hour: 800.559.3853

Analysts: Mike Callahan  
Office: 704.382.0459

Feb. 20, 2018

### Duke Energy reports fourth quarter and full-year 2017 financial results

- **GAAP reported diluted earnings per share (EPS) were \$4.36 in 2017 compared to \$3.11 in 2016; adjusted diluted EPS was \$4.57 for 2017 compared to \$4.69 for 2016**
- **Company achieves financial results near the high end of narrowed 2017 adjusted diluted guidance range**
- **2018 adjusted diluted EPS guidance range set at \$4.55 to \$4.85, including estimated impacts of the Tax Act**
- **Company reaffirms and extends to 2022 long-term earnings growth expectation of 4 to 6 percent off original 2017 midpoint of \$4.60**

CHARLOTTE, N.C. - Duke Energy (NYSE: DUK) today announced 2017 full-year reported diluted EPS, prepared in accordance with Generally Accepted Accounting Principles (GAAP) of \$4.36, compared to \$3.11 for full-year 2016. Duke Energy's full-year 2017 adjusted diluted EPS was \$4.57, compared to \$4.69 for full-year 2016.

Adjusted diluted EPS excludes the impact of certain items that are included in GAAP reported diluted EPS. The difference between 2017 GAAP reported diluted EPS and adjusted diluted EPS was largely due to costs to achieve the Piedmont merger, charges related to regulatory settlements and Commercial Renewables impairments; partially offset by the estimated impacts of the Tax Cuts and Jobs Act (the Tax Act) enacted in December 2017.

Full-year 2017 adjusted results were driven by unfavorable weather and the absence of International Energy, which was sold in December 2016. Partially offsetting these drivers were growth in the electric and gas businesses, including the addition of a full year's earnings contribution from Piedmont Natural Gas, and ongoing cost management efforts.

"This was an exceptional year for Duke Energy as we executed on our strategy and delivered on our commitments in 2017," said Lynn Good, Duke Energy chairman, president and CEO. "By focusing on cost management and operational excellence, we achieved strong financial results, ending the year near the high end of our narrowed guidance range.

"Looking forward, we have the right long-term strategy in place, supported by a solid capital growth plan. Our vision is clear – we are investing in infrastructure our customers value and delivering sustainable growth for our investors."



Duke Energy's fourth quarter 2017 GAAP reported EPS was \$1.00, compared to a loss per share of \$0.33 for fourth quarter 2016. The loss per share in 2016 was primarily driven by a loss on the sale of International Energy. Fourth quarter 2017 adjusted diluted EPS was \$0.94 compared to \$0.81 for fourth quarter 2016. Higher adjusted results were driven by disciplined cost management efforts, including higher planned spending in fourth quarter 2016, and favorable weather; partially offset by the absence of International Energy.

The company has set its 2018 adjusted diluted EPS guidance range of \$4.55 to \$4.85, and reaffirmed and extended its long-term adjusted diluted EPS growth rate of 4 to 6 percent through 2022. The growth rate continues to be anchored to the midpoint of the original 2017 adjusted diluted guidance range, or \$4.60 per share, and is supported by the company's robust growth capital plan.

### **Business segment results**

In addition to the following summary of fourth quarter 2017 business segment performance, comprehensive tables with detailed EPS drivers for the quarter and full year 2017, compared to prior year, are provided in the tables at the end of this news release.

The discussion below of fourth quarter results includes both GAAP segment income and adjusted segment income, which is a non-GAAP financial measure. The tables at the end of this news release present a full reconciliation of GAAP reported results to adjusted results.

### **Electric Utilities and Infrastructure**

On a reported basis, Electric Utilities and Infrastructure recognized fourth quarter 2017 segment income of \$826 million, compared to \$483 million in the fourth quarter of 2016. In addition to the drivers outlined below, fourth quarter 2017 results were impacted by a \$231 million benefit related to the Tax Act and a \$14 million after-tax charge related to regulatory settlements. These amounts were treated as special items and excluded from adjusted earnings.

On an adjusted basis, Electric Utilities and Infrastructure recognized fourth quarter 2017 adjusted segment income of \$609 million, compared to \$483 million in the fourth quarter of 2016, an increase of \$0.18 per share.

Higher quarterly results at Electric Utilities and Infrastructure were primarily due to favorable weather (+\$0.08 per share) and lower operation and maintenance expense (+\$0.11 per share), driven by ongoing cost management and higher planned spending in 2016.

### **Gas Utilities and Infrastructure**

On a reported basis, Gas Utilities and Infrastructure recognized fourth quarter segment income of \$140 million, compared to \$89 million in the fourth quarter of 2016. In addition to the drivers outlined below, fourth quarter 2017 results were impacted by a \$26 million benefit related to the Tax Act, which was treated as a special item and excluded from adjusted earnings.

On an adjusted basis, Gas Utilities and Infrastructure recognized fourth quarter adjusted segment income of \$114 million, compared to \$89 million in the fourth quarter of 2016, an increase of \$0.04 per share.

Higher quarterly results at Gas Utilities and Infrastructure were driven by customer growth and increased integrity management investments at Piedmont (+\$0.02 per share), as well as higher earnings from increased investment in the Atlantic Coast Pipeline (+\$0.01 per share).

### **Commercial Renewables**

On a reported basis, Commercial Renewables recognized fourth quarter 2017 segment income of \$439 million, compared to \$10 million in the fourth quarter of 2016. In addition to the drivers outlined below, fourth quarter 2017 results were impacted by a \$442 million benefit related to the Tax Act and an \$18 million after-tax impairment charge related to certain renewables investments. These amounts were treated as special items and excluded from adjusted earnings.

On an adjusted basis, Commercial Renewables recognized fourth quarter 2017 segment income of \$15 million, compared to \$10 million in the fourth quarter of 2016, an increase of \$0.01 per share. Higher quarterly results at Commercial Renewables were primarily due to a new wind project brought on-line in late 2016 and improved wind resources.

### **Other**

Other primarily includes interest expense on holding company debt and other unallocated corporate costs. It also includes results from Duke Energy's captive insurance company and the equity method investment in NMC.

On a reported basis, Other recognized fourth quarter 2017 net expense of \$700 million, compared to net expense of \$209 million in the fourth quarter of 2016. In addition to the drivers outlined below, fourth quarter 2017 results were impacted by a \$597 million charge related to the Tax Act and lower after-tax costs to achieve the Piedmont merger. These charges were treated as special items and excluded from adjusted earnings.

On an adjusted basis, Other recognized fourth quarter 2017 adjusted net expense of \$82 million, compared to adjusted net expense of \$57 million in the fourth quarter of 2016, a difference of \$0.04 per share. Lower quarterly results at Other were primarily due to higher income tax expense (-\$0.05 per share).

Duke Energy's consolidated reported effective tax rate for the fourth quarter of 2017 was 18.6%, compared to 26.6% in the fourth quarter of 2016, primarily due to the estimated impacts of the Tax Act in 2017. The consolidated adjusted effective tax rate for fourth quarter 2017 was 31.5%, compared to 30.4% in 2016. Adjusted effective tax rate is a non-GAAP financial measure. The tables at the end of this news release present a reconciliation of the GAAP reported effective tax rate to the adjusted effective tax rate.

### **Discontinued Operations**

For the fourth quarter of 2016, Duke Energy's GAAP reported Loss from Discontinued Operations, net of tax included a loss on the sale of the International Disposal Group and other



transaction-related costs, partially offset by the operating results of the International Disposal Group prior to the sale of \$40 million. The operating results of \$40 million, or \$0.06 per share, were included in Duke Energy's adjusted earnings for the fourth quarter of 2016.

### Earnings conference call for analysts

An earnings conference call for analysts is scheduled from 10 to 11 a.m. ET today. In addition to discussing fourth quarter and year-end 2017 financial results, the company will provide its 2018 adjusted diluted earnings per share guidance range and other business and financial updates.

The conference call will be hosted by Lynn Good, chairman, president and chief executive officer, and Steve Young, executive vice president and chief financial officer.

The call can be accessed via the investors' section ([www.duke-energy.com/investors](http://www.duke-energy.com/investors)) of Duke Energy's website or by dialing 888-428-9473 in the United States or 719-325-4869 outside the United States. The confirmation code is 5459491. 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, March 2, 2018, by calling 888-203-1112 in the United States or 719-457-0820 outside the United States and using the code 5459491. An audio replay and transcript will also be available by accessing the investors' section of the company's website.

### Special Items and Non-GAAP Reconciliation

The following tables present a reconciliation of GAAP reported to adjusted diluted EPS for fourth quarter and full-year 2017 and 2016 financial results:

(In millions, except per-share amounts)	After-Tax Amount	4Q 2017 EPS	4Q 2016 EPS
Diluted EPS, as reported		\$ 1.00	\$ (0.33)
Adjustments to reported EPS:			
<b>Fourth Quarter 2017</b>			
Costs to achieve Piedmont merger	\$ 21	0.03	
Regulatory settlements	14	0.02	
Commercial Renewables impairments	18	0.03	
Impacts of the Tax Act <sup>(a)</sup>	(102)	(0.14)	
Discontinued operations	2	—	
<b>Fourth Quarter 2016</b>			
Costs to achieve mergers	134		0.19
Cost saving initiatives	18		0.03
Discontinued operations <sup>(b)</sup>	640		0.92
Total adjustments		\$ (0.06)	\$ 1.14
Diluted EPS, adjusted		\$ 0.94	\$ 0.81

- (a) The Tax Act reduced the corporate income tax rate from 35 percent to 21 percent, effective January 1, 2018. As the tax change was enacted in 2017, Duke Energy is required to remeasure its deferred tax assets and liabilities at the lower rate. For Duke Energy's regulated operations, where the reduction is expected to be returned to customers in future rates, the remeasurement has been deferred as a regulatory liability.
- (b) Includes a loss on sale of the International Disposal Group. Represents the GAAP reported Loss from Discontinued Operations, less the International Disposal Group operating results, which are included in adjusted earnings.

(In millions, except per-share amounts)	After-Tax Amount	Full-Year 2017 EPS	Full- Year 2016 EPS
Diluted EPS, as reported		\$ 4.36	\$ 3.11
Adjustments to reported EPS:			
<b>Full-Year 2017</b>			
Costs to achieve Piedmont merger	\$ 64	0.09	
Regulatory settlements	98	0.14	
Commercial Renewables impairments	74	0.11	
Impacts of the Tax Act <sup>(a)</sup>	(102)	(0.14)	
Discontinued operations	6	0.01	
<b>Full-Year 2016</b>			
Costs to achieve mergers	329		0.48
Cost saving initiatives	57		0.08
Commercial Renewables impairment	45		0.07
Discontinued operations <sup>(b)</sup>	661		0.95
Total adjustments		\$ 0.21	\$ 1.58
Diluted EPS, adjusted		\$ 4.57	\$ 4.69

- (a) The Tax Act reduced the corporate income tax rate from 35 percent to 21 percent, effective January 1, 2018. As the tax change was enacted in 2017, Duke Energy is required to remeasure its deferred tax assets and liabilities at the lower rate. For Duke Energy's regulated operations, where the reduction is expected to be returned to customers in future rates, the remeasurement has been deferred as a regulatory liability.
- (b) Includes a loss on sale of the International Disposal Group. Represents the GAAP reported Loss from Discontinued Operations, less the International Disposal Group operating results, which are included in adjusted earnings.

### Non-GAAP financial measures

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings and adjusted diluted EPS.

Adjusted earnings and adjusted diluted EPS represent income from continuing operations attributable to Duke Energy, adjusted for the dollar and per share impact of special items. As discussed below, special items include certain charges and credits which management believes are not indicative of Duke Energy's ongoing performance. Management believes the presentation of adjusted earnings and adjusted diluted EPS provides useful information to investors, as it provides them with an additional relevant comparison of Duke Energy's performance across periods. Management uses these non-GAAP financial measures for planning and forecasting, and for reporting financial results to the Duke Energy Board of Directors, employees, stockholders, analysts and investors. Adjusted diluted EPS is also used as a basis for employee incentive bonuses. The most directly comparable GAAP measures for adjusted earnings and adjusted diluted EPS are Net Income Attributable to Duke Energy Corporation (GAAP Reported Earnings) and Diluted EPS Attributable to Duke Energy Corporation common stockholders (GAAP Reported EPS), respectively.

Special items included in the periods presented include the following items which management believes do not reflect ongoing costs:

- Costs to achieve mergers represent charges that result from strategic acquisitions.
- Cost savings initiatives represent severance charges related to company-wide initiatives, excluding merger integration, to standardize processes and systems, leverage technology and workforce optimization.

- Regulatory settlements represent charges related to the Levy nuclear project in Florida and the Mayo Zero Liquid Discharge and Sutton combustion turbine projects in North Carolina.
- Commercial Renewables impairments represent other-than-temporary, asset and goodwill impairments.
- Impacts of the Tax Act represent estimated amounts recognized related to the Tax Cuts and Jobs Act.

Adjusted earnings also include operating results of the International Disposal Group, which has been classified as discontinued operations. Management believes inclusion of the operating results of the International Disposal Group within adjusted earnings and adjusted diluted EPS results in a better reflection of Duke Energy's financial performance during the period.

Due to the forward-looking nature of any forecasted adjusted earnings guidance, information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items for future periods (such as legal settlements, the impact of regulatory orders or asset impairments).

Management evaluates segment performance based on segment income and other net expense. Segment income is defined as income from continuing operations attributable to Duke Energy. Segment income includes intercompany revenues and expenses that are eliminated in the Consolidated Financial Statements. Management also uses adjusted segment income as a measure of historical and anticipated future segment performance. Adjusted segment income is a non-GAAP financial measure, as it is based upon segment income adjusted for special items, which are discussed above. Management believes the presentation of adjusted segment income provides useful information to investors, as it provides them with an additional relevant comparison of a segment's performance across periods. The most directly comparable GAAP measure for adjusted segment income or adjusted other net expense is segment income and other net expense.

Due to the forward-looking nature of any forecasted adjusted segment income or adjusted other net expense and any related growth rates for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures is not available at this time, as the company is unable to forecast all special items, as discussed above.

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

Headquartered in Charlotte, N.C., Duke Energy is one of the largest energy holding companies in the United States. Its Electric Utilities and Infrastructure business unit serves approximately 7.6 million customers located in six states in the Southeast and Midwest. The company's Gas Utilities and Infrastructure business unit distributes natural gas to approximately 1.5 million



customers in the Carolinas, Ohio, Kentucky and Tennessee. Its Commercial Renewables business unit operates a growing renewable energy portfolio across the United States.

Duke Energy is a Fortune 125 company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available at [duke-energy.com](http://duke-energy.com).

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

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environmental, health, safety, regulatory and financial risks, including the financial stability of third party service providers; the timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets; the results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions and general market and economic conditions; the credit ratings may be different from what the company and its subsidiaries expect; declines in the market prices of equity and fixed income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans, and nuclear decommissioning trust funds; construction and development risks associated with the completion of Duke Energy and its subsidiaries' capital investment projects, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules, and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner or at all; changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants; the ability to control operation and maintenance costs; the level of creditworthiness of counterparties to transactions; employee workforce factors, including the potential inability to attract and retain key personnel; the ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent); the performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities; the effect of accounting pronouncements issued periodically by accounting standard-setting bodies; substantial revision to the U.S. tax code, such as changes to the corporate tax rate or a material change in the deductibility of interest; the impact of potential goodwill impairments; the ability to successfully complete future merger, acquisition or divestiture plans; and the ability to implement our business strategy.

Additional risks and uncertainties are identified and discussed in Duke Energy's and its subsidiaries' reports filed with the SEC and available at the SEC's website at [www.sec.gov](http://www.sec.gov). In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than described. Forward-looking statements speak only as of the date they are made; Duke Energy expressly disclaims an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
Three Months Ended December 31, 2017  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items					Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger	Regulatory Settlements	Commercial Renewables Impairments	Impacts of the Tax Act				
<b>SEGMENT INCOME</b>									
Electric Utilities and Infrastructure	\$ 826	\$ —	\$ 14	B	\$ —	\$ (231)	\$ —	\$ (217)	\$ 609
Gas Utilities and Infrastructure	140	—	—		—	(26)	—	(26)	114
Commercial Renewables	439	—	—		18	C	—	(424)	15
Total Reportable Segment Income	1,405	—	14		18	(699)	—	(667)	738
Other	(700)	21	A	—	—	597	—	618	(82)
Discontinued Operations	(2)	—	—	—	—	—	2	E	2
Net Income Attributable to Duke Energy Corporation	\$ 703	\$ 21	\$ 14		\$ 18	\$ (102)	D	\$ 2	\$ 656
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORP, DILUTED</b>	<b>\$ 1.00</b>	<b>\$ 0.03</b>	<b>\$ 0.02</b>		<b>\$ 0.03</b>	<b>\$ (0.14)</b>		<b>\$ (0.06)</b>	<b>\$ 0.94</b>

A - Net of \$13 million tax benefit. \$34 million recorded within Operating Expenses on the Consolidated Statements of Operations.

B - Net of \$9 million tax benefit. \$19 million recorded within Impairment Charges and \$4 million recorded within Other Income and Expenses on the Consolidated Statements of Operations.

C - Recorded within Impairment Charges on the Consolidated Statements of Operations.

D - \$118 million benefit recorded within Income Tax Expense from Continuing Operations, offset by \$16 million expense recorded within Gas Utilities and Infrastructure's Equity in Earnings of Unconsolidated Affiliates on the Consolidated Statements of Operations.

E - Recorded in (Loss) Income from Discontinued Operations, net of tax on the Consolidated Statements of Operations.

**Weighted Average Shares, Diluted (reported and adjusted) - 700 million**

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
Twelve Months Ended December 31, 2017  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items				Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger	Regulatory Settlements	Commercial Renewables Impairments	Impacts of the Tax Act			
<b>SEGMENT INCOME</b>								
Electric Utilities and Infrastructure	\$ 3,210	\$ —	\$ 98 B	\$ —	\$ (231)	\$ —	\$ (133)	\$ 3,077
Gas Utilities and Infrastructure	319	—	—	—	(26) D	—	(26)	293
Commercial Renewables	441	—	—	74 C	(442)	—	(368)	73
Total Reportable Segment Income	3,970	—	98	74	(699)	—	(527)	3,443
Other	(905)	64 A	—	—	597	—	661	(244)
Discontinued Operations	(6)	—	—	—	—	6 E	6	—
Net Income Attributable to Duke Energy Corporation	\$ 3,059	\$ 64	\$ 98	\$ 74	\$ (102) D	\$ 6	\$ 140	\$ 3,199
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORP, DILUTED</b>	\$ 4.36	\$ 0.09	\$ 0.14	\$ 0.11	\$ (0.14)	\$ 0.01	\$ 0.21	\$ 4.57

- A** - Net of \$39 million tax benefit. \$102 million recorded within Operating Expenses and \$1 million recorded within Interest Expense on the Consolidated Statements of Operations.
- B** - Net of \$60 million tax benefit. \$154 recorded within Impairment Charges and \$4 million recorded within Other Income and Expenses on the Consolidated Statements of Operations.
- C** - Net of \$28 million tax benefit. \$92 million recorded within Impairment Charges and \$10 million recorded within Other Income and Expenses on the Consolidated Statements of Operations.
- D** - \$118 million benefit recorded within Income Tax Expense from Continuing Operations, offset by \$16 million expense recorded within Gas Utilities and Infrastructure's Equity in Earnings of Unconsolidated Affiliates on the Consolidated Statements of Operations.
- E** - Recorded in (Loss) Income from Discontinued Operations, net of tax on the Consolidated Statements of Operations.

**Weighted Average Shares, Diluted (reported and adjusted) - 700 million**



**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
Three Months Ended December 31, 2016  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items			Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Mergers	Cost Savings Initiatives	International Energy Operations			
<b>SEGMENT INCOME</b>							
Electric Utilities and Infrastructure	\$ 483	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 483
Gas Utilities and Infrastructure	89	—	—	—	—	—	89
Commercial Renewables	10	—	—	—	—	—	10
<b>Total Reportable Segment Income</b>	<b>582</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>582</b>
International Energy	—	—	—	40 C	—	40	40
Other	(209)	134 A	18 B	—	—	152	(57)
Intercompany Eliminations	1	—	—	—	(1)	(1)	—
Discontinued Operations	(601)	—	—	(40) C	641 D	601	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ (227)</b>	<b>\$ 134</b>	<b>\$ 18</b>	<b>\$ —</b>	<b>\$ 640</b>	<b>\$ 792</b>	<b>\$ 565</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ (0.33)</b>	<b>\$ 0.19</b>	<b>\$ 0.03</b>	<b>\$ —</b>	<b>\$ 0.92</b>	<b>\$ 1.14</b>	<b>\$ 0.81</b>

- A** - Net of \$74 million tax benefit. \$10 million recorded within Operating Revenues, \$198 million recorded within Operating Expenses on the Consolidated Statements of Operations.
- B** - Net of \$11 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.
- C** - Net of \$26 million tax expense. Operating results of the International Disposal Group, which exclude the loss and transaction-related costs described below, recorded within (Loss) Income from Discontinued Operations, net of tax on the Consolidated Statements of Operations.
- D** - Recorded within (Loss) Income From Discontinued Operations, net of tax on the Consolidated Statements of Operations. Includes a loss on the sale of the International Disposal Group and other transaction-related costs.

**Weighted Average Shares, Diluted (reported and adjusted) - 699 million**

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
Twelve Months Ended December 31, 2016  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items				Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Mergers	Cost Savings Initiatives	Commercial Renewables Impairment	International Energy Operations			
<b>SEGMENT INCOME</b>								
Electric Utilities and Infrastructure	\$ 3,040	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,040
Gas Utilities and Infrastructure	152	—	—	—	—	—	—	152
Commercial Renewables	23	—	—	45 C	—	—	45	68
Total Reportable Segment Income	3,215	—	—	45	—	—	45	3,260
International Energy	—	—	—	—	243 D	—	243	243
Other	(645)	329 A	57 B	—	—	—	386	(259)
Intercompany Eliminations	1	—	—	—	—	(1)	(1)	—
Discontinued Operations	(419)	—	—	—	(243) D	662 E	419	—
Net Income Attributable to Duke Energy Corporation	\$ 2,152	\$ 329	\$ 57	\$ 45	\$ —	\$ 661	\$ 1,092	\$ 3,244
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	\$ 3.11	\$ 0.48	\$ 0.08	\$ 0.07	\$ —	\$ 0.95	\$ 1.58	\$ 4.69

**A** - Net of \$194 million tax benefit. Includes \$11 million recorded within Operating Revenues, \$278 million recorded within Operating Expenses and \$234 million recorded within Interest Expense on the Consolidated Statements of Operations. The interest expense primarily relates to losses on forward-starting interest rate swaps associated with the Piedmont acquisition financing.

**B** - Net of \$35 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.

**C** - Net of \$26 million tax benefit. Other-than-temporary impairment included within Equity in earnings (losses) of unconsolidated affiliates on the Consolidated Statements of Operations.

**D** - Net of \$27 million tax expense. Operating results of the International Disposal Group, which exclude the loss and impairment described below and other miscellaneous transaction-related costs, recorded within (Loss) Income from Discontinued Operations, net of tax on the Consolidated Statements of Operations.

**E** - Recorded within (Loss) Income From Discontinued Operations, net of tax on the Consolidated Statements of Operations. Includes a loss on the sale of the International Disposal Group, an impairment related to certain assets in Central America, and a tax benefit related to previously sold businesses.

**Weighted Average Shares, Diluted (reported and adjusted) - 691 million**

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
**December 2017**  
**(Dollars in millions)**

	Three Months Ended December 31, 2017		Year Ended December 31, 2017	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 866		\$ 4,266	
Costs to Achieve Piedmont Merger	34		103	
Regulatory Settlements	23		158	
Commercial Renewables Impairments	18		102	
Impacts of the Tax Act	16		16	
Noncontrolling Interests	—		(5)	
<b>Adjusted Pretax Income</b>	<u>\$ 957</u>		<u>\$ 4,640</u>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 161	18.6%	\$ 1,196	28.0%
Costs to Achieve Piedmont Merger	13		39	
Regulatory Settlements	9		60	
Commercial Renewables Impairments	—		28	
Impacts of the Tax Act	118		118	
<b>Adjusted Tax Expense</b>	<u>\$ 301</u>	31.5% *	<u>\$ 1,441</u>	31.1% *

  

	Three Months Ended December 31, 2016		Year Ended December 31, 2016	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 512		\$ 3,734	
Costs to Achieve Mergers	208		523	
Cost Saving Initiatives	29		92	
Commercial Renewables Impairment	—		71	
International Energy Operations	66		270	
Noncontrolling Interests	(2)		(7)	
Intercompany Eliminations	(1)		(1)	
<b>Adjusted Pretax Income</b>	<u>\$ 812</u>		<u>\$ 4,682</u>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 136	26.6%	\$ 1,156	31.0%
Costs to Achieve Mergers	74		194	
Cost Saving Initiatives	11		35	
Commercial Renewables Impairment	—		26	
International Energy Operations	26		27	
<b>Adjusted Tax Expense</b>	<u>\$ 247</u>	30.4% *	<u>\$ 1,438</u>	30.7% *

\*Adjusted effective tax rate is a non-GAAP financial measure as the rate is calculated using pretax earnings and income tax expense, both adjusted for the impact of special items. The most directly comparable GAAP measure for adjusted effective tax rate is reported effective tax rate, which includes the impact of special items.

**December 2017**  
**QUARTERLY HIGHLIGHTS**  
(Unaudited)

<i>(In millions, except per-share amounts and where noted)</i>	Three Months Ended		Years Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
<b>Earnings Per Share - Basic and Diluted</b>				
Income from continuing operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ 1.00	\$ 0.53	\$ 4.37	\$ 3.71
Diluted	\$ 1.00	\$ 0.53	\$ 4.37	\$ 3.71
Loss from discontinued operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ —	\$ (0.86)	\$ (0.01)	\$ (0.60)
Diluted	\$ —	\$ (0.86)	\$ (0.01)	\$ (0.60)
Net income (loss) attributable to Duke Energy Corporation common stockholders				
Basic	\$ 1.00	\$ (0.33)	\$ 4.36	\$ 3.11
Diluted	\$ 1.00	\$ (0.33)	\$ 4.36	\$ 3.11
Weighted average shares outstanding				
Basic	700	699	700	691
Diluted	700	699	700	691
<b>INCOME (LOSS) BY BUSINESS SEGMENT</b>				
Electric Utilities and Infrastructure <sup>(a)(b)</sup>	\$ 826	\$ 483	\$ 3,210	\$ 3,040
Gas Utilities and Infrastructure <sup>(c)(d)</sup>	140	89	319	152
Commercial Renewables <sup>(e)(f)</sup>	439	10	441	23
Total Reportable Segment Income	1,405	582	3,970	3,215
Other <sup>(g)(h)(i)(j)</sup>	(700)	(209)	(905)	(645)
Intercompany Eliminations	—	1	—	1
Loss from Discontinued Operations <sup>(k)</sup>	(2)	(601)	(6)	(419)
Net income (loss) Attributable to Duke Energy Corporation	\$ 703	\$ (227)	\$ 3,059	\$ 2,152
<b>CAPITALIZATION</b>				
Total Common Equity (%)			43%	45%
Total Debt (%)			57%	55%
Total Debt			\$ 54,442	\$ 50,382
Book Value Per Share			\$ 59.62	\$ 58.63
Actual Shares Outstanding			700	700
<b>CAPITAL AND INVESTMENT EXPENDITURES</b>				
Electric Utilities and Infrastructure	\$ 1,898	\$ 2,070	\$ 7,024	\$ 6,649
Gas Utilities and Infrastructure <sup>(l)</sup>	—	5,242	907	5,519
Commercial Renewables	16	428	92	857
Other <sup>(m)</sup>	43	124	175	190
Total Capital and Investment Expenditures	\$ 1,957	\$ 7,864	\$ 8,198	\$ 13,215

- (a) Includes charges related to regulatory settlements in Florida and North Carolina of \$14 million (net of tax of \$9 million) for the three months ended December 31, 2017, and \$98 million (net of tax of \$60 million) for the year ended December 31, 2017.
- (b) Includes benefit of \$231 million from impacts of the Tax Act for the three months and year ended December 31, 2017.
- (c) Includes \$95 million of Piedmont's earnings for the year ended December 31, 2017, and \$67 million for the three months and year ended December 31, 2016.
- (d) Includes benefit of \$26 million from impacts of the Tax Act for the three months and year ended December 31, 2017.
- (e) Includes impairment charges of \$18 million for the three months ended December 31, 2017, \$74 million (net of tax of \$28 million) for the year ended December 31, 2017, and \$45 million (net of tax of \$26 million) for the year ended December 31, 2016.
- (f) Includes benefit of \$442 million from impacts of the Tax Act for the three months and year ended December 31, 2017.
- (g) Includes costs to achieve the Piedmont merger of \$21 million (net of tax of \$13 million) for the three months ended December 31, 2017, and \$64 million (net of tax of \$39 million) for the year ended December 31, 2017.
- (h) Includes charge of \$597 million from impacts of the Tax Act for the three months and year ended December 31, 2017.
- (i) Includes costs to achieve mergers of \$134 million (net of tax of \$74 million) for the three months ended December 31, 2016, and \$329 million (net of tax of \$194 million) for the year ended December 31, 2016.
- (j) Includes a charge of \$57 million (net of tax of \$35 million) for the year ended December 31, 2016, primarily consisting of severance expense related to cost saving initiatives.
- (k) Includes a loss on the sale of the International Disposal Group of \$640 million (including tax charges of \$126 million) for the three months and year ended December 31, 2016.
- (l) Includes \$5 billion related to the Piedmont acquisition for the three months and year ended December 31, 2016.
- (m) Includes capital expenditures of the International Disposal Group prior to the sale for the year ended December 31, 2016.

December 2017  
QUARTERLY HIGHLIGHTS  
(Unaudited)

<i>(In millions)</i>	Three Months Ended		Years Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
<b>ELECTRIC UTILITIES AND INFRASTRUCTURE</b>				
Operating Revenues	\$ 5,097	\$ 4,936	\$ 21,331	\$ 21,366
<b>Operating Expenses</b>				
Fuel used in electric generation and purchased power	1,504	1,493	6,379	6,595
Operation, maintenance and other	1,363	1,473	5,196	5,292
Depreciation and amortization	782	758	3,010	2,897
Property and other taxes	271	222	1,079	1,021
Impairment charges	42	4	176	16
Total operating expenses	3,962	3,950	15,840	15,821
Gains (Loss) on Sales of Other Assets and Other, net	2	(3)	6	—
Operating Income	1,137	983	5,497	5,545
Other Income and Expenses	86	88	308	303
Interest Expense	315	307	1,240	1,136
Income Before Income Taxes	908	764	4,565	4,712
Income Tax Expense	82	281	1,355	1,672
Segment Income	\$ 826	\$ 483	\$ 3,210	\$ 3,040
<b>GAS UTILITIES AND INFRASTRUCTURE</b>				
Operating Revenues	\$ 593	\$ 543	\$ 1,836	\$ 901
<b>Operating Expenses</b>				
Cost of natural gas	230	201	632	265
Operation, maintenance and other	102	96	393	186
Depreciation and amortization	60	56	231	115
Property and other taxes	25	26	106	70
Total operating expenses	417	379	1,362	636
Loss on Sales of Other Assets and Other, net	—	(1)	—	(1)
Operating Income	176	163	474	264
Other Income and Expenses	6	11	66	24
Interest Expense	27	27	105	46
Income Before Income Taxes	155	147	435	242
Income Tax Expense	15	58	116	90
Segment Income	\$ 140	\$ 89	\$ 319	\$ 152
<b>COMMERCIAL RENEWABLES</b>				
Operating Revenues	\$ 127	\$ 119	\$ 460	\$ 484
<b>Operating Expenses</b>				
Operation, maintenance and other	76	84	267	337
Depreciation and amortization	39	34	155	130
Property and other taxes	7	5	33	25
Impairment charges	23	—	99	—
Total operating expenses	145	123	554	492
(Loss) Gains on Sales of Other Assets and Other, net	(4)	1	1	5
Operating (Loss) Income	(22)	(3)	(93)	(3)
Other Income and Expenses	—	(5)	(12)	(83)
Interest Expense	23	15	87	53
Loss Before Income Taxes	(45)	(23)	(192)	(139)
Income Tax Benefit	(482)	(33)	(628)	(160)
Less: Loss Attributable to Noncontrolling Interests	(2)	—	(5)	(2)
Segment Income	\$ 439	\$ 10	\$ 441	\$ 23
<b>OTHER</b>				
Operating Revenues	\$ 35	\$ 26	\$ 138	\$ 117
<b>Operating Expenses</b>				
Fuel used in electric generation and purchased power	16	14	58	51

Operation, maintenance and other	(3)	226	44	371
Depreciation and amortization	52	44	131	152
Property and other taxes	4	3	14	28
Impairment charges	—	—	7	2
Total operating expenses	<u>69</u>	<u>287</u>	<u>254</u>	<u>604</u>
Gains on Sales of Other Assets and Other, net	<u>6</u>	<u>9</u>	<u>21</u>	<u>23</u>
Operating Loss	(28)	(252)	(95)	(464)
Other Income and Expenses	27	15	127	75
Interest Expense	<u>151</u>	<u>140</u>	<u>574</u>	<u>693</u>
Loss Before Income Taxes	(152)	(377)	(542)	(1,082)
Income Tax Expense (Benefit)	546	(170)	353	(446)
Less: Income Attributable to Noncontrolling Interests	<u>2</u>	<u>2</u>	<u>10</u>	<u>9</u>
Other Net Expense	<u>\$ (700)</u>	<u>\$ (209)</u>	<u>\$ (905)</u>	<u>\$ (645)</u>

**DUKE ENERGY CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)  
(In millions, except per-share amounts)

	Years Ended December 31,		
	2017	2016	2015
<b>Operating Revenues</b>			
Regulated electric	\$ 21,177	\$ 21,221	\$ 21,379
Regulated natural gas	1,734	863	536
Nonregulated electric and other	654	659	456
Total operating revenues	23,565	22,743	22,371
<b>Operating Expenses</b>			
Fuel used in electric generation and purchased power	6,350	6,625	7,355
Cost of natural gas	632	265	141
Operation, maintenance and other	5,788	6,085	5,539
Depreciation and amortization	3,527	3,294	3,053
Property and other taxes	1,233	1,142	1,129
Impairment charges	282	18	106
Total operating expenses	17,812	17,429	17,323
<b>Gains on Sales of Other Assets and Other, net</b>	<b>28</b>	<b>27</b>	<b>30</b>
<b>Operating Income</b>	<b>5,781</b>	<b>5,341</b>	<b>5,078</b>
<b>Other Income and Expenses</b>			
Equity in earnings (losses) of unconsolidated affiliates	119	(15)	69
Other income and expenses, net	352	324	290
Total other income and expenses	471	309	359
<b>Interest Expense</b>	<b>1,986</b>	<b>1,916</b>	<b>1,527</b>
<b>Income From Continuing Operations Before Income Taxes</b>	<b>4,266</b>	<b>3,734</b>	<b>3,910</b>
<b>Income Tax Expense from Continuing Operations</b>	<b>1,196</b>	<b>1,156</b>	<b>1,256</b>
<b>Income From Continuing Operations</b>	<b>3,070</b>	<b>2,578</b>	<b>2,654</b>
<b>(Loss) Income From Discontinued Operations, net of tax</b>	<b>(6)</b>	<b>(408)</b>	<b>177</b>
<b>Net Income</b>	<b>3,064</b>	<b>2,170</b>	<b>2,831</b>
<b>Less: Net Income Attributable to Noncontrolling Interests</b>	<b>5</b>	<b>18</b>	<b>15</b>
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 3,059</b>	<b>\$ 2,152</b>	<b>\$ 2,816</b>

**Earnings Per Share - Basic and Diluted**

Income from continuing operations attributable to Duke Energy Corporation common stockholders

Basic	\$ 4.37	\$ 3.71	\$ 3.80
Diluted	\$ 4.37	\$ 3.71	\$ 3.80

(Loss) Income from discontinued operations attributable to Duke Energy Corporation common stockholders

Basic	\$ (0.01)	\$ (0.60)	\$ 0.25
Diluted	\$ (0.01)	\$ (0.60)	\$ 0.25

Net income attributable to Duke Energy Corporation common stockholders

Basic	\$ 4.36	\$ 3.11	\$ 4.05
Diluted	\$ 4.36	\$ 3.11	\$ 4.05

Weighted average shares outstanding

Basic	700	691	694
Diluted	700	691	694

**DUKE ENERGY CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

(in millions)	December 31, 2017	December 31, 2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 358	\$ 392
Receivables (net of allowance for doubtful accounts of \$14 at 2017 and 2016)	779	751
Receivables of VIEs (net of allowance for doubtful accounts of \$54 at 2017 and 2016)	1,995	1,893
Inventory	3,250	3,522
Regulatory assets (includes \$51 at 2017 and \$50 at 2016 related to VIEs)	1,437	1,023
Other	634	458
Total current assets	8,453	8,039
<b>Property, Plant and Equipment</b>		
Cost	127,507	121,397
Accumulated depreciation and amortization	(41,537)	(39,406)
Generation facilities to be retired, net	421	529
Net property, plant and equipment	86,391	82,520
<b>Other Noncurrent Assets</b>		
Goodwill	19,396	19,425
Regulatory assets (includes \$1,091 at 2017 and \$1,142 at 2016 related to VIEs)	12,442	12,878
Nuclear decommissioning trust funds	7,097	6,205
Investments in equity method unconsolidated affiliates	1,175	925
Other	2,960	2,769
Total other noncurrent assets	43,070	42,202
<b>Total Assets</b>	<b>\$ 137,914</b>	<b>\$ 132,761</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 3,043	\$ 2,994
Notes payable and commercial paper	2,163	2,487
Taxes accrued	551	384
Interest accrued	525	503
Current maturities of long-term debt (includes \$225 at 2017 and \$260 at 2016 related to VIEs)	3,244	2,319
Asset retirement obligations	689	411
Regulatory liabilities	402	409
Other	1,865	2,044
Total current liabilities	12,482	11,551
<b>Long-Term Debt (includes \$4,306 at 2017 and \$3,587 at 2016 related to VIEs)</b>	<b>49,035</b>	<b>45,576</b>
<b>Other Noncurrent Liabilities</b>		
Deferred income taxes	6,621	14,155
Asset retirement obligations	9,486	10,200
Regulatory liabilities	15,330	6,881
Accrued pension and other post-retirement benefit costs	1,103	1,111
Investment tax credits	539	493
Other	1,581	1,753
Total other noncurrent liabilities	34,660	34,593
<b>Commitments and Contingencies</b>		
<b>Equity</b>		
Common stock, \$0.001 par value, 2 billion shares authorized; 700 million shares outstanding at 2017 and 2016	1	1
Additional paid-in capital	38,792	38,741
Retained earnings	3,013	2,384
Accumulated other comprehensive loss	(67)	(93)
Total Duke Energy Corporation stockholders' equity	41,739	41,033
Noncontrolling interests	(2)	8
Total equity	41,737	41,041
<b>Total Liabilities and Equity</b>	<b>\$ 137,914</b>	<b>\$ 132,761</b>



**DUKE ENERGY CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(In millions)

	Years Ended December 31,		
	2017	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net Income	\$ 3,064	\$ 2,170	\$ 2,831
Adjustments to reconcile net income to net cash provided by operating activities	3,570	4,647	3,869
Net cash provided by operating activities	6,634	6,817	6,700
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Net cash used in investing activities	(8,450)	(11,533)	(5,277)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net cash provided by (used in) financing activities	1,782	4,251	(2,602)
Changes in cash and cash equivalents associated with assets held for sale	—	474	1,099
Net (decrease) increase in cash and cash equivalents	(34)	9	(80)
Cash and cash equivalents at beginning of period	392	383	463
Cash and cash equivalents at end of period	\$ 358	\$ 392	\$ 383

**DUKE ENERGY CORPORATION**  
**EARNINGS VARIANCES**  
December 2017 QTD vs. Prior Year

(\$ per share)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	International Energy	Other	Discontinued Operations	Consolidated
<b>2016 QTD Reported Earnings Per Share, Diluted</b>	<b>\$ 0.69</b>	<b>\$ 0.13</b>	<b>\$ 0.01</b>	<b>\$ —</b>	<b>\$ (0.30)</b>	<b>\$ (0.86)</b>	<b>\$ (0.33)</b>
Costs to Achieve Mergers	—	—	—	—	0.19	—	0.19
Cost Savings Initiatives	—	—	—	—	0.03	—	0.03
International Energy Operations	—	—	—	0.06	—	(0.06)	—
Discontinued Operations <sup>(e)</sup>	—	—	—	—	—	0.92	0.92
<b>2016 QTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 0.69</b>	<b>\$ 0.13</b>	<b>\$ 0.01</b>	<b>\$ 0.06</b>	<b>\$ (0.08)</b>	<b>\$ —</b>	<b>\$ 0.81</b>
Weather	0.08	—	—	—	—	—	0.08
Volume	0.02	0.01	—	—	—	—	0.03
Pricing and Riders	0.03	0.01	—	—	—	—	0.04
Operations and maintenance, net of recoverables <sup>(b)</sup>	0.11	—	—	—	—	—	0.11
Midstream Gas Pipelines	—	0.01	—	—	—	—	0.01
Duke Energy Renewables	—	—	0.01	—	—	—	0.01
Interest Expense	(0.01)	—	—	—	(0.01)	—	(0.02)
Other <sup>(c)(d)</sup>	(0.08)	—	—	—	0.02	—	(0.06)
Change in effective income tax rate <sup>(e)</sup>	0.03	0.01	—	—	(0.05)	—	(0.01)
Latin America, including foreign exchange rates	—	—	—	(0.06)	—	—	(0.06)
<b>2017 QTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 0.87</b>	<b>\$ 0.17</b>	<b>\$ 0.02</b>	<b>\$ —</b>	<b>\$ (0.12)</b>	<b>\$ —</b>	<b>\$ 0.94</b>
Costs to Achieve Piedmont Merger	—	—	—	—	(0.03)	—	(0.03)
Regulatory Settlements	(0.02)	—	—	—	—	—	(0.02)
Commercial Renewables Impairments	—	—	(0.03)	—	—	—	(0.03)
Impacts of the Tax Act	0.33	0.04	0.63	—	(0.86)	—	0.14
<b>2017 QTD Reported Earnings Per Share, Diluted</b>	<b>\$ 1.18</b>	<b>\$ 0.21</b>	<b>\$ 0.62</b>	<b>\$ —</b>	<b>\$ (1.01)</b>	<b>\$ —</b>	<b>\$ 1.00</b>

Note: Earnings Per Share amounts are calculated using the consolidated statutory income tax rate for all drivers except Duke Energy Renewables, which uses an effective rate.

- (a) Represents a loss on the sale of the International Disposal Group and other transaction-related costs.
- (b) Primarily due to ongoing cost management and higher planned O&M spending in 2016.
- (c) Electric Utilities and Infrastructure includes higher depreciation and amortization (-\$0.02) and higher property taxes (-\$0.02).
- (d) Other includes lower Foundation contributions (+\$0.02) and lower claims at the captive insurer (+\$0.01).
- (e) Primarily due to tax true-ups that offset between Electric Utilities and Infrastructure, Gas Utilities and Infrastructure, and Other.

**DUKE ENERGY CORPORATION**  
**EARNINGS VARIANCES**  
December 2017 YTD vs. Prior Year

(\$ per share)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	International Energy	Other	Discontinued Operations	Consolidated
<b>2016 YTD Reported Earnings Per Share, Diluted</b>	<b>\$ 4.40</b>	<b>\$ 0.22</b>	<b>\$ 0.03</b>	<b>\$ —</b>	<b>\$ (0.94)</b>	<b>\$ (0.60)</b>	<b>\$ 3.11</b>
Costs to Achieve Mergers	—	—	—	—	0.48	—	0.48
Cost Savings Initiatives	—	—	—	—	0.08	—	0.08
Commercial Renewables Impairment	—	—	0.07	—	—	—	0.07
International Energy Operations	—	—	—	0.35	—	(0.35)	—
Discontinued Operations	—	—	—	—	—	0.95	0.95
<b>2016 YTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 4.40</b>	<b>\$ 0.22</b>	<b>\$ 0.10</b>	<b>\$ 0.35</b>	<b>\$ (0.38)</b>	<b>\$ —</b>	<b>\$ 4.69</b>
Change in share count <sup>(a)</sup>	(0.06)	—	—	—	—	—	(0.06)
Weather-related <sup>(b)</sup>	(0.26)	—	—	—	—	—	(0.26)
Volume	0.08	0.01	—	—	—	—	0.09
Pricing and Riders	0.16	0.01	—	—	—	—	0.17
Operations and maintenance, net of recoverables <sup>(c)</sup>	0.20	—	—	—	—	—	0.20
Piedmont Natural Gas contribution	—	0.14	—	—	—	—	0.14
Midstream Gas Pipelines	—	0.04	—	—	—	—	0.04
Duke Energy Renewables	—	—	0.01	—	—	—	0.01
National Methanol Company (NMC)	—	—	—	—	0.02	—	0.02
Interest Expense	(0.08)	—	—	—	(0.10)	—	(0.18)
Other <sup>(d)(e)</sup>	(0.06)	(0.01)	—	—	0.11	—	0.04
Change in effective income tax rate	0.02	0.01	—	(0.09)	(0.01)	—	(0.07)
Latin America, including foreign exchange rates	—	—	—	(0.26)	—	—	(0.26)
<b>2017 YTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 4.40</b>	<b>\$ 0.42</b>	<b>\$ 0.11</b>	<b>\$ —</b>	<b>\$ (0.36)</b>	<b>\$ —</b>	<b>\$ 4.57</b>
Costs to Achieve Piedmont Merger	—	—	—	—	(0.09)	—	(0.09)
Regulatory Settlements	(0.14)	—	—	—	—	—	(0.14)
Commercial Renewables Impairments	—	—	(0.11)	—	—	—	(0.11)
Impacts of the Tax Act	0.33	0.04	0.63	—	(0.86)	—	0.14
Discontinued Operations	—	—	—	—	—	(0.01)	(0.01)
<b>2017 YTD Reported Earnings Per Share, Diluted</b>	<b>\$ 4.59</b>	<b>\$ 0.46</b>	<b>\$ 0.63</b>	<b>\$ —</b>	<b>\$ (1.31)</b>	<b>\$ (0.01)</b>	<b>\$ 4.36</b>

Note: Earnings Per Share amounts are calculated using the consolidated statutory income tax rate for all drivers except Duke Energy Renewables, which uses an effective rate.

(a) Due to the Q4 2016 share issuance used to partially fund the Piedmont acquisition. Weighted average diluted shares outstanding increased from 691 million shares to 700 million shares.

(b) Weather-related amounts include estimated volume impacts of Hurricane Irma (approximately -\$0.02).

(c) Primarily due to ongoing cost management efforts, including higher planned O&M spending in 2016.

(d) Electric Utilities and Infrastructure is primarily due to higher depreciation and amortization (-\$0.07) and higher property taxes (-\$0.03), partially offset by higher AFUDC equity (+\$0.05).

(e) Other includes lower contributions to the Duke Energy Foundation (+\$0.05), a benefit related to a litigation settlement (+\$0.02), higher returns on investments (+\$0.01) and lower claims at the captive insurer (+\$0.01).

**Electric Utilities and Infrastructure**  
**Quarterly Highlights**  
**December 2017**

	Three Months Ended December 31,				Years Ended December 31,			
	2017	2016	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2017	2016	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	18,559	18,057	2.8%	1.9%	80,536	83,507	(3.6%)	1.0%
General Service	18,301	18,473	(0.9%)	—%	76,343	77,764	(1.8%)	(0.1%)
Industrial	12,619	12,748	(1.0%)	—%	51,645	51,895	(0.5%)	0.3%
Other Energy Sales	139	144	(3.5%)		565	579	(2.4%)	
Unbilled Sales	1,193	(328)	463.7%	n/a	1,124	750	49.9%	n/a
Total Retail Sales	50,811	49,094	3.5%	0.7%	210,213	214,495	(2.0%)	0.4%
Wholesale and Other	10,722	9,251	15.9%		42,289	43,034	(1.7%)	
Total Consolidated Electric Sales - Electric Utilities and Infrastructure	61,533	58,345	5.5%		252,502	257,529	(2.0%)	
<b>Average Number of Customers (Electric)</b>								
Residential	6,576,621	6,481,081	1.5%		6,538,590	6,450,046	1.4%	
General Service	978,073	966,777	1.2%		973,612	962,629	1.1%	
Industrial	17,691	17,768	(0.4%)		17,722	17,843	(0.7%)	
Other Energy Sales	23,406	23,177	1.0%		23,318	23,132	0.8%	
Total Retail Customers	7,595,791	7,488,803	1.4%		7,553,242	7,453,650	1.3%	
Wholesale and Other	54	60	(10.0%)		56	61	(8.2%)	
Total Average Number of Customers - Electric Utilities and Infrastructure	7,595,845	7,488,863	1.4%		7,553,298	7,453,711	1.3%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	15,598	15,400	1.3%		72,730	73,767	(1.4%)	
Nuclear	18,665	18,375	1.6%		73,892	74,160	(0.4%)	
Hydro	321	153	109.8%		1,335	1,655	(19.3%)	
Oil and Natural Gas	16,396	13,689	19.8%		62,702	62,150	0.9%	
Renewable Energy	89	37	140.5%		418	195	114.4%	
Total Generation (4)	51,069	47,654	7.2%		211,077	211,927	(0.4%)	
Purchased Power and Net Interchange (5)	13,988	13,625	2.7%		54,722	59,382	(7.8%)	
Total Sources of Energy	65,057	61,279	6.2%		265,799	271,309	(2.0%)	
Less: Line Loss and Other	3,801	2,934	29.6%		13,574	13,780	(1.5%)	
Total GWh Sources	61,256	58,345	5.0%		252,225	257,529	(2.1%)	
<b>Owned MW Capacity (3)</b>								
Summer					49,506	49,338		
Winter					53,065	52,515		
<b>Nuclear Capacity Factor (%) (6)</b>								
					96	96		

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e., unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.

**Duke Energy Carolinas**  
**Quarterly Highlights**  
**Supplemental Electric Utilities and Infrastructure Information**  
**December 2017**

	Three Months Ended December 31,				Years Ended December 31,			
	2017	2016	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2017	2016	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	6,014	5,884	2.2%		26,593	27,939	(4.8%)	
General Service	6,746	6,801	(0.8%)		28,388	28,906	(1.8%)	
Industrial	5,313	5,396	(1.5%)		21,776	21,942	(0.8%)	
Other Energy Sales	75	76	(1.3%)		301	304	(1.0%)	
Unbilled Sales	745	128	482.0%		376	372	1.1%	
Total Retail Sales	18,893	18,285	3.3%	1.3%	77,434	79,463	(2.6%)	0.6%
Wholesale and Other	2,253	2,370	(4.9%)		9,871	9,082	8.7%	
Total Consolidated Electric Sales - Duke Energy Carolinas	21,146	20,655	2.4%		87,305	88,545	(1.4%)	
<b>Average Number of Customers</b>								
Residential	2,194,579	2,159,930	1.6%		2,181,646	2,148,432	1.5%	
General Service	355,583	351,145	1.3%		353,856	349,400	1.3%	
Industrial	6,229	6,270	(0.7%)		6,239	6,295	(0.9%)	
Other Energy Sales	15,429	15,250	1.2%		15,375	15,190	1.2%	
Total Retail Customers	2,571,820	2,532,595	1.5%		2,557,116	2,519,317	1.5%	
Wholesale and Other	23	23	—%		25	24	4.2%	
Total Average Number of Customers - Duke Energy Carolinas	2,571,843	2,532,618	1.5%		2,557,141	2,519,341	1.5%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	4,841	5,551	(12.8%)		25,573	25,607	(0.1%)	
Nuclear	10,829	11,417	(5.2%)		44,387	44,826	(1.0%)	
Hydro	175	20	775.0%		650	822	(20.9%)	
Oil and Natural Gas	2,894	2,886	0.3%		10,965	11,779	(6.9%)	
Renewable Energy	30	3	900.0%		126	13	869.2%	
Total Generation (4)	18,769	19,877	(5.6%)		81,701	83,047	(1.6%)	
Purchased Power and Net Interchange (5)	3,291	1,941	69.6%		10,346	10,737	(3.6%)	
Total Sources of Energy	22,060	21,818	1.1%		92,047	93,784	(1.9%)	
Less: Line Loss and Other	913	1,163	(21.5%)		4,741	5,239	(9.5%)	
Total GWh Sources	21,147	20,655	2.4%		87,306	88,545	(1.4%)	
<b>Owned MW Capacity (3)</b>								
Summer					19,568	19,685		
Winter					20,425	20,390		
<b>Nuclear Capacity Factor (%) (6)</b>								
					96	96		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	1,196	1,047	14.2%		2,629	2,908	(9.6%)	
Cooling Degree Days	83	60	38.3%		1,629	1,950	(16.5%)	
<b>Variance from Normal</b>								
Heating Degree Days	(5.7%)	(18.1%)	n/a		(19.2%)	(11.4%)	n/a	
Cooling Degree Days	144.1%	71.4%	n/a		7.5%	29.9%	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.

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**Duke Energy Progress**  
**Quarterly Highlights**  
**Supplemental Electric Utilities and Infrastructure Information**  
**December 2017**

	Three Months Ended December 31,				Years Ended December 31,			
	2017	2016	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2017	2016	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	3,875	3,683	5.2%		17,228	17,686	(2.6%)	
General Service	3,593	3,550	1.2%		15,354	15,557	(1.3%)	
Industrial	2,559	2,482	3.1%		10,391	10,274	1.1%	
Other Energy Sales	19	21	(9.5%)		80	89	(10.1%)	
Unbilled Sales	506	164	208.5%		217	262	(17.2%)	
Total Retail Sales	10,552	9,900	6.6%	—%	43,270	43,668	(1.4%)	0.2%
Wholesale and Other	6,244	5,138	21.5%		23,552	25,181	(6.5%)	
Total Consolidated Electric Sales - Duke Energy Progress	16,796	15,038	11.7%		66,822	69,049	(3.2%)	
<b>Average Number of Customers</b>								
Residential	1,317,821	1,297,292	1.6%		1,309,968	1,291,742	1.4%	
General Service	233,023	229,936	1.3%		231,950	229,007	1.3%	
Industrial	4,106	4,115	(0.2%)		4,122	4,136	(0.3%)	
Other Energy Sales	1,452	1,498	(3.1%)		1,456	1,537	(5.3%)	
Total Retail Customers	1,556,402	1,532,841	1.5%		1,547,496	1,526,422	1.4%	
Wholesale and Other	15	15	—%		14	15	(6.7%)	
Total Average Number of Customers - Duke Energy Progress	1,556,417	1,532,856	1.5%		1,547,510	1,526,437	1.4%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	1,790	2,062	(13.2%)		8,598	11,570	(25.7%)	
Nuclear	7,836	6,958	12.6%		29,505	29,334	0.6%	
Hydro	103	41	151.2%		481	490	(1.8%)	
Oil and Natural Gas	5,917	4,679	26.5%		22,565	22,716	(0.7%)	
Renewable Energy	50	31	61.3%		256	177	44.6%	
Total Generation (4)	15,686	13,771	14.0%		61,405	64,287	(4.5%)	
Purchased Power and Net Interchange (5)	1,731	1,990	(13.0%)		7,752	7,381	5.0%	
Total Sources of Energy	17,427	15,761	10.6%		69,157	71,668	(3.5%)	
Less: Line Loss and Other	631	723	(12.7%)		2,335	2,619	(10.8%)	
Total GWh Sources	16,796	15,038	11.7%		66,822	69,049	(3.2%)	
<b>Owned MW Capacity (3)</b>								
Summer					12,809	12,935		
Winter					14,011	14,034		
<b>Nuclear Capacity Factor (%) (6)</b>								
					95	94		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	1,102	1,013	8.8%		2,390	2,706	(11.7%)	
Cooling Degree Days	115	78	47.4%		1,896	2,033	(6.7%)	
<b>Variance from Normal</b>								
Heating Degree Days	(3.1%)	(11.7%)	n/a		(19.0%)	(9.0%)	n/a	
Cooling Degree Days	113.0%	39.3%	n/a		14.8%	23.9%	n/a	

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(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.

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Duke Energy Florida  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
December 2017

	Three Months Ended December 31,			Years Ended December 31,			
	2017	2016	% Inc.(Dec.) Weather Normal (2)	2017	2016	% Inc.(Dec.) Weather Normal (2)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>							
Residential	4,705	4,612	2.0%	19,791	20,265	(2.3%)	
General Service	3,742	3,795	(1.4%)	15,089	15,288	(1.3%)	
Industrial	772	816	(5.4%)	3,120	3,197	(2.4%)	
Other Energy Sales	6	6	—%	24	24	—%	
Unbilled Sales	(300)	(755)	60.3%	301	(257)	217.1%	
Total Retail Sales	8,925	8,474	5.3%	38,325	38,517	(0.5%)	2.1%
Wholesale and Other	489	388	26.0%	2,266	1,887	20.1%	
Total Electric Sales - Duke Energy Florida	9,414	8,862	6.2%	40,591	40,404	0.5%	
<b>Average Number of Customers</b>							
Residential	1,583,652	1,555,990	1.8%	1,573,087	1,548,681	1.6%	
General Service	200,139	196,708	1.7%	198,712	195,728	1.5%	
Industrial	2,127	2,157	(1.4%)	2,142	2,177	(1.6%)	
Other Energy Sales	1,517	1,528	(0.7%)	1,518	1,532	(0.9%)	
Total Retail Customers	1,787,435	1,756,383	1.8%	1,775,459	1,748,118	1.6%	
Wholesale and Other	10	14	(28.6%)	11	14	(21.4%)	
Total Average Number of Customers - Duke Energy Florida	1,787,445	1,756,397	1.8%	1,775,470	1,748,132	1.6%	
<b>Sources of Electric Energy (GWh)</b>							
Generated - Net Output (3)							
Coal	1,257	2,247	(44.1%)	8,722	8,852	(1.5%)	
Oil and Natural Gas	7,063	5,513	28.1%	27,370	24,884	10.0%	
Renewable Energy	6	3	n/a	16	5	n/a	
Total Generation (4)	8,326	7,763	7.3%	36,108	33,741	7.0%	
Purchased Power and Net Interchange (5)	1,454	1,591	(8.6%)	6,557	8,998	(27.1%)	
Total Sources of Energy	9,780	9,354	4.6%	42,665	42,739	(0.2%)	
Less: Line Loss and Other	644	492	30.9%	2,352	2,335	0.7%	
Total GWh Sources	9,136	8,862	3.1%	40,313	40,404	(0.2%)	
<b>Owned MW Capacity (3)</b>							
Summer				9,305	8,839		
Winter				10,278	9,732		
<b>Heating and Cooling Degree Days</b>							
<b>Actual</b>							
Heating Degree Days	131	81	61.7%	308	482	(36.1%)	
Cooling Degree Days	550	572	(3.8%)	3,454	3,481	(0.8%)	
<b>Variance from Normal</b>							
Heating Degree Days	(33.3%)	(60.0%)	n/a	(47.6%)	(19.8%)	n/a	
Cooling Degree Days	17.5%	22.3%	n/a	9.2%	10.1%	n/a	

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(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

Duke Energy Ohio  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
December 2017

	Three Months Ended December 31,				Years Ended December 31,			
	2017	2016	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2017	2016	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	1,944	1,897	2.5%		8,349	8,699	(4.0%)	
General Service	2,244	2,307	(2.7%)		9,333	9,633	(3.1%)	
Industrial	1,384	1,467	(7.0%)		5,786	5,945	(2.7%)	
Other Energy Sales	26	27	(3.7%)		108	109	(0.9%)	
Unbilled Sales	144	67	114.9%		112	203	(44.8%)	
Total Retail Sales	5,722	5,765	(0.7%)	(1.6%)	23,688	24,589	(3.7%)	(1.4%)
Wholesale and Other	285	281	1.4%		951	574	65.7%	
Total Electric Sales - Duke Energy Ohio	6,007	6,046	(0.6%)		24,639	25,163	(2.1%)	
<b>Average Number of Customers</b>								
Residential	763,079	756,044	0.9%		759,865	753,409	0.9%	
General Service	88,069	87,931	0.2%		87,931	87,625	0.3%	
Industrial	2,501	2,507	(0.2%)		2,501	2,514	(0.5%)	
Other Energy Sales	3,324	3,274	1.5%		3,305	3,258	1.4%	
Total Retail Customers	856,973	849,756	0.8%		853,602	846,806	0.8%	
Wholesale and Other	1	1	—%		1	1	—%	
Total Average Number of Customers - Duke Energy Ohio	856,974	849,757	0.8%		853,603	846,807	0.8%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	1,041	1,017	2.4%		4,270	3,667	16.4%	
Oil and Natural Gas	—	4	(100.0%)		13	32	(59.4%)	
Total Generation (4)	1,041	1,021	2.0%		4,283	3,699	15.8%	
Purchased Power and Net Interchange (5)								
Total Sources of Energy	7,171	6,528	9.8%		27,601	27,347	0.9%	
Less: Line Loss and Other	1,164	482	141.5%		2,962	2,184	35.6%	
Total GWh Sources	6,007	6,046	(0.6%)		24,639	25,163	(2.1%)	
<b>Owned MW Capacity (3)</b>								
Summer					1,080	1,062		
Winter					1,168	1,164		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	1,842	1,635	12.7%		4,245	4,483	(5.3%)	
Cooling Degree Days	46	55	(16.4%)		1,079	1,400	(22.9%)	
<b>Variance from Normal</b>								
Heating Degree Days	(0.6%)	(12.6%)	n/a		(14.0%)	(9.9%)	n/a	
Cooling Degree Days	187.5%	223.5%	n/a		(1.6%)	28.0%	n/a	

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(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

**Duke Energy Indiana**  
**Quarterly Highlights**  
**Supplemental Electric Utilities and Infrastructure Information**  
**December 2017**

	Three Months Ended December 31,				Years Ended December 31,			
	2017	2016	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2017	2016	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	2,021	1,981	2.0%		8,575	8,918	(3.8%)	
General Service	1,976	2,020	(2.2%)		8,179	8,380	(2.4%)	
Industrial	2,611	2,587	0.9%		10,572	10,537	0.3%	
Other Energy Sales	13	14	(7.1%)		52	53	(1.9%)	
Unbilled Sales	98	68	44.1%		118	170	(30.6%)	
Total Retail Sales	6,719	6,670	0.7%	(0.5%)	27,496	28,058	(2.0%)	(0.4%)
Wholesale and Other	1,451	1,074	35.1%		5,649	6,310	(10.5%)	
Total Electric Sales - Duke Energy Indiana	8,170	7,744	5.5%		33,145	34,368	(3.6%)	
<b>Average Number of Customers</b>								
Residential	717,490	711,825	0.8%		714,024	707,782	0.9%	
General Service	101,259	101,057	0.2%		101,163	100,869	0.3%	
Industrial	2,728	2,719	0.3%		2,718	2,721	(0.1%)	
Other Energy Sales	1,684	1,627	3.5%		1,664	1,615	3.0%	
Total Retail Customers	823,161	817,228	0.7%		819,569	812,987	0.8%	
Wholesale and Other	5	7	(28.6%)		5	7	(28.6%)	
Total Average Number of Customers - Duke Energy Indiana	823,166	817,235	0.7%		819,574	812,994	0.8%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	6,669	4,523	47.4%		25,567	24,071	6.2%	
Hydro	43	92	(53.3%)		204	343	(40.5%)	
Oil and Natural Gas	522	607	(14.0%)		1,789	2,739	(34.7%)	
Renewable Energy	3	—	n/a		20	—	n/a	
Total Generation (4)	7,237	5,222	38.6%		27,580	27,153	1.6%	
Purchased Power and Net Interchange (5)	1,382	2,596	(46.8%)		6,749	8,618	(21.7%)	
Total Sources of Energy	8,619	7,818	10.2%		34,329	35,771	(4.0%)	
Less: Line Loss and Other	449	74	506.8%		1,184	1,403	(15.6%)	
Total GWh Sources	8,170	7,744	5.5%		33,145	34,368	(3.6%)	
<b>Owned MW Capacity (3)</b>								
Summer					6,744	6,817		
Winter					7,183	7,195		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	1,970	1,782	10.5%		4,589	4,846	(5.3%)	
Cooling Degree Days	38	40	(5.0%)		1,094	1,348	(18.8%)	
<b>Variance from Normal</b>								
Heating Degree Days	(0.6%)	(10.9%)	n/a		(13.5%)	(9.3%)	n/a	
Cooling Degree Days	153.3%	166.7%	n/a		(0.6%)	24.5%	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.

**Gas Utilities and Infrastructure**  
**Quarterly Highlights**  
**December 2017**

	Three Months Ended December 31,			Years Ended December 31,		
	2017	2016	% Inc.(Dec.)	2017	2016	% Inc.(Dec.)
<b>Total Sales</b>						
Piedmont Natural Gas Local Distribution Company (LDC) throughput (dekatherms) (1) (2)	133,478,461	120,908,508	10.4%	468,259,777	495,122,794	(5.4%)
Duke Energy Midwest LDC throughput (Mcf)	27,994,426	24,846,503	12.7%	80,934,836	81,870,489	(1.1%)
<b>Average Number of Customers - Piedmont Natural Gas (1)</b>						
Residential	950,873	933,760	1.8%	949,515	933,344	1.7%
Commercial	101,671	100,321	1.3%	101,863	100,819	1.0%
Industrial	966	900	7.3%	966	948	1.9%
Power Generation	17	15	13.3%	16	15	6.7%
Total Average Number of Gas Customers - Piedmont Natural Gas	1,053,527	1,034,996	1.8%	1,052,360	1,035,126	1.7%
<b>Average Number of Customers - Duke Energy Midwest</b>						
Residential	483,155	478,761	0.9%	481,645	477,729	0.8%
Commercial	43,278	43,196	0.2%	43,118	43,124	—%
Industrial	1,587	1,609	(1.4%)	1,582	1,609	(1.7%)
Other	138	142	(2.8%)	140	144	(2.8%)
Total Average Number of Gas Customers - Duke Energy Midwest	528,158	523,708	0.8%	526,485	522,606	0.7%

(1) Sales and customer data for Piedmont Natural Gas include amounts prior to the acquisition on October 3, 2016, for comparative purposes. Duke Energy's consolidated financial results for 2016 do not include Piedmont's results of operations prior to the date of acquisition.

(2) Piedmont has a margin decoupling mechanism in North Carolina and weather normalization mechanisms in South Carolina and Tennessee that significantly eliminate the impact of throughput changes on earnings. Duke Energy Ohio's rate design also serves to offset this impact.

**Commercial Renewables**  
**Quarterly Highlights**  
**December 2017**

	Three Months Ended December 31,			Years Ended December 31,		
	2017	2016	% Inc.(Dec.)	2017	2016	% Inc.(Dec.)
Renewable Plant Production, GWh	1,984	1,825	8.7%	8,260	7,446	10.9%
Net Proportional MW Capacity in Operation	n/a	n/a		2,907	2,892	0.5%

**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 23, 2018

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, 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))
- Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 8.01 Other Events**

On February 23, 2018, the North Carolina Utilities Commission (the "NCUC") issued an order (the "Order") approving, without modification, the Agreement and Stipulation of Partial Settlement dated November 22, 2017, between Duke Energy Progress, LLC ("DEP") and the Public Staff - North Carolina Utilities Commission (the "Public Staff") (the "Settlement") which settled certain issues in the rate case proceeding which DEP filed on June 1, 2017, with the NCUC. The Settlement includes, among other things, a return on equity of 9.9% based upon a capital structure of 52% equity and 48% debt.

The Order also resolves the outstanding items in the rate case proceeding, including the recovery of deferred storm costs and the recovery of deferred coal ash costs which were deemed to be reasonable and prudent, known and measureable and used and useful in the provision of service to customers. Specifically, the Order:

- Disallows \$9.5 million of deferred coal ash basin costs related to ash hauling at DEP's Asheville Plant;
- Approves recovery of remaining \$232 million deferred costs over a 5 year period with a return at DEP's weighted average cost of capital ("WACC");
- Assesses a \$30 million management penalty by reducing the annual recovery of the deferred costs by \$6 million per year for five years; and
- Denies DEP's request for recovery of the estimated ongoing annual coal ash costs of \$129 million. Instead, these costs will be deferred with a return at DEP's WACC, to be considered for recovery in the next rate case.

With respect to deferred storm costs, the Order reduces DEP's recovery from its request of \$80 million to \$51 million and directs that a five-year amortization of these costs should begin in October 2016 rather than when rates are effective. DEP is permitted a full WACC return during the remaining amortization period.

The preliminary estimate for rate base for DEP's retail customers in North Carolina addressed in the rate case is approximately \$8.148 billion. New rates will become effective one day after the Commission approves the filing by DEP recalculating the revenue requirements based on the findings and conclusions in the Order, currently estimated by mid-March.

As a result of the Order, Duke Energy will take an estimated pre-tax charge of approximately \$100 million in the first quarter of 2018, primarily related to the coal ash basin disallowance and management penalty and deferred storm cost adjustments, which will be excluded from adjusted diluted earnings per share and treated as a special item.

An overview providing additional detail on the Order is attached to this Form 8-K as Exhibit 99.1.

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

(d) Exhibits.

99.1 [Duke Energy Progress Summary of Order Issued by the North Carolina Utilities Commission](#)

**SIGNATURE**

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

Dated: February 26, 2018

**DUKE ENERGY CORPORATION**

/s/ Julia S. Janson  
Julia S. Janson  
Executive Vice President, External  
Affairs, Chief Legal Officer and  
Corporate Secretary



**Duke Energy Progress  
Summary of Order Issued by the North Carolina Utilities Commission  
(Docket No. E-2, Sub 1142)**

**Background**

- On June 1, 2017, Duke Energy Progress (DEP) filed a rate case with the North Carolina Utilities Commission (NCUC) to request an average 14.9 percent increase in retail revenues, or approximately \$477 million:
  - The rate case filing requested an overall rate of return of 7.66% based on approval of a 10.75% return on equity and a 53% equity component of the capital structure
  - The filing was based on a North Carolina rate base of \$8.1 billion as of Dec. 31, 2016 and adjusted for known and measurable changes through August 2017
- On Nov. 22, 2017, DEP and the Public Staff - North Carolina Utilities Commission (Public Staff), the State's consumer representative, filed an Agreement and Stipulation of Partial Settlement (Stipulation) resolving certain issues in the base rate proceeding
- The NCUC held an evidentiary hearing on the case from Nov. 27 through Dec. 7, 2017
- On Feb. 23, 2018, the NCUC issued an order approving the Stipulation without modification, and addressing the outstanding items in the case

**Major Components of the Order**

- Approves the Stipulation with the Public Staff, including a return on equity of 9.9% based upon a capital structure of 52% equity and 48% debt
- Approves recovery of deferred coal ash costs as reasonable and prudent, known and measurable and used and useful in the provision of service to customers
  - Disallows \$9.5 million of deferred coal ash basin costs related to ash hauling at Asheville
  - Approves recovery of remaining \$232 million deferred costs over a 5 year period with a return at DEP's weighted average cost of capital (WACC)
  - Assesses a \$30 million management penalty by reducing the annual recovery of the deferred coal ash costs by \$6 million per year for five years
- Denies DEP's request for recovery of the estimated ongoing annual coal ash costs of \$129 million. Instead, these costs will be deferred with a return at DEP's WACC, to be considered for recovery in the next rate case
- Reduces DEP's recovery of deferred storm costs from its request of \$80 million to \$51 million and directs that a five-year amortization of these costs should begin in October 2016 rather than when rates are effective. DEP is permitted a full WACC return during the remaining amortization period
- The preliminary estimate for rate base for DEP NC retail addressed in the case is \$8.148 billion
- New rates may be effective one day after the Commission approves this compliance filing, currently estimated by mid-March

**Additional Information**

- As a result of the Order, Duke Energy will take an estimated pre-tax charge of approximately \$100 million in Q1 2018, primarily related to the coal ash basin disallowance and management penalty and deferred storm cost adjustments described above, which will be treated as a "special item" (excluded from adjusted diluted earnings per share)

**Estimated Annual Rate Increase Impacts to Customer Bills**

The figures below are pending review of the Public Staff and are, therefore, subject to change. Once confirmed by Public Staff, the updated revenue requirement will be filed with the Commission, currently expected later this week, for review and approval.

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(\$ in millions)	Years 1-4	Thereafter
Annualized base rates	\$ 193	\$ 193
Return of Excess Deferred State Income Taxes over 4-year period	(43)	—
Cumulative Net Annualized Customer Increase (\$)	\$ 151	\$ 193
Cumulative Net Annualized Customer Increase (%)	4.7%	6.0%

**Reconciliation of Request to Order**

(\$ in millions)	Years 1-4	Thereafter
Original request adjusted for Sept. 2017 supplemental filing <sup>(1)</sup>	\$ 420	\$ 420
Reduced ROE <sup>(2)</sup>	\$ (57)	\$ (57)
Reduced equity component of capital structure <sup>(2)</sup>	\$ (10)	\$ (10)
Reduction in depreciation expense <sup>(2)</sup>	\$ (15)	\$ (15)
Reduction in Customer Connect costs (to be deferred with a return) <sup>(2)</sup>	\$ (8)	\$ (8)
Other revenue reductions <sup>(2)</sup>	\$ (19)	\$ (19)
Move return of Excess Deferred State Income Taxes from base rates to rider <sup>(2)</sup>	\$ 38	\$ 38
Return of Excess Deferred State Income Taxes over 4-year period through a rider (versus 5-years in request) <sup>(2)</sup>	\$ (43)	—
Coal ash basin deferred cost disallowed	\$ (8)	\$ (8)
Coal ash basin ongoing costs	\$ (129)	\$ (129)
2016 deferred storm costs	\$ (17)	\$ (17)
<b>Tentative revenue increase, subject to review and approval</b>	<b>\$ 151</b>	<b>\$ 193</b>

<sup>(1)</sup> Reflects \$57 million in updates since original request

<sup>(2)</sup> Per the Stipulation approved by the Commission

Note: totals may not add due to rounding

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

**FORM 8-K**

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

Date of Report (Date of earliest event reported): **March 1, 2018**

**Commission file  
number**

**Registrant, State of Incorporation or Organization,  
Address of Principal Executive Offices, and Telephone Number**

**IRS Employer  
Identification No.**



**DUKE ENERGY CORPORATION**

1-32853

(a Delaware corporation)  
550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
704-382-3853

20-2777218

**DUKE ENERGY CAROLINAS, LLC**

1-4928

(a North Carolina limited liability company)  
526 South Church Street  
Charlotte, North Carolina 28202-1803  
704-382-3853

56-0205520

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 8.01. Other Events.**

Duke Energy Carolinas, LLC (“DEC”) and the Public Staff— North Carolina Utilities Commission (the “Public Staff”) have reached a partial settlement resolving certain issues in the rate case which DEC filed on August 25, 2017, with the North Carolina Utilities Commission (the “NCUC”). The partial settlement includes, among other things, (1) a return on equity of 9.9% based upon a capital structure of 52% equity and 48% debt, (2) the return to customers of excess North Carolina state deferred income taxes over four years, and (3) the removal of recovery of Customer Connect project costs while permitting deferral treatment of project costs. Excluding the items which have not been settled (as described below), this partial settlement results in an approximate \$105 million annual customer rate increase prior to the reductions from the return of excess North Carolina state deferred income taxes, or approximately \$45 million after applying such reductions.

DEC and the Public Staff have not reached a compromise on a number of items, including coal ash basin deferred costs to be recovered and amortization period, and ongoing coal ash costs to be included in rates; the timing of adoption, costs to be included and structure of a Grid Reliability and Resiliency Rider; the impacts of the Federal Tax Cuts and Jobs Act; and the allowance of a return on the unamortized balance of Lee Nuclear project development costs during the amortization period.

On March 1, 2018, DEC also filed supplemental comments with the NCUC in the Federal Tax Act Proceeding that propose how DEC could implement the impacts of the Federal Tax Cut and Jobs Act of 2017.

An overview providing additional detail on these filings is attached to this Form 8-K as Exhibit 99.1.

An evidentiary hearing on the partial settlement and other issues in the case will commence March 5, 2018. The partial settlement will be subject to the review and approval of the NCUC.

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

(d) *Exhibits.*

99.1 [Duke Energy Carolinas Summary of Partial Settlement in North Carolina Rate Case \(Docket E-7 Sub 1146\); Supplemental Comments in Federal Tax Act Proceeding \(Docket M-100 Sub 148\)](#)

**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 2, 2018

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

**DUKE ENERGY CAROLINAS, LLC**

Date: March 2, 2018

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

Exhibit 99.1

**Duke Energy Carolinas  
Partial Settlement in North Carolina Rate Case (Docket E-7 Sub 1146)  
Supplemental Comments in Federal Tax Act Proceeding (Docket M-100 Sub 148)**

**RATE CASE FILING (Docket E-7 Sub 1146)**

**Background:**

- On August 25, 2017, Duke Energy Carolinas filed a rate case with the North Carolina Utilities Commission (NCUC) to request an average 13.6 percent increase in retail revenues, or approximately \$647 million:
  - The rate case filing requests an overall rate of return of 7.93% based on approval of a 10.75% return on equity and a 53% equity component of the capital structure
  - The filing is based on a North Carolina rate base of \$13.8 billion as of December 31, 2016 and adjusted for known and measurable changes through November 2017
- On Mar. 1, 2018, Duke Energy Carolinas (DEC) and the Public Staff - North Carolina Utilities Commission (Public Staff) filed testimony consistent with their Agreement and Stipulation of Partial Settlement (Stipulation) resolving certain issues in the base rate proceeding

**Major components of the Stipulation:**

- \$105 million annual customer rate increase prior to reductions from the return to customers of N.C. state excess deferred income taxes (NC EDIT) over four years (rather than five years as proposed by DEC). After applying the NC EDIT reductions, the average annual retail rate increase is \$45 million. This equates to a 2% average retail rate increase and 1% increase after the NC EDIT reduction.
- Return on equity of 9.9% based upon a capital structure of 52% equity and 48% debt
- Removes recovery of Customer Connect project costs from the revenue requirement. Permits deferral of costs associated with the Customer Connect project

**Key issues on which the parties have not reached a compromise include:**

- Coal ash basin deferred costs to be recovered and amortization period, and ongoing coal ash costs to be included in rates
- Whether a Grid Reliability and Resiliency Rider (GRR) should be adopted in this proceeding, and if so, which costs would be included in the GRR and the structure of a GRR
- Impacts of the Federal Tax Cuts and Jobs Act (see section below for summary of supplemental testimony filed in Federal Tax Act Proceeding)
- Whether it is appropriate to allow a return on the unamortized balance of Lee Nuclear project development costs during the amortization period
- The method of determining adjustments to reflect post-test year additions and the amount of annual depreciation expense

**Additional Information:**

- The Stipulation is subject to the review and approval of the NCUC. An evidentiary hearing to review the Stipulation and other issues in the case will start on Mar. 5, 2018
- DEC has requested new rates go into effect May 1, 2018

**Estimated Annual Rate Increase Impacts to Customer Bills**

(\$ in millions)	Years 1-4	Thereafter
Annualized base rates	\$ 105	\$ 105
Return of N.C. State Excess Deferred Income Taxes over 4-year period	(60)	—
Cumulative Net Annualized Customer Increase (\$)	\$ 45	\$ 105
Cumulative Net Annualized Customer Increase (%)	1%	2%

**Reconciliation of Request to Reflect Stipulation**

(\$ in millions)	Years 1-4	Thereafter
Original request <sup>(1)</sup>	\$ 647	\$ 647
Post-filing, pre-Stipulation adjustments to filed request	\$ 23	\$ 23
Amounts included in Company request to be decided by the Commission (Coal ash, GRR, Lee Nuclear, Depreciation)	\$ (465)	\$ (465)
Company request for items addressed in the partial settlement	\$ 205	\$ 205
Agreed upon adjustments:		
Move return of N.C. State Excess Deferred Income Taxes from base rates to rider	\$ 65	\$ 65
Reduced ROE	\$ (100)	\$ (100)
Reduced equity component of capital structure	\$ (18)	\$ (18)
Reduction in Customer Connect costs (to be deferred with a return)	\$ (11)	\$ (11)
Other revenue reductions	\$ (36)	\$ (36)
Total agreed upon adjustments	\$ (100)	\$ (100)
Return of N.C. State Excess Deferred Income Taxes over 4-year period through a rider	\$ (60)	
Revenue increase related to agreed upon items	\$ 45	\$ 105

Note: Totals may not add due to rounding.

**Additional information on the Original Rate Case Request:**

- Major capital investments<sup>(2)</sup> including pro-forma adjustments to reflect known and measurable changes include:
  - The new W.S. Lee Combined Cycle unit - \$557 million
  - Lee Nuclear Project development costs - \$527 million
  - Two new solar facilities - \$156 million
  - The Carolinas West Primary Control Center - \$120 million
  - Advanced Metering Infrastructure (AMI) - \$123 million
  - Relicensing 13 hydro facilities on the Catawba-Wateree river basins - \$109 million
- Lee Nuclear Project cancellation
  - Duke Energy Carolinas is requesting NCUC approval to cancel the development of the Lee Nuclear Project while maintaining the Combined Operating License as an option for the future in case circumstances change
  - The associated revenue requirement is \$53 million to recover incurred project development expenses over a 12 year period, as permitted by statute
- Coal Ash Pond Closure costs include:
  - \$135 million annually to recover previously incurred expenses over a five year period
  - \$201 million annually for ongoing expenses
- The Grid Reliability and Resiliency Rider includes:
  - Duke Energy Carolinas has requested a new Grid Reliability and Resiliency Rider to recover grid modernization costs.
  - The Grid Reliability and Resiliency Rider revenue requirement reflects:
    - \$309 million of capital investment in 2018 for NC Retail customers
    - \$20 million for Operating & Maintenance expense related to these investments

**TAX DOCKET FILINGS (Docket M-100 Sub 148):**

- On Mar. 1, 2018, Duke Energy Carolinas filed supplemental comments in the Federal Tax Act Proceeding, proposing how DEC could implement the impacts of the Tax Act, including:
  - Reduction in federal tax rate from 35% to 21%, resulting in a \$216 million reduction in revenue requirements
  - Return of the net<sup>(3)</sup> protected federal excess deferred income taxes (Federal EDIT) resulting in a \$34 million reduction in revenue requirements

<sup>(1)</sup> Original request and all amounts presented exclude potential impacts of the Federal Tax Cuts and Jobs Act (Tax Act). See Tax Docket Filings section below for summary of supplemental testimony filed in Federal Tax Act Proceeding.

<sup>(2)</sup> Represents Duke Energy Carolinas total investment, which is allocated ~67% to NC.

- Return of the net<sup>(3)</sup> unprotected Federal EDIT related to property plant and equipment (PP&E), but not subject to normalization rules, over 20 years, resulting in a \$37 million reduction in revenue requirements
- Return of unprotected Federal EDIT not related to PP&E as follows:
  - \$40 million lower operating expenses returned through a Rider annually over 5 years,
  - \$15 million increase in revenue requirements due to increased rate base
- Acceleration of recovery of certain expenses, resulting in a \$200 million increase in revenue requirements (e.g. accelerated depreciation for AMR meters and/or certain coal fired plants, ongoing coal ash basin closure compliance costs, or other environmental compliance costs)

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<sup>(3)</sup> Net amount incorporates both the decrease in operating expenses related to the tax rate change and the increase in rate base associated with the lesser amount of accumulated deferred income taxes that are deducted from rate base.

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

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**FORM 8-K**

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

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Date of Report (Date of earliest event reported): **March 6, 2018**



**Duke Energy Corporation**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-32853**  
(Commission File Number)

**20-2777218**  
(IRS Employer  
Identification No.)

**550 South Tryon Street, Charlotte, North Carolina 28202**  
(Address of Principal Executive Offices, including Zip Code)

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

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

- Emerging growth company
  - If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.
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**Item 1.01. Entry into a Material Definitive Agreement.**

On March 6, 2018, Duke Energy Corporation (the "Company") entered into separate forward sale agreements relating to 18,500,000 shares of the Company's common stock, par value \$0.001 per share (or 21,275,000 shares of the Company's common stock if the underwriters exercise their option to purchase additional shares of common stock in full, solely to cover any over-allotments), documented under individual confirmations subject to separate master agreements and incorporating certain other terms (collectively, the "Original Forward Sale Agreements") with each of Credit Suisse Capital LLC and JPMorgan Chase Bank, National Association, London Branch, acting in their capacity as forward purchasers (in such capacities, the "Forward Purchasers"). On March 7, 2018, the underwriters exercised in full their over-allotment option to purchase an additional 2,775,000 shares of the Company's common stock. In connection therewith, the Company and the Forward Purchasers entered into separate additional forward sale agreements relating to such number of shares, documented under individual confirmations subject to separate master agreements and incorporating certain other terms (together, the "Additional Forward Sale Agreements").

In connection with the Original Forward Sale Agreements and the Additional Forward Sale Agreements (each, a "Forward Sale Agreement"), the Company entered into an Underwriting Agreement on March 6, 2018 (the "Underwriting Agreement") with Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Barclays Capital Inc. and Goldman Sachs & Co. LLC, as representatives of the several underwriters named therein, Credit Suisse Capital LLC and J.P. Morgan Securities LLC, acting in their capacity as forward sellers (in such capacities, the "Forward Sellers"), and the Forward Purchasers, pursuant to which the Forward Sellers sold to the underwriters an aggregate of 21,275,000 shares. Also in connection with the Forward Sale Agreements, the Forward Sellers borrowed 21,275,000 shares of the Company's common stock from third parties.

Upon physical settlement of each Forward Sale Agreement, the Company will receive from the relevant Forward Purchaser an amount equal to the net proceeds of corresponding borrowed shares of common stock sold pursuant to the Underwriting Agreement, subject to certain adjustments pursuant to such Forward Sale Agreement. The Company will receive such amount at a forward sale price that initially will be \$74.0720 per share (which is the per share proceeds, before expenses, to the Company) but that will be subject to certain adjustments pursuant to such Forward Sale Agreement.

The Company expects each Forward Sale Agreement to settle on or prior to December 31, 2018. 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 such Forward Sale Agreement and the relevant Forward Purchaser may accelerate settlement of its Forward Sale Agreement 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 and deliver shares of common stock to the relevant Forward Purchaser under its Forward Sale Agreement at the then-applicable forward sale price. Each Forward Sale Agreement provides that the forward sale price will be subject to adjustment on a daily basis based on a floating interest rate factor equal to the overnight bank funding 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 such Forward Sale Agreement. If the overnight bank funding rate is less than the spread for any day, the interest rate factor will result in a reduction of the forward sale price for such day.

Except under circumstances described in each Forward Sale Agreement, the Company has the right to elect physical, cash or net share settlement under such Forward Sale Agreement. Although the Company expects to settle the Forward Sale Agreements entirely by the full physical delivery of shares of

the Company's common stock to the Forward Purchasers in exchange for cash proceeds, the Company may, subject to certain conditions, elect cash settlement or net share settlement for all or a portion of its obligations under each Forward Sale Agreement 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 a Forward Sale Agreement, the settlement amount generally will be related to (1)(a) the weighted average price per share at which the relevant Forward Purchaser or its affiliate purchases shares of the Company's common stock on each exchange business day during the unwind period for such settlement under such Forward Sale Agreement minus (b) the forward sale price; multiplied by (2) the number of shares of the Company's common stock underlying such Forward Sale Agreement and subject to such cash settlement or net share settlement. If this settlement amount is a negative number, the relevant Forward Purchaser will pay the Company the absolute value of that amount (in the case of cash settlement) 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 (in the case of net share settlement). If this settlement amount is a positive number, the Company will pay the relevant Forward Purchaser that amount (in the case of cash settlement) or deliver to such Forward Purchaser a number of shares of the Company's common stock having a value equal to such amount (in the case of net share settlement). In connection with any cash settlement or net share settlement, the Company would expect each Forward Purchaser or its 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 position in respect of the relevant Forward Sale Agreement.

Each Forward Purchaser will have the right to accelerate its Forward Sale Agreement (with respect to all or any portion of the transaction under such Forward Sale Agreement that such Forward Purchaser determines is affected) and require the Company to settle on a date specified by such Forward Purchaser if: (1) such Forward Purchaser is unable, after using commercially reasonable efforts, to borrow (or maintain a borrowing of) sufficient shares of the Company's common stock to hedge its position under its Forward Sale Agreement at a rate equal to or less than an agreed maximum stock loan rate; (2) such Forward Purchaser determines that it has an excess Section 13 ownership position or an excess regulatory ownership position (as such terms are defined in such 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; (3) the Company declares a dividend or distribution on the shares of its common stock that constitutes an extraordinary dividend (as defined in such Forward Sale Agreement); (4) there occurs a public announcement of an 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 pursuant to the terms of such Forward Sale Agreement); or (5) 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 such Forward Sale Agreement, certain bankruptcy events (excluding certain insolvency filings by the Company or an appropriate authority or consented to by the Company) 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 such Forward Sale Agreement). Each Forward Purchaser's decision to exercise its right to accelerate the settlement of its Forward Sale Agreement will be made irrespective of the Company's interests, including the Company's need for capital. In any such case, the Company could be required to issue and deliver shares of the Company's common stock under the physical settlement provisions of such Forward Sale Agreement, irrespective of the Company's capital needs, which would result in dilution to the Company's earnings per share, return on equity and dividends per share. In addition, upon certain insolvency filings relating to the Company, each Forward Sale Agreement will automatically terminate without further liability of either party. Following any such termination, the Company would not issue any shares of the Company's common stock or receive any proceeds pursuant to such Forward Sale Agreement.

The description of the Forward Sale Agreements set forth above does not purport to be complete and is qualified in its entirety by reference to the terms and conditions of the Forward Sale Agreements, which are filed as Exhibits 10.1, 10.2, 10.3 and 10.4, respectively, and are incorporated herein by reference.

**Item 8.01. Other Events.**

On March 6, 2018, the Company entered into an Underwriting Agreement (the "Underwriting Agreement") with Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Barclays Capital Inc. and Goldman Sachs & Co. LLC, as representatives of the several underwriters named therein, Credit Suisse Capital LLC and J.P. Morgan Securities LLC, acting in their capacity as forward sellers, and Credit Suisse Capital LLC and JPMorgan Chase Bank, National Association, London Branch, acting in their capacity as forward purchasers, relating to the registered public offering and sale by the forward sellers of 18,500,000 shares of the Company's common stock, par value \$0.001 per share. On March 7, 2018, the underwriters exercised in full their over-allotment option to purchase an additional 2,775,000 shares of the Company's common stock pursuant to the Underwriting Agreement.

The description of the Underwriting Agreement set forth above does not purport to be complete and is qualified in its entirety by reference to the terms and conditions of the Underwriting Agreement, which is filed as Exhibit 99.1 and incorporated herein by reference.

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 for the purpose of incorporating the opinion into the Company's Registration Statement No. 333-213765.

**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 6, 2018, between the Company and Credit Suisse Securities (USA) LLC, acting as agent for Credit Suisse Capital LLC
Exhibit 10.2	Confirmation of Forward Sale Transaction, dated March 6, 2018, between the Company and JPMorgan Chase Bank, National Association, London Branch
Exhibit 10.3	Additional Confirmation of Forward Sale Transaction, dated March 7, 2018, between the Company and Credit Suisse Securities (USA) LLC, acting as agent for Credit Suisse Capital LLC
Exhibit 10.4	Additional Confirmation of Forward Sale Transaction, dated March 7, 2018, between the Company and JPMorgan Chase Bank, National Association, London Branch
Exhibit 23.1	Consent (included as part of Exhibit 5.1)
Exhibit 99.1	Underwriting Agreement, dated March 6, 2018, among the Company, Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Barclays Capital Inc. and Goldman Sachs & Co. LLC, as representatives of the several underwriters named therein, Credit Suisse Capital LLC and J.P. Morgan Securities LLC, acting in their capacity as forward sellers, and Credit Suisse Capital LLC and JPMorgan Chase Bank, National Association, London Branch, acting in their capacity as forward purchasers

### 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 SEC, including Management's Discussion and Analysis of Financial Condition and Results of Operations and the risks described therein from time to time.

### EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
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Exhibit 10.3	<a href="#"><u>Additional Confirmation of Forward Sale Transaction, dated March 7, 2018, between the Company and Credit Suisse Securities (USA) LLC, acting as agent for Credit Suisse Capital LLC</u></a>
Exhibit 10.4	<a href="#"><u>Additional Confirmation of Forward Sale Transaction, dated March 7, 2018, between the Company and JPMorgan Chase Bank, National Association, London Branch</u></a>
Exhibit 23.1	<a href="#"><u>Consent (included as part of Exhibit 5.1)</u></a>
Exhibit 99.1	<a href="#"><u>Underwriting Agreement, dated March 6, 2018, among the Company, Credit Suisse Securities (USA) LLC, J.P. Morgan Securities LLC, Barclays Capital Inc. and Goldman Sachs &amp; Co. LLC, as representatives of the several underwriters named therein, Credit Suisse Capital LLC and J.P. Morgan Securities LLC, acting in their capacity as forward sellers, and Credit Suisse Capital LLC and JPMorgan Chase Bank, National Association, London Branch, acting in their capacity as forward purchasers</u></a>

**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 9, 2018

By: /s/ Robert T. Lucas III  
Name: Robert T. Lucas III  
Title: Assistant Corporate Secretary

Exhibit 5.1

**DUKE ENERGY BUSINESS SERVICES LLC**  
550 S. Tryon Street  
Charlotte, North Carolina 28202  
March 9, 2018

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

Re: Duke Energy Corporation 21,275,000 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 21,275,000 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 2,775,000 additional shares of the Company's common stock, solely to cover any over-allotments) (collectively, the "Shares"), pursuant to the Underwriting Agreement, dated March 6, 2018 (the "Underwriting Agreement"), among the Company, the underwriters named therein and each of Credit Suisse Capital LLC and J.P. Morgan Securities LLC, acting in their capacity as forward sellers, and Credit Suisse Capital LLC and JPMorgan Chase Bank, National Association, London Branch, acting in their capacity as forward purchasers (collectively, the "Forward Purchasers"). In connection therewith, the Company and the Forward Purchasers entered into individual confirmations subject to separate master agreements and incorporating certain other terms, each dated March 6, 2018 (collectively, the "Forward Sale Agreements"). On March 7, 2018, the Company and the Forward Purchasers entered into additional forward sale agreements relating to such number of shares, documented under separate individual confirmations subject to separate master agreements and incorporating certain other terms (collectively, the "Additional Forward Sale Agreements") in connection with the underwriters' exercise of their over-allotment option.

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.

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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, as amended (File No. 333-213765) of the Company relating to the Shares and other securities of the Company originally filed on September 23, 2016, and subsequently filed on January 26, 2017, with the Securities and Exchange Commission (the "Commission") under the Securities Act, allowing for delayed offerings pursuant to Rule 415 under the Securities Act and the information deemed to be a part of such registration statement as of the date hereof pursuant to Rule 430B of the General Rules and Regulations under the Securities Act (the "Rules and Regulations") (such registration statement, effective upon original filing with the Commission on September 23, 2016 pursuant to Rule 462(e) of the Rules and Regulations, being hereinafter referred to as the "Registration Statement");

(b) the prospectus, dated January 26, 2017 relating to the offering of securities of the Company, which forms a part of and is included in the Registration Statement in the form filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations;

(c) the preliminary prospectus supplement, dated March 6, 2018, and the prospectus, dated January 26, 2017, 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 6, 2018, and the prospectus, dated January 26, 2017, 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 19, 2014, as certified by the Secretary of State of the State of Delaware;

(f) the Amended and Restated By-laws of the Company, effective as of January 4, 2016;

(g) an executed copy of the Underwriting Agreement;

(h) executed copies of the Forward Sale Agreements;

(i) executed copies of the Additional Forward Sale Agreements; and

(j) resolutions of the Pricing Committee of the Board of Directors of the Company, dated March 6, 2018, acting pursuant to the authorization given by the Board of Directors of the Company, pursuant to the resolutions thereof, adopted on August 25, 2016 and March 1, 2018.

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

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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.

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**Exhibit 10.1**

Credit Suisse Capital LLC  
c/o Credit Suisse Securities (USA) LLC  
as Agent for Credit Suisse Capital LLC  
11 Madison Avenue  
New York, New York 10010  
Facsimile: (212) 743-3661  
Telephone: (212) 325-9182

**DATE:** March 6, 2018

**TO:** Duke Energy Corporation

**ATTENTION:** 550 South Tryon Street  
Charlotte, North Carolina 28202-1803

**TELEPHONE**

**FROM:** Credit Suisse Securities (USA) LLC, acting as Agent for Credit Suisse Capital LLC

**TELEPHONE:** (212) 325-9182

**SUBJECT:** Issuer Forward Transaction

The purpose of this letter agreement (this "**Confirmation**") is to confirm the terms and conditions of the Transaction entered into between Credit Suisse Capital LLC ("**Dealer**"), through its agent Credit Suisse Securities (USA) LLC (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 Dealer 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 Dealer 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 Dealer and Counterparty or any confirmation or other agreement between Dealer and Counterparty pursuant to which an ISDA Master Agreement is deemed to exist between Dealer and Counterparty then notwithstanding anything to the contrary in such ISDA Master Agreement, such confirmation or agreement or any other agreement to which Dealer 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.

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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 Dealer 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 Dealer under the Transaction pursuant to instructions from Dealer, (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 Dealer 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) Dealer 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 Dealer 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 Dealer. Dealer 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 Dealer upon written request by Counterparty.

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:	Dealer.
Seller:	Counterparty.
Trade Date:	March 6, 2018.
Effective Date:	March 9, 2018, 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 " <b>Full Number of Shares</b> ") or (y) if an Initial Hedging Disruption occurs, the Reduced Number of Shares (as defined in Section 4(b)).
Maturity Date:	December 27, 2018 (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</i> by the sum of (i) 1 <i>and</i> (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 \$74.0720 per Share.
Daily Rate:	For any day, (i)(A) Overnight Bank Rate for such day, <i>minus</i> (B) the Spread, <i>divided</i> by (ii) 365. For the avoidance of doubt, the Daily Rate may be negative.
Overnight Bank Rate	For any day, the rate set forth for such day opposite the caption "Overnight bank funding rate", as such rate is displayed on the page "OBFR01 <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:	65 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 Dealer 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 Dealer or its affiliates finishes unwinding Dealer's 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 Dealer 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 Dealer, generally are applicable in similar circumstances and are not arbitrarily or capriciously applied) for Dealer (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 Dealer 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) in violation of the Exchange Act or any other applicable securities laws; 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 Dealer) is below fifty percent (50%) of the Initial Forward Price (the “**Threshold Price**”) or (II) Dealer 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 Dealer 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 Dealer) is below the Threshold Price or (II) Dealer 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 second 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, Dealer 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 Dealer 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 second 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 Dealer or its affiliates unwind any portion of Dealer's 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 Dealer or its affiliates unwind any portion of Dealer's Hedge Positions in respect of the relevant Designated Date.
Settlement Price:	For any Unwind Date, the weighted average price per Share at which Dealer or its affiliates unwind any portion of Dealer's Hedge Positions on such Unwind Date in respect of the relevant Designated Date.
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 Dealer a number of Shares equal to the Net Share Settlement Number; and</li><li>(ii) if the Net Share Settlement Number is negative, then Dealer 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, either party may, by prior notice to the other party, satisfy its obligation to deliver any Shares or other securities on any date due (an " <b>Original Delivery Date</b> ") 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 Dealer 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 or arise as a result of the fact that Counterparty is the Issuer of the Shares.
<b>Share Adjustments:</b>	
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 which is not a Special Dividend and which has 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%."

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 interpretation"; and (ii) replacing the word "Shares" where it appears in clause (X) with the words "Hedge Position."

Failure to Deliver: Applicable if Dealer is required to deliver Shares hereunder; otherwise, Not Applicable.

Hedging Disruption: Not applicable.

Increased Cost of Hedging: Not applicable.

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, Dealer.

Determining Party: For all applicable Extraordinary Events, Dealer.

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 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: Dealer; 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 Dealer 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 Dealer: Credit Suisse Capital LLC  
Bank:  
ABA:  
SWIFT  
BIC:  
Account:  
Beneficiary:  
REF:

Payments to Counterparty: Bank:  
Account Name:  
Account Number:  
ABA:

Delivery of Shares to Dealer: 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 6, 2018 and made by it with Dealer and the specified representatives of the underwriters named therein, 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 Dealer an opinion of counsel in form and substance reasonably satisfactory to Dealer 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, Dealer, in its good faith and

commercially reasonable judgment, is unable to borrow and deliver for sale the Full Number of Shares or (y) in Dealer'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 Dealer 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, Dealer as of the date hereof that:
- (a) Counterparty shall promptly provide written notice to Dealer 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 Dealer;
  - (b) Counterparty will keep available at all times, for the purpose of issuance upon settlement of the Transaction as herein provided, the maximum number of Shares of Counterparty as may be issuable upon settlement of the Transaction. 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 maximum number of Shares of Counterparty as may be issuable upon settlement of the Transaction *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 "**Option Forward Confirmation**"), dated within 30 calendar days of the Trade Date, between Dealer 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 Dealer 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 Dealer 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 Dealer 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 Dealer, 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 any issuer “plan” (as defined in Rule 10b-18), 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 any issuer “plan” (as defined in Rule 10b-18) for directors, officers and employees or any agreements with respect to any such plan for 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 Dealer that such purchase does not constitute a “Rule 10b-18 purchase” (as defined in Rule 10b-18);

- (h) Counterparty will not engage in any “distribution” (as defined in Regulation M promulgated under the Exchange Act (“**Regulation M**”)) that would cause a “restricted period” (as defined in Regulation M) to occur during any Unwind Period;
- (i) During any Unwind Period, 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 Dealer of such public announcement; (ii) promptly notify Dealer 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 Dealer 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 related announcement date that were not effected through Dealer 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 such announcement date. Such written notice shall be deemed to be a certification by Counterparty to Dealer that such information is true and correct. In addition, Counterparty shall promptly notify Dealer 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) and an “accredited investor” (as defined in Section 2(a)(15)(ii) of the Securities Act);
- (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 Dealer 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 Dealer to it hereunder shall be entitled to the benefit of deposit insurance and that such obligations shall not be guaranteed by any affiliate of Dealer 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 Dealer 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 Dealer 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 Dealer 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. On the basis of the Forward Letter (as hereinafter defined), such Shares, when delivered by Dealer (or an affiliate of Dealer) to securities lenders from whom Dealer (or an affiliate of Dealer) 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 Dealer or an affiliate of Dealer. 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 Dealer (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 Dealer, 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 Dealer in settlement of the Transaction), Counterparty shall pay to Dealer 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 and that Counterparty designates as a Special Dividend hereunder by written notice given to Dealer promptly after the declaration of such dividend or distribution. “**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 Dealer 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 and during the continuation of an Acceleration Event, Dealer (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, by not more than 20 days’ notice to the other party, 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)(iii) or (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 Dealer 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)(iii) or (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 Dealer 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) a Loss of Stock Borrow;
  - (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 Dealer or Counterparty reasonably determines in good faith, based on the advice of counsel, 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 Dealer otherwise reasonably determines, based on the advice of counsel, that in its reasonable opinion any Shares to be delivered to Dealer by Counterparty hereunder may not be freely returned by Dealer 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 Dealer.

11. **Rule 10b5-1; Share Purchases by Dealer**

- (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 Dealer (or its agent or affiliate) purchases any Shares during any Unwind Period shall be at Dealer’s 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 Dealer (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 Dealer 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 Dealer (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, Dealer represents, warrants and covenants to Counterparty that Dealer 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 Dealer's control; *provided* that, during any Unwind Period, the foregoing agreement shall not apply to purchases made to dynamically hedge for Dealer's 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), Dealer 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 product of 1.5 and the Number of Shares (the “**Capped Number**”). Counterparty represents and warrants to Dealer (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 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) and are not required to be used for any other purpose, (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 Dealer 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 Dealer as a result of any Share Issuance Event for the settlement or satisfaction of any transaction or obligation other than the Transaction, the “Transaction” under any Option Forward Confirmation or any other forward transaction under a confirmation entered into by the Counterparty and another dealer pursuant to the Underwriting Agreement or pursuant to any other equity distribution agreement related to the Shares (each, an “**Other Dealer’s Transaction**”) or reserve any such Shares for future issuance for any purpose other than to satisfy Counterparty’s obligations to Dealer under the Transaction, the “Transaction” under any Option Forward Confirmation or any Other Dealer’s Transaction. Allocation of any Shares that become available for potential delivery to Dealer or any dealer party to an Other Dealer’s Transaction as a result of any Share Issuance Event shall be allocated to the Transaction, the “Transaction” under any Option Forward Confirmation and any Other Dealer’s Transaction on a ratable basis in accordance with the respective remaining Share delivery obligations thereunder.

13. **Transfer, Assignment and Designation:**

- (a) Notwithstanding any provision of the Agreement to the contrary, Dealer may assign, transfer and set over all rights, title and interest, powers, privileges and remedies of Dealer under the Transaction, in whole or part, to an affiliate of Dealer without the consent of Counterparty; *provided* that (i) no Event of Default, Potential Event of Default or Termination Event

with respect to which Dealer 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 Dealer 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 Dealer to purchase, sell, receive or deliver any Shares or other securities to or from Counterparty, Dealer may designate any of its affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Dealer's obligations in respect of the Transaction and any such designee may assume such obligations. Dealer shall be discharged of its obligations to Counterparty to the extent of any such performance.

14. **Indemnity:** Counterparty agrees to indemnify Dealer and its affiliates and their respective directors, officers, agents and controlling parties (Dealer 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, a 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 results from an Indemnified Party's gross negligence, bad faith or willful misconduct or Dealer's 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 Option Forward Confirmation by Counterparty to Dealer and by Dealer 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, Dealer agrees not to set off or net amounts due from Counterparty with respect to the Transaction against amounts due from Dealer (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, Dealer 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 Dealer or any affiliate of Dealer 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 Dealer 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:** Dealer acknowledges and agrees that this Confirmation is not intended to convey to Dealer 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 Dealer’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 Dealer’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 Dealer 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 Option Forward Confirmation, (i) the “beneficial ownership” (within the meaning of Section 13 of the Exchange Act and the rules promulgated thereunder) of Shares by Dealer, any of its affiliates’ business units subject to aggregation with Dealer 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 Dealer with respect to “beneficial ownership” of any Shares (collectively, “**Dealer Group**”) would be equal to or greater than 8.5% of the outstanding Shares (an “**Excess Section 13 Ownership Position**”) or (ii) Dealer, Dealer Group or any person whose ownership position would be aggregated with that of Dealer or Dealer Group (Dealer, Dealer Group or any such person, a “**Dealer 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 (including, without limitation, the Federal Power Act), 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 or the Federal Energy Regulatory Commission) of a Dealer 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**”). Dealer shall notify Counterparty promptly if, at any time, an Excess Section 13 Ownership Position or an Excess Regulatory Ownership Position has occurred or would occur as a result of a delivery by Counterparty to Dealer. If any delivery owed to Dealer 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, Dealer gives notice to Counterparty that such delivery would not result in (x) Dealer 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, Dealer 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) Dealer 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) Dealer 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 Dealer 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; Dealer 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 (the “**Forward Letter**”).
- (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 Dealer 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) Dealer 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, Dealer 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 Stock Borrow, any condition described in clause (i) of Section 18, an Excess Regulatory Ownership Position or Illegality (as defined in the Agreement)).

21. **Guarantee of Credit Suisse (USA), Inc.** The obligations of Dealer in respect of the Transaction hereunder will be guaranteed by Credit Suisse (USA), Inc. pursuant to (i) the Guarantee, dated May 16, 2001, made by Credit Suisse First Boston (USA), Inc. (by which name Credit Suisse (USA), Inc. formerly was known) relating to certain financial transactions of Credit Suisse First Boston Capital LLC (by which name Dealer formerly was known) or (ii) any replacement or successor guarantee, which may be in the form of a general guarantee or a guarantee that specifically references the Transaction (in each case, the “Guarantee”). The parties agree and acknowledge that the Guarantee shall be a Credit Support Document hereunder and that Credit Suisse (USA), Inc. or any successor guarantor shall be a Credit Support Provider hereunder.

22. **Role of Agent.** As a broker-dealer registered with the SEC, Credit Suisse Securities (USA) LLC in its capacity as Agent will be responsible for (i) effecting the Transactions, (ii) issuing all required confirmations and statements to Dealer and Counterparty, (iii) maintaining books and records relating to the Transactions as required by Rules 17a-3 and 17a-4 under the Exchange Act and (iv) unless otherwise requested by Counterparty, receiving, delivering, and safeguarding Counterparty’s funds and any securities in connection with each Transaction, in compliance with Rule 15c3-3 under the Exchange Act.

Credit Suisse Securities (USA) LLC is acting in connection with the Transactions solely in its capacity as Agent for Dealer and Counterparty pursuant to instructions from Dealer and Counterparty. Credit Suisse Securities (USA) LLC shall have no responsibility or personal liability to Dealer or Counterparty arising from any failure by Dealer or Counterparty to pay or perform any obligations hereunder, or to monitor or enforce compliance by Dealer or Counterparty with any obligation hereunder, including without limitation, any obligations to maintain collateral. Each of Dealer and Counterparty agrees to proceed solely against the other to collect or recover any securities or monies owing to it in connection with or as a result of the Transactions. Credit Suisse Securities (USA) LLC shall otherwise have no liability in respect of the Transactions, except for its gross negligence or willful misconduct in performing its duties as Agent.

The date and time of the Transaction evidenced hereby will be furnished by the Agent to Dealer and Counterparty upon written request.

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 evidenced hereby.

Dealer is not a member of the SIPC (Securities Investor Protection Corporation).

Dealer represents that it is an "OTC derivatives dealer" as such term is defined in the Exchange Act and is an affiliate of a broker-dealer that is registered with and fully-regulated by the SEC, Credit Suisse Securities (USA) LLC.

23. **Notices:** For the purpose of Section 12(a) of the Agreement:

(a) Address for notices or communications to Dealer:

Credit Suisse Capital LLC  
c/o Credit Suisse Securities (USA) LLC  
Eleven Madison Avenue  
New York, NY 10010  
Attention: Tucker Martin  
Telephone:  
Facsimile:  
Email:

with a copy to:

Credit Suisse Securities (USA) LLC  
1 Madison Avenue, 9th Floor  
New York, New York 10010  
Attention: Senior Legal Officer  
Telephone:  
Facsimile:  
Email:

(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:

(c) Section 12(a) of the Agreement hereby is amended by adding, immediately before the comma, the words "or, in the case of e-mail, on the date it is delivered."

24. **Waiver of Right to Trial by Jury:** EACH OF COUNTERPARTY AND DEALER 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 DEALER 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 Dealer and will apply to Counterparty with a Threshold Amount of 3% of shareholders equity for each of Dealer’s Credit Support Provider 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, (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” and (c) the term “Specified Indebtedness” shall have the meaning specified in Section 14 of the Agreement, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party’s banking business).

The “Automatic Early Termination” provision of Section 6(a) of the Agreement will not apply to Dealer 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 Dealer:

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, Dealer makes the following representation to Counterparty:

Dealer is a limited liability company 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).

(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 Dealer; and (iii) promptly upon learning that any such Form previously provided by Counterparty has become obsolete or incorrect.



Dealer	A complete and duly executed United States Internal Revenue Service Form W-9 (or successor thereto.)	(i) Upon execution and delivery of the Agreement; and (ii) promptly upon learning that any such Form previously provided by Dealer has become obsolete or incorrect.
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- (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 Dealer 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 Dealer as soon as is reasonably practicable, 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; provided, that, in the case of determinations that are not calculations, adjustments or other amounts, such a report shall be required only to the extent that such a report is reasonably necessary to show such determination or the basis therefor because such determination or basis is not apparent and such a report shall not be required where such determination is stated to be at Dealer’s sole election or discretion.

29. “Tax” and “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.

30. **Other Forward Transactions.** Counterparty agrees that it shall not cause to occur, or permit to exist, an Unwind Period at any time that there is an “Unwind Period” (or equivalent term) under any Other Dealer’s Transaction.

*[Signature page to follow. Remainder of page intentionally left blank.]*

Yours sincerely,

**CREDIT SUISSE CAPITAL LLC**

By: /s/ Shui Wong  
Name: Shui Wong  
Title: Authorized Signatory

By: /s/ Bik Kwan Chung  
Name: Bik Kwan Chung  
Title: Authorized Signatory

**CREDIT SUISSE SECURITIES (USA) LLC,**  
acting as agent for Credit Suisse Capital LLC

By: /s/ Shui Wong  
Name: Shui Wong  
Title: Vice President

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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

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**SCHEDULE I**

FORWARD PRICE REDUCTION DATES AND AMOUNTS

Schedule I-1

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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 Dealer. 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 Dealer (or any affiliate designated by Dealer) 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 Dealer (or any such affiliate of Dealer);
- (b) as of or prior to the date of delivery, Dealer and any potential purchaser of any such Restricted Shares from Dealer (or any affiliate of Dealer designated by Dealer) identified by Dealer 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 Dealer (or any affiliate of Dealer designated by Dealer) in connection with the private placement of such Restricted Shares by Counterparty to Dealer (or any such affiliate) and the private resale of such Restricted Shares by Dealer (or any such affiliate), substantially similar to private placement purchase agreements customary for private placements of equity securities of similar size for issuers comparable to Counterparty, in form and substance commercially reasonably satisfactory to Dealer, 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 Dealer, 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 Dealer (or any such affiliate) and the private resale of such Restricted Shares by Dealer (or any such affiliate), Counterparty shall, if so requested by Dealer, prepare, in cooperation with Dealer, a private placement memorandum customary for comparable private placements and issuers comparable to Counterparty and otherwise in form and substance reasonably satisfactory to Dealer.

In the case of a Private Placement Settlement, Dealer shall, in its good faith discretion, adjust the amount of Restricted Shares to be delivered to Dealer 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 Dealer and may only be saleable by Dealer 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 Dealer 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 Dealer 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 Dealer (or such affiliate of Dealer) 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 Dealer (or such affiliate of Dealer).

**Exhibit 10.2**

JPMorgan Chase Bank,  
National Association,  
London Branch  
25 Bank Street  
Canary Wharf  
London E14 5JP  
England

**DATE:** March 6, 2018  
**TO:** Duke Energy Corporation  
**ATTENTION:** 550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
**TELEPHONE**  
**FROM:** JPMorgan Chase Bank, National Association, London Branch  
**SUBJECT:** Issuer Forward Transaction

The purpose of this letter agreement (this "**Confirmation**") is to confirm the terms and conditions of the Transaction entered into between JPMorgan Chase Bank, National Association, London Branch ("**Dealer**") 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 Dealer 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 Dealer 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 Dealer and Counterparty or any confirmation or other agreement between Dealer and Counterparty pursuant to which an ISDA Master Agreement is deemed to exist between Dealer and Counterparty then notwithstanding anything to the contrary in such ISDA Master Agreement, such confirmation or agreement or any other agreement to which Dealer 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.

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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.

The time of dealing for the Transaction will be confirmed by Dealer upon written request by Counterparty.

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:	Dealer.
Seller:	Counterparty.
Trade Date:	March 6, 2018.
Effective Date:	March 9, 2018, 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 " <b>Full Number of Shares</b> ") or (y) if an Initial Hedging Disruption occurs, the Reduced Number of Shares (as defined in Section 4(b)).



Maturity Date: December 27, 2018 (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 \$74.0720 per Share.

Daily Rate: For any day, (i)(A) Overnight Bank Rate for such day, *minus* (B) the Spread, *divided by* (ii) 365. For the avoidance of doubt, the Daily Rate may be negative.

Overnight Bank Rate: For any day, the rate set forth for such day opposite the caption "Overnight bank funding rate", as such rate is displayed on the page "OBFR01 <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: 65 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 Dealer 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 Dealer or its affiliates finishes unwinding Dealer’s 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 Dealer 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 Dealer, generally are applicable in similar circumstances and are not arbitrarily or capriciously applied) for Dealer (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 Dealer 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) in violation of the Exchange Act or any other applicable securities laws; 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 Dealer) is below fifty percent (50%) of the Initial Forward Price (the “**Threshold Price**”) or (II) Dealer 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 Dealer 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 Dealer) is below the Threshold Price or (II) Dealer 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 second 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, Dealer 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 Dealer 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 second 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 Dealer or its affiliates unwind any portion of Dealer's 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 Dealer or its affiliates unwind any portion of Dealer's Hedge Positions in respect of the relevant Designated Date.
Settlement Price:	For any Unwind Date, the weighted average price per Share at which Dealer or its affiliates unwind any portion of Dealer's Hedge Positions on such Unwind Date in respect of the relevant Designated Date.
Net Share Settlement:	If Net Share Settlement is applicable, then on the relevant Net Share Settlement Date:  (i) if the Net Share Settlement Number is positive, then

Counterparty will deliver to Dealer a number of Shares equal to the Net Share Settlement Number; and

(ii) if the Net Share Settlement Number is negative, then Dealer will deliver to Counterparty a number of Shares equal to the absolute value of the Net Share Settlement Number;

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 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, either party may, by prior notice to the other party, 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 Dealer 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 or arise 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 which is not a Special Dividend and which has 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%."
- 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 interpretation”; and (ii) replacing the word “Shares” where it appears in clause (X) with the words “Hedge Position.”

Failure to Deliver: Applicable if Dealer is required to deliver Shares hereunder; otherwise, Not Applicable.

Hedging Disruption: Not applicable.

Increased Cost of Hedging: Not applicable.

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, Dealer.

Determining Party: For all applicable Extraordinary Events, Dealer.

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 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: Dealer; 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 Dealer 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 Dealer: Bank:  
ABA:  
Account:  
Beneficiary:  
REF:

Payments to Counterparty: Bank:  
Account Name:  
Account Number:  
ABA:

Delivery of Shares to Dealer: 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 6, 2018 and made by it with Dealer and the specified representatives of the underwriters named therein, 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 Dealer an opinion of counsel in form and substance reasonably satisfactory to Dealer 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, Dealer, in its good faith and commercially reasonable judgment, is unable to borrow and deliver for sale the Full Number of Shares or (y) in Dealer'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 Dealer 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, Dealer as of the date hereof that:

- (a) Counterparty shall promptly provide written notice to Dealer 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 Dealer;

- (b) Counterparty will keep available at all times, for the purpose of issuance upon settlement of the Transaction as herein provided, the maximum number of Shares of Counterparty as may be issuable upon settlement of the Transaction. 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 maximum number of Shares of Counterparty as may be issuable upon settlement of the Transaction *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 “**Option Forward Confirmation**”), dated within 30 calendar days of the Trade Date, between Dealer 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 Dealer 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 Dealer 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 Dealer 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 Dealer, 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 any issuer "plan" (as defined in Rule 10b-18), 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 any issuer "plan" (as defined in Rule 10b-18) for directors, officers and employees or any agreements with respect to any such plan for 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 Dealer that such purchase does not constitute a "Rule 10b-18 purchase" (as defined in Rule 10b-18);

- (h) Counterparty will not engage in any "distribution" (as defined in Regulation M promulgated under the Exchange Act ("**Regulation M**")) that would cause a "restricted period" (as defined in Regulation M) to occur during any Unwind Period;
- (i) During any Unwind Period, 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 Dealer of such public announcement; (ii) promptly notify Dealer 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 Dealer 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 related announcement date that were not effected through Dealer 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 such announcement date. Such written notice shall be deemed to be a

certification by Counterparty to Dealer that such information is true and correct. In addition, Counterparty shall promptly notify Dealer 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) and an “accredited investor” (as defined in Section 2(a)(15)(ii) of the Securities Act);
- (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 Dealer 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 Dealer to it hereunder shall be entitled to the benefit of deposit insurance and that such obligations shall not be guaranteed by any affiliate of Dealer 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 Dealer 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 Dealer 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 Dealer 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. On the basis of the Forward Letter (as hereinafter defined), such Shares, when delivered by Dealer (or an affiliate of Dealer) to securities lenders from whom Dealer (or an affiliate of Dealer) 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 Dealer or an affiliate of Dealer. 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 Dealer (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 Dealer, 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 Dealer in settlement of the Transaction), Counterparty shall pay to Dealer 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 and that Counterparty designates as a Special Dividend hereunder by written notice given to Dealer promptly after the declaration of such dividend or distribution. “**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 Dealer 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 and during the continuation of an Acceleration Event, Dealer (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, by not more than 20 days' notice to the other party, 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)(iii) or (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 Dealer 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)(iii) or (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 Dealer 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) a Loss of Stock Borrow;
  - (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 Dealer or Counterparty reasonably determines in good faith, based on the advice of counsel, 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 Dealer otherwise reasonably determines, based on the advice of counsel, that in its reasonable opinion any Shares to be delivered to Dealer by Counterparty hereunder may not be freely returned by Dealer 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 Dealer.

11. **Rule 10b5-1; Share Purchases by Dealer**

- (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 Dealer (or its agent or affiliate) purchases any Shares during any Unwind Period shall be at Dealer’s 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 Dealer (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 Dealer 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 Dealer (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, Dealer represents, warrants and covenants to Counterparty that Dealer 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 Dealer's control; *provided* that, during any Unwind Period, the foregoing agreement shall not apply to purchases made to dynamically hedge for Dealer's 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), Dealer 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 product of 1.5 and the Number of Shares (the "**Capped Number**"). Counterparty represents and warrants to Dealer (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 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) and are not required to be used for any other purpose, (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 Dealer 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 Dealer as a result of any Share Issuance Event for the settlement or satisfaction of any transaction or obligation other than the Transaction, the "Transaction" under any Option Forward Confirmation or any other forward transaction under a confirmation entered into by the Counterparty and another dealer pursuant to the Underwriting Agreement or pursuant to any other equity distribution agreement related to the Shares (each, an "Other Dealer's Transaction") or reserve any such Shares for future issuance for any purpose other than to satisfy Counterparty's obligations to Dealer under the Transaction, the "Transaction" under any Option Forward Confirmation or any Other Dealer's Transaction. Allocation of any Shares that become available for potential delivery to Dealer or any dealer party to an Other Dealer's Transaction as a result of any Share Issuance Event shall be allocated to the Transaction, the "Transaction" under any Option Forward Confirmation and any Other Dealer's Transaction on a ratable basis in accordance with the respective remaining Share delivery obligations thereunder.

13. **Transfer, Assignment and Designation:**

- (a) Notwithstanding any provision of the Agreement to the contrary, Dealer may assign, transfer and set over all rights, title and interest, powers, privileges and remedies of Dealer under the Transaction, in whole or part, to an affiliate of Dealer without the consent of Counterparty; *provided* that (i) no Event of Default, Potential Event of Default or Termination Event with respect to which Dealer 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 Dealer 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 Dealer to purchase, sell, receive or deliver any Shares or other securities to or from Counterparty, Dealer may designate any of its affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Dealer's obligations in respect of the Transaction and any such designee may assume such obligations. Dealer shall be discharged of its obligations to Counterparty to the extent of any such performance.

14. **Indemnity:** Counterparty agrees to indemnify Dealer and its affiliates and their respective directors, officers, agents and controlling parties (Dealer 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, a 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 results from an Indemnified Party’s gross negligence, bad faith or willful misconduct or Dealer’s 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 Option Forward Confirmation by Counterparty to Dealer and by Dealer 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, Dealer agrees not to set off or net amounts due from Counterparty with respect to the Transaction against amounts due from Dealer (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, Dealer 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 Dealer or any affiliate of Dealer 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 Dealer 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:** Dealer acknowledges and agrees that this Confirmation is not intended to convey to Dealer 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 Dealer’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 Dealer'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 Dealer 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 Option Forward Confirmation, (i) the "beneficial ownership" (within the meaning of Section 13 of the Exchange Act and the rules promulgated thereunder) of Shares by Dealer, any of its affiliates' business units subject to aggregation with Dealer 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 Dealer with respect to "beneficial ownership" of any Shares (collectively, "**Dealer Group**") would be equal to or greater than 8.5% of the outstanding Shares (an "**Excess Section 13 Ownership Position**") or (ii) Dealer, Dealer Group or any person whose ownership position would be aggregated with that of Dealer or Dealer Group (Dealer, Dealer Group or any such person, a "**Dealer 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 (including, without limitation, the Federal Power Act), 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 or the Federal Energy Regulatory Commission) of a Dealer 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**"). Dealer shall notify Counterparty promptly if, at any time, an Excess Section 13 Ownership Position or an Excess Regulatory Ownership Position has occurred or would occur as a result of a delivery by Counterparty to Dealer. If any delivery owed to Dealer 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, Dealer gives notice to Counterparty that such delivery would not result in (x) Dealer 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, Dealer 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) Dealer 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) Dealer 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 Dealer 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; Dealer 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 (the "**Forward Letter**").
- (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 Dealer 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) Dealer 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, Dealer 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 Stock Borrow, any condition described in clause (i) of Section 18, an Excess Regulatory Ownership Position or Illegality (as defined in the Agreement)).

21. **London Branch.** Dealer is entering into this Confirmation and the Agreement through its London Branch. Notwithstanding the foregoing, Dealer represents to Counterparty that the obligations of Dealer are the same as if it had entered into this Confirmation and the Agreement through its head or home office in New York.

22. **Communications with Employees of J.P. Morgan Securities LLC.** If Counterparty interacts with any employee of J.P. Morgan Securities LLC with respect to the Transaction, Counterparty is hereby notified that such employee will act solely as an authorized representative of Dealer (and not as a representative of J.P. Morgan Securities LLC) in connection with the Transaction.

23. **Notices:** For the purpose of Section 12(a) of the Agreement:

(a) Address for notices or communications to Dealer:

JPMorgan Chase Bank, National Association, London Branch  
Attention: EDG Marketing Support  
Email:

with a copy to:

J.P. Morgan Securities LLC  
Attention: Santosh Sreenivasan, Managing Director  
Telephone:  
Email:

(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:

(c) Section 12(a) of the Agreement hereby is amended by adding, immediately before the comma, the words “or, in the case of e-mail, on the date it is delivered.”

24. **Waiver of Right to Trial by Jury:** EACH OF COUNTERPARTY AND DEALER 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 DEALER 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 Dealer and will apply to Counterparty with a Threshold Amount of 3% of shareholders equity for each of Dealer 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, (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” and (c) the term “Specified Indebtedness” shall have the meaning specified in Section 14 of the

Agreement, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business).

The "Automatic Early Termination" provision of Section 6(a) of the Agreement will not apply to Dealer 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 Dealer:

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, Dealer makes the following representation to Counterparty:

Dealer is a national banking association organized or formed under the laws of the United States and is an exempt recipient under U.S. Treasury Regulation Section 1.6049-4(c)(1)(ii)(M).

(e) Part 3(a) of the ISDA Schedule — Tax Forms:

**Party Required to Deliver Document**

	<b><u>Form/Document/Certificate</u></b>	<b><u>Date by which to be Delivered</u></b>
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 Dealer; and (iii) promptly upon learning that any such Form previously provided by Counterparty has become obsolete or incorrect.
Dealer	A complete and duly executed United States Internal Revenue Service Form W-9 (or successor thereto.)	(i) Upon execution and delivery of the Agreement; and (ii) promptly upon learning that any such Form previously provided by Dealer 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 Dealer 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 Dealer as soon as is reasonably practicable, 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; provided, that, in the case of determinations that are not calculations, adjustments or other amounts, such a report shall be required only to the extent that such a report is reasonably necessary to show such determination or the basis therefor because such determination or basis is not apparent and such a report shall not be required where such determination is stated to be at Dealer's sole election or discretion.

29. "Tax" and "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.

30. **Other Forward Transactions.** Counterparty agrees that it shall not cause to occur, or permit to exist, an Unwind Period at any time that there is an "Unwind Period" (or equivalent term) under any Other Dealer's Transaction.

*[Signature page to follow. Remainder of page intentionally left blank.]*

Yours sincerely,

**JPMORGAN CHASE BANK,  
NATIONAL ASSOCIATION,  
LONDON BRANCH**

By: /s/ Kevin Cheng  
Name: Kevin Cheng  
Title: Vice President

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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

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**SCHEDULE I**

FORWARD PRICE REDUCTION DATES AND AMOUNTS

Schedule I-1

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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 Dealer. 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 Dealer (or any affiliate designated by Dealer) 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 Dealer (or any such affiliate of Dealer);
- (b) as of or prior to the date of delivery, Dealer and any potential purchaser of any such Restricted Shares from Dealer (or any affiliate of Dealer designated by Dealer) identified by Dealer 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 Dealer (or any affiliate of Dealer designated by Dealer) in connection with the private placement of such Restricted Shares by Counterparty to Dealer (or any such affiliate) and the private resale of such Restricted Shares by Dealer (or any such affiliate), substantially similar to private placement purchase agreements customary for private placements of equity securities of similar size for issuers comparable to Counterparty, in form and substance commercially reasonably satisfactory to Dealer, 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 Dealer, 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 Dealer (or any such affiliate) and the private resale of such Restricted Shares by Dealer (or any such affiliate), Counterparty shall, if so requested by Dealer, prepare, in cooperation with Dealer, a private placement memorandum customary for comparable private placements and issuers comparable to Counterparty and otherwise in form and substance reasonably satisfactory to Dealer.

In the case of a Private Placement Settlement, Dealer shall, in its good faith discretion, adjust the amount of Restricted Shares to be delivered to Dealer 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 Dealer and may only be saleable by Dealer 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 Dealer 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 Dealer 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 Dealer (or such affiliate of Dealer) 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 Dealer (or such affiliate of Dealer).

Exhibit 10.3

Credit Suisse Capital LLC  
c/o Credit Suisse Securities (USA) LLC  
as Agent for Credit Suisse Capital LLC  
11 Madison Avenue  
New York, New York 10010  
Facsimile: (212) 743-3661  
Telephone: (212) 325-9182

**DATE:** March 7, 2018  
**TO:** Duke Energy Corporation  
**ATTENTION:** 550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
**TELEPHONE:**  
**FROM:** Credit Suisse Securities (USA) LLC, acting as Agent for Credit Suisse Capital LLC  
**TELEPHONE:** (212) 325-9182  
**SUBJECT:** Issuer Forward Transaction

The purpose of this letter agreement (this "**Confirmation**") is to confirm the terms and conditions of the Transaction entered into between Credit Suisse Capital LLC ("**Dealer**"), through its agent Credit Suisse Securities (USA) LLC (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 Dealer 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 Dealer 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 Dealer and Counterparty or any confirmation or other agreement between Dealer and Counterparty pursuant to which an ISDA Master Agreement is deemed to exist between Dealer and Counterparty then notwithstanding anything to the contrary in such ISDA Master Agreement, such confirmation or agreement or any other agreement to which Dealer 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

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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 Dealer 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 Dealer under the Transaction pursuant to instructions from Dealer, (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 Dealer 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) Dealer 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 Dealer 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 Dealer. Dealer 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 Dealer upon written request by Counterparty.

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:	Dealer.
Seller:	Counterparty.
Trade Date:	March 7, 2018.
Effective Date:	March 9, 2018, 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 “ <b>Full Number of Shares</b> ”) or (y) if an Initial Hedging Disruption occurs, the Reduced Number of Shares (as defined in Section 4(b)).
Maturity Date:	December 27, 2018 (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 <i>and</i> (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 \$74.0720 per Share.
Daily Rate:	For any day, (i)(A) Overnight Bank 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.
Overnight Bank Rate	For any day, the rate set forth for such day opposite the caption “Overnight bank funding rate”, as such rate is displayed on the page “OBFR01 <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:	65 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 Dealer 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 Dealer or its affiliates finishes unwinding Dealer's 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 Dealer 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 Dealer, generally are applicable in similar circumstances and are not arbitrarily or capriciously applied) for Dealer (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 Dealer 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) in violation of the Exchange Act or any other applicable securities laws; 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 Dealer) is below



fifty percent (50%) of the Initial Forward Price (the “**Threshold Price**”) or (II) Dealer 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 Dealer 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 Dealer) is below the Threshold Price or (II) Dealer 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 second 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, Dealer 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 Dealer 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 second 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 Dealer or its affiliates unwind any portion of Dealer's 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 Dealer or its affiliates unwind any portion of Dealer's Hedge Positions in respect of the relevant Designated Date.
Settlement Price:	For any Unwind Date, the weighted average price per Share at which Dealer or its affiliates unwind any portion of Dealer's Hedge Positions on such Unwind Date in respect of the relevant Designated Date.
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 Dealer a number of Shares equal to the Net Share Settlement Number; and</li><li>(ii) if the Net Share Settlement Number is negative, then Dealer 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 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, either party may, by prior notice to the other party, satisfy its obligation to deliver any Shares or other securities on any date due (an " <b>Original Delivery Date</b> ") 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 Dealer 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 or arise 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 which is not a Special Dividend and which has 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%."
- 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 interpretation"; and (ii) replacing the word "Shares" where it appears in clause (X) with the words "Hedge Position."
- Failure to Deliver: Applicable if Dealer is required to deliver Shares hereunder; otherwise, Not Applicable.
- Hedging Disruption: Not applicable.

Increased Cost of Hedging: Not applicable.

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, Dealer.

Determining Party: For all applicable Extraordinary Events, Dealer.

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 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: Dealer; 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 Dealer 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 Dealer: Credit Suisse Capital LLC  
Bank:  
ABA:  
SWIFT  
BIC:  
Account:  
Beneficiary:  
REF:

Payments to Bank:

Counterparty: Account Name:  
Account Number:  
ABA:

Delivery of Shares to Dealer: 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 6, 2018 and made by it with Dealer and the specified representatives of the underwriters named therein, 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 Dealer an opinion of counsel in form and substance reasonably satisfactory to Dealer 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, Dealer, in its good faith and commercially reasonable judgment, is unable to borrow and deliver for sale the Full Number of Shares or (y) in Dealer'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 Dealer 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, Dealer as of the date hereof that:

- (a) Counterparty shall promptly provide written notice to Dealer 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 Dealer;
- (b) Counterparty will keep available at all times, for the purpose of issuance upon settlement of the Transaction as herein provided, the maximum number of Shares of Counterparty as may be issuable upon settlement of the Transaction. 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 maximum number of Shares of Counterparty as may be issuable upon settlement of the Transaction *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 6, 2018, between Dealer 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 Dealer 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 Dealer 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 Dealer 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 Dealer, 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 any issuer “plan” (as defined in Rule 10b-18), 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 any issuer “plan” (as defined in Rule 10b-18) for directors, officers and employees or any agreements with respect to any such plan for 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 Dealer that such purchase does not constitute a “Rule 10b-18 purchase” (as defined in Rule 10b-18);

- (h) Counterparty will not engage in any “distribution” (as defined in Regulation M promulgated under the Exchange Act (“**Regulation M**”)) that would cause a “restricted period” (as defined in Regulation M) to occur during any Unwind Period;
- (i) During any Unwind Period, 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 Dealer of such public announcement; (ii) promptly notify Dealer 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 Dealer 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 related announcement date that were not effected through Dealer 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 such announcement date. Such written notice shall be deemed to be a certification by Counterparty to Dealer that such information is true and correct. In addition, Counterparty shall promptly notify Dealer 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) and an “accredited investor” (as defined in Section 2(a)(15)(ii) of the Securities Act);
- (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 Dealer 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 Dealer to it hereunder shall be entitled to the benefit of deposit insurance and that such obligations shall not be guaranteed by any affiliate of Dealer 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 Dealer 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 Dealer 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 Dealer 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. On the basis of the Forward Letter (as hereinafter defined), such Shares, when delivered by Dealer (or an affiliate of Dealer) to securities lenders from whom Dealer (or an affiliate of Dealer) 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 Dealer or an affiliate of Dealer. 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 Dealer (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 Dealer, 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 Dealer in settlement of the Transaction), Counterparty shall pay to Dealer 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 and that Counterparty designates as a Special Dividend hereunder by written notice given to Dealer promptly after the declaration of such dividend or distribution. “**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 Dealer 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 and during the continuation of an Acceleration Event, Dealer (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, by not more than 20 days’ notice to the other party, 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)(iii) or (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 Dealer 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)(iii) or (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 Dealer 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) a Loss of Stock Borrow;
  - (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 Dealer or Counterparty reasonably determines in good faith, based on the advice of counsel, 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 Dealer otherwise reasonably determines, based on the advice of counsel, that in its reasonable opinion any Shares to be delivered to Dealer by Counterparty hereunder may not be freely returned by Dealer 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 Dealer.

11. **Rule 10b5-1; Share Purchases by Dealer**

- (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 Dealer (or its agent or affiliate) purchases any Shares during any Unwind Period shall be at Dealer's 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 Dealer (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 Dealer 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 Dealer (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, Dealer represents, warrants and covenants to Counterparty that Dealer 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 Dealer's control; *provided* that, during any Unwind Period, the foregoing agreement shall not apply to

purchases made to dynamically hedge for Dealer's 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), Dealer 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 product of 1.5 and the Number of Shares (the "**Capped Number**"). Counterparty represents and warrants to Dealer (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 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) and are not required to be used for any other purpose, (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 Dealer 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 Dealer as a result of any Share Issuance Event for the settlement or satisfaction of any transaction or obligation other than the Transaction, the "Transaction" under the Base Confirmation or any other forward transaction under a confirmation entered into by the Counterparty and another dealer pursuant to the Underwriting Agreement or pursuant to any other equity distribution agreement related to the Shares (each, an "**Other Dealer's Transaction**") or reserve any such Shares for future issuance for any purpose other than to satisfy Counterparty's obligations to Dealer under the Transaction, the "Transaction" under the Base Confirmation or any Other Dealer's Transaction. Allocation of any Shares that become available for potential delivery to Dealer or any dealer party to an Other Dealer's Transaction as a result of any Share Issuance Event shall be allocated to the



Transaction, the “Transaction” under the Base Confirmation and any Other Dealer’s Transaction on a ratable basis in accordance with the respective remaining Share delivery obligations thereunder.

13. **Transfer, Assignment and Designation:**

- (a) Notwithstanding any provision of the Agreement to the contrary, Dealer may assign, transfer and set over all rights, title and interest, powers, privileges and remedies of Dealer under the Transaction, in whole or part, to an affiliate of Dealer without the consent of Counterparty; *provided* that (i) no Event of Default, Potential Event of Default or Termination Event with respect to which Dealer 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 Dealer 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 Dealer to purchase, sell, receive or deliver any Shares or other securities to or from Counterparty, Dealer may designate any of its affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Dealer’s obligations in respect of the Transaction and any such designee may assume such obligations. Dealer shall be discharged of its obligations to Counterparty to the extent of any such performance.

14. **Indemnity:** Counterparty agrees to indemnify Dealer and its affiliates and their respective directors, officers, agents and controlling parties (Dealer 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, a 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 results from an Indemnified Party’s gross negligence, bad faith or willful misconduct or Dealer’s 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 Dealer and by Dealer 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, Dealer agrees not to set off or net amounts due from Counterparty with respect to the Transaction against amounts due from Dealer (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, Dealer 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 Dealer or any affiliate of Dealer 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 Dealer 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:** Dealer acknowledges and agrees that this Confirmation is not intended to convey to Dealer 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 Dealer’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 Dealer’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 Dealer 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 Dealer, any of its affiliates’ business units subject to aggregation with Dealer 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 Dealer with respect to “beneficial ownership” of any Shares (collectively,

“**Dealer Group**”) would be equal to or greater than 8.5% of the outstanding Shares (an “**Excess Section 13 Ownership Position**”) or (ii) Dealer, Dealer Group or any person whose ownership position would be aggregated with that of Dealer or Dealer Group (Dealer, Dealer Group or any such person, a “**Dealer 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 (including, without limitation, the Federal Power Act), 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 or the Federal Energy Regulatory Commission) of a Dealer 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**”). Dealer shall notify Counterparty promptly if, at any time, an Excess Section 13 Ownership Position or an Excess Regulatory Ownership Position has occurred or would occur as a result of a delivery by Counterparty to Dealer. If any delivery owed to Dealer 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, Dealer gives notice to Counterparty that such delivery would not result in (x) Dealer 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, Dealer 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) Dealer 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) Dealer 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 Dealer 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; Dealer 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 (the “**Forward Letter**”).
- (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 Dealer 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) Dealer 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, Dealer 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 Stock Borrow, any condition described in clause (i) of Section 18, an Excess Regulatory Ownership Position or Illegality (as defined in the Agreement)).

21. **Guarantee of Credit Suisse (USA), Inc.** The obligations of Dealer in respect of the Transaction hereunder will be guaranteed by Credit Suisse (USA), Inc. pursuant to (i) the Guarantee, dated May 16, 2001, made by Credit Suisse First Boston (USA), Inc. (by which name Credit Suisse (USA), Inc. formerly was known) relating to certain financial transactions of Credit Suisse First Boston Capital LLC (by which name Dealer formerly was known) or (ii) any replacement or successor guarantee, which may be in the form of a general guarantee or a guarantee that specifically references the Transaction (in each case, the “Guarantee”). The parties agree and acknowledge that the Guarantee shall be a Credit Support Document hereunder and that Credit Suisse (USA), Inc. or any successor guarantor shall be a Credit Support Provider hereunder.

22. **Role of Agent.** As a broker-dealer registered with the SEC, Credit Suisse Securities (USA) LLC in its capacity as Agent will be responsible for (i) effecting the Transactions, (ii) issuing all required confirmations and statements to Dealer and Counterparty, (iii) maintaining books and records relating to the Transactions as required by Rules 17a-3 and 17a-4 under the Exchange Act and (iv) unless otherwise requested by Counterparty, receiving, delivering, and safeguarding Counterparty’s funds and any securities in connection with each Transaction, in compliance with Rule 15c3-3 under the Exchange Act.

Credit Suisse Securities (USA) LLC is acting in connection with the Transactions solely in its capacity as Agent for Dealer and Counterparty pursuant to instructions from Dealer and Counterparty. Credit Suisse Securities (USA) LLC shall have no responsibility or personal liability to Dealer or Counterparty arising from any failure by Dealer or Counterparty to pay or

perform any obligations hereunder, or to monitor or enforce compliance by Dealer or Counterparty with any obligation hereunder, including without limitation, any obligations to maintain collateral. Each of Dealer and Counterparty agrees to proceed solely against the other to collect or recover any securities or monies owing to it in connection with or as a result of the Transactions. Credit Suisse Securities (USA) LLC shall otherwise have no liability in respect of the Transactions, except for its gross negligence or willful misconduct in performing its duties as Agent.

The date and time of the Transaction evidenced hereby will be furnished by the Agent to Dealer and Counterparty upon written request.

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 evidenced hereby.

Dealer is not a member of the SIPC (Securities Investor Protection Corporation).

Dealer represents that it is an "OTC derivatives dealer" as such term is defined in the Exchange Act and is an affiliate of a broker-dealer that is registered with and fully-regulated by the SEC, Credit Suisse Securities (USA) LLC.

23. **Notices:** For the purpose of Section 12(a) of the Agreement:

(a) Address for notices or communications to Dealer:

Credit Suisse Capital LLC  
c/o Credit Suisse Securities (USA) LLC  
Eleven Madison Avenue  
New York, NY 10010  
Attention: Tucker Martin  
Telephone:  
Facsimile:  
Email:

with a copy to:

Credit Suisse Securities (USA) LLC  
1 Madison Avenue, 9th Floor  
New York, New York 10010  
Attention: Senior Legal Officer  
Telephone:  
Facsimile:  
Email:

(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:

- (c) Section 12(a) of the Agreement hereby is amended by adding, immediately before the comma, the words “or, in the case of e-mail, on the date it is delivered.”

24. **Waiver of Right to Trial by Jury:** EACH OF COUNTERPARTY AND DEALER 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 DEALER 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 Dealer and will apply to Counterparty with a Threshold Amount of 3% of shareholders equity for each of Dealer’s Credit Support Provider 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, (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” and (c) the term “Specified Indebtedness” shall have the meaning specified in Section 14 of the Agreement, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party’s banking business).

The “Automatic Early Termination” provision of Section 6(a) of the Agreement will not apply to Dealer 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 Dealer:

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, Dealer makes the following representation to Counterparty:

Dealer is a limited liability company 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).

- (e) Part 3(a) of the ISDA Schedule — Tax Forms:

**Party Required to Deliver Document**

	<b><u>Form/Document/Certificate</u></b>	<b><u>Date by which to be Delivered</u></b>
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 Dealer; and (iii) promptly upon learning that any such Form previously provided by Counterparty has become obsolete or incorrect.
Dealer	A complete and duly executed United States Internal Revenue Service Form W-9 (or successor thereto.)	(i) Upon execution and delivery of the Agreement; and (ii) promptly upon learning that any such Form previously provided by Dealer 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 Dealer 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 Dealer as soon as is reasonably practicable, 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; provided, that, in the case of determinations that are not calculations, adjustments or other amounts, such a report shall be required only to the extent that such a report is reasonably necessary to show such determination or the basis therefor because such determination or basis is not apparent and such a report shall not be required where such determination is stated to be at Dealer’s sole election or discretion.

29. “Tax” and “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.

30. **Other Forward Transactions.** Counterparty agrees that it shall not cause to occur, or permit to exist, an Unwind Period at any time that there is an “Unwind Period” (or equivalent term) under any Other Dealer’s Transaction.

*[Signature page to follow. Remainder of page intentionally left blank.]*

Yours sincerely,

**CREDIT SUISSE CAPITAL LLC**

By: /s/ Barry Dixon  
Name: Barry Dixon  
Title: Authorized Signatory

By: /s/ Shui Wong  
Name: Shui Wong  
Title: Authorized Signatory

**CREDIT SUISSE SECURITIES (USA) LLC,**  
acting as agent for Credit Suisse Capital LLC

By: /s/ Barry Dixon  
Name: Barry Dixon  
Title: Director

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SCHEDULE I

FORWARD PRICE REDUCTION DATES AND AMOUNTS

Schedule I-1

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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 Dealer. 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 Dealer (or any affiliate designated by Dealer) 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 Dealer (or any such affiliate of Dealer);
- (b) as of or prior to the date of delivery, Dealer and any potential purchaser of any such Restricted Shares from Dealer (or any affiliate of Dealer designated by Dealer) identified by Dealer 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 Dealer (or any affiliate of Dealer designated by Dealer) in connection with the private placement of such Restricted Shares by Counterparty to Dealer (or any such affiliate) and the private resale of such Restricted Shares by Dealer (or any such affiliate), substantially similar to private placement purchase agreements customary for private placements of equity securities of similar size for issuers comparable to Counterparty, in form and substance commercially reasonably satisfactory to Dealer, 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 Dealer, 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 Dealer (or any such affiliate) and the private resale of such Restricted Shares by Dealer (or any such affiliate), Counterparty shall, if so requested by Dealer, prepare, in cooperation with Dealer, a private placement memorandum customary for comparable private placements and issuers comparable to Counterparty and otherwise in form and substance reasonably satisfactory to Dealer.

In the case of a Private Placement Settlement, Dealer shall, in its good faith discretion, adjust the amount of Restricted Shares to be delivered to Dealer 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 Dealer and may only be saleable by Dealer 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 Dealer 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 Dealer 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 Dealer (or such affiliate of Dealer) 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 Dealer (or such affiliate of Dealer).

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**Exhibit 10.4**

JPMorgan Chase Bank,  
National Association,  
London Branch  
25 Bank Street  
Canary Wharf  
London E14 5JP  
England

**DATE:** March 7, 2018  
**TO:** Duke Energy Corporation  
**ATTENTION:** 550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
**TELEPHONE:**  
**FROM:** JPMorgan Chase Bank, National Association, London Branch  
**SUBJECT:** Issuer Forward Transaction

The purpose of this letter agreement (this "**Confirmation**") is to confirm the terms and conditions of the Transaction entered into between JPMorgan Chase Bank, National Association, London Branch ("**Dealer**") 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 Dealer 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 Dealer 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 Dealer and Counterparty or any confirmation or other agreement between Dealer and Counterparty pursuant to which an ISDA Master Agreement is deemed to exist between Dealer and Counterparty then notwithstanding anything to the contrary in such ISDA Master Agreement, such confirmation or agreement or any other agreement to which Dealer 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.

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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.

The time of dealing for the Transaction will be confirmed by Dealer upon written request by Counterparty.

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:	Dealer.
Seller:	Counterparty.
Trade Date:	March 7, 2018.
Effective Date:	March 9, 2018, 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 " <b>Full Number of Shares</b> ") or (y) if an Initial Hedging Disruption occurs, the Reduced Number of Shares (as defined in Section 4(b)).

Maturity Date: December 27, 2018 (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 \$74.0720 per Share.

Daily Rate: For any day, (i)(A) Overnight Bank Rate for such day, *minus* (B) the Spread, *divided by* (ii) 365. For the avoidance of doubt, the Daily Rate may be negative.

Overnight Bank Rate: For any day, the rate set forth for such day opposite the caption "Overnight bank funding rate", as such rate is displayed on the page "OBFR01 <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: 65 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 Dealer 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 Dealer or its affiliates finishes unwinding Dealer’s 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 Dealer 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 Dealer, generally are applicable in similar circumstances and are not arbitrarily or capriciously applied) for Dealer (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 Dealer 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) in violation of the Exchange Act or any other applicable securities laws; 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 Dealer) is below fifty percent (50%) of the Initial Forward Price (the “**Threshold Price**”) or (II) Dealer 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 Dealer 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 Dealer) is below the Threshold Price or (II) Dealer 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 second 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, Dealer 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 Dealer 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 second 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 Dealer or its affiliates unwind any portion of Dealer's 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 Dealer or its affiliates unwind any portion of Dealer's Hedge Positions in respect of the relevant Designated Date.
Settlement Price:	For any Unwind Date, the weighted average price per Share at which Dealer or its affiliates unwind any portion of Dealer's Hedge Positions on such Unwind Date in respect of the relevant Designated Date.
Net Share Settlement:	If Net Share Settlement is applicable, then on the relevant Net Share Settlement Date:  (i) if the Net Share Settlement Number is positive, then

Counterparty will deliver to Dealer a number of Shares equal to the Net Share Settlement Number; and

- (ii) if the Net Share Settlement Number is negative, then Dealer will deliver to Counterparty a number of Shares equal to the absolute value of the Net Share Settlement Number;

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 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, either party may, by prior notice to the other party, satisfy its obligation to deliver any Shares or other securities on any date due (an " <b>Original Delivery Date</b> ") 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 Dealer 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 or arise 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 which is not a Special Dividend and which has 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%."

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 interpretation”; and (ii) replacing the word “Shares” where it appears in clause (X) with the words “Hedge Position.”
Failure to Deliver:	Applicable if Dealer is required to deliver Shares hereunder; otherwise, Not Applicable.
Hedging Disruption:	Not applicable.
Increased Cost of Hedging:	Not applicable.
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, Dealer.
Determining Party:	For all applicable Extraordinary Events, Dealer.
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 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	Applicable.

Acknowledgements:

Calculation Agent: Dealer; 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 Dealer 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 Dealer: Bank:  
ABA:  
Account:  
Beneficiary:  
REF:

Payments to Counterparty: Bank:  
Account  
Name:  
Account Number:  
ABA:

Delivery of Shares to Dealer: 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 6, 2018 and made by it with Dealer and the specified representatives of the underwriters named therein, 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 Dealer an opinion of counsel in form and substance reasonably satisfactory to Dealer 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, Dealer, in its good faith and commercially reasonable judgment, is unable to borrow and deliver for sale the Full Number of Shares or (y) in Dealer'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 Dealer 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, Dealer as of the date hereof that:

- (a) Counterparty shall promptly provide written notice to Dealer 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 Dealer;
- (b) Counterparty will keep available at all times, for the purpose of issuance upon settlement of the Transaction as herein provided, the maximum number of Shares of Counterparty as may be issuable upon settlement of

the Transaction. 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 maximum number of Shares of Counterparty as may be issuable upon settlement of the Transaction *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 6, 2018, between Dealer 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 Dealer 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 Dealer 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 Dealer 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 Dealer, 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 any issuer "plan" (as defined in Rule 10b-18), 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 any issuer "plan" (as defined in Rule 10b-18) for directors, officers and employees or any agreements with respect to any such plan for 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 Dealer that such purchase does not constitute a "Rule 10b-18 purchase" (as defined in Rule 10b-18);

- (h) Counterparty will not engage in any "distribution" (as defined in Regulation M promulgated under the Exchange Act ("**Regulation M**")) that would cause a "restricted period" (as defined in Regulation M) to occur during any Unwind Period;
- (i) During any Unwind Period, 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 Dealer of such public announcement; (ii) promptly notify Dealer 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 Dealer 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 related announcement date that were not effected through Dealer 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 such announcement date. Such written notice shall be deemed to be a certification by Counterparty to Dealer that such information is true and correct. In addition, Counterparty shall promptly notify Dealer 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) and an “accredited investor” (as defined in Section 2(a)(15)(ii) of the Securities Act);
- (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 Dealer 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 Dealer to it hereunder shall be entitled to the benefit of deposit insurance and that such obligations shall not be guaranteed by any affiliate of Dealer 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 Dealer 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 Dealer 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 Dealer 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. On the basis of the Forward Letter (as hereinafter defined), such Shares, when delivered by Dealer (or an affiliate of Dealer) to securities lenders from whom



Dealer (or an affiliate of Dealer) 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 Dealer or an affiliate of Dealer. 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 Dealer (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 Dealer, 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 Dealer in settlement of the Transaction), Counterparty shall pay to Dealer 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 and that Counterparty designates as a Special Dividend hereunder by written notice given to Dealer promptly after the declaration of such dividend or distribution. "**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 Dealer 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 and during the continuation of an Acceleration Event, Dealer (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, by not

more than 20 days' notice to the other party, 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)(iii) or (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 Dealer 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)(iii) or (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 Dealer 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) a Loss of Stock Borrow;
  - (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 Dealer or Counterparty reasonably determines in good faith, based on the advice of counsel, 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 Dealer otherwise reasonably determines, based on the advice of counsel, that in its reasonable opinion any Shares to be delivered to Dealer by Counterparty hereunder may not be freely returned by Dealer 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 Dealer.

11. **Rule 10b5-1; Share Purchases by Dealer**

- (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 Dealer (or its agent or affiliate) purchases any Shares during any Unwind Period shall be at Dealer’s 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 Dealer (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 Dealer 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 Dealer (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, Dealer represents, warrants and covenants to Counterparty that Dealer 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 Dealer's control; *provided* that, during any Unwind Period, the foregoing agreement shall not apply to purchases made to dynamically hedge for Dealer's 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), Dealer 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 product of 1.5 and the Number of Shares (the "**Capped Number**"). Counterparty represents and warrants to Dealer (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 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) and are not required to be used for any other purpose, (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 Dealer 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 Dealer as a result of any Share Issuance Event for the settlement or satisfaction of any transaction or obligation other than the Transaction, the "Transaction" under the Base Confirmation or any other forward transaction under a confirmation entered into by the Counterparty and another dealer pursuant to the Underwriting Agreement or pursuant to any other equity distribution agreement related to the Shares (each, an "**Other Dealer's Transaction**") or reserve any such Shares for future issuance for any purpose other than to satisfy Counterparty's obligations to Dealer under the Transaction, the "Transaction" under the Base Confirmation or any Other Dealer's Transaction. Allocation of any Shares that become available for potential delivery to Dealer or any dealer party to an Other Dealer's Transaction as a result of any Share Issuance Event shall be allocated to the Transaction, the "Transaction" under the Base Confirmation and any Other Dealer's Transaction on a ratable basis in accordance with the respective remaining Share delivery obligations thereunder.

13. **Transfer, Assignment and Designation:**

- (a) Notwithstanding any provision of the Agreement to the contrary, Dealer may assign, transfer and set over all rights, title and interest, powers, privileges and remedies of Dealer under the Transaction, in whole or part, to an affiliate of Dealer without the consent of Counterparty; *provided* that (i) no Event of Default, Potential Event of Default or Termination Event with respect to which Dealer 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 Dealer 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 Dealer to purchase, sell, receive or deliver any Shares or other securities to or from Counterparty, Dealer may designate any of its affiliates to purchase, sell, receive or deliver such Shares or other securities and otherwise to perform Dealer's obligations in respect of the Transaction and any such designee may assume such obligations. Dealer shall be discharged of its obligations to Counterparty to the extent of any such performance.

14. **Indemnity:** Counterparty agrees to indemnify Dealer and its affiliates and their respective directors, officers, agents and controlling parties (Dealer 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, a 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 results from an Indemnified Party’s gross negligence, bad faith or willful misconduct or Dealer’s 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 Dealer and by Dealer 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, Dealer agrees not to set off or net amounts due from Counterparty with respect to the Transaction against amounts due from Dealer (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, Dealer 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 Dealer or any affiliate of Dealer 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 Dealer 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:** Dealer acknowledges and agrees that this Confirmation is not intended to convey to Dealer 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 Dealer'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 Dealer'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 Dealer 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 Dealer, any of its affiliates' business units subject to aggregation with Dealer 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 Dealer with respect to "beneficial ownership" of any Shares (collectively, "**Dealer Group**") would be equal to or greater than 8.5% of the outstanding Shares (an "**Excess Section 13 Ownership Position**") or (ii) Dealer, Dealer Group or any person whose ownership position would be aggregated with that of Dealer or Dealer Group (Dealer, Dealer Group or any such person, a "**Dealer 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 (including, without limitation, the Federal Power Act), 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 or the Federal Energy Regulatory Commission) of a Dealer 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**"). Dealer shall notify Counterparty promptly if, at any time, an Excess Section 13 Ownership Position or an Excess Regulatory Ownership Position has occurred or would occur as a result of a delivery by Counterparty to Dealer. If any delivery owed to Dealer 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, Dealer gives notice to Counterparty that such delivery would not result in (x) Dealer 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, Dealer 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) Dealer 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) Dealer 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 Dealer 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; Dealer 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 (the "**Forward Letter**").
- (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 Dealer 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) Dealer 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, Dealer 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 Stock Borrow, any condition described in clause (i) of Section 18, an Excess Regulatory Ownership Position or Illegality (as defined in the Agreement)).

21. **London Branch.** Dealer is entering into this Confirmation and the Agreement through its London Branch. Notwithstanding the foregoing, Dealer represents to Counterparty that the obligations of Dealer are the same as if it had entered into this Confirmation and the Agreement through its head or home office in New York.

22. **Communications with Employees of J.P. Morgan Securities LLC.** If Counterparty interacts with any employee of J.P. Morgan Securities LLC with respect to the Transaction, Counterparty is hereby notified that such employee will act solely as an authorized representative of Dealer (and not as a representative of J.P. Morgan Securities LLC) in connection with the Transaction.

23. **Notices:** For the purpose of Section 12(a) of the Agreement:

(a) Address for notices or communications to Dealer:

JPMorgan Chase Bank, National Association, London Branch  
Attention: EDG Marketing Support  
Email:

with a copy to:

J.P. Morgan Securities LLC  
Attention: Santosh Sreenivasan, Managing Director  
Telephone:  
Email:

(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:

(c) Section 12(a) of the Agreement hereby is amended by adding, immediately before the comma, the words "or, in the case of e-mail, on the date it is delivered."

24. **Waiver of Right to Trial by Jury:** EACH OF COUNTERPARTY AND DEALER 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 DEALER 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 Dealer and will apply to Counterparty with a Threshold Amount of 3% of shareholders equity for each of Dealer 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, (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" and (c) the term "Specified Indebtedness" shall have the meaning specified in Section 14 of the Agreement, except that such term shall not include obligations in respect of deposits received in the ordinary course of a party's banking business).

The "Automatic Early Termination" provision of Section 6(a) of the Agreement will not apply to Dealer 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 Dealer:

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, Dealer makes the following representation to Counterparty:

Dealer is a national banking association organized or formed under the laws of the United States and is an exempt recipient under U.S. Treasury Regulation Section 1.6049-4(c)(1)(ii)(M).

(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 Dealer; and (iii) promptly upon learning that any such Form previously provided by Counterparty has become obsolete or incorrect.
Dealer	A complete and duly executed United States Internal Revenue Service Form W-9 (or successor thereto.)	(i) Upon execution and delivery of the Agreement; and (ii) promptly upon learning that any such Form previously provided by Dealer 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 Dealer 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 Dealer as soon as is reasonably practicable, 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; provided, that, in the case of determinations that are not calculations, adjustments or other amounts, such a report shall be required only to the extent that such a report is reasonably necessary to show such determination or the basis therefor because such determination or basis is not apparent and such a report shall not be required where such determination is stated to be at Dealer’s sole election or discretion.

29. “Tax” and “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.

30. **Other Forward Transactions.** Counterparty agrees that it shall not cause to occur, or permit to exist, an Unwind Period at any time that there is an “Unwind Period” (or equivalent term) under any Other Dealer’s Transaction.

*[Signature page to follow. Remainder of page intentionally left blank.]*

Yours sincerely,

**JPMORGAN CHASE BANK,  
NATIONAL ASSOCIATION,  
LONDON BRANCH**

By: /s/ Kevin Cheng  
Name: Kevin Cheng  
Title: Vice President

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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

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SCHEDULE I

FORWARD PRICE REDUCTION DATES AND AMOUNTS

Schedule I-1

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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 Dealer. 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 Dealer (or any affiliate designated by Dealer) 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 Dealer (or any such affiliate of Dealer);
- (b) as of or prior to the date of delivery, Dealer and any potential purchaser of any such Restricted Shares from Dealer (or any affiliate of Dealer designated by Dealer) identified by Dealer 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 Dealer (or any affiliate of Dealer designated by Dealer) in connection with the private placement of such Restricted Shares by Counterparty to Dealer (or any such affiliate) and the private resale of such Restricted Shares by Dealer (or any such affiliate), substantially similar to private placement purchase agreements customary for private placements of equity securities of similar size for issuers comparable to Counterparty, in form and substance commercially reasonably satisfactory to Dealer, 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 Dealer, 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 Dealer (or any such affiliate) and the private resale of such Restricted Shares by Dealer (or any such affiliate), Counterparty shall, if so requested by Dealer, prepare, in cooperation with Dealer, a private placement memorandum customary for comparable private placements and issuers comparable to Counterparty and otherwise in form and substance reasonably satisfactory to Dealer.

In the case of a Private Placement Settlement, Dealer shall, in its good faith discretion, adjust the amount of Restricted Shares to be delivered to Dealer 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 Dealer and may only be saleable by Dealer 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 Dealer 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 Dealer 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 Dealer (or such affiliate of Dealer) 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 Dealer (or such affiliate of Dealer).

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Exhibit 99.1

**DUKE ENERGY CORPORATION**  
**UNDERWRITING AGREEMENT**  
**For Purchase of 18,500,000 Shares of**  
**Common Stock of the Corporation**

March 6, 2018

CREDIT SUISSE SECURITIES (USA) LLC  
J.P. MORGAN SECURITIES LLC  
BARCLAYS CAPITAL INC.  
GOLDMAN SACHS & CO. LLC

As Representatives of the several Underwriters

c/o CREDIT SUISSE SECURITIES (USA) LLC  
Eleven Madison Avenue  
New York, New York 10010

Ladies and Gentlemen:

1. *Introductory.* DUKE ENERGY CORPORATION, a Delaware corporation (the “**Corporation**”), and Credit Suisse Capital LLC (“Credit Suisse Capital”) and J.P. Morgan Securities LLC, each in its capacity as agent and affiliate of a Forward Purchaser (as defined below) and/or seller of Shares (as defined below) hereunder (each in such capacity, a “**Forward Seller**” and collectively, the “**Forward Sellers**”), at the request of the Corporation in connection with the Forward Sale Agreements (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 Sellers and the purchase by the Underwriters, in each case acting severally and not jointly, of an aggregate of 18,500,000 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 2,775,000 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

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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 Agreements**” means the letter agreements dated the date hereof between the Corporation and each of Credit Suisse Capital and JPMorgan Chase Bank, National Association (each, a “**Forward Purchaser**” and collectively, the “**Forward Purchasers**”) 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 Agreements), of a number of shares of Common Stock equal to the number of Borrowed Underwritten Shares sold by the Forward Sellers pursuant to this Agreement, and the term “**Additional Forward Sale Agreements**” 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 Purchasers and the Forward Sellers that:

- (a) Registration statement, as amended (No. 333-213765), 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 6:45 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 its original effective date and 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 Purchasers or the Forward Sellers 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 Purchasers or Forward Sellers 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 Purchasers or the Forward Sellers 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 Purchasers or Forward Sellers 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 Sellers as described in Section 7(e) hereof did not, does not and will not include any information that conflicts with the information contained in the Registration Statement, any Preliminary Prospectus or the Prospectus, including any incorporated document deemed to be a part thereof, that has not been superseded or modified, or, when taken together with the information contained in the Registration Statement, any Preliminary Prospectus or the Prospectus, including any incorporated document deemed to be a part thereof, included, includes or will include an untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements therein, in light of the circumstances prevailing at that subsequent time, not misleading.
- (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 Agreements and the Additional Forward Sale Agreements, 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 of the Corporation (the “Certificate of Incorporation”), the amended and restated By-Laws of the



Corporation (the “**By-Laws**”) 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 Agreements or the Additional Forward Sale Agreements, if any, 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 Sellers and the Forward Purchasers.
- (h) This Agreement has been duly authorized, executed and delivered by the Corporation.
- (i) Each Forward Sale Agreement has been, and each 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, an Indiana limited liability company, Progress Energy, Inc., a North Carolina corporation, Duke Energy Progress, LLC, a North Carolina limited liability company, and Duke Energy Florida, LLC, a Florida limited liability company, is a “significant subsidiary” of the Corporation within the meaning of Rule 1-02 of Regulation S-X under the 1933 Act (herein collectively referred to, along with Duke Energy Ohio, Inc., an Ohio corporation, and Piedmont Natural Gas Company, Inc., a North Carolina corporation, as the “**Principal Subsidiaries**”).
- (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 Common Stock will conform in all material respects to the description thereof in the Prospectus under the caption “Description of Capital Stock.” A number of shares of Common Stock equal to 1.5 times the aggregate “**Full Number of Shares**” (as such term is defined in the Forward Sale Agreements) for all Forward Sale Agreements and Additional Forward Sale Agreements, if any, have been duly authorized and reserved for issuance under the Forward Sale Agreements and the Additional Forward Sale Agreements, if any, and when any such shares of Common Stock are issued and delivered by the Corporation

to a Forward Purchaser pursuant to the terms of the relevant Forward Sale Agreement or the relevant Additional Forward Sale Agreement, as applicable, against payment of any consideration required to be paid by the relevant Forward Purchaser pursuant to the terms of such Forward Sale Agreement or Additional Forward Sale Agreement, as applicable, such shares of Common Stock will be validly issued, fully paid and nonassessable, 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, 2017 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) Any pro forma financial statements of the Corporation and its subsidiaries and the related notes thereto incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein.
3. *Representations and Warranties of the Forward Sellers.* Each Forward Seller, severally and not jointly, represents and warrants to, and agrees with, each Underwriter and the Corporation that:
- (a) This Agreement has been duly authorized, executed and delivered by such 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 to which it (as Forward Purchaser) or its affiliated Forward Purchaser is a party has been, and the Additional Forward Sale Agreement, if any, to which it (as Forward Purchaser) or its affiliated Forward Purchaser will be a party, will be, duly authorized, executed and delivered by such 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) Such Forward Seller will, at the relevant 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 no Underwriter has any 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 such Forward Seller, free and clear of any security interest, mortgage, pledge, lien, charge, claim, equity or encumbrance of any kind.

4. *Purchase and Sale.*

- (a) Subject to the terms and conditions set forth herein:
  - (i) Each Forward Seller, 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 such Forward Seller, at a purchase price per share of \$74.0720, the number of Borrowed Underwritten Shares equal to the number of Shares set forth on the first table in Schedule I hereto opposite the name of such Underwriter in the column pertaining to such Forward Seller.
  - (ii) The Corporation agrees to sell to each of the Underwriters, and each of the Underwriters, severally and not jointly, agrees to purchase from the Corporation, at a purchase price per share of \$74.0720, a number of Corporation Top-Up Underwritten Shares, if any, that bears the same proportion to the total number of Corporation Top-Up Underwritten Shares as the number of Shares set forth on the first table in Schedule I hereto opposite the name of such Underwriter bears to the total number of Shares on such table (subject, however, to such adjustments to eliminate any fractional Shares as the Representatives in their sole discretion shall make).
- (b) (i) The Corporation hereby grants to the Underwriters the right to purchase at their election up to 2,775,000 Option Shares, solely to cover any over-allotments, 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 each of the Forward Sellers an additional letter agreement substantially in the form attached hereto as Schedule V between the Corporation and such Forward Purchasers (the “**Additional Forward Sale Agreements**”) 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 that bears the same proportion to the total number of Option Shares as the number of Shares set forth on the second table opposite its name or the name of its affiliate bears to the total number of Shares on that table (subject, however, to such adjustments to eliminate any fractional Shares as the Forward Sellers in their sole discretion shall make). Upon the Corporation’s execution and delivery to the Forward Sellers of such Additional Forward Sale Agreements, the Forward Purchasers shall promptly execute and deliver such Additional Forward Sale Agreements to the Corporation. 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 Forward Seller, severally and not jointly, hereby agrees to sell to each of the Underwriters, and each of the Underwriters, severally and not jointly, agrees to purchase from such Forward Seller, at a purchase price per share of \$74.0720, a number of Borrowed Option Shares that bears the same proportion to the total number of Borrowed Option Shares as the number of Shares set forth on the first table in Schedule I hereto opposite the name of such Underwriter bears to the total number of Shares on such table (subject, however, to such adjustments to eliminate any fractional Shares as the Representatives in their sole discretion shall make).

- (ii) On the basis of the representations, warranties and agreements set forth herein, and subject to the conditions set forth herein, the Corporation hereby agrees to sell to each of the Underwriters, and each of the Underwriters, severally and not jointly, agrees to purchase from the Corporation, at a purchase price per share of \$74.0720, a number of Corporation Top-Up Option Shares that bears the same proportion to the total number of Corporation Top-Up Option Shares as the number of Shares set forth on the first table in Schedule I hereto opposite the name of such Underwriter bears to the total number of Shares on such table (subject, however, to such adjustments to eliminate any fractional Shares as the Representatives in their sole discretion shall make).
- (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 Purchasers an opinion of counsel pursuant to Section 4(a)(vii) of the Forward Sale Agreements, on or prior to the First Time of Delivery (clauses (i) through (v), together, the “**Conditions**”), then each Forward Seller, in its sole discretion, may elect not to borrow and deliver the Borrowed Underwritten Shares otherwise deliverable by such Forward Seller for sale to the Underwriters on the First Time of Delivery. In addition, in the event that, in a Forward Purchaser’s commercially reasonable judgment, (A) it (as Forward Seller) or its affiliated 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 deliverable by such Forward Seller, or (B) such 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, such 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 such 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 a 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 such Forward Purchaser an opinion of counsel pursuant to Section 4(a)(vii) of the relevant Additional Forward Sale Agreement, on or prior to the Option Time of Delivery (clauses (i) through (v), together, the “**Additional Conditions**”), then such Forward Seller, in its sole discretion, may elect not to borrow and deliver the Borrowed Option Shares otherwise deliverable by such Forward Seller for sale to the Underwriters on the Option Time of Delivery. In addition, in the event that, in a Forward Purchaser’s commercially reasonable judgment, (A) it (as Forward Seller) or its affiliated 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 otherwise deliverable by such Forward Seller, or (B) such 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, such 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) a 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 otherwise deliverable by such Forward Seller, or (ii) a Forward Purchaser has entered into an Additional Forward Sale Agreement with the Corporation pursuant to Section 4(b) hereof and it (as Forward Seller) or its affiliated 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 otherwise deliverable by such Forward Seller, in either case, such Forward Seller will use its best efforts to notify the Corporation no later than 5:00 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.

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 Sellers (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 9, 2018, or at such other time or place on the same or such other date as the Representatives, the Forward Sellers 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, each Forward Purchaser and each 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 Sellers 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 Sellers, 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 each 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 Sellers, 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 Sellers and, if requested by the Underwriters and the Forward Sellers, will prepare and furnish without charge to each Underwriter and each 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 may 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 Agreements and the Additional Forward Sale Agreements, 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) hereof 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 as 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 Purchasers pursuant to the Forward Sale Agreements and the Additional Forward Sale Agreements, if any (whether pursuant to Physical Settlement, Net Share Settlement (as such terms are defined in the Forward Sale Agreements or the Additional Forward Sale Agreements, as applicable), the provisions of Section 9 ("Acceleration Events") of the Forward Sale Agreements or the Additional Forward Sale Agreements, as applicable, or otherwise).
- (l) The Corporation will not, directly or indirectly, (i) take any action designed to cause or result in, or that constitutes or might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Corporation to facilitate the sale or resale of the Shares or (ii) sell, bid for, or purchase the Shares to be issued and sold pursuant to this Agreement, or pay anyone any compensation for

soliciting purchases of the Shares to be issued and sold pursuant to this Agreement other than the Underwriters and the Forward Sellers.

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 Sellers 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., S&P Global 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 Purchasers and the Forward Sellers, 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 Duke Energy Ohio, Inc., Progress Energy, Inc., and Piedmont Natural Gas Company, Inc. has been duly incorporated and is validly existing in good standing under the laws of the jurisdiction of its incorporation and has the respective corporate power and authority and foreign qualifications necessary to own its properties and to conduct its business as described in the Pricing Disclosure Package and the Prospectus. Each of Duke Energy Carolinas, LLC, Duke Energy Florida, LLC, Duke Energy Indiana, LLC and Duke Energy Progress, LLC has been duly organized and is validly existing and in good standing as a limited liability company under the laws of the State of North Carolina, the State of Florida, the State of Indiana and the State of North Carolina, respectively, and has full limited liability company power and authority necessary to own its properties and to conduct its business as described in the Pricing Disclosure Package and the Prospectus.
- (ii) Each of the Corporation and the Principal Subsidiaries is duly qualified to do business in each jurisdiction in which the ownership or leasing of its property or the conduct of its business requires such qualification, except where the failure to so qualify, considering all such cases in the aggregate, does not have a material adverse effect on the business, properties, financial condition or results of operations of the Corporation and its subsidiaries taken as a whole.
- (iii) The Registration Statement became effective upon filing with the Commission pursuant to Rule 462 of the 1933 Act Regulations, and, to the best of such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or threatened under the 1933 Act.
- (iv) The descriptions in the Registration Statement, the Pricing Disclosure Package and the Prospectus of any legal or governmental proceedings are accurate and fairly present the information required to be shown, and such counsel does not know of any litigation or any legal or governmental proceeding instituted or threatened against the Corporation or any of its Principal Subsidiaries or any of their respective properties that would be required to be disclosed in the Registration Statement, the Pricing Disclosure Package or the Prospectus and is not so disclosed.
- (v) This Agreement and the Forward Sale Agreements have been, and the Additional Forward Sale Agreements, 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 Agreements and the Additional Forward Sale Agreements, if any, 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 Agreements and the Additional Forward Sale Agreements, if any.

- (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 Agreements and the Additional Forward Sale Agreements, if any, 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 Sellers and the Forward Purchasers and except as required in (i) Condition 7.6 of the order of the North Carolina Utilities Commission dated September 29, 2016, in Docket Nos. E-7, Sub 1100, E-2, Sub 1095, and G-9, Sub 682 and (ii) Condition 7.6(b) of the orders of the Public Service Commission of South Carolina dated July 11, 2012 and November 2, 2016, in Docket No. 2011-158-E, which conditions have been complied with.
- (viii) 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 the Prospectus under the caption "Description of Capital Stock." A number of shares of Common Stock equal to 1.5 times the aggregate Full Number of Shares for all Forward Sale Agreements and Additional Forward Sale Agreements, if any, have been duly authorized in connection with any share settlement obligations under the Forward Sale Agreements and the Additional Forward Sale Agreements, if any (including in upon Physical Settlement or Net Share Settlement (as such terms are defined in the Forward Sale Agreements or Additional Forward Sale Agreements, as applicable)) and, when any such shares of Common Stock are issued and delivered by the Corporation to a Forward Purchaser pursuant to the terms of the relevant Forward Sale Agreement or the relevant Additional Forward Sale Agreement, as applicable, such shares of Common Stock 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 or excluded therefrom, 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 Purchasers and the Forward Sellers, 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 Agreements have been, and each Additional Forward Sale Agreement, if any, will be, duly authorized, executed and delivered by the Corporation.
  - (ii) This Agreement and the Forward Sale Agreements are, 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 Agreements and the Additional Forward Sale Agreements, if any, 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 By-Laws, (ii) constitute a violation of, or a breach of or default under, the terms of any of the contracts set forth on Schedule 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 Agreements or the Additional Forward Sale Agreements, if any, 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 Agreements or the Additional Forward Sale Agreements, if any, 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 Agreements and the Additional Forward Sale Agreements, if any, 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 1.5 times the aggregate Full Number of Shares for all Forward Sale Agreements and Additional Forward Sale Agreements, if any, have been duly authorized in connection with any share settlement obligations under the Forward Sale Agreements and the Additional Forward Sale Agreements, if any (including in upon Physical Settlement or Net Share Settlement (as such terms are defined in the Forward Sale Agreements or the Additional Forward Sale Agreements, as applicable)) and, when any such shares of Common Stock are issued and delivered by the Corporation to a Forward Purchaser pursuant to the terms of the relevant Forward Sale Agreement or the relevant Additional Forward Sale Agreement, as applicable, such shares of Common Stock 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 (Conflicts of Interest),” 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 under the caption “Description of Capital Stock” in the Prospectus, insofar as such statements purport to summarize the terms of the Common Stock, 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 Purchasers and the Forward Sellers, 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). 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).

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 Purchasers and the Forward Sellers, shall have received an opinion of Sidley Austin LLP, counsel for the Underwriters, the Forward Purchasers and the Forward Sellers, 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 Purchasers and the Forward Sellers, 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 Sellers, shall have received a letter dated such date, in form and substance satisfactory to the Representatives and the Forward Sellers, 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 Purchasers pursuant to the Forward Sale Agreements and the Additional Forward Sale Agreements, if any (whether pursuant to Physical Settlement, Net Share Settlement (as such terms are defined in the Forward Sale Agreements or the Additional Forward Sale Agreements, as applicable) or the provisions of Section 9 ("*Acceleration Events*") of the Forward Sale Agreements or the Additional Forward Sale Agreements, 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 Purchasers and the Forward Sellers, 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 Purchasers or Forward Sellers 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) Each Forward Seller, severally and not jointly, 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 such Forward Seller or its affiliated Forward Purchaser furnished to the Corporation by such Forward Seller or

such 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 Sellers or the Forward Purchasers consists of the statement regarding affiliations with Credit Suisse Securities (USA) LLC or with J.P. Morgan Securities LLC, as applicable, 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 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 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 Purchasers and the Forward Sellers 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 Purchasers and the Forward Sellers 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 Purchasers and the Forward Sellers 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 Agreements and the Additional Forward Sale Agreements, if any, assuming, in each case, Physical Settlement thereof on the Effective Date (as such terms are defined in the Forward Sale Agreements or the Additional Forward Sale Agreements, 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 Sellers and the Forward Purchasers, the aggregate spread

received by affiliates of the Forward Sellers under the Forward Sale Agreements and the Additional Forward Sale Agreements, if any, net of any costs associated therewith, as reasonably determined by the Forward Sellers, 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 Purchasers or the Forward Sellers 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 Sellers 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 Purchasers and the Forward Sellers 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 Purchasers and the Forward Sellers 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 Sellers and the Forward Purchasers, the aggregate spread received by affiliates of the Forward Sellers under the Forward Sale Agreements and the Additional Forward Sale Agreements, 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 Agreements, if any, entered into pursuant to Section 4(b) hereof, all the Additional Conditions are not satisfied on the Option Time of Delivery, if any, as the case may be, and a Forward Seller elects, pursuant to Section 4(c) or Section 4(d) hereof, as the case may be, not to deliver Borrowed Underwritten Shares or Borrowed Option Shares otherwise deliverable by such Forward Seller, as applicable, (ii) in a Forward Purchaser's commercially reasonable judgment, it (as Forward Seller) or its affiliated 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 Borrowed Option Shares, as applicable, to be otherwise borrowed and delivered for sale by such Forward Seller under this Agreement or (iii) in a Forward Purchaser's commercially reasonable judgment, it (as Forward Seller) or its affiliated 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, 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 such 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 two 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 of the Forward Purchasers and neither of the Forward Sellers shall have any liability whatsoever for any Borrowed Shares that a 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 such 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 otherwise deliverable by such Forward Seller, as applicable, (ii) in a Forward Purchaser's commercially reasonable judgment, it (as Forward Seller) or its affiliated 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 Borrowed Underwritten Shares or Borrowed Option Shares otherwise deliverable by such Forward Seller, as applicable, to be borrowed and delivered for sale by such Forward Seller under this Agreement or (iii) in a Forward Purchaser's commercially reasonable judgment, it (as Forward Seller) or its affiliated 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 Sellers 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 Purchasers and the Forward Sellers 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 Purchasers and the Forward Sellers 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 Agreements and the Additional Forward Sale Agreements, if any, (iv) the Underwriters, the Forward Purchasers and the Forward Sellers 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 Purchasers and the Forward Sellers 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 Credit Suisse Securities (USA) LLC, 11 Madison Avenue, New York, New York 10010, Attention: Rebecca Kotkin, et al, Telephone: (212) 325-2380, Email: rebecca.kotkin@credit-suisse.com; J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179, Attention Equity Syndicate Desk, Fax no.: (212) 622-8358; Barclays Capital Inc., 745 Seventh Avenue, New York, NY 10019, Attn: Syndicate Registration, Fax no.: 1 (646) 834-8133; Goldman Sachs & Co. LLC, 200 West Street, New York, New York 10282; if sent to the Forward Purchasers or the Forward Sellers, will be mailed or telecopied to Credit Suisse Capital LLC, c/o Credit Suisse Securities (USA) LLC, 11 Madison Avenue, New York, New York 10010, Attention: Tucker Martin, Telephone: (212) 325-9182, Fax no.: (212) 743-3661, Email tucker.martin@credit-suisse.com, with a copy to list.elo-equ-der@credit-suisse.com; JPMorgan Chase Bank, National Association, 25 Bank Street, Canary Wharf, London E14 5JP, United Kingdom, Fax no.: (866) 886-4506, Attention: EDG Marketing Support, Email: edg\_notices@jpmorgan.com and edg\_ny\_corporate\_sales\_support@jpmorgan.com, with a copy to J.P. Morgan Securities LLC, 383 Madison Avenue, New York, New York 10179, Attention Equity Syndicate Desk, Fax no.: (212) 622-8358; or, if sent to the Corporation, will be mailed or telecopied and confirmed to it at 550 S. Tryon Street, Charlotte, North Carolina 28202, (Fax no.: (980) 373-3699), attention of Assistant 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 (except with respect to Section 6 hereof), 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 Sellers 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 Purchasers 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 Purchasers 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, any Forward Purchaser or any 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 Sellers, 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.

CREDIT SUISSE CAPITAL LLC,  
acting in its capacity as Forward Seller

By: /s/ Steven J. Reis  
Name: Steven J. Reis  
Title: Authorized Signatory

By: /s/ Eileen Caluri  
Name: Eileen Caluri  
Title: Authorized Signatory

CREDIT SUISSE CAPITAL LLC,  
acting in its capacity as Forward Purchaser, solely as the  
recipient and/or beneficiary of certain representations,  
warranties, agreements and indemnities set forth in this  
agreement.

By: /s/ Steven J. Reis  
Name: Steven J. Reis  
Title: Authorized Signatory

By: /s/ Eileen Caluri  
Name: Eileen Caluri  
Title: Authorized Signatory

J.P. MORGAN SECURITIES LLC,  
acting in its capacity as Forward Seller

By: /s/ Alaoui Zenere  
Name: Alaoui Zenere  
Title: Vice President

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,  
acting in its capacity as Forward Purchaser, solely as the  
recipient and/or beneficiary of certain representations,  
warranties, agreements and indemnities set forth in this  
agreement.

By: /s/ Alaoui Zenere  
Name: Alaoui Zenere  
Title: Vice President

On behalf of themselves and each of the Underwriters  
listed in Schedule I hereto.

CREDIT SUISSE SECURITIES (USA) LLC

By: /s/ Ted Michaels  
Name: Ted Michaels  
Title: Managing Director

J.P. MORGAN SECURITIES LLC

By: /s/ Alaoui Zenere  
Name: Alaoui Zenere  
Title: Vice President

BARCLAYS CAPITAL INC.

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

GOLDMAN SACHS & CO. LLC

By: /s/ Daniel Young  
Name: Daniel Young  
Title: Managing Director

SCHEDULE I

Underwriters

Underwriter	Total Number of Shares to be Purchased from Credit Suisse Capital LLC	Total Number of Shares to be Purchased from J.P. Morgan Securities LLC
Credit Suisse Securities (USA) LLC	1,613,623	1,613,623
J.P. Morgan Securities LLC	1,613,623	1,613,623
Barclays Capital Inc.	1,233,947	1,233,947
Goldman Sachs & Co. LLC	1,233,947	1,233,947
Citigroup Global Markets Inc.	664,434	664,434
Merrill Lynch, Pierce, Fenner & Smith Incorporated	664,433	664,433
Morgan Stanley & Co. LLC	664,433	664,433
Wells Fargo Securities, LLC	664,433	664,433
BNP Paribas Securities Corp.	128,161	128,161
BTIG, LLC	128,161	128,161
Mizuho Securities USA LLC	128,161	128,161
MUFG Securities Americas Inc.	128,161	128,161
Scotia Capital (USA) Inc.	128,161	128,161
SunTrust Robinson Humphrey, Inc.	128,161	128,161
TD Securities (USA) LLC	128,161	128,161
<b>Total Shares</b>	<b>9,250,000</b>	<b>9,250,000</b>

Forward Sellers

Forward Seller	Total Number of Shares to be Sold
Credit Suisse Capital LLC	9,250,000
J.P. Morgan Securities LLC	9,250,000
<b>Total Shares</b>	<b>18,500,000</b>

**SCHEDULE II**

Number of Shares Offered: 18,500,000 Shares (plus 2,775,000 Option Shares)

Offering price: The price paid by each initial purchaser of the Shares.

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**SCHEDULE III**

Permitted Free Writing Prospectus

None.

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**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, and as further amended by Amendment No. 3 and Consent, dated as of March 16, 2017, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, LLC, Duke Energy Kentucky, Inc., Duke Energy Progress, LLC, Duke Energy Florida, LLC, and Piedmont Natural Gas Company, Inc., the lenders party thereto, the issuing lenders party thereto, and Wells Fargo Bank, National Association..

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**SCHEDULE V**

[Form of Additional Forward Sale Agreement]

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**SCHEDULE VI**

Douglas F Esamann

Julia S. Janson

Lynn J. Good

Lloyd M. Yates

Steven K. Young

Dhiaa M. Jamil

Melissa H. Anderson

William E. Currens Jr.

Frank H. Yoho

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Exhibit 1

DUKE ENERGY CORPORATION

LOCK-UP AGREEMENT

March 6, 2018

CREDIT SUISSE SECURITIES (USA) LLC.  
J.P. MORGAN SECURITIES LLC  
BARCLAYS CAPITAL INC.  
GOLDMAN SACHS & CO. LLC

As Representatives of the several Underwriters

c/o CREDIT SUISSE SECURITIES (USA) LLC.  
Eleven Madison Avenue  
New York, New York 10010

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.

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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): March 12, 2018

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



Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number and IRS Employer Identification Number	Commission file number	Registrant, State of Incorporation or Organization, Address of Principal Executive Offices, Telephone Number and IRS Employer Identification Number
1-4928	<b>DUKE ENERGY CAROLINAS, LLC</b> (a North Carolina limited liability company) 526 South Church Street Charlotte, North Carolina 28202-1803 704-382-3853 56-0205520	1-1232	<b>DUKE ENERGY OHIO, INC.</b> (an Ohio corporation) 139 East Fourth Street Cincinnati, Ohio 45202 704-382-3853 31-0240030
1-3382	<b>DUKE ENERGY PROGRESS, LLC</b> (a North Carolina limited liability company) 410 South Wilmington Street Raleigh, North Carolina 27601-1748 704-382-3853 56-0165465	1-3543	<b>DUKE ENERGY INDIANA, LLC</b> (an Indiana limited liability company) 1000 East Main Street Plainfield, Indiana 46168 704-382-3853 35-0594457
1-3274	<b>DUKE ENERGY FLORIDA, LLC</b> (a Florida limited liability company) 299 First Avenue North St. Petersburg, Florida 33701 704-382-3853 59-0247770	1-6196	<b>PIEDMONT NATURAL GAS COMPANY, INC.</b> (a North Carolina corporation) 4720 Piedmont Row Drive Charlotte, North Carolina 28210 704-364-3120 56-556998

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company



If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02. Results of Operations and Financial Conditions.**

The information attached hereto as exhibit 99.1 provides supplemental financial information for Duke Energy Corporation and Subsidiary Registrants.

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

(d) *Exhibits.*

99.1 [Fourth Quarter 2017 Statistical Supplement](#)

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**SIGNATURE**

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

**DUKE ENERGY CORPORATION  
DUKE ENERGY CAROLINAS, LLC  
DUKE ENERGY PROGRESS, LLC  
DUKE ENERGY FLORIDA, LLC  
DUKE ENERGY OHIO, INC.  
DUKE ENERGY INDIANA, LLC  
PIEDMONT NATURAL GAS COMPANY, INC.**

Date: March 12, 2018

By: /s/ William E. Currens Jr.  
Name: William E. Currens Jr.  
Title: Senior Vice President, Chief Accounting Officer and Controller



# Fourth Quarter 2017 Statistical Supplement

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**Table of Contents**

Duke Energy Corporation (Unaudited)

- 3 Consolidating Statements of Operations
- 5 Consolidating Balance Sheets

Electric Utilities and Infrastructure (Unaudited)

- 9 Consolidating Segment Income
- 11 Consolidating Balance Sheets

Gas Utilities and Infrastructure (Unaudited)

- 15 Consolidating Segment Income
- 17 Consolidating Balance Sheets

Electric and Natural Gas Revenues by Customer Class

- 21 Revenues by Customer Class (Unaudited)

Non-GAAP Disclosures (Unaudited)

- 22 Reported to Adjusted Earnings Reconciliations
- 24 Non-GAAP Financial Measures

This Statistical Supplement includes results of Piedmont Natural Gas subsequent to the acquisition on October 3, 2016, and should be read in conjunction with Duke Energy's Annual Report on Form 10-K for the year ended December 31, 2017.

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DUKE ENERGY CORPORATION  
Consolidating Statements of Operations  
(Unaudited)

(in millions)	Twelve Months Ended December 31, 2017					
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations/ Adjustments	Duke Energy
<b>Operating Revenues</b>						
Regulated electric	\$ 21,331	\$ —	\$ —	\$ —	(154)	\$ 21,177
Regulated natural gas	—	1,827	—	—	(93)	1,734
Nonregulated electric and other	—	9	460	138	47	654
Total operating revenues	21,331	1,836	460	138	(200)	23,565
<b>Operating Expenses</b>						
Fuel used in electric generation and purchased power	6,379	—	—	58	(87)	6,350
Cost of natural gas	—	632	—	—	—	632
Operation, maintenance and other	5,196	393	267	44	(112)	5,788
Depreciation and amortization	3,010	231	155	131	—	3,527
Property and other taxes	1,079	106	33	14	1	1,233
Impairment charges	176	—	99	7	—	282
Total operating expenses	15,840	1,362	554	254	(198)	17,812
<b>Gains on Sales of Other Assets and Other, net</b>	6	—	1	21	—	28
<b>Operating Income (Loss)</b>	5,497	474	(93)	(95)	(2)	5,781
<b>Other Income and Expenses</b>						
Equity in earnings (losses) of unconsolidated affiliates	5	62	(5)	57	—	119
Other income and expenses, net	303	4	(7)	70	(18)	352
Total other income and expenses	308	66	(12)	127	(18)	471
<b>Interest Expense</b>	1,240	105	87	574	(20)	1,986
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	4,565	435	(192)	(542)	—	4,266
<b>Income Tax Expense (Benefit) from Continuing Operations</b>	1,355	116	(628)	353	—	1,196
<b>Income (Loss) from Continuing Operations</b>	3,210	319	436	(895)	—	3,070
<b>Less: Net (Loss) Income Attributable to Noncontrolling Interest</b>	—	—	(5)	10	—	5
<b>Segment Income / Other Net Expense</b>	\$ 3,210	\$ 319	\$ 441	\$ (905)	\$ —	\$ 3,065
<b>Loss from Discontinued Operations, net of tax</b>						(6)
<b>Net Income Attributable to Duke Energy Corporation</b>						\$ 3,059
<b>Segment Income / Other Net Expense</b>	\$ 3,210	\$ 319	\$ 441	\$ (905)	\$ —	\$ 3,065
<b>Special Items</b>	(133)	(26)	(368)	661	—	134
<b>Adjusted Earnings<sup>(a)</sup></b>	\$ 3,077	\$ 293	\$ 73	\$ (244)	\$ —	\$ 3,199

(a) See page 22 for a detailed reconciliation of Segment Income / Other Net Expense to Adjusted Earnings.

DUKE ENERGY CORPORATION  
Consolidating Statements of Operations  
(Unaudited)

(in millions)	Twelve Months Ended December 31, 2016						
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	International Energy	Eliminations/ Adjustments	Duke Energy
<b>Operating Revenues</b>							
Regulated electric	\$ 21,366	\$ —	\$ —	\$ —	\$ —	(145)	\$ 21,221
Regulated natural gas	—	901	—	(10)	—	(28)	863
Nonregulated electric and other	—	—	484	127	—	48	659
Total operating revenues	21,366	901	484	117	—	(125)	22,743
<b>Operating Expenses</b>							
Fuel used in electric generation and purchased power	6,595	—	—	51	—	(21)	6,625
Cost of natural gas	—	265	—	—	—	—	265
Operation, maintenance and other	5,293	186	337	371	—	(102)	6,085
Depreciation and amortization	2,897	115	130	152	—	—	3,294
Property and other taxes	1,020	70	25	28	—	(1)	1,142
Impairment charges	16	—	—	2	—	—	18
Total operating expenses	15,821	636	492	604	—	(124)	17,429
<b>(Loss) Gains on Sales of Other Assets and Other, net</b>	—	(1)	5	23	—	—	27
<b>Operating Income (Loss)</b>	5,545	264	(3)	(464)	—	(1)	5,341
<b>Other Income and Expenses</b>							
Equity in earnings (losses) of unconsolidated affiliates <sup>(a)</sup>	5	19	(82)	43	—	—	(15)
Other income and expenses, net	298	5	(1)	32	—	(10)	324
Total other income and expenses	303	24	(83)	75	—	(10)	309
<b>Interest Expense<sup>(b)</sup></b>	1,136	46	53	693	—	(12)	1,916
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	4,712	242	(139)	(1,082)	—	1	3,734
<b>Income Tax Expense (Benefit) from Continuing Operations</b>	1,672	90	(160)	(446)	—	—	1,156
<b>Income (Loss) from Continuing Operations</b>	3,040	152	21	(636)	—	1	2,578
<b>Less: Net (Loss) Income Attributable to Noncontrolling Interest</b>	—	—	(2)	9	—	—	7
<b>Segment Income / Other Net Expense</b>	\$ 3,040	\$ 152	\$ 23	\$ (645)	\$ —	\$ 1	\$ 2,571
<b>Loss from Discontinued Operations, net of tax<sup>(c)</sup></b>							(419)
<b>Net Income Attributable to Duke Energy Corporation</b>							\$ 2,152
<b>Segment Income / Other Net Expense</b>	\$ 3,040	\$ 152	\$ 23	\$ (645)	\$ —	\$ 1	\$ 2,571
<b>Special Items</b>	—	—	45	386	243	(1)	673
<b>Adjusted Earnings<sup>(d)</sup></b>	\$ 3,040	\$ 152	\$ 68	\$ (259)	\$ 243	\$ —	\$ 3,244

- (a) Commercial Renewables includes a pretax impairment charge of \$71 million related to certain equity method investments in wind projects.  
(b) Other includes \$234 million related to Piedmont acquisition financing, primarily due to losses on forward-starting interest rate swaps.  
(c) Includes a loss on the sale of the International Disposal Group and an impairment charge related to certain assets in Central America, partially offset by the operating results of the International Disposal Group and a tax benefit related to previously sold businesses.  
(d) See page 23 for a detailed reconciliation of Segment Income / Other Net Expense to Adjusted Earnings.

DUKE ENERGY CORPORATION  
Consolidating Balance Sheets - Assets  
(Unaudited)

(in millions)	December 31, 2017					
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations/ Adjustments	Duke Energy
<b>Current Assets</b>						
Cash and cash equivalents	\$ 67	\$ 23	\$ 10	\$ 258	\$ —	\$ 358
Receivables, net	445	276	6	52	—	779
Receivables of variable interest entities, net	1,966	—	30	—	(1)	1,995
Receivables from affiliated companies	22	7	1,315	454	(1,798)	—
Notes receivable from affiliated companies	166	3	—	613	(782)	—
Inventory	3,106	106	15	23	—	3,250
Regulatory assets	1,220	96	—	122	(1)	1,437
Other	240	56	124	212	2	634
Total current assets	7,232	567	1,500	1,734	(2,580)	8,453
<b>Property, Plant and Equipment</b>						
Cost	111,582	9,635	4,294	1,995	1	127,507
Accumulated depreciation and amortization	(37,541)	(2,216)	(691)	(1,088)	(1)	(41,537)
Generation facilities to be retired, net	421	—	—	—	—	421
Net property, plant and equipment	74,462	7,419	3,603	907	—	86,391
<b>Other Noncurrent Assets</b>						
Goodwill	17,379	1,924	93	—	—	19,396
Regulatory assets	11,344	652	—	445	1	12,442
Nuclear decommissioning trust funds	7,097	—	—	—	—	7,097
Investments in equity method unconsolidated affiliates	89	763	190	133	—	1,175
Investment in consolidated subsidiaries	215	15	7	56,379	(56,616)	—
Other	2,069	87	86	1,353	(635)	2,960
Total other noncurrent assets	38,193	3,441	376	58,310	(57,250)	43,070
<b>Total Assets</b>	<b>119,887</b>	<b>11,427</b>	<b>5,479</b>	<b>60,951</b>	<b>(59,830)</b>	<b>137,914</b>
Segment reclassifications, intercompany balances and other	(464)	35	(1,323)	(58,266)	60,018	—
<b>Segment Assets</b>	<b>\$ 119,423</b>	<b>\$ 11,462</b>	<b>\$ 4,156</b>	<b>\$ 2,685</b>	<b>\$ 188</b>	<b>\$ 137,914</b>



DUKE ENERGY CORPORATION  
Consolidating Balance Sheets - Liabilities and Equity  
(Unaudited)

(in millions)	December 31, 2017					
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations/ Adjustments	Duke Energy
<b>Current Liabilities</b>						
Accounts payable	\$ 2,248	\$ 205	\$ 30	\$ 560	\$ —	\$ 3,043
Accounts payable to affiliated companies	512	22	10	1,228	(1,772)	—
Notes payable to affiliated companies	396	368	—	43	(807)	—
Notes payable and commercial paper	—	—	4	2,159	—	2,163
Taxes accrued	580	42	(69)	(2)	—	551
Interest accrued	338	35	—	152	—	525
Current maturities of long-term debt	2,073	251	170	750	—	3,244
Asset retirement obligations	689	—	—	—	—	689
Regulatory liabilities	387	9	—	5	1	402
Other	1,370	74	35	388	(2)	1,865
Total current liabilities	8,593	1,006	180	5,283	(2,580)	12,482
<b>Long-Term Debt</b>	29,063	2,449	1,700	15,822	1	49,035
<b>Long-Term Debt Payable to Affiliated Companies</b>	618	7	9	—	(634)	—
<b>Other Noncurrent Liabilities</b>						
Deferred income taxes	8,555	860	(169)	(2,625)	—	6,621
Asset retirement obligations	9,345	50	90	1	—	9,486
Regulatory liabilities	13,819	1,510	—	2	(1)	15,330
Accrued pension and other post-retirement benefit costs	723	21	—	359	—	1,103
Investment tax credits	536	3	—	—	—	539
Other	789	230	259	303	—	1,581
Total other noncurrent liabilities	33,767	2,674	180	(1,960)	(1)	34,660
<b>Equity</b>						
Total Duke Energy Corporation stockholders' equity	47,846	5,291	3,409	41,809	(56,616)	41,739
Noncontrolling interests	—	—	1	(3)	—	(2)
Total equity	47,846	5,291	3,410	41,806	(56,616)	41,737
<b>Total Liabilities and Equity</b>	119,887	11,427	5,479	60,951	(59,830)	137,914
Segment reclassifications, intercompany balances and other	(464)	35	(1,323)	(58,266)	60,018	—
<b>Segment Liabilities and Equity</b>	\$ 119,423	\$ 11,462	\$ 4,156	\$ 2,685	\$ 188	\$ 137,914

DUKE ENERGY CORPORATION  
Consolidating Balance Sheets - Assets  
(Unaudited)

December 31, 2016						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations/ Adjustments	Duke Energy
<b>Current Assets</b>						
Cash and cash equivalents	\$ 72	\$ 25	\$ 8	\$ 287	\$ —	\$ 392
Receivables, net	451	228	24	47	1	751
Receivables of variable interest entities, net	1,871	—	22	—	—	1,893
Receivables from affiliated companies	25	31	769	3,075	(3,900)	—
Notes receivable from affiliated companies	179	38	—	89	(306)	—
Inventory	3,372	108	17	26	(1)	3,522
Regulatory assets	806	124	—	93	—	1,023
Other	283	31	107	35	2	458
Total current assets	7,059	585	947	3,652	(4,204)	8,039
<b>Property, Plant and Equipment</b>						
Cost	106,271	8,922	4,344	1,860	—	121,397
Accumulated depreciation and amortization	(35,788)	(2,047)	(569)	(1,002)	—	(39,406)
Generation facilities to be retired, net	529	—	—	—	—	529
Net property, plant and equipment	71,012	6,875	3,775	858	—	82,520
<b>Other Noncurrent Assets</b>						
Goodwill	17,379	1,924	122	—	—	19,425
Regulatory assets	11,590	785	—	503	—	12,878
Nuclear decommissioning trust funds	6,205	—	—	—	—	6,205
Investments in equity method unconsolidated affiliates	93	566	185	81	—	925
Investment in consolidated subsidiaries	234	(7)	9	52,478	(52,714)	—
Other	1,917	36	117	3,194	(2,495)	2,769
Total other noncurrent assets	37,418	3,304	433	56,256	(55,209)	42,202
<b>Total Assets</b>	115,489	10,764	5,155	60,766	(59,413)	132,761
Segment reclassifications, intercompany balances and other	(496)	(4)	(778)	(58,323)	59,601	—
<b>Segment Assets</b>	\$ 114,993	\$ 10,760	\$ 4,377	\$ 2,443	\$ 188	\$ 132,761

DUKE ENERGY CORPORATION  
Consolidating Balance Sheets - Liabilities and Equity  
(Unaudited)

(in millions)	December 31, 2016					
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations / Adjustments	Duke Energy
<b>Current Liabilities</b>						
Accounts payable	\$ 2,301	\$ 233	\$ 57	\$ 403	\$ —	\$ 2,994
Accounts payable to affiliated companies	3,427	5	174	248	(3,854)	—
Notes payable to affiliated companies	143	1	—	186	(330)	—
Notes payable and commercial paper	—	330	—	2,157	—	2,487
Taxes accrued	471	102	(267)	79	(1)	384
Interest accrued	328	38	—	139	(2)	503
Current maturities of long-term debt	986	35	198	1,099	1	2,319
Asset retirement obligations	411	—	—	—	—	411
Regulatory liabilities	404	—	—	5	—	409
Other	1,360	99	53	551	(19)	2,044
Total current liabilities	9,831	843	215	4,867	(4,205)	11,551
<b>Long-Term Debt</b>	28,396	2,445	1,096	13,640	(1)	45,576
<b>Long-Term Debt Payable to Affiliated Companies</b>	618	7	9	1,859	(2,493)	—
<b>Other Noncurrent Liabilities</b>						
Deferred income taxes	15,484	1,411	385	(3,124)	(1)	14,155
Asset retirement obligations	10,071	42	85	1	1	10,200
Regulatory liabilities	6,111	733	—	37	—	6,881
Accrued pension and other post-retirement benefit costs	718	31	—	362	—	1,111
Investment tax credits	490	3	—	—	—	493
Other	875	262	273	343	—	1,753
Total other noncurrent liabilities	33,749	2,482	743	(2,381)	—	34,593
<b>Equity</b>						
Total Duke Energy Corporation stockholders' equity	42,895	4,987	3,072	42,792	(52,713)	41,033
Noncontrolling interests	—	—	20	(11)	(1)	8
Total equity	42,895	4,987	3,092	42,781	(52,714)	41,041
<b>Total Liabilities and Equity</b>	115,489	10,764	5,155	60,766	(59,413)	132,761
Segment reclassifications, intercompany balances and other	(496)	(4)	(778)	(58,323)	59,601	—
<b>Segment Liabilities and Equity</b>	\$ 114,993	\$ 10,760	\$ 4,377	\$ 2,443	\$ 188	\$ 132,761

ELECTRIC UTILITIES AND INFRASTRUCTURE  
Consolidating Segment Income  
(Unaudited)

(in millions)	Twelve Months Ended December 31, 2017							
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Commercial Transmission	Eliminations/ Adjustments	Electric Utilities and Infrastructure
<b>Operating Revenues</b>	\$ 7,302	\$ 5,129	\$ 4,646	\$ 1,373	\$ 3,047	\$ 1	\$ (167)	\$ 21,331
<b>Operating Expenses</b>								
Fuel used in electric generation and purchased power	1,822	1,609	1,808	369	966	—	(195)	6,379
Operation, maintenance and other	1,923	1,365	802	376	723	2	5	5,196
Depreciation and amortization	1,090	725	560	178	458	1	(2)	3,010
Property and other taxes	281	156	347	220	76	—	(1)	1,079
Impairment charges	—	19	138	1	18	—	—	176
Total operating expenses	5,116	3,874	3,655	1,144	2,241	3	(193)	15,840
<b>Gains on Sales of Other Assets and Other, net</b>	1	4	1	—	—	—	—	6
<b>Operating Income (Loss)</b>	2,187	1,259	992	229	806	(2)	26	5,497
<b>Other Income and Expenses, net<sup>(b)</sup></b>	139	65	61	11	37	5	(10)	308
<b>Interest Expense</b>	422	293	279	62	178	—	6	1,240
<b>Income Before Income Taxes</b>	1,904	1,031	774	178	665	3	10	4,565
<b>Income Tax Expense (Benefit)</b>	659	296	52	40	305	(1)	4	1,355
<b>Segment Income</b>	\$ 1,245	\$ 735	\$ 722	\$ 138	\$ 360	\$ 4	\$ 6	\$ 3,210

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes an equity component of allowance for funds used during construction of \$106 million for Duke Energy Carolinas, \$47 million for Duke Energy Progress, \$45 million for Duke Energy Florida, \$9 million for Duke Energy Ohio, and \$28 million for Duke Energy Indiana.

ELECTRIC UTILITIES AND INFRASTRUCTURE  
Consolidating Segment Income  
(Unaudited)

(in millions)	Twelve Months Ended December 31, 2016							
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Commercial Transmission	Eliminations / Adjustments	Electric Utilities and Infrastructure
<b>Operating Revenues</b>	\$ 7,322	\$ 5,277	\$ 4,568	\$ 1,410	\$ 2,958	\$ —	\$ (169)	\$ 21,366
<b>Operating Expenses</b>								
Fuel used in electric generation and purchased power	1,797	1,830	1,814	442	909	—	(197)	6,595
Operation, maintenance and other	1,969	1,423	831	358	704	3	5	5,293
Depreciation and amortization	1,049	694	506	151	493	1	3	2,897
Property and other taxes	276	156	333	199	58	—	(2)	1,020
Impairment charges	1	1	6	—	8	—	—	16
Total operating expenses	5,092	4,104	3,490	1,150	2,172	4	(191)	15,821
<b>(Loss) Gain on Sales of Other Assets and Other, net</b>	(5)	3	1	2	1	—	(2)	—
<b>Operating Income (Loss)</b>	2,225	1,176	1,079	262	787	(4)	20	5,545
<b>Other Income and Expenses, net<sup>(b)</sup></b>	162	71	44	5	22	6	(7)	303
<b>Interest Expense</b>	424	257	212	58	181	—	4	1,136
<b>Income Before Income Taxes</b>	1,963	990	911	209	628	2	9	4,712
<b>Income Tax Expense</b>	693	335	337	55	234	1	17	1,672
<b>Segment Income</b>	\$ 1,270	\$ 655	\$ 574	\$ 154	\$ 394	\$ 1	\$ (8)	\$ 3,040

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes an equity component of allowance for funds used during construction of \$102 million for Duke Energy Carolinas, \$50 million for Duke Energy Progress, \$26 million for Duke Energy Florida, \$5 million for Duke Energy Ohio, and \$16 million for Duke Energy Indiana.

ELECTRIC UTILITIES AND INFRASTRUCTURE  
Consolidating Balance Sheets - Assets  
(Unaudited)

(in millions)	December 31, 2017								
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Commercial Transmission	Eliminations/ Adjustments <sup>(b)</sup>	Electric Utilities and Infrastructure	
<b>Current Assets</b>									
Cash and cash equivalents	\$ 16	\$ 20	\$ 13	\$ 8	\$ 9	\$ —	\$ 1	\$ 67	
Receivables, net	200	56	65	64	57	—	3	445	
Receivables of variable interest entities, net	640	459	321	—	—	—	546	1,966	
Receivables from affiliated companies	95	4	2	72	125	2	(278)	22	
Notes receivable from affiliated companies	—	—	313	10	—	—	(157)	166	
Inventory	971	1,017	574	93	450	—	1	3,106	
Regulatory assets	299	352	389	7	165	—	8	1,220	
Other	19	96	86	10	30	1	(2)	240	
Total current assets	2,240	2,004	1,763	264	836	3	122	7,232	
<b>Property, Plant and Equipment</b>									
Cost	42,939	29,583	17,730	5,818	14,948	4	560	111,582	
Accumulated depreciation and amortization	(15,063)	(10,903)	(4,947)	(1,954)	(4,662)	(2)	(10)	(37,541)	
Generation facilities to be retired, net	—	421	—	—	—	—	—	421	
Net property, plant and equipment	27,876	19,101	12,783	3,864	10,286	2	550	74,462	
<b>Other Noncurrent Assets</b>									
Goodwill	—	—	—	596	—	—	16,783	17,379	
Regulatory assets	2,853	3,507	2,503	329	978	—	1,174	11,344	
Nuclear decommissioning trust funds	3,772	2,588	736	—	—	—	1	7,097	
Investments in equity method unconsolidated affiliates	—	—	—	—	—	89	—	89	
Investment in consolidated subsidiaries	39	5	3	167	1	—	—	215	
Other	978	599	283	15	189	—	5	2,069	
Total other noncurrent assets	7,642	6,699	3,525	1,107	1,168	89	17,963	38,193	
<b>Total Assets</b>	37,758	27,804	18,071	5,235	12,290	94	18,635	119,887	
Intercompany balances and other	(300)	(97)	(223)	(169)	(76)	(55)	456	(464)	
<b>Reportable Segment Assets</b>	\$ 37,458	\$ 27,707	\$ 17,848	\$ 5,066	\$ 12,214	\$ 39	\$ 19,091	\$ 119,423	

(a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances, purchase accounting adjustments and restricted receivables related to Cinergy Receivables Company.

**ELECTRIC UTILITIES AND INFRASTRUCTURE**  
**Consolidating Balance Sheets - Liabilities and Equity**  
**(Unaudited)**

(in millions)	December 31, 2017								
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Commercial Transmission	Eliminations/ Adjustments <sup>(b)</sup>	Electric Utilities and Infrastructure	
<b>Current Liabilities</b>									
Accounts payable	\$ 842	\$ 402	\$ 602	\$ 206	\$ 196	\$ —	\$ —	\$ 2,248	
Accounts payable to affiliated companies	218	179	74	16	78	56	(109)	512	
Notes payable to affiliated companies	104	240	—	23	161	—	(132)	396	
Taxes accrued	236	64	35	144	95	1	5	580	
Interest accrued	108	102	56	16	57	—	(1)	338	
Current maturities of long-term debt	1,205	3	768	2	3	—	92	2,073	
Asset retirement obligations	337	295	—	3	54	—	—	689	
Regulatory liabilities	126	139	74	25	24	—	(1)	387	
Other	486	376	335	67	105	—	1	1,370	
Total current liabilities	3,662	1,800	1,944	502	773	57	(145)	8,593	
<b>Long-Term Debt</b>	8,598	7,204	6,327	1,552	3,630	—	1,752	29,063	
<b>Long-Term Debt Payable to Affiliated Companies</b>	300	150	—	18	150	—	—	618	
<b>Other Noncurrent Liabilities</b>									
Deferred income taxes	3,440	1,888	1,762	526	925	3	11	8,555	
Asset retirement obligations	3,273	4,378	741	45	727	—	181	9,345	
Regulatory liabilities	6,231	3,999	1,307	559	1,723	—	—	13,819	
Accrued pension and other post-retirement benefit costs	95	248	264	40	76	—	—	723	
Investment tax credits	232	143	9	4	147	—	1	536	
Other	566	45	99	70	18	—	(9)	789	
Total other noncurrent liabilities	13,837	10,701	4,182	1,244	3,616	3	184	33,767	
<b>Equity</b>	11,361	7,949	5,618	1,919	4,121	34	16,844	47,846	
<b>Total Liabilities and Equity</b>	37,758	27,804	18,071	5,235	12,290	94	18,635	119,887	
Intercompany balances and other	(300)	(97)	(223)	(169)	(76)	(55)	456	(464)	
<b>Reportable Segment Liabilities and Equity</b>	\$ 37,458	\$ 27,707	\$ 17,848	\$ 5,066	\$ 12,214	\$ 39	\$ 19,091	\$ 119,423	

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

**ELECTRIC UTILITIES AND INFRASTRUCTURE**  
**Consolidating Balance Sheets - Assets**  
**(Unaudited)**

(in millions)	December 31, 2016								
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Commercial Transmission	Eliminations/ Adjustments <sup>(b)</sup>	Electric Utilities and Infrastructure	
<b>Current Assets</b>									
Cash and cash equivalents	\$ 14	\$ 11	\$ 16	\$ 13	\$ 17	\$ —	\$ 1	\$ 72	
Receivables, net	160	51	61	72	105	—	2	451	
Receivables of variable interest entities, net	645	404	288	—	—	—	534	1,871	
Receivables from affiliated companies	163	5	5	72	111	2	(333)	25	
Notes receivable from affiliated companies	66	165	—	58	86	—	(196)	179	
Inventory	1,055	1,076	641	96	504	—	—	3,372	
Regulatory assets	238	188	213	9	149	—	9	806	
Other	36	57	125	21	45	—	(1)	283	
<b>Total current assets</b>	<b>2,377</b>	<b>1,957</b>	<b>1,349</b>	<b>341</b>	<b>1,017</b>	<b>2</b>	<b>16</b>	<b>7,059</b>	
<b>Property, Plant and Equipment</b>									
Cost	41,127	28,419	16,434	5,377	14,241	4	669	106,271	
Accumulated depreciation and amortization	(14,365)	(10,561)	(4,644)	(1,892)	(4,317)	(1)	(8)	(35,788)	
Generation facilities to be retired, net	—	529	—	—	—	—	—	529	
<b>Net property, plant and equipment</b>	<b>26,762</b>	<b>18,387</b>	<b>11,790</b>	<b>3,485</b>	<b>9,924</b>	<b>3</b>	<b>661</b>	<b>71,012</b>	
<b>Other Noncurrent Assets</b>									
Goodwill	—	—	—	596	—	—	16,783	17,379	
Regulatory assets	3,159	3,243	2,480	348	1,074	—	1,286	11,590	
Nuclear decommissioning trust funds	3,273	2,217	715	—	—	—	—	6,205	
Investments in equity method unconsolidated affiliates	—	—	1	—	—	92	—	93	
Investment in consolidated subsidiaries	52	12	6	161	—	—	3	234	
Other	943	525	278	16	143	—	12	1,917	
<b>Total other noncurrent assets</b>	<b>7,427</b>	<b>5,997</b>	<b>3,480</b>	<b>1,121</b>	<b>1,217</b>	<b>92</b>	<b>18,084</b>	<b>37,418</b>	
<b>Total Assets</b>	<b>36,566</b>	<b>26,341</b>	<b>16,619</b>	<b>4,947</b>	<b>12,158</b>	<b>97</b>	<b>18,761</b>	<b>115,489</b>	
Intercompany balances and other	(298)	(188)	(132)	(178)	(53)	(54)	407	(496)	
<b>Reportable Segment Assets</b>	<b>\$ 36,268</b>	<b>\$ 26,153</b>	<b>\$ 16,487</b>	<b>\$ 4,769</b>	<b>\$ 12,105</b>	<b>\$ 43</b>	<b>\$ 19,168</b>	<b>\$ 114,993</b>	

(a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances, purchase accounting adjustments and restricted receivables related to Cinergy Receivables Company.



ELECTRIC UTILITIES AND INFRASTRUCTURE  
Consolidating Balance Sheets - Liabilities and Equity  
(Unaudited)

(in millions)	December 31, 2016							
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Commercial Transmission	Eliminations/ Adjustments <sup>(b)</sup>	Electric Utilities and Infrastructure
<b>Current Liabilities</b>								
Accounts payable	\$ 833	\$ 589	\$ 413	\$ 200	\$ 262	\$ —	\$ 4	\$ 2,301
Accounts payable to affiliated companies	247	227	125	13	7	54	2,754	3,427
Notes payable to affiliated companies	—	—	297	18	—	—	(172)	143
Taxes accrued	150	107	37	139	32	1	5	471
Interest accrued	102	102	49	14	61	—	—	328
Current maturities of long-term debt	116	452	326	1	3	—	88	986
Asset retirement obligations	222	189	—	—	—	—	—	411
Regulatory liabilities	161	158	31	15	40	—	(1)	404
Other	467	366	353	82	94	—	(2)	1,360
Total current liabilities	2,298	2,190	1,631	482	499	55	2,676	9,831
<b>Long-Term Debt</b>	9,187	6,409	5,799	1,397	3,633	—	1,971	28,396
<b>Long-Term Debt Payable to Affiliated Companies</b>	300	150	—	18	150	—	—	618
<b>Other Noncurrent Liabilities</b>								
Deferred income taxes	6,588	3,331	2,695	954	1,902	4	10	15,484
Asset retirement obligations	3,673	4,508	778	48	866	—	198	10,071
Regulatory liabilities	2,840	1,946	448	129	748	—	—	6,111
Accrued pension and other post-retirement benefit costs	97	252	262	36	71	—	—	718
Investment tax credits	203	146	3	1	137	—	—	490
Other	608	51	103	95	27	—	(9)	875
Total other noncurrent liabilities	14,009	10,234	4,289	1,263	3,751	4	199	33,749
<b>Equity</b>	10,772	7,358	4,900	1,787	4,125	38	13,915	42,895
<b>Total Liabilities and Equity</b>	36,566	26,341	16,619	4,947	12,158	97	18,761	115,489
Intercompany balances and other	(298)	(188)	(132)	(178)	(53)	(54)	407	(496)
<b>Reportable Segment Liabilities and Equity</b>	\$ 36,268	\$ 26,153	\$ 16,487	\$ 4,769	\$ 12,105	\$ 43	\$ 19,168	\$ 114,993

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

GAS UTILITIES AND INFRASTRUCTURE  
Consolidating Segment Income  
(Unaudited)

(in millions)	Twelve Months Ended December 31, 2017				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage <sup>(b)</sup>	Eliminations/ Adjustments	Gas Utilities and Infrastructure
<b>Operating Revenues</b>					
Regulated natural gas	\$ 508	\$ 1,319	\$ —	\$ —	\$ 1,827
Nonregulated natural gas and other	—	9	—	—	9
<b>Operating Revenues</b>	<b>508</b>	<b>1,328</b>	<b>—</b>	<b>—</b>	<b>1,836</b>
<b>Operating Expenses</b>					
Cost of natural gas	107	524	—	1	632
Operation, maintenance and other	114	276	4	(1)	393
Depreciation and amortization	83	148	—	—	231
Property and other taxes	58	48	—	—	106
Total operating expenses	362	996	4	—	1,362
<b>Operating Income (Loss)</b>	<b>146</b>	<b>332</b>	<b>(4)</b>	<b>—</b>	<b>474</b>
<b>Other Income and Expenses</b>					
Equity in earnings of unconsolidated affiliates	—	—	62	—	62
Other income and expenses, net	6	(1)	—	(1)	4
Total other income and expenses	6	(1)	62	(1)	66
<b>Interest Expense</b>	<b>28</b>	<b>77</b>	<b>—</b>	<b>—</b>	<b>105</b>
<b>Income Before Income Taxes</b>	<b>124</b>	<b>254</b>	<b>58</b>	<b>(1)</b>	<b>435</b>
<b>Income Tax Expense (Benefit)</b>	<b>39</b>	<b>88</b>	<b>(10)</b>	<b>(1)</b>	<b>116</b>
<b>Segment Income</b>	<b>\$ 85</b>	<b>\$ 166</b>	<b>\$ 68</b>	<b>\$ —</b>	<b>\$ 319</b>

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes earnings from investments in ACP, Sabal Trail, Constitution and Cardinal pipelines, as well as Hardy and Pine Needle storage facilities.

**GAS UTILITIES AND INFRASTRUCTURE**  
**Consolidating Segment Income**  
**(Unaudited)**

(in millions)	Twelve Months Ended December 31, 2016				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC <sup>(b)</sup>	Midstream Pipelines and Storage <sup>(b)(c)</sup>	Eliminations/ Adjustments	Gas Utilities and Infrastructure
<b>Operating Revenues</b>	\$ 503	\$ 398	\$ —	\$ —	\$ 901
<b>Operating Expenses</b>					
Cost of natural gas	103	161	—	1	265
Operation, maintenance and other	116	70	2	(2)	186
Depreciation and amortization	80	35	—	—	115
Property and other taxes	59	11	—	—	70
Total operating expenses	358	277	2	(1)	636
<b>Gains on Sales of Other Assets and Other, net</b>	—	—	—	(1)	(1)
<b>Operating Income (Loss)</b>	145	121	(2)	—	264
<b>Other Income and Expenses</b>					
Equity in earnings of unconsolidated affiliates	—	—	19	—	19
Other income and expenses, net	3	1	2	(1)	5
Total other income and expenses	3	1	21	(1)	24
<b>Interest Expense</b>	27	20	—	(1)	46
<b>Income Before Income Taxes</b>	121	102	19	—	242
<b>Income Tax Expense</b>	44	37	7	2	90
<b>Segment Income</b>	\$ 77	\$ 65	\$ 12	\$ (2)	\$ 152

- (a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes Piedmont's results subsequent to the acquisition on October 3, 2016.  
(c) Includes earnings from investments in ACP, Sabal Trail, Constitution and Cardinal pipelines, as well as Hardy and Pine Needle storage facilities.

GAS UTILITIES AND INFRASTRUCTURE  
Consolidating Balance Sheets - Assets  
(Unaudited)

(in millions)	December 31, 2017				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage	Eliminations/ Adjustments <sup>(b)</sup>	Gas Utilities and Infrastructure
<b>Current Assets</b>					
Cash and cash equivalents	\$ 4	\$ 19	\$ —	\$ —	\$ 23
Receivables, net	1	275	—	—	276
Receivables from affiliated companies	22	74	—	(89)	7
Notes receivable from affiliated companies	4	—	—	(1)	3
Inventory	40	66	—	—	106
Regulatory assets	1	95	—	—	96
Other	5	52	—	(1)	56
Total current assets	77	581	—	(91)	567
<b>Property, Plant and Equipment</b>					
Cost	2,914	6,721	—	—	9,635
Accumulated depreciation and amortization	(737)	(1,478)	—	(1)	(2,216)
Net property, plant and equipment	2,177	5,243	—	(1)	7,419
<b>Other Noncurrent Assets</b>					
Goodwill	324	49	—	1,551	1,924
Regulatory assets	178	283	—	191	652
Investments in equity method unconsolidated affiliates	—	—	763	—	763
Investment in consolidated subsidiaries	—	—	—	15	15
Other	2	64	18	3	87
Total other noncurrent assets	504	396	781	1,760	3,441
<b>Total Assets</b>	2,758	6,220	781	1,668	11,427
Intercompany balances and other	—	(20)	(35)	90	35
<b>Reportable Segment Assets</b>	\$ 2,758	\$ 6,200	\$ 746	\$ 1,758	\$ 11,462

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

GAS UTILITIES AND INFRASTRUCTURE  
Consolidating Balance Sheets - Liabilities and Equity  
(Unaudited)

(in millions)	December 31, 2017				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage	Eliminations/ Adjustments <sup>(b)</sup>	Gas Utilities and Infrastructure
<b>Current Liabilities</b>					
Accounts payable	\$ 80	\$ 125	\$ —	\$ —	\$ 205
Accounts payable to affiliated companies	5	14	92	(89)	22
Notes payable to affiliated companies	6	364	—	(2)	368
Taxes accrued	38	38	(34)	—	42
Interest accrued	5	31	—	(1)	35
Current maturities of long-term debt	1	250	—	—	251
Regulatory liabilities	11	(2)	—	—	9
Other	2	69	1	2	74
<b>Total current liabilities</b>	<b>148</b>	<b>889</b>	<b>59</b>	<b>(90)</b>	<b>1,006</b>
<b>Long-Term Debt</b>	<b>487</b>	<b>1,787</b>	<b>—</b>	<b>175</b>	<b>2,449</b>
<b>Long-Term Debt Payable to Affiliated Companies</b>	<b>7</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7</b>
<b>Other Noncurrent Liabilities</b>					
Deferred income taxes	251	552	58	(1)	860
Asset retirement obligations	35	15	—	—	50
Regulatory liabilities	353	1,141	—	16	1,510
Accrued pension and other post-retirement benefit costs	16	5	—	—	21
Investment tax credits	2	1	—	—	3
Other	57	162	11	—	230
<b>Total other noncurrent liabilities</b>	<b>714</b>	<b>1,876</b>	<b>69</b>	<b>15</b>	<b>2,674</b>
<b>Equity</b>	<b>1,402</b>	<b>1,668</b>	<b>653</b>	<b>1,568</b>	<b>5,291</b>
<b>Total Liabilities and Equity</b>	<b>2,758</b>	<b>6,220</b>	<b>781</b>	<b>1,668</b>	<b>11,427</b>
Intercompany balances and other	—	(20)	(35)	90	35
<b>Reportable Segment Liabilities and Equity</b>	<b>\$ 2,758</b>	<b>\$ 6,200</b>	<b>\$ 746</b>	<b>\$ 1,758</b>	<b>\$ 11,462</b>

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

**GAS UTILITIES AND INFRASTRUCTURE**  
**Consolidating Balance Sheets - Assets**  
**(Unaudited)**

(in millions)	December 31, 2016				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage	Eliminations/ Adjustments <sup>(b)</sup>	Gas Utilities and Infrastructure
<b>Current Assets</b>					
Cash and cash equivalents	\$ —	\$ 25	\$ —	\$ —	\$ 25
Receivables, net	(4)	232	—	—	228
Receivables from affiliated companies	21	7	—	3	31
Notes receivable from affiliated companies	38	—	—	—	38
Inventory	41	66	—	1	108
Regulatory assets	6	117	—	1	124
Other	12	21	—	(2)	31
<b>Total current assets</b>	<b>114</b>	<b>468</b>	<b>—</b>	<b>3</b>	<b>585</b>
<b>Property, Plant and Equipment</b>					
Cost	2,748	6,174	—	—	8,922
Accumulated depreciation and amortization	(687)	(1,360)	—	—	(2,047)
<b>Net property, plant and equipment</b>	<b>2,061</b>	<b>4,814</b>	<b>—</b>	<b>—</b>	<b>6,875</b>
<b>Other Noncurrent Assets</b>					
Goodwill	324	49	—	1,551	1,924
Regulatory assets	196	379	—	210	785
Investments in equity method unconsolidated affiliates	—	—	566	—	566
Investment in consolidated subsidiaries	—	—	—	(7)	(7)
Other	2	21	12	1	36
<b>Total other noncurrent assets</b>	<b>522</b>	<b>449</b>	<b>578</b>	<b>1,755</b>	<b>3,304</b>
<b>Total Assets</b>	<b>2,697</b>	<b>5,731</b>	<b>578</b>	<b>1,758</b>	<b>10,764</b>
Intercompany balances and other	(1)	91	—	(94)	(4)
<b>Reportable Segment Assets</b>	<b>\$ 2,696</b>	<b>\$ 5,822</b>	<b>\$ 578</b>	<b>\$ 1,664</b>	<b>\$ 10,760</b>

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

**GAS UTILITIES AND INFRASTRUCTURE**  
**Consolidating Balance Sheets - Liabilities and Equity**  
**(Unaudited)**

(in millions)	December 31, 2016				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage	Eliminations/ Adjustments <sup>(b)</sup>	Gas Utilities and Infrastructure
<b>Current Liabilities</b>					
Accounts payable	\$ 78	\$ 155	\$ —	\$ —	\$ 233
Accounts payable to affiliated companies	4	4	25	(28)	5
Notes payable to affiliated companies	1	—	—	—	1
Notes payable and commercial paper	—	330	—	—	330
Taxes accrued	27	(14)	89	—	102
Interest accrued	5	33	—	—	38
Current maturities of long-term debt	—	35	—	—	35
Regulatory liabilities	6	(6)	—	—	—
Other	3	96	—	—	99
Total current liabilities	124	633	114	(28)	843
<b>Long-Term Debt</b>	462	1,786	—	197	2,445
<b>Long-Term Debt Payable to Affiliated Companies</b>	7	—	—	—	7
<b>Other Noncurrent Liabilities</b>					
Deferred income taxes	480	904	28	(1)	1,411
Asset retirement obligations	28	14	—	—	42
Regulatory liabilities	108	608	—	17	733
Accrued pension and other post-retirement benefit costs	17	14	—	—	31
Investment tax credits	2	1	—	—	3
Other	68	194	—	—	262
Total other noncurrent liabilities	703	1,735	28	16	2,482
<b>Equity</b>	1,401	1,577	436	1,573	4,987
<b>Total Liabilities and Equity</b>	2,697	5,731	578	1,758	10,764
Intercompany balances and other	(1)	91	—	(94)	(4)
<b>Reportable Segment Liabilities and Equity</b>	\$ 2,696	\$ 5,822	\$ 578	\$ 1,664	\$ 10,760

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

**Revenues By Customer Class  
(Unaudited)**

(in millions)	Twelve Months Ended December 31, 2017							Eliminations/ Adjustments	Total
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Piedmont Natural Gas			
<b>Regulated Electric Revenues</b>									
Residential	\$ 2,734	\$ 1,806	\$ 2,505	\$ 706	\$ 998	\$ —	\$ —	\$ 8,749	
General service	2,212	1,262	1,422	424	768	—	—	6,088	
Industrial	1,217	622	256	122	769	—	—	2,986	
Wholesale	487	1,112	150	27	309	—	—	2,085	
Change in unbilled	21	18	25	5	9	—	—	78	
Other revenues	631	309	288	89	194	—	(166)	1,345	
<b>Total Electric Revenues</b>	<b>\$ 7,302</b>	<b>\$ 5,129</b>	<b>\$ 4,646</b>	<b>\$ 1,373</b>	<b>\$ 3,047</b>	<b>\$ —</b>	<b>\$ (166)</b>	<b>\$ 21,331</b>	
<b>Regulated Natural Gas Revenues</b>									
Residential	\$ —	\$ —	\$ —	\$ 332	\$ —	\$ 631	\$ —	\$ 963	
Commercial	—	—	—	133	—	359	—	492	
Industrial	—	—	—	18	—	132	—	150	
Power Generation	—	—	—	—	—	89	—	89	
Change in unbilled	—	—	—	1	—	9	—	10	
Other revenues	—	—	—	24	—	99	—	123	
<b>Total Natural Gas Revenues</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 508</b>	<b>\$ —</b>	<b>\$ 1,319</b>	<b>\$ —</b>	<b>\$ 1,827</b>	

  

(in millions)	Twelve Months Ended December 31, 2016							Eliminations/ Adjustments	Total
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Piedmont Natural Gas <sup>(b)</sup>			
<b>Regulated Electric Revenues</b>									
Residential	\$ 2,933	\$ 1,897	\$ 2,473	\$ 755	\$ 983	\$ —	\$ —	\$ 9,041	
General service	2,299	1,323	1,373	442	741	—	—	6,178	
Industrial	1,287	638	251	121	726	—	—	3,023	
Wholesale	457	1,078	185	20	334	—	—	2,074	
Change in unbilled	29	22	(11)	13	26	—	—	79	
Other revenues	317	319	297	59	148	—	(169)	971	
<b>Total Electric Revenues</b>	<b>\$ 7,322</b>	<b>\$ 5,277</b>	<b>\$ 4,568</b>	<b>\$ 1,410</b>	<b>\$ 2,958</b>	<b>\$ —</b>	<b>\$ (169)</b>	<b>\$ 21,366</b>	
<b>Regulated Natural Gas Revenues</b>									
Residential	\$ —	\$ —	\$ —	\$ 324	\$ —	\$ 154	\$ —	\$ 478	
Commercial	—	—	—	128	—	83	—	211	
Industrial	—	—	—	18	—	31	—	49	
Power Generation	—	—	—	—	—	21	—	21	
Change in unbilled	—	—	—	14	—	74	—	88	
Other revenues	—	—	—	19	—	35	—	54	
<b>Total Natural Gas Revenues</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 503</b>	<b>\$ —</b>	<b>\$ 398</b>	<b>\$ —</b>	<b>\$ 901</b>	

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes Piedmont's results subsequent to the acquisition on October 3, 2016.



**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Twelve Months Ended December 31, 2017**  
**(Dollars in millions, except per share amounts)**

	Special Items							Total Adjustments	Adjusted Earnings
	Reported Earnings	Costs to Achieve Piedmont Merger	Regulatory Settlements	Commercial Renewables Impairments	Impacts of the Tax Act	Discontinued Operations			
<b>SEGMENT INCOME</b>									
Electric Utilities and Infrastructure	\$ 3,210	\$ —	\$ 98 B	\$ —	\$ (231)	\$ —	\$ (133)	\$ 3,077	
Gas Utilities and Infrastructure	319	—	—	—	(26) D	—	(26)	293	
Commercial Renewables	441	—	—	74 C	(442)	—	(368)	73	
<b>Total Reportable Segment Income</b>	<b>3,970</b>	<b>—</b>	<b>98</b>	<b>74</b>	<b>(699)</b>	<b>—</b>	<b>(527)</b>	<b>3,443</b>	
Other	(905)	64 A	—	—	597	—	661	(244)	
Discontinued Operations	(6)	—	—	—	—	6 E	6	—	
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 3,059</b>	<b>\$ 64</b>	<b>\$ 98</b>	<b>\$ 74</b>	<b>\$ (102) D</b>	<b>\$ 6</b>	<b>\$ 140</b>	<b>\$ 3,199</b>	
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 4.36</b>	<b>\$ 0.09</b>	<b>\$ 0.14</b>	<b>\$ 0.11</b>	<b>\$ (0.14)</b>	<b>\$ 0.01</b>	<b>\$ 0.21</b>	<b>\$ 4.57</b>	

- A - Net of \$39 million tax benefit. \$102 million recorded within Operating Expenses and \$1 million recorded within Interest Expense on the Consolidated Statements of Operations.
- B - Net of \$60 million tax benefit. \$154 recorded within Impairment Charges and \$4 million recorded within Other Income and Expenses on the Consolidated Statements of Operations.
- C - Net of \$28 million tax benefit. \$92 million recorded within Impairment Charges and \$10 million recorded within Other Income and Expenses on the Consolidated Statements of Operations.
- D - \$118 million benefit recorded within Income Tax Expense from Continuing Operations, offset by \$16 million expense recorded within Gas Utilities and Infrastructure's Equity in Earnings of Unconsolidated Affiliates on the Consolidated Statements of Operations.
- E - Recorded in (Loss) Income from Discontinued Operations, net of tax on the Consolidated Statements of Operations.

**Weighted Average Shares, Diluted (reported and adjusted) - 700 million**

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Twelve Months Ended December 31, 2016**  
(Dollars in millions, except per share amounts)

	Reported Earnings	Special Items				Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Mergers	Cost Savings Initiatives	Commercial Renewables Impairment	International Energy Operations			
<b>SEGMENT INCOME</b>								
Electric Utilities and Infrastructure	\$ 3,040	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,040
Gas Utilities and Infrastructure	152	—	—	—	—	—	—	152
Commercial Renewables	23	—	—	45 C	—	—	45	68
<b>Total Reportable Segment Income</b>	<b>3,215</b>	<b>—</b>	<b>—</b>	<b>45</b>	<b>—</b>	<b>—</b>	<b>45</b>	<b>3,260</b>
International Energy	—	—	—	—	243 D	—	243	243
Other	(645)	329 A	57 B	—	—	—	386	(259)
Intercompany Eliminations	1	—	—	—	—	(1)	(1)	—
Discontinued Operations	(419)	—	—	—	(243) D	662 E	419	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 2,152</b>	<b>\$ 329</b>	<b>\$ 57</b>	<b>\$ 45</b>	<b>\$ —</b>	<b>\$ 661</b>	<b>\$ 1,092</b>	<b>\$ 3,244</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 3.11</b>	<b>\$ 0.48</b>	<b>\$ 0.08</b>	<b>\$ 0.07</b>	<b>\$ —</b>	<b>\$ 0.95</b>	<b>\$ 1.58</b>	<b>\$ 4.69</b>

**A** - Net of \$194 million tax benefit. Includes \$11 million recorded within Operating Revenues, \$278 million recorded within Operating Expenses and \$234 million recorded within Interest Expense on the Consolidated Statements of Operations. The interest expense primarily relates to losses on forward-starting interest rate swaps associated with the Piedmont acquisition financing.

**B** - Net of \$35 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.

**C** - Net of \$26 million tax benefit. Other-than-temporary impairment included within Equity in earnings (losses) of unconsolidated affiliates on the Consolidated Statements of Operations.

**D** - Net of \$27 million tax expense. Operating results of the International Disposal Group, which exclude the loss and impairment described below and other miscellaneous transaction-related costs, recorded within (Loss) Income from Discontinued Operations, net of tax on the Consolidated Statements of Operations.

**E** - Recorded within (Loss) Income From Discontinued Operations, net of tax on the Consolidated Statements of Operations. Includes a loss on the sale of the International Disposal Group, an impairment related to certain assets in Central America, and a tax benefit related to previously sold businesses.

**Weighted Average Shares, Diluted (reported and adjusted) - 691 million**

DUKE ENERGY CORPORATION  
**Non-GAAP Financial Measures**

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings and adjusted diluted EPS. These items represent income from continuing operations attributable to Duke Energy, adjusted for the dollar and per share impact of special items. As discussed below, special items represent certain charges and credits, which management believes are not indicative of Duke Energy's ongoing performance. Management believes the presentation of adjusted earnings and adjusted diluted EPS provides useful information to investors, as it provides them with an additional relevant comparison of Duke Energy's performance across periods.

Management uses these non-GAAP financial measures for planning and forecasting and for reporting financial results to the Duke Energy Board of Directors, employees, stockholders, analysts and investors. Adjusted diluted EPS is also used as a basis for employee incentive bonuses. The most directly comparable GAAP measures for adjusted earnings and adjusted diluted EPS are Net Income Attributable to Duke Energy Corporation (GAAP Reported Earnings) and Diluted EPS Attributable to Duke Energy Corporation common stockholders (GAAP Reported EPS), respectively.

Special items included in the periods presented include the following items, which management believes do not reflect ongoing costs:

- Costs to Achieve Mergers represents charges that result from strategic acquisitions.
- Regulatory Settlements represent charges related to the Levy nuclear project in Florida and the Mayo Zero Liquid Discharge and Sutton combustion turbine projects in North Carolina.
- Commercial Renewables Impairments represent other-than-temporary, asset and goodwill impairments.
- Impacts of the Tax Act represent estimated amounts recognized related to the Tax Cuts and Jobs Act.
- Cost Savings Initiatives represent severance charges related to company-wide initiatives, excluding merger integration, to standardize processes and systems, leverage technology and workforce optimization.

Adjusted earnings also include operating results of the International Disposal Group, which have been classified as discontinued operations. Management believes inclusion of the operating results of the Disposal Group within adjusted earnings and adjusted diluted EPS results in a better reflection of Duke Energy's financial performance during the period.

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

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

**FORM 8-K**

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

Date of Report (Date of earliest event reported): **May 3, 2018**

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

**550 South Tryon Street, Charlotte, North Carolina 28202**  
(Address of Principal Executive Offices, including Zip code)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 5.07 Submission of Matters to a Vote of Security Holders.**

- (a) The Corporation held its Annual Meeting on May 3, 2018.
- (b) At the Annual Meeting, shareholders voted on the following items: (i) election of directors, (ii) ratification of the appointment of Deloitte & Touche LLP as the Corporation's independent registered public accounting firm for 2018, (iii) an advisory vote to approve the Corporation's named executive officer compensation, (iv) an amendment to the Amended and Restated Certificate of Incorporation of Duke Energy Corporation to eliminate supermajority requirements, and (v) a shareholder proposal regarding providing an annual report on Duke Energy's lobbying expenses. For more information on the proposals, see Duke Energy's proxy statement dated March 22, 2018. Set forth on the following pages are the final voting results for each of the proposals.

**• Election of Director Nominees**

Director	Votes For	Withheld	Broker Non-Votes	<u>Votes Cast FOR</u> <u>Votes Cast FOR</u> <u>+ WITHHELD</u>
Michael G. Browning	417,033,101	33,999,051	169,041,096	92.46%
Theodore F. Craver, Jr.	442,711,745	8,320,407	169,041,096	98.16%
Robert M. Davis	443,288,706	7,743,446	169,041,096	98.28%
Daniel R. DiMicco	437,410,993	13,621,159	169,041,096	96.98%
John H. Forsgren	427,268,672	23,763,480	169,041,096	94.73%
Lynn J. Good	433,738,609	17,293,543	169,041,096	96.17%
John T. Herron	443,223,806	7,808,346	169,041,096	98.27%
James B. Hyler, Jr.	442,685,208	8,346,944	169,041,096	98.15%
William E. Kennard	437,451,432	13,580,720	169,041,096	96.99%
E. Marie McKee	423,883,330	27,148,822	169,041,096	93.98%
Charles W. Moorman IV	442,565,609	8,466,543	169,041,096	98.12%
Carlos A. Saladrigas	425,467,265	25,564,887	169,041,096	94.33%
Thomas E. Skains	443,131,533	7,900,619	169,041,096	98.25%
William E. Webster, Jr.	443,110,924	7,921,228	169,041,096	98.24%

Each director nominee was elected to the Board of Directors with the support of a majority of the votes cast.

**• Proposal to ratify the appointment of Deloitte & Touche LLP as independent registered public accounting firm for 2018**

Votes For	Votes Against	Abstain	Broker Non-Votes	<u>Votes Cast FOR</u> <u>Votes Cast FOR +</u> <u>AGAINST</u>	<u>Votes Cast FOR</u> <u>Votes Cast FOR</u> <u>+ AGAINST</u> <u>+ ABSTAIN</u>
600,581,318	15,720,220	3,771,710	N/A	97.45%	96.86%

The proposal to ratify the appointment of Deloitte & Touche LLP as independent registered public accounting firm was approved by the majority of the shares represented.

• **Advisory vote to approve Duke Energy Corporation’s named executive officer compensation**

<b>Votes For</b>	<b>Votes Against</b>	<b>Abstain</b>	<b>Broker Non-Votes</b>	<b><u>Votes Cast FOR</u> Votes Cast FOR + AGAINST</b>	<b><u>Votes Cast FOR</u> Votes Cast FOR + AGAINST + ABSTAIN</b>
364,173,137	80,829,875	6,029,140	169,041,096	81.83%	80.74%

The advisory vote to approve Duke Energy Corporation’s named executive officer compensation was approved by the majority of the shares represented.

• **Amendment to the Amended and Restated Certificate of Incorporation of Duke Energy Corporation to eliminate supermajority requirements**

<b>Votes For</b>	<b>Votes Against</b>	<b>Abstain</b>	<b>Broker Non-Votes</b>	<b><u>Votes Cast FOR</u> Outstanding Shares (700,605,319)</b>
434,773,543	12,035,288	4,223,321	169,041,096	62.05%

The amendment to the Amended and Restated Certificate of Incorporation of Duke Energy Corporation to eliminate supermajority requirements failed to receive the support of 80% of the outstanding shares and, therefore, was not approved.

• **Shareholder proposal regarding providing an annual report on Duke Energy’s lobbying expenses**

<b>Votes For</b>	<b>Votes Against</b>	<b>Abstain</b>	<b>Broker Non-Votes</b>	<b><u>Votes Cast FOR</u> Votes Cast FOR + AGAINST</b>	<b><u>Votes Cast FOR</u> Votes Cast FOR + AGAINST + ABSTAIN</b>
151,165,097	285,723,242	14,143,813	169,041,096	34.60%	33.51%

The shareholder proposal regarding providing an annual report on Duke Energy’s lobbying expenses failed to receive the support of a majority of the shares represented and, therefore, was not approved.

(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 9, 2018

**DUKE ENERGY CORPORATION**

By: /s/ Julia S. Janson

Executive Vice President, External Affairs, Chief Legal  
Officer and Corporate Secretary

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

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

Date of Report (Date of earliest event reported): May 10, 2018

Commission file  
number

Registrant, State of Incorporation or Organization,  
Address of Principal Executive Offices, and Telephone Number

IRS Employer  
Identification No.

1-32853

**DUKE ENERGY CORPORATION**

(a Delaware corporation)  
550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
704-382-3853

20-2777218



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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.



**Item 2.02 Results of Operations and Financial Conditions.**

On May 10, 2018, Duke Energy Corporation will issue and post a news release to its website ([www.Duke-Energy.com/investors](http://www.Duke-Energy.com/investors)) announcing its financial results for the first quarter ended March 31, 2018. A copy of this news release is attached hereto as Exhibit 99.1. The information in Exhibit 99.1 is being furnished pursuant to this Item 2.02.

**Item 9.01 Financial Statements and Exhibits.**

(d) *Exhibits*

[99.1 News Release to be issued by Duke Energy Corporation on May 10, 2018](#)

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**SIGNATURE**

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

DUKE ENERGY CORPORATION

/s/ WILLIAM E. CURRENS JR.

William E. Currens Jr.

Senior Vice President, Chief Accounting Officer and Controller

Dated: May 10, 2018



## News Release

Media Contact: Catherine Butler  
24-Hour: 800.559.3853

Analysts: Mike Callahan  
Office: 704.382.0459

May 10, 2018

### **Duke Energy reports first quarter 2018 financial results**

- **First quarter 2018 GAAP EPS of \$0.88; adjusted EPS of \$1.28**
- **Growth at the utilities and return to normal weather drive quarterly results**
- **Company reaffirms 2018 adjusted EPS guidance range of \$4.55 to \$4.85**

CHARLOTTE, N.C. – Duke Energy (NYSE: DUK) today announced first quarter 2018 reported diluted earnings per share (EPS), prepared in accordance with Generally Accepted Accounting Principles (GAAP) of \$0.88, compared to \$1.02 for the first quarter of 2017. Duke Energy's first quarter 2018 adjusted diluted EPS was \$1.28, compared to \$1.04 for the first quarter of 2017.

Adjusted diluted EPS excludes the impact of certain items that are included in GAAP reported diluted EPS. The difference between first quarter 2018 GAAP reported diluted EPS and adjusted diluted EPS was primarily due to a loss on sale of the retired Beckjord plant in Ohio, the recognition of a valuation allowance related to the Tax Cuts and Jobs Act of 2017 (the Tax Act), charges related to the Duke Energy Progress North Carolina rate case order, and an impairment of Duke Energy's investment in the Constitution pipeline.

Adjusted diluted EPS for first quarter 2018 was higher than the prior year due primarily to a return to normal weather this year compared to the significantly warmer winter weather in the prior year, as well as growth from investments in the electric and gas utilities.

"2018 is off to a strong start – we delivered solid financial results for the first quarter and took steps to further strengthen our credit quality, enabling us to make smart investments for our customers," said Duke Energy chairman, president and CEO Lynn Good. "We reached constructive outcomes in several regulatory cases and started construction of the Atlantic Coast Pipeline, which will support economic growth in the Southeast.

"Our comprehensive, long-term strategy is delivering value for customers and shareholders as we invest in a modern, cleaner energy future."

### **Business segment results**

In addition to the following summary of first quarter 2018 business segment performance, comprehensive tables with detailed EPS drivers for the first quarter compared to prior year are provided in the tables at the end of this news release.

The discussion below of first quarter results includes both GAAP segment income and adjusted segment income, which is a non-GAAP financial measure. The tables at the end of this news release present a full reconciliation of GAAP reported results to adjusted results.

### Electric Utilities and Infrastructure

On a reported basis, Electric Utilities and Infrastructure recognized first quarter 2018 segment income of \$750 million, compared to \$635 million in the first quarter of 2017. In addition to the drivers outlined below, first quarter 2018 results were impacted by \$66 million in after-tax charges related to the Duke Energy Progress North Carolina rate case order. This amount was treated as a special item and excluded from adjusted earnings.

On an adjusted basis, Electric Utilities and Infrastructure recognized first quarter 2018 adjusted segment income of \$816 million, compared to \$635 million in the first quarter of 2017, an increase of \$0.26 per share.

Higher quarterly results at Electric Utilities and Infrastructure were primarily due to:

- Return to normal weather this year compared to the significantly warmer winter weather in the prior year (+\$0.16 per share)
- Higher retail revenues from increased volumes and pricing and riders due to increased investments (+\$0.06 per share)
- Lower income tax expense, including impacts of the Tax Act (+\$0.06 per share); a portion of the benefit is due to timing and is expected to reverse in future quarters
- Lower operation and maintenance expense (+\$0.04 per share) due to the timing of spend and lower storm restoration costs

These favorable drivers were partially offset by higher depreciation and amortization expense (-\$0.08 per share).

### Gas Utilities and Infrastructure

On a reported basis, Gas Utilities and Infrastructure recognized first quarter 2018 segment income of \$116 million, compared to \$133 million in the first quarter of 2017. In addition to the drivers outlined below, first quarter 2018 results were impacted by a \$42 million after-tax impairment charge related to the Constitution pipeline investment. This amount was treated as a special item and excluded from adjusted earnings.

On an adjusted basis, Gas Utilities and Infrastructure recognized first quarter 2018 adjusted segment income of \$158 million, compared to \$133 million in the first quarter of 2017, an increase of \$0.03 per share.

Higher quarterly results at Gas Utilities and Infrastructure were primarily driven by customer growth and increased investments.

### Commercial Renewables

On a reported and adjusted basis, Commercial Renewables recognized first quarter 2018 segment income of \$20 million, compared to \$25 million in the first quarter of 2017, a decrease of \$0.01 per share. Lower quarterly results at Commercial Renewables were primarily due to lower wind resource compared to last year.



## Other

Other primarily includes interest expense on holding company debt and other unallocated corporate costs. It also includes results from Duke Energy's captive insurance company and the equity method investment in NMC.

On a reported basis, Other recognized a first quarter 2018 net loss of \$266 million, compared to a net loss of \$77 million in the first quarter of 2017. In addition to the drivers outlined below, first quarter 2018 results were impacted by an \$82 million after-tax loss on sale of the retired Beckjord plant in Ohio, the recognition of a \$76 million valuation allowance related to the Tax Act, and costs to achieve the Piedmont merger. These amounts were treated as special items and excluded from adjusted earnings.

On an adjusted basis, Other recognized a first quarter 2018 adjusted net loss of \$95 million, compared to an adjusted net loss of \$67 million in the first quarter of 2017, a difference of \$0.04 per share. Lower quarterly results at Other were primarily due to higher interest expense (-\$0.02 per share) and higher income taxes (-\$0.02 per share). Income taxes were impacted by a lower tax shield on holding company interest as a result of the Tax Act (-\$0.03 per share), partially offset by a favorable state tax audit settlement (+\$0.01 per share).

Duke Energy's consolidated reported effective tax rate for the first quarter of 2018 was 22.5% compared to 32.4% in the first quarter of 2017. The consolidated adjusted effective tax rate for first quarter 2018 was 15.7%, compared to 32.5% in 2017. The decreases in the reported and adjusted effective tax rates were primarily due to the impacts of the Tax Act. Adjusted effective tax rate is a non-GAAP financial measure. The tables at the end of this news release present a reconciliation of the reported effective tax rate to the adjusted effective tax rate.

## Earnings conference call for analysts

An earnings conference call for analysts is scheduled from 10 to 11 a.m. ET today to discuss the first quarter 2018 financial results and other business and financial updates. The conference call will be hosted by Lynn Good, chairman, president and chief executive officer, and Steve Young, executive vice president and chief financial officer.

The call can be accessed via the investors section ([www.duke-energy.com/investors](http://www.duke-energy.com/investors)) of Duke Energy's website or by dialing 888-601-3869 in the United States or 719-325-4760 outside the United States. The confirmation code is 3587017. 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 20, 2018, by calling 888-203-1112 in the United States or 719-457-0820 outside the United States and using the code 3587017. An audio replay and transcript will also be available by accessing the investors section of the company's website.

## Special Items and Non-GAAP Reconciliation

The following tables present a reconciliation of GAAP reported to adjusted diluted EPS for first quarter 2018 and 2017 financial results:

(In millions, except per-share amounts)	After-Tax Amount	1Q 2018 EPS	1Q 2017 EPS
Diluted EPS, as reported		\$ 0.88	\$ 1.02
Adjustments to reported EPS:			
<b>First Quarter 2018</b>			
Costs to achieve Piedmont merger	\$ 13	0.02	
Regulatory settlements	66	0.09	
Sale of retired plant	82	0.12	
Impairment of equity method investment	42	0.06	
Impacts of the Tax Act (Alternative Minimum Tax valuation allowance)	76	0.11	
<b>First Quarter 2017</b>			
Costs to achieve Piedmont merger	10		0.02
Total adjustments		\$ 0.40	\$ 0.02
Diluted EPS, adjusted		\$ 1.28	\$ 1.04

### Non-GAAP financial measures

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings and adjusted diluted EPS. Adjusted earnings and adjusted diluted EPS represent income from continuing operations attributable to Duke Energy, adjusted for the dollar and per-share impact of special items. As discussed below, special items include certain charges and credits which management believes are not indicative of Duke Energy's ongoing performance.

Management believes the presentation of adjusted earnings and adjusted diluted EPS provides useful information to investors, as it provides them with an additional relevant comparison of Duke Energy's performance across periods. Management uses these non-GAAP financial measures for planning and forecasting, and for reporting financial results to the Duke Energy Board of Directors, employees, stockholders, analysts and investors. Adjusted diluted EPS is also used as a basis for employee incentive bonuses. The most directly comparable GAAP measures for adjusted earnings and adjusted diluted EPS are Net Income Attributable to Duke Energy Corporation (GAAP Reported Earnings) and Diluted EPS Attributable to Duke Energy Corporation common stockholders (GAAP Reported EPS), respectively.

Special items included in the periods presented include the following items, which management believes do not reflect ongoing costs:

- Costs to achieve Piedmont merger represent charges that result from the Piedmont acquisition.
- Regulatory settlements represent costs related to rate case orders, settlements or other actions of regulators.



- Sale of retired plant represents the loss associated with selling Beckjord, a non-regulated generating facility in Ohio.
- Impairment of equity method investment represents an other-than-temporary impairment of an investment in Constitution Pipeline Company, LLC (Constitution).
- Impacts of the Tax Act represents an Alternative Minimum Tax valuation allowance recognized related to the Tax Act.

Due to the forward-looking nature of any forecasted adjusted earnings guidance, information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items for future periods (such as legal settlements, the impact of regulatory orders or asset impairments).

Management evaluates segment performance based on segment income and other net loss. Segment income is defined as income from continuing operations attributable to Duke Energy. Segment income includes intercompany revenues and expenses that are eliminated in the Condensed Consolidated Financial Statements. Management also uses adjusted segment income as a measure of historical and anticipated future segment performance. Adjusted segment income is a non-GAAP financial measure, as it is based upon segment income adjusted for special items, which are discussed above. Management believes the presentation of adjusted segment income provides useful information to investors, as it provides them with an additional relevant comparison of a segment's performance across periods. The most directly comparable GAAP measure for adjusted segment income or adjusted other net loss is segment income and other net loss.

Due to the forward-looking nature of any forecasted adjusted segment income or adjusted other net loss and any related growth rates for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures is not available at this time, as the company is unable to forecast all special items, as discussed above.

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

## **Duke Energy**

Headquartered in Charlotte, N.C., Duke Energy (NYSE: DUK) is one of the largest energy holding companies in the U.S., with approximately 29,000 employees and a generating capacity of 49,500 megawatts. The company is transforming its customers' experience, modernizing its energy grid, generating cleaner energy and expanding its natural gas infrastructure to create a smarter energy future for the people and communities it serves.

The company's Electric Utilities and Infrastructure unit serves approximately 7.6 million retail electric customers in six states - North Carolina, South Carolina, Florida, Indiana, Ohio and Kentucky. Its Gas Utilities and Infrastructure unit distributes natural gas to approximately 1.6

million customers in five states - North Carolina, South Carolina, Tennessee, Ohio and Kentucky. Its Commercial Renewables unit operates a growing renewable energy portfolio across the U.S.

A Fortune 125 company, Duke Energy was named to Fortune's 2018 "World's Most Admired Companies" list and Forbes' 2018 "America's Best Employers" list.

More information about the company is available at [duke-energy.com](http://duke-energy.com). The [Duke Energy News Center](#) includes news releases, fact sheets, photos, videos and other materials. Duke Energy's [illumination](#) features stories about people, innovations, community topics and environmental issues. Follow Duke Energy on [Twitter](#), [LinkedIn](#), [Instagram](#) and [Facebook](#).

### Forward-Looking Information

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors include, but are not limited to:

- State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices;
- The extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate;
- The ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process;
- The costs of decommissioning Crystal River Unit 3 and other nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process;
- Costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- Industrial, commercial and residential growth or decline in service territories or customer bases resulting from sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, such as self-generation and distributed generation technologies;
- Federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs;
- Advancements in technology;
- Additional competition in electric and natural gas markets and continued industry consolidation;
- The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change;



- The ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the U.S. electric grid or generating resources;
- The ability to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business;
- Operational interruptions to our natural gas distribution and transmission activities;
- The availability of adequate interstate pipeline transportation capacity and natural gas supply;
- The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches and other catastrophic events, such as fires, explosions, pandemic health events or other similar occurrences;
- The inherent risks associated with the operation of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third-party service providers;
- The timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets;
- The results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions and general market and economic conditions;
- Credit ratings of the Duke Energy Registrants may be different from what is expected;
- 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 the Duke Energy Registrants' 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 new U.S. tax legislation to our financial condition, results of operations or cash flows and our credit ratings;
- The impacts from potential impairments of goodwill or equity method investment carrying values;
- The ability to successfully complete future merger, acquisition or divestiture plans; and
- The ability to implement our business strategy.

Additional risks and uncertainties are identified and discussed in the Duke Energy Registrants' 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 and the Duke Energy Registrants expressly disclaim an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
Three Months Ended March 31, 2018  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items				Impacts of the Tax Act	Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger	Regulatory Settlements	Sale of Retired Plant	Impairment of Equity Method Investment			
<b>SEGMENT INCOME</b>								
Electric Utilities and Infrastructure	\$ 750	\$ —	\$ 66 B	\$ —	\$ —	\$ —	\$ 66	\$ 816
Gas Utilities and Infrastructure	116	—	—	—	42 D	—	42	158
Commercial Renewables	20	—	—	—	—	—	—	20
<b>Total Reportable Segment Income</b>	<b>886</b>	<b>—</b>	<b>66</b>	<b>—</b>	<b>42</b>	<b>—</b>	<b>108</b>	<b>994</b>
Other	(266)	13 A	—	82 C	—	76 E	171	(95)
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 620</b>	<b>\$ 13</b>	<b>\$ 66</b>	<b>\$ 82</b>	<b>\$ 42</b>	<b>\$ 76</b>	<b>\$ 279</b>	<b>\$ 899</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORP, DILUTED</b>	<b>\$ 0.88</b>	<b>\$ 0.02</b>	<b>\$ 0.09</b>	<b>\$ 0.12</b>	<b>\$ 0.06</b>	<b>\$ 0.11</b>	<b>\$ 0.40</b>	<b>\$ 1.28</b>

A - Net of \$4 million tax benefit. \$17 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B - Net of \$20 million tax benefit. \$45 million recorded within Impairment Charges, \$35 million within Operating Expenses and \$6 million within Interest Expense on the Condensed Consolidated Statements of Operations.

C - Net of \$25 million tax benefit. \$107 million recorded within (Losses) Gains on Sales of Other Assets and Other, net on the Condensed Consolidated Statements of Operations.

D - Net of \$13 million tax benefit. \$55 million recorded within Other Income and Expenses on the Condensed Consolidated Statements of Operations.

E - \$76 million AMT valuation allowance within Income Tax Expense from Continuing Operations on the Condensed Consolidated Statements of Operations.

**Weighted Average Shares, Diluted (reported and adjusted) - 701 million**

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Three Months Ended March 31, 2017**  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Item	Adjusted Earnings
		Costs to Achieve Piedmont Merger	
<b>SEGMENT INCOME</b>			
Electric Utilities and Infrastructure	\$ 635	\$ —	\$ 635
Gas Utilities and Infrastructure	133	—	133
Commercial Renewables	25	—	25
Total Reportable Segment Income	793	—	793
Other	(77)	10 A	(67)
Net Income Attributable to Duke Energy Corporation	\$ 716	\$ 10	\$ 726
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.02</b>	<b>\$ 0.02</b>	<b>\$ 1.04</b>

A - Net of \$6 million tax benefit. \$15 million recorded within Operating Expenses and \$1 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations.

**Weighted Average Shares, Diluted (reported and adjusted) - 700 million**

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
**March 2018**  
(Dollars in millions)

	Three Months Ended March 31, 2018	
	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 803	
Costs to Achieve Piedmont Merger	17	
Regulatory Settlements	86	
Sale of Retired Plant	107	
Impairment of Equity Method Investment	55	
Impacts of the Tax Act	—	
Noncontrolling Interests	(2)	
<b>Adjusted Pretax Income</b>	<u>\$ 1,066</u>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 181	22.5%
Costs to Achieve Piedmont Merger	4	
Regulatory Settlements	20	
Sale of Retired Plant	25	
Impairment of Equity Method Investment	13	
Impacts of the Tax Act	\$ (76)	
<b>Adjusted Tax Expense</b>	<u>\$ 167</u>	15.7% *
	Three Months Ended March 31, 2017	
	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 1,061	
Costs to Achieve Piedmont Merger	16	
Noncontrolling Interests	(1)	
<b>Adjusted Pretax Income</b>	<u>\$ 1,076</u>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 344	32.4%
Costs to Achieve Piedmont Merger	6	
<b>Adjusted Tax Expense</b>	<u>\$ 350</u>	32.5% *

\*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**  
**EARNINGS VARIANCES**  
March 2018 YTD vs. Prior Year

(\$ per share)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Consolidated
<b>2017 YTD Reported Earnings Per Share, Diluted</b>	\$ 0.91	\$ 0.19	\$ 0.04	\$ (0.12)	\$ 1.02
Costs to Achieve Piedmont Merger	—	—	—	0.02	0.02
<b>2017 YTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 0.91</b>	<b>\$ 0.19</b>	<b>\$ 0.04</b>	<b>\$ (0.10)</b>	<b>\$ 1.04</b>
Weather	0.16	—	—	—	0.16
Volume	0.02	—	—	—	0.02
Pricing and Riders	0.04	0.03	—	—	0.07
Wholesale <sup>(a)</sup>	0.04	—	—	—	0.04
Operations and maintenance, net of recoverables <sup>(b)</sup>	0.04	—	—	—	0.04
Duke Energy Renewables	—	—	(0.01)	—	(0.01)
Interest Expense	—	—	—	(0.02)	(0.02)
Other <sup>(c)</sup>	(0.10)	—	—	—	(0.10)
Change in effective income tax rate, including impacts of the Tax Act <sup>(d)</sup>	0.06	—	—	(0.02)	0.04
<b>2018 YTD Adjusted Earnings Per Share, Diluted</b>	<b>\$ 1.17</b>	<b>\$ 0.22</b>	<b>\$ 0.03</b>	<b>\$ (0.14)</b>	<b>\$ 1.28</b>
Costs to Achieve Piedmont Merger	—	—	—	(0.02)	(0.02)
Regulatory Settlements	(0.09)	—	—	—	(0.09)
Sale of Retired Plant	—	—	—	(0.12)	(0.12)
Impairment of Equity Method Investment	—	(0.06)	—	—	(0.06)
Impacts of the Tax Act (Alternative Minimum Tax valuation allowance)	—	—	—	(0.11)	(0.11)
<b>2018 YTD Reported Earnings Per Share, Diluted</b>	<b>\$ 1.08</b>	<b>\$ 0.16</b>	<b>\$ 0.03</b>	<b>\$ (0.39)</b>	<b>\$ 0.88</b>

Note: Earnings Per Share amounts are calculated using the prior year consolidated statutory income tax rate for all drivers except for Duke Energy Renewables, which uses an effective rate.

(a) Primarily due to the recovery of deferred coal ash costs from wholesale customers in the Carolinas, which is offset in depreciation and amortization.

(b) Primarily due to timing of spend and lower storm restoration costs.

(c) Primarily due to higher depreciation and amortization (-\$0.08).

(d) Includes the net earnings impact of the Tax Act, including regulatory deferrals.

**March 2018**  
**QUARTERLY HIGHLIGHTS**  
**(Unaudited)**

<i>(In millions, except per-share amounts and where noted)</i>	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2018</b>	<b>2017</b>
<b>Earnings Per Share - Basic and Diluted</b>		
Net income attributable to Duke Energy Corporation common stockholders		
Basic	\$ 0.88	\$ 1.02
Diluted	\$ 0.88	\$ 1.02
Weighted average shares outstanding		
Basic	701	700
Diluted	701	700
<b>INCOME (LOSS) BY BUSINESS SEGMENT</b>		
Electric Utilities and Infrastructure <sup>(a)</sup>	\$ 750	\$ 635
Gas Utilities and Infrastructure <sup>(b)</sup>	116	133
Commercial Renewables	20	25
Total Reportable Segment Income	886	793
Other <sup>(c)(d)(e)</sup>	(266)	(77)
Net income Attributable to Duke Energy Corporation	\$ 620	\$ 716
<b>CAPITALIZATION</b>		
Total Common Equity (%)	43%	44%
Total Debt (%)	57%	56%
Total Debt	\$ 55,950	\$ 52,556
Book Value Per Share	\$ 59.63	\$ 58.84
Actual Shares Outstanding	701	700
<b>CAPITAL AND INVESTMENT EXPENDITURES</b>		
Electric Utilities and Infrastructure	\$ 1,773	\$ 1,874
Gas Utilities and Infrastructure	228	341
Commercial Renewables	87	59
Other	73	61
Total Capital and Investment Expenditures	\$ 2,161	\$ 2,335

(a) Includes regulatory costs related to rate case orders, settlements or other actions of regulators of \$66 million (net of tax of \$20 million) for the three months ended March 31, 2018.

(b) Includes an other-than-temporary impairment of an investment in Constitution of \$42 million (net of tax of \$13 million) for the three months ended March 31, 2018.

(c) Includes costs to achieve the Piedmont merger of \$13 million (net of tax of \$4 million) for the three months ended March 31, 2018, and \$10 million (net of tax of \$6 million) for the three months ended March 31, 2017.

(d) Includes the loss associated with selling Beckjord, a non-regulated generating facility in Ohio, of \$82 million (net of tax of \$25 million) for the three months ended March 31, 2018.

(e) Includes an Alternative Minimum Tax valuation allowance recognized related to the Tax Act of \$76 million for the three months ended March 31, 2018.

March 2018  
QUARTERLY HIGHLIGHTS  
(Unaudited)

(In millions)	Three Months Ended March 31,	
	2018	2017
<b>ELECTRIC UTILITIES AND INFRASTRUCTURE</b>		
<b>Operating Revenues</b>	\$ 5,323	\$ 4,947
<b>Operating Expenses</b>		
Fuel used in electric generation and purchased power	1,685	1,454
Operation, maintenance and other	1,325	1,304
Depreciation and amortization	835	737
Property and other taxes	274	261
Impairment charges	43	—
Total operating expenses	4,162	3,756
<b>Gains on Sales of Other Assets and Other, net</b>	1	3
<b>Operating Income</b>	1,162	1,194
<b>Other Income and Expenses</b>		
Equity in earnings of unconsolidated affiliates	2	—
Other income and expenses, net	86	112
Total other income and expenses	88	112
<b>Interest Expense</b>	317	315
<b>Income Before Income Taxes</b>	933	991
<b>Income Tax Expense</b>	183	356
<b>Segment Income</b>	\$ 750	\$ 635
<b>GAS UTILITIES AND INFRASTRUCTURE</b>		
<b>Operating Revenues</b>	\$ 727	\$ 670
<b>Operating Expenses</b>		
Cost of natural gas	313	258
Operation, maintenance and other	108	105
Depreciation and amortization	61	57
Property and other taxes	31	30
Total operating expenses	513	450
<b>Operating Income</b>	214	220
<b>Other Income and Expenses</b>		
Equity in (losses) earnings of unconsolidated affiliates	(40)	17
Other income and expenses, net	5	1
Total other income and expenses	(35)	18
<b>Interest Expense</b>	27	26
<b>Income Before Income Taxes</b>	152	212
<b>Income Tax Expense</b>	36	79
<b>Segment Income</b>	\$ 116	\$ 133
<b>COMMERCIAL RENEWABLES</b>		
<b>Operating Revenues</b>	\$ 101	\$ 128
<b>Operating Expenses</b>		
Operation, maintenance and other	55	78
Depreciation and amortization	38	39
Property and other taxes	7	9
Total operating expenses	100	126
<b>Gains on Sales of Other Assets and Other, net</b>	—	2
<b>Operating Income</b>	1	4
<b>Other Income and Expenses</b>		
Equity in losses of unconsolidated affiliates	—	(1)
Other income and expenses, net	2	1
Total other income and expenses	2	—
<b>Interest Expense</b>	22	19
<b>Loss Before Income Taxes</b>	(19)	(15)
<b>Income Tax Benefit</b>	(39)	(39)



<b>Less: Loss Attributable to Noncontrolling Interests</b>			<u>—</u>	<u>(1)</u>
<b>Segment Income</b>			<b>\$ 20</b>	<b>\$ 25</b>

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March 2018  
QUARTERLY HIGHLIGHTS  
(Unaudited)

<i>(In millions)</i>	Three Months Ended March 31,	
	2018	2017
<b>OTHER</b>		
<b>Operating Revenues</b>	\$ 35	\$ 33
<b>Operating Expenses</b>		
Fuel used in electric generation and purchased power	14	15
Operation, maintenance and other	3	8
Depreciation and amortization	33	26
Property and other taxes	4	3
Total operating expenses	54	52
<b>(Loss) Gains on Sales of Other Assets and Other, net</b>	(101)	5
<b>Operating Loss</b>	(120)	(14)
<b>Other Income and Expenses</b>		
Equity in earnings of unconsolidated affiliates	13	13
Other income and expenses, net	1	8
Total other income and expenses	14	21
<b>Interest Expense</b>	157	134
<b>Loss Before Income Taxes</b>	(263)	(127)
<b>Income Tax Expense (Benefit)</b>	1	(52)
<b>Less: Income Attributable to Noncontrolling Interests</b>	2	2
<b>Net Loss</b>	\$ (266)	\$ (77)

Note: Prior period amounts have been recast to reclassify the presentation of the non-service cost (benefit) components of net periodic costs from Operation, maintenance and other to Other income and expenses due to the adoption of new accounting guidance on January 1, 2018.

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)  
(In millions, except per-share amounts)

	Three Months Ended March 31,	
	2018	2017
<b>Operating Revenues</b>		
Regulated electric	\$ 5,284	\$ 4,913
Regulated natural gas	700	646
Nonregulated electric and other	151	170
<b>Total operating revenues</b>	<b>6,135</b>	<b>5,729</b>
<b>Operating Expenses</b>		
Fuel used in electric generation and purchased power	1,676	1,449
Cost of natural gas	313	258
Operation, maintenance and other	1,464	1,468
Depreciation and amortization	967	859
Property and other taxes	316	304
Impairment charges	43	—
<b>Total operating expenses</b>	<b>4,779</b>	<b>4,338</b>
<b>(Loss) Gains on Sales of Other Assets and Other, net</b>	<b>(100)</b>	<b>11</b>
<b>Operating Income</b>	<b>1,256</b>	<b>1,402</b>
<b>Other Income and Expenses</b>		
Equity in (losses) earnings of unconsolidated affiliates	(24)	29
Other income and expenses, net	86	121
<b>Total other income and expenses</b>	<b>62</b>	<b>150</b>
<b>Interest Expense</b>	<b>515</b>	<b>491</b>
<b>Income Before Income Taxes</b>	<b>803</b>	<b>1,061</b>
<b>Income Tax Expense</b>	<b>181</b>	<b>344</b>
<b>Net Income</b>	<b>622</b>	<b>717</b>
<b>Less: Net Income Attributable to Noncontrolling Interests</b>	<b>2</b>	<b>1</b>
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 620</b>	<b>\$ 716</b>

**Earnings Per Share - Basic and Diluted**

Net income attributable to Duke Energy Corporation common stockholders			
Basic	\$	0.88	\$ 1.02
Diluted	\$	0.88	\$ 1.02
Weighted average shares outstanding			
Basic		701	700
Diluted		701	700

Note: Prior period amounts have been recast to reclassify the presentation of the non-service cost (benefit) components of net periodic costs from Operation, maintenance and other to Other income and expenses due to the adoption of new accounting guidance on January 1, 2018.

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

(in millions)	March 31, 2018	December 31, 2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 421	\$ 358
Receivables (net of allowance for doubtful accounts of \$17 at 2018 and \$14 at 2017)	759	779
Receivables of VIEs (net of allowance for doubtful accounts of \$57 at 2018 and \$54 at 2017)	1,984	1,995
Inventory	3,149	3,250
Regulatory assets (includes \$51 at 2018 and 2017 related to VIEs)	1,544	1,437
Other	422	634
Total current assets	8,279	8,453
<b>Property, Plant and Equipment</b>		
Cost	129,281	127,507
Accumulated depreciation and amortization	(42,307)	(41,537)
Generation facilities to be retired, net	399	421
Net property, plant and equipment	87,373	86,391
<b>Other Noncurrent Assets</b>		
Goodwill	19,396	19,396
Regulatory assets (includes \$1,082 at 2018 and \$1,091 at 2017 related to VIEs)	12,218	12,442
Nuclear decommissioning trust funds	7,024	7,097
Investments in equity method unconsolidated affiliates	1,189	1,175
Other	3,062	2,960
Total other noncurrent assets	42,889	43,070
<b>Total Assets</b>	<b>\$ 138,541</b>	<b>\$ 137,914</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,391	\$ 3,043
Notes payable and commercial paper	2,969	2,163
Taxes accrued	422	551
Interest accrued	542	525
Current maturities of long-term debt (includes \$225 at 2018 and 2017 related to VIEs)	3,951	3,244
Asset retirement obligations	676	689
Regulatory liabilities	505	402
Other	1,542	1,865
Total current liabilities	12,998	12,482
<b>Long-Term Debt (includes \$4,275 at 2018 and \$4,306 at 2017 related to VIEs)</b>	<b>49,030</b>	<b>49,035</b>
<b>Other Noncurrent Liabilities</b>		
Deferred income taxes	6,855	6,621
Asset retirement obligations	9,484	9,486
Regulatory liabilities	15,283	15,330
Accrued pension and other post-retirement benefit costs	1,018	1,103
Investment tax credits	537	539
Other	1,538	1,581
Total other noncurrent liabilities	34,715	34,660
<b>Commitments and Contingencies</b>		
<b>Equity</b>		
Common stock, \$0.001 par value, 2 billion shares authorized; 701 million shares outstanding at 2018 and 700 million shares outstanding at 2017	1	1
Additional paid-in capital	38,839	38,792
Retained earnings	3,021	3,013
Accumulated other comprehensive loss	(69)	(67)
Total Duke Energy Corporation stockholders' equity	41,792	41,739
Noncontrolling interests	6	(2)
Total equity	41,798	41,737
<b>Total Liabilities and Equity</b>	<b>\$ 138,541</b>	<b>\$ 137,914</b>

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(In millions)

	Three Months Ended March 31,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 622	\$ 717
Adjustments to reconcile net income to net cash provided by operating activities	769	529
Net cash provided by operating activities	<u>1,391</u>	<u>1,246</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	<u>(2,264)</u>	<u>(2,361)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash provided by financing activities	<u>947</u>	<u>1,596</u>
Net increase in cash and cash equivalents	74	481
Cash and cash equivalents at beginning of period	505	541
Cash and cash equivalents at end of period	<u>\$ 579</u>	<u>\$ 1,022</u>

**DUKE ENERGY CORPORATION**  
**CONSOLIDATING BALANCE SHEETS - ASSETS**  
(Unaudited)

(in millions)	March 31, 2018					
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations / Adjustments	Duke Energy
<b>Current Assets</b>						
Cash and cash equivalents	\$ 44	\$ 14	\$ 10	\$ 354	\$ (1)	\$ 421
Receivables, net	441	251	2	66	(1)	759
Receivables of variable interest entities, net	1,952	—	32	—	—	1,984
Receivables from affiliated companies	28	9	1,227	531	(1,795)	—
Notes receivable from affiliated companies	88	—	—	696	(784)	—
Inventory	3,060	49	16	25	(1)	3,149
Regulatory assets	1,385	48	—	111	—	1,544
Other	180	21	169	103	(51)	422
<b>Total current assets</b>	<b>7,178</b>	<b>392</b>	<b>1,456</b>	<b>1,886</b>	<b>(2,633)</b>	<b>8,279</b>
<b>Property, Plant and Equipment</b>						
Cost	113,074	9,800	4,391	2,016	—	129,281
Accumulated depreciation and amortization	(38,206)	(2,251)	(730)	(1,120)	—	(42,307)
Generation facilities to be retired, net	399	—	—	—	—	399
<b>Net property, plant and equipment</b>	<b>75,267</b>	<b>7,549</b>	<b>3,661</b>	<b>896</b>	<b>—</b>	<b>87,373</b>
<b>Other Noncurrent Assets</b>						
Goodwill	17,379	1,924	93	—	—	19,396
Regulatory assets	11,133	616	—	468	1	12,218
Nuclear decommissioning trust funds	7,024	—	—	—	—	7,024
Investments in equity method unconsolidated affiliates	93	790	193	113	—	1,189
Investment in consolidated subsidiaries	197	21	7	57,024	(57,249)	—
Other	2,156	83	89	1,367	(633)	3,062
<b>Total other noncurrent assets</b>	<b>37,982</b>	<b>3,434</b>	<b>382</b>	<b>58,972</b>	<b>(57,881)</b>	<b>42,889</b>
<b>Total Assets</b>	<b>120,427</b>	<b>11,375</b>	<b>5,499</b>	<b>61,754</b>	<b>(60,514)</b>	<b>138,541</b>
Segment reclassifications, intercompany balances and other	(406)	21	(1,234)	(59,072)	60,691	—
<b>Segment Assets</b>	<b>\$ 120,021</b>	<b>\$ 11,396</b>	<b>\$ 4,265</b>	<b>\$ 2,682</b>	<b>\$ 177</b>	<b>\$ 138,541</b>

**DUKE ENERGY CORPORATION**  
**CONSOLIDATING BALANCE SHEETS - LIABILITIES AND EQUITY**  
(Unaudited)

(in millions)	March 31, 2018					
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations / Adjustments	Duke Energy
<b>Current Liabilities</b>						
Accounts payable	\$ 1,834	\$ 181	\$ 31	\$ 346	\$ (1)	\$ 2,391
Accounts payable to affiliated companies	595	45	10	1,129	(1,779)	—
Notes payable to affiliated companies	589	148	—	64	(801)	—
Notes payable and commercial paper	—	—	12	2,957	—	2,969
Taxes accrued	420	80	(91)	14	(1)	422
Interest accrued	379	35	—	128	—	542
Current maturities of long-term debt	2,330	251	171	1,199	—	3,951
Asset retirement obligations	676	—	—	—	—	676
Regulatory liabilities	439	63	—	3	—	505
Other	1,136	57	56	343	(50)	1,542
<b>Total current liabilities</b>	<b>8,398</b>	<b>860</b>	<b>189</b>	<b>6,183</b>	<b>(2,632)</b>	<b>12,998</b>
<b>Long-Term Debt</b>	<b>29,276</b>	<b>2,445</b>	<b>1,700</b>	<b>15,609</b>	<b>—</b>	<b>49,030</b>
<b>Long-Term Debt Payable to Affiliated Companies</b>	<b>618</b>	<b>7</b>	<b>9</b>	<b>—</b>	<b>(634)</b>	<b>—</b>
<b>Other Noncurrent Liabilities</b>						
Deferred income taxes	8,763	839	(200)	(2,547)	—	6,855
Asset retirement obligations	9,342	50	91	—	1	9,484
Regulatory liabilities	13,710	1,551	—	22	—	15,283
Accrued pension and other post-retirement benefit costs	676	18	—	324	—	1,018
Investment tax credits	534	3	—	—	—	537
Other	764	216	253	306	(1)	1,538
<b>Total other noncurrent liabilities</b>	<b>33,789</b>	<b>2,677</b>	<b>144</b>	<b>(1,895)</b>	<b>—</b>	<b>34,715</b>
<b>Equity</b>						
Total Duke Energy Corporation stockholders' equity	48,346	5,386	3,450	41,859	(57,249)	41,792
Noncontrolling interests	—	—	7	(2)	1	6
<b>Total equity</b>	<b>48,346</b>	<b>5,386</b>	<b>3,457</b>	<b>41,857</b>	<b>(57,248)</b>	<b>41,798</b>
<b>Total Liabilities and Equity</b>	<b>120,427</b>	<b>11,375</b>	<b>5,499</b>	<b>61,754</b>	<b>(60,514)</b>	<b>138,541</b>
Segment reclassifications, intercompany balances and other	(406)	21	(1,234)	(59,072)	60,691	—
<b>Segment Liabilities and Equity</b>	<b>\$ 120,021</b>	<b>\$ 11,396</b>	<b>\$ 4,265</b>	<b>\$ 2,682</b>	<b>\$ 177</b>	<b>\$ 138,541</b>

**ELECTRIC UTILITIES AND INFRASTRUCTURE  
CONSOLIDATING SEGMENT INCOME**  
(Unaudited)

(In millions)	Three Months Ended March 31, 2018						
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Eliminations/ Other	Electric Utilities and Infrastructure
<b>Operating Revenues</b>	\$ 1,763	\$ 1,460	\$ 1,115	\$ 336	\$ 731	\$ (82)	\$ 5,323
<b>Operating Expenses</b>							
Fuel used in electric generation and purchased power	473	509	467	92	232	(88)	1,685
Operation, maintenance and other	443	376	234	89	179	4	1,325
Depreciation and amortization	272	235	150	48	130	—	835
Property and other taxes	72	35	88	59	20	—	274
Impairment charges	13	32	—	—	—	(2)	43
Total operating expenses	1,273	1,187	939	288	561	(86)	4,162
<b>Gains on Sales of Other Assets and Other, net</b>	—	1	—	—	—	—	1
<b>Operating Income</b>	490	274	176	48	170	4	1,162
<b>Other Income and Expenses, net<sup>(b)</sup></b>	39	18	21	5	7	(2)	88
<b>Interest Expense</b>	107	81	70	16	40	3	317
<b>Income Before Income Taxes</b>	422	211	127	37	137	(1)	933
<b>Income Tax Expense</b>	93	30	21	4	36	(1)	183
<b>Segment Income</b>	\$ 329	\$ 181	\$ 106	\$ 33	\$ 101	\$ —	\$ 750

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes an equity component of allowance for funds used during construction of \$21 million for Duke Energy Carolinas, \$14 million for Duke Energy Progress, \$12 million for Duke Energy Florida, \$3 million for Duke Energy Ohio and \$4 million for Duke Energy Indiana.



**ELECTRIC UTILITIES AND INFRASTRUCTURE  
CONSOLIDATING BALANCE SHEETS - ASSETS**  
(Unaudited)

(in millions)	March 31, 2018						
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Eliminations/ Adjustments <sup>(b)</sup>	Electric Utilities and Infrastructure
<b>Current Assets</b>							
Cash and cash equivalents	\$ 3	\$ 8	\$ 6	\$ 11	\$ 15	\$ 1	\$ 44
Receivables, net	194	50	71	68	56	2	441
Receivables of variable interest entities, net	634	497	318	—	—	503	1,952
Receivables from affiliated companies	106	5	1	58	99	(241)	28
Notes receivable from affiliated companies	—	—	153	—	—	(65)	88
Inventory	980	1,002	535	88	453	2	3,060
Regulatory assets	331	476	393	11	170	4	1,385
Other	42	54	40	14	30	—	180
<b>Total current assets</b>	<b>2,290</b>	<b>2,092</b>	<b>1,517</b>	<b>250</b>	<b>823</b>	<b>206</b>	<b>7,178</b>
<b>Property, Plant and Equipment</b>							
Cost	43,562	29,866	18,040	5,949	15,104	553	113,074
Accumulated depreciation and amortization	(15,404)	(11,012)	(5,042)	(1,978)	(4,759)	(11)	(38,206)
Generation facilities to be retired, net	—	399	—	—	—	—	399
<b>Net property, plant and equipment</b>	<b>28,158</b>	<b>19,253</b>	<b>12,998</b>	<b>3,971</b>	<b>10,345</b>	<b>542</b>	<b>75,267</b>
<b>Other Noncurrent Assets</b>							
Goodwill	—	—	—	596	—	16,783	17,379
Regulatory assets	2,825	3,480	2,391	308	976	1,153	11,133
Nuclear decommissioning trust funds	3,734	2,568	722	—	—	—	7,024
Investments in equity method unconsolidated affiliates	—	—	—	—	—	93	93
Investment in consolidated subsidiaries	30	7	2	158	1	(1)	197
Other	1,022	640	301	44	234	(85)	2,156
<b>Total other noncurrent assets</b>	<b>7,611</b>	<b>6,695</b>	<b>3,416</b>	<b>1,106</b>	<b>1,211</b>	<b>17,943</b>	<b>37,982</b>
<b>Total Assets</b>	<b>38,059</b>	<b>28,040</b>	<b>17,931</b>	<b>5,327</b>	<b>12,379</b>	<b>18,691</b>	<b>120,427</b>
Segment reclassifications, intercompany balances and other	(351)	(115)	(143)	(162)	(74)	439	(406)
<b>Reportable Segment Assets</b>	<b>\$ 37,708</b>	<b>\$ 27,925</b>	<b>\$ 17,788</b>	<b>\$ 5,165</b>	<b>\$ 12,305</b>	<b>\$ 19,130</b>	<b>\$ 120,021</b>

(a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes the elimination of intercompany balances, purchase accounting adjustments and restricted receivables related to Cinergy Receivables Company.

**ELECTRIC UTILITIES AND INFRASTRUCTURE**  
**CONSOLIDATING BALANCE SHEETS - LIABILITIES AND EQUITY**  
(Unaudited)

(in millions)	March 31, 2018						
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Eliminations/ Adjustments <sup>(b)</sup>	Electric Utilities and Infrastructure
<b>Current Liabilities</b>							
Accounts payable	\$ 726	\$ 342	\$ 416	\$ 187	\$ 157	\$ 6	\$ 1,834
Accounts payable to affiliated companies	259	208	82	19	73	(46)	595
Notes payable to affiliated companies	45	354	—	88	149	(47)	589
Taxes accrued	86	36	73	124	95	6	420
Interest accrued	144	86	74	23	52	—	379
Current maturities of long-term debt	805	603	768	2	62	90	2,330
Asset retirement obligations	281	323	3	4	65	—	676
Regulatory liabilities	116	184	88	32	20	(1)	439
Other	369	324	299	62	83	(1)	1,136
Total current liabilities	2,831	2,460	1,803	541	756	7	8,398
<b>Long-Term Debt</b>	9,589	6,604	6,247	1,552	3,570	1,714	29,276
<b>Long-Term Debt Payable to Affiliated Companies</b>	300	150	—	18	150	—	618
<b>Other Noncurrent Liabilities</b>							
Deferred income taxes	3,521	1,937	1,813	538	942	12	8,763
Asset retirement obligations	3,318	4,356	735	43	713	177	9,342
Regulatory liabilities	6,208	3,973	1,254	531	1,743	1	13,710
Accrued pension and other post-retirement benefit costs	95	246	248	67	110	(90)	676
Investment tax credits	231	142	9	4	147	1	534
Other	531	46	101	69	28	(11)	764
Total other noncurrent liabilities	13,904	10,700	4,160	1,252	3,683	90	33,789
<b>Equity</b>	11,435	8,126	5,721	1,964	4,220	16,880	48,346
<b>Total Liabilities and Equity</b>	38,059	28,040	17,931	5,327	12,379	18,691	120,427
Segment reclassifications, intercompany balances and other	(351)	(115)	(143)	(162)	(74)	439	(406)
<b>Reportable Segment Liabilities and Equity</b>	\$ 37,708	\$ 27,925	\$ 17,788	\$ 5,165	\$ 12,305	\$ 19,130	\$ 120,021

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

**GAS UTILITIES AND INFRASTRUCTURE  
CONSOLIDATING SEGMENT INCOME**  
(Unaudited)

(in millions)	Three Months Ended March 31, 2018				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage <sup>(b)</sup>	Eliminations/ Adjustments	Gas Utilities and Infrastructure
<b>Operating Revenues</b>					
Regulated natural gas	\$ 174	\$ 551	\$ —	\$ —	\$ 725
Nonregulated natural gas and other	—	2	—	—	2
<b>Operating Revenues</b>	<b>174</b>	<b>553</b>	<b>—</b>	<b>—</b>	<b>727</b>
<b>Operating Expenses</b>					
Cost of natural gas	54	259	—	—	313
Operation, maintenance and other	33	76	1	(2)	108
Depreciation and amortization	22	39	—	—	61
Property and other taxes	18	12	—	1	31
Total operating expenses	127	386	1	(1)	513
<b>Operating Income (Loss)</b>	<b>47</b>	<b>167</b>	<b>(1)</b>	<b>1</b>	<b>214</b>
<b>Other Income and Expenses</b>					
Equity in losses of unconsolidated affiliates	—	—	(40)	—	(40)
Other income and expenses, net	3	3	—	(1)	5
Total other income and expenses	3	3	(40)	(1)	(35)
<b>Interest Expense</b>	<b>6</b>	<b>21</b>	<b>—</b>	<b>—</b>	<b>27</b>
<b>Income Before Income Taxes</b>	<b>44</b>	<b>149</b>	<b>(41)</b>	<b>—</b>	<b>152</b>
<b>Income Tax Expense</b>	<b>10</b>	<b>36</b>	<b>(10)</b>	<b>—</b>	<b>36</b>
<b>Segment Income</b>	<b>\$ 34</b>	<b>\$ 113</b>	<b>\$ (31)</b>	<b>\$ —</b>	<b>\$ 116</b>

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes earnings from investments in ACP, Sabal Trail, Constitution and Cardinal pipelines, as well as Hardy and Pine Needle storage facilities.

**GAS UTILITIES AND INFRASTRUCTURE**  
**CONSOLIDATING BALANCE SHEETS - ASSETS**  
(Unaudited)

(in millions)	March 31, 2018				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage	Eliminations/ Adjustments <sup>(b)</sup>	Gas Utilities and Infrastructure
<b>Current Assets</b>					
Cash and cash equivalents	\$ 2	\$ 12	\$ —	\$ —	\$ 14
Receivables, net	—	251	—	—	251
Receivables from affiliated companies	17	68	—	(76)	9
Inventory	20	29	—	—	49
Regulatory assets	—	48	—	—	48
Other	—	21	—	—	21
Total current assets	39	429	—	(76)	392
<b>Property, Plant and Equipment</b>					
Cost	2,943	6,857	—	—	9,800
Accumulated depreciation and amortization	(751)	(1,500)	—	—	(2,251)
Net property, plant and equipment	2,192	5,357	—	—	7,549
<b>Other Noncurrent Assets</b>					
Goodwill	324	49	—	1,551	1,924
Regulatory assets	156	274	—	186	616
Investments in equity method unconsolidated affiliates	—	—	790	—	790
Investment in consolidated subsidiaries	—	—	—	21	21
Other	—	65	17	1	83
Total other noncurrent assets	480	388	807	1,759	3,434
<b>Total Assets</b>	2,711	6,174	807	1,683	11,375
Segment reclassifications, intercompany balances and other	(2)	(34)	(36)	93	21
<b>Reportable Segment Assets</b>	\$ 2,709	\$ 6,140	\$ 771	\$ 1,776	\$ 11,396

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

**GAS UTILITIES AND INFRASTRUCTURE**  
**CONSOLIDATING BALANCE SHEETS - LIABILITIES AND EQUITY**  
(Unaudited)

(in millions)	March 31, 2018				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage	Eliminations/ Adjustments <sup>(b)</sup>	Gas Utilities and Infrastructure
<b>Current Liabilities</b>					
Accounts payable	\$ 53	\$ 128	\$ —	\$ —	\$ 181
Accounts payable to affiliated companies	—	35	86	(76)	45
Notes payable to affiliated companies	41	107	—	—	148
Taxes accrued	27	80	(26)	(1)	80
Interest accrued	10	24	—	1	35
Current maturities of long-term debt	1	250	—	—	251
Regulatory liabilities	22	41	—	—	63
Other	3	55	(1)	—	57
Total current liabilities	157	720	59	(76)	860
<b>Long-Term Debt</b>	487	1,787	—	171	2,445
<b>Long-Term Debt Payable to Affiliated Companies</b>	7	—	—	—	7
<b>Other Noncurrent Liabilities</b>					
Deferred income taxes	247	544	48	—	839
Asset retirement obligations	35	15	—	—	50
Regulatory liabilities	357	1,179	—	15	1,551
Accrued pension and other post-retirement benefit costs	14	4	—	—	18
Investment tax credits	2	1	—	—	3
Other	53	153	11	(1)	216
Total other noncurrent liabilities	708	1,896	59	14	2,677
<b>Equity</b>	1,352	1,771	689	1,574	5,386
<b>Total Liabilities and Equity</b>	2,711	6,174	807	1,683	11,375
Segment reclassifications, intercompany balances and other	(2)	(34)	(36)	93	21
<b>Reportable Segment Liabilities and Equity</b>	\$ 2,709	\$ 6,140	\$ 771	\$ 1,776	\$ 11,396

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

**Electric Utilities and Infrastructure**  
**Quarterly Highlights**  
**March 2018**

	Three Months Ended March 31,			% Inc.(Dec.) Weather Normal (2)
	2018	2017	%	
<b>GWh Sales (1)</b>				
Residential	23,741	20,065	18.3%	2.6%
General Service	18,440	17,549	5.1%	0.7%
Industrial	12,104	12,305	(1.6%)	(2.7%)
Other Energy Sales	140	144	(2.8%)	
Unbilled Sales	(1,875)	(935)	(100.5%)	n/a
Total Retail Sales	52,550	49,128	7.0%	0.7%
Wholesale and Other	10,979	9,862	11.3%	
Total Consolidated Electric Sales - Electric Utilities and Infrastructure	63,529	58,990	7.7%	
<b>Average Number of Customers (Electric)</b>				
Residential	6,603,814	6,510,679	1.4%	
General Service	979,220	968,897	1.1%	
Industrial	17,600	17,748	(0.8%)	
Other Energy Sales	23,475	23,205	1.2%	
Total Retail Customers	7,624,109	7,520,529	1.4%	
Wholesale and Other	54	58	(6.9%)	
Total Average Number of Customers - Electric Utilities and Infrastructure	7,624,163	7,520,587	1.4%	
<b>Sources of Electric Energy (GWh)</b>				
Generated - Net Output (3)				
Coal	17,738	16,939	4.7%	
Nuclear	18,505	17,741	4.3%	
Hydro	754	201	275.1%	
Oil and Natural Gas	16,317	14,231	14.7%	
Renewable Energy	96	75	28.0%	
Total Generation (4)	53,410	49,187	8.6%	
Purchased Power and Net Interchange (5)				
Total Sources of Energy	67,330	61,755	9.0%	
Less: Line Loss and Other	3,801	2,765	37.5%	
Total GWh Sources	63,529	58,990	7.7%	
<b>Owned MW Capacity (3)</b>				
Summer	49,511	49,950		
Winter	53,003	53,717		
<b>Nuclear Capacity Factor (%) (6)</b>	96	94		

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e., unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.

Duke Energy Carolinas  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
March 2018

	Three Months Ended March 31,			% Inc.(Dec.) Weather Normal (2)
	2018	2017	% Inc.(Dec.)	
<b>GWh Sales (1)</b>				
Residential	8,284	6,871	20.6%	
General Service	6,946	6,527	6.4%	
Industrial	4,984	5,062	(1.5%)	
Other Energy Sales	75	76	(1.3%)	
Unbilled Sales	(523)	(232)	(125.4%)	
Total Retail Sales	19,766	18,304	8.0%	1.6%
Wholesale and Other	2,861	2,477	15.5%	
Total Consolidated Electric Sales - Duke Energy Carolinas	22,627	20,781	8.9%	
<b>Average Number of Customers</b>				
Residential	2,202,857	2,169,345	1.5%	
General Service	356,100	351,773	1.2%	
Industrial	6,206	6,252	(0.7%)	
Other Energy Sales	15,480	15,298	1.2%	
Total Retail Customers	2,580,643	2,542,668	1.5%	
Wholesale and Other	22	24	(8.3%)	
Total Average Number of Customers - Duke Energy Carolinas	2,580,665	2,542,692	1.5%	
<b>Sources of Electric Energy (GWh)</b>				
Generated - Net Output (3)				
Coal	6,250	5,586	11.9%	
Nuclear	11,638	11,036	5.5%	
Hydro	525	53	890.6%	
Oil and Natural Gas	3,152	2,694	17.0%	
Renewable Energy	29	9	222.2%	
Total Generation (4)	21,594	19,376	11.4%	
Purchased Power and Net Interchange (5)	2,317	2,483	(6.7%)	
Total Sources of Energy	23,911	21,861	9.4%	
Less: Line Loss and Other	1,284	1,060	18.9%	
Total GWh Sources	22,627	20,781	8.9%	
<b>Owned MW Capacity (3)</b>				
Summer	19,574	19,568		
Winter	20,385	20,425		
<b>Nuclear Capacity Factor (%) (6)</b>				
	99	98		
<b>Heating and Cooling Degree Days</b>				
<b>Actual</b>				
Heating Degree Days	1,721	1,291	33.3%	
Cooling Degree Days	10	10	—%	
<b>Variance from Normal</b>				
Heating Degree Days	(1.3%)	(26.2%)	n/a	
Cooling Degree Days	56.4%	66.7%	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.

(6) Statistics reflect 100% of jointly owned stations.

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Duke Energy Progress  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
March 2018

	Three Months Ended March 31,			% Inc.(Dec.) Weather Normal (2)
	2018	2017	%	
<b>GWh Sales (1)</b>				
Residential	5,500	4,633	18.7%	
General Service	3,732	3,549	5.2%	
Industrial	2,437	2,489	(2.1%)	
Other Energy Sales	19	21	(9.5%)	
Unbilled Sales	(567)	(500)	(13.4%)	
Total Retail Sales	11,121	10,192	9.1%	1.3%
Wholesale and Other	6,105	5,445	12.1%	
Total Consolidated Electric Sales - Duke Energy Progress	17,226	15,637	10.2%	
<b>Average Number of Customers</b>				
Residential	1,323,129	1,302,464	1.6%	
General Service	233,307	230,405	1.3%	
Industrial	4,060	4,129	(1.7%)	
Other Energy Sales	1,451	1,462	(0.8%)	
Total Retail Customers	1,561,947	1,538,460	1.5%	
Wholesale and Other	14	14	—%	
Total Average Number of Customers - Duke Energy Progress	1,561,961	1,538,474	1.5%	
<b>Sources of Electric Energy (GWh)</b>				
Generated - Net Output (3)				
Coal	2,303	1,644	40.1%	
Nuclear	6,867	6,705	2.4%	
Hydro	209	103	102.9%	
Oil and Natural Gas	6,199	5,836	6.2%	
Renewable Energy	54	62	(12.9%)	
Total Generation (4)	15,632	14,350	8.9%	
Purchased Power and Net Interchange (5)	2,235	1,824	22.5%	
Total Sources of Energy	17,867	16,174	10.5%	
Less: Line Loss and Other	641	537	19.4%	
Total GWh Sources	17,226	15,637	10.2%	
<b>Owned MW Capacity (3)</b>				
Summer	12,813	12,827		
Winter	14,016	14,034		
<b>Nuclear Capacity Factor (%) (6)</b>				
	90	88		
<b>Heating and Cooling Degree Days</b>				
<b>Actual</b>				
Heating Degree Days	1,614	1,203	34.2%	
Cooling Degree Days	23	10	130.0%	
<b>Variance from Normal</b>				
Heating Degree Days	(0.1%)	(25.6%)	n/a	
Cooling Degree Days	139.2%	11.1%	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.

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**Duke Energy Florida**  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
March 2018

	Three Months Ended March 31,			% Inc.(Dec.) Weather Normal (2)
	2018	2017	% Inc.(Dec.)	
<b>GWh Sales (1)</b>				
Residential	4,528	3,824	18.4%	
General Service	3,440	3,254	5.7%	
Industrial	758	755	0.4%	
Other Energy Sales	6	6	—%	
Unbilled Sales	(185)	156	(218.6%)	
Total Retail Sales	8,547	7,995	6.9%	0.2%
Wholesale and Other	572	310	84.5%	
Total Electric Sales - Duke Energy Florida	9,119	8,305	9.8%	
<b>Average Number of Customers</b>				
Residential	1,588,910	1,564,038	1.6%	
General Service	200,207	197,422	1.4%	
Industrial	2,109	2,156	(2.2%)	
Other Energy Sales	1,517	1,524	(0.5%)	
Total Retail Customers	1,792,743	1,765,140	1.6%	
Wholesale and Other	12	12	—%	
Total Average Number of Customers - Duke Energy Florida	1,792,755	1,765,152	1.6%	
<b>Sources of Electric Energy (GWh)</b>				
Generated - Net Output (3)				
Coal	2,121	2,117	0.2%	
Oil and Natural Gas	6,091	5,348	13.9%	
Renewable Energy	8	4	n/a	
Total Generation (4)	8,220	7,469	10.1%	
Purchased Power and Net Interchange (5)	1,378	1,296	6.3%	
Total Sources of Energy	9,598	8,765	9.5%	
Less: Line Loss and Other	479	460	4.1%	
Total GWh Sources	9,119	8,305	9.8%	
<b>Owned MW Capacity (3)</b>				
Summer	9,304	9,212		
Winter	10,255	10,332		
<b>Heating and Cooling Degree Days</b>				
<b>Actual</b>				
Heating Degree Days	383	176	117.6%	
Cooling Degree Days	264	273	(3.3%)	
<b>Variance from Normal</b>				
Heating Degree Days	1.1%	(53.6%)	n/a	
Cooling Degree Days	42.7%	49.2%	n/a	

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(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

Duke Energy Ohio  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
March 2018

	Three Months Ended March 31,			% Inc.(Dec.) Weather Normal (2)
	2018	2017	%	
<b>GWh Sales (1)</b>				
Residential	2,563	2,253	13.8%	
General Service	2,319	2,257	2.7%	
Industrial	1,387	1,441	(3.7%)	
Other Energy Sales	27	28	(3.6%)	
Unbilled Sales	(324)	(201)	(61.2%)	
Total Retail Sales	5,972	5,778	3.4%	(2.0%)
Wholesale and Other	100	281	(64.4%)	
Total Electric Sales - Duke Energy Ohio	6,072	6,059	0.2%	
<b>Average Number of Customers</b>				
Residential	766,947	759,467	1.0%	
General Service	88,263	88,141	0.1%	
Industrial	2,500	2,507	(0.3%)	
Other Energy Sales	3,331	3,282	1.5%	
Total Retail Customers	861,041	853,397	0.9%	
Wholesale and Other	1	1	—%	
Total Average Number of Customers - Duke Energy Ohio	861,042	853,398	0.9%	
<b>Sources of Electric Energy (GWh)</b>				
Generated - Net Output (3)				
Coal	676	1,203	(43.8%)	
Oil and Natural Gas	20	1	1,900.0%	
Total Generation (4)	696	1,204	(42.2%)	
Purchased Power and Net Interchange (5)	6,335	5,486	15.9%	
Total Sources of Energy	7,031	6,670	5.4%	
Less: Line Loss and Other	959	611	57.0%	
Total GWh Sources	6,072	6,059	0.2%	
<b>Owned MW Capacity (3)</b>				
Summer	1,076	1,076		
Winter	1,164	1,164		
<b>Heating and Cooling Degree Days</b>				
<b>Actual</b>				
Heating Degree Days	2,569	2,044	25.7%	
Cooling Degree Days	4	1	300.0%	
<b>Variance from Normal</b>				
Heating Degree Days	2.6%	(20.7%)	n/a	
Cooling Degree Days	(0.1%)	(75.0%)	n/a	

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(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

Duke Energy Indiana  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
March 2018

	Three Months Ended March 31,			% Inc.(Dec.) Weather Normal (2)
	2018	2017	% Inc.(Dec.)	
<b>GWh Sales (1)</b>				
Residential	2,866	2,484	15.4%	
General Service	2,003	1,962	2.1%	
Industrial	2,538	2,558	(0.8%)	
Other Energy Sales	13	13	—%	
Unbilled Sales	(276)	(158)	74.7%	
Total Retail Sales	7,144	6,859	4.2%	—%
Wholesale and Other	1,341	1,349	(0.6%)	
Total Electric Sales - Duke Energy Indiana	8,485	8,208	3.4%	
<b>Average Number of Customers</b>				
Residential	721,971	715,365	0.9%	
General Service	101,343	101,156	0.2%	
Industrial	2,725	2,704	0.8%	
Other Energy Sales	1,696	1,639	3.5%	
Total Retail Customers	827,735	820,864	0.8%	
Wholesale and Other	5	7	(28.6%)	
Total Average Number of Customers - Duke Energy Indiana	827,740	820,871	0.8%	
<b>Sources of Electric Energy (GWh)</b>				
Generated - Net Output (3)				
Coal	6,388	6,389	—%	
Hydro	20	45	(55.6%)	
Oil and Natural Gas	855	352	142.9%	
Renewable Energy	5	—	n/a	
Total Generation (4)	7,268	6,786	7.1%	
Purchased Power and Net Interchange (5)	1,655	1,499	10.4%	
Total Sources of Energy	8,923	8,285	7.7%	
Less: Line Loss and Other	438	77	468.8%	
Total GWh Sources	8,485	8,208	3.4%	
<b>Owned MW Capacity (3)</b>				
Summer	6,744	7,267		
Winter	7,183	7,762		
<b>Heating and Cooling Degree Days</b>				
<b>Actual</b>				
Heating Degree Days	2,831	2,208	28.2%	
Cooling Degree Days	4	—	—%	
<b>Variance from Normal</b>				
Heating Degree Days	2.4%	(20.1%)	n/a	
Cooling Degree Days	22.1%	(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.

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**Gas Utilities and Infrastructure**  
**Quarterly Highlights**  
**March 2018**

	Three Months Ended March 31,		
	2018	2017	% Inc.(Dec.)
<b>Total Sales</b>			
Piedmont Natural Gas Local Distribution Company (LDC) throughput (dekatherms) (1)	154,901,379	133,276,787	16.2%
Duke Energy Midwest LDC throughput (Mcf)	37,126,065	30,830,999	20.4%
<b>Average Number of Customers - Piedmont Natural Gas</b>			
Residential	970,666	953,702	1.8%
Commercial	104,835	102,597	2.2%
Industrial	963	968	(0.5%)
Power Generation	17	15	13.3%
Total Average Number of Gas Customers - Piedmont Natural Gas	1,076,481	1,057,282	1.8%
<b>Average Number of Customers - Duke Energy Midwest</b>			
Residential	488,853	484,091	1.0%
General Service	45,280	45,340	(0.1%)
Industrial	1,661	1,669	(0.5%)
Other	138	141	(2.1%)
Total Average Number of Gas Customers - Duke Energy Midwest	535,932	531,241	0.9%

(1) Piedmont has a margin decoupling mechanism in North Carolina and weather normalization mechanisms in South Carolina and Tennessee that significantly eliminate the impact of throughput changes on earnings. Duke Energy Ohio's rate design also serves to offset this impact.

**Commercial Renewables**  
**Quarterly Highlights**  
**March 2018**

	Three Months Ended March 31,		
	2018	2017	% Inc.(Dec.)
Renewable Plant Production, GWh	2,180	2,285	(4.6)%
Net Proportional MW Capacity in Operation	2,943	2,943	— %

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

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**FORM 8-K**

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

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Date of Report (Date of earliest event reported): May 23, 2018

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

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550 South Tryon Street, Charlotte, North Carolina 28202  
(Address of Principal Executive Offices, including Zip code)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

On May 22, 2018, Duke Energy Corporation (the "Corporation") announced that Mr. Dwight Jacobs has been appointed as Senior Vice President, Chief Accounting Officer and Controller, effective June 1, 2018. Mr. William E. Currens Jr., currently Senior Vice President, Chief Accounting Officer and Controller, has been appointed as Senior Vice President, Financial Planning & Analysis, also effective June 1, 2018.

Mr. Jacobs, 53, has served as Senior Vice President, Financial Planning & Analysis, since February 2016 and served as Chief Risk Officer from July 2014 until February 2016. Prior to his role as Chief Risk Officer, Mr. Jacobs served as Vice President, Rates & Regulatory Strategy from May 2010 until July 2014 and held various leadership roles in corporate planning, accounting and reporting prior to that and since joining the Corporation in 2002. Prior to joining the Corporation, Mr. Jacobs had over 14 years of experience in public accounting with Arthur Andersen LLP where he became an audit and business advisory partner in 2000.

Mr. Jacobs 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 22, 2018. In all other respects, Mr. Jacobs will continue to participate in the compensation and benefit plans in which he was participating prior to the change in responsibilities. Mr. Jacobs has not entered into, nor were any amendments made to, any material plans, contracts or arrangements in connection with his change in responsibilities.

**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

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

DATE: May 23, 2018

**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 1, 2018**

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) 526 South Church Street Charlotte, North Carolina 28202-1803 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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 8.01. Other Events.**

In connection with the rate case which Duke Energy Carolinas, LLC ("DEC") filed on August 25, 2017, with the North Carolina Utilities Commission (the "NCUC"), a Pilot Grid Rider Agreement and Stipulation (the "Stipulation") was filed on June 1, 2018, by DEC and intervenors Environmental Defense Fund, Sierra Club and North Carolina Sustainable Energy Association (the "Settling Parties") regarding an agreement by the parties related to DEC's Power/Forward Carolinas plan and associated Grid Rider on the recovery of costs, the timing of the recovery of costs, and the implementation of certain initiatives such as electric vehicle charging and battery storage projects and the enhancements to the Customer Information Systems for customer data access. Also on June 1, 2018, DEC and an ad hoc commercial group consisting of Food Lion, LLC, Ingles Markets, Inc., JC Penney Corp., Inc., Sam's East, Inc. and Wal-Mart Stores East, LP (collectively, the "Commercial Group"), filed a Partial Stipulation and Settlement Agreement to be considered in conjunction with the Stipulation (the "Partial Stipulation") expressly supporting the electric vehicle charging and battery storage projects and the enhancements to the Customer Information Systems for customer data access agreed to in the Stipulation. Additional detail on the terms of the Stipulation and Partial Stipulation is attached to this Form 8-K as Exhibit 99.1.

In a separate agreement reached with the Settling Parties on June 1, 2018, Duke Energy Progress, LLC ("DEP") agreed to deploy 175MW of energy storage on its system by 2026 and a \$17 million electric vehicle charging project under the same terms and conditions as contained in the DEC Stipulation so long as the NCUC approves the DEC Stipulation in full. The Settling Parties also agreed to file and support a stipulation for DEP containing the same terms and conditions as the DEC Stipulation in DEP's next general base rate increase proceeding if the DEC Stipulation is approved by the NCUC in full.

The Stipulation and Partial Stipulation are subject to the review and approval of the NCUC.

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

*(d) Exhibits.*

99.1 [Duke Energy Carolinas Summary of Power-Forward Rider Settlement in North Carolina Rate Case \(Docket E-7 Sub 1146\)](#)

**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 1, 2018

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

**DUKE ENERGY CAROLINAS, LLC**

Date: June 1, 2018

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

**DUKE ENERGY PROGRESS, LLC**

Date: June 1, 2018

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

**Duke Energy Carolinas  
Power/Forward Rider Settlement in North Carolina Rate Case  
(Docket E-7 Sub 1146)**

**Background:**

- On August 25, 2017, Duke Energy Carolinas (DEC, or the Company) filed a rate case with the North Carolina Utilities Commission (NCUC) to request an average 13.6 percent increase in retail revenues, or approximately \$647 million:
  - o The rate case filing requests an overall rate of return of 7.93% based on approval of a 10.75% return on equity and a 53% equity component of the capital structure
  - o The filing is based on a North Carolina rate base of \$13.8 billion as of December 31, 2016, and adjusted for known and measurable changes through November 2017
- On March 1, 2018, DEC and the Public Staff - North Carolina Utilities Commission (Public Staff) filed testimony consistent with their Agreement and Stipulation of Partial Settlement resolving certain issues in the base rate proceeding. The settlement agreement did not address, among other things, whether a Grid Reliability and Resiliency Rider (Grid Rider) should be adopted and, if so, which costs should be included in and the structure of a Grid Rider
- On April 27, 2018, DEC filed a post-hearing brief detailing intermediate steps the NCUC could take to approve the Power/Forward Carolinas plan and associated Grid Rider
- On June 1, 2018, DEC, and intervenors Environmental Defense Fund (EDF), Sierra Club and North Carolina Sustainable Energy Association (NCSEA) filed a Pilot Grid Rider Agreement and Stipulation (Stipulation) in which the parties agree to the proposal DEC introduced in the post-hearing brief on April 27, 2018, along with additional commitments by DEC
- Also on June 1, 2018, DEC and the Commercial Group filed a Partial Stipulation and Settlement Agreement (Partial Stipulation) to be considered in conjunction with the Stipulation

**Stipulation Summary:**

- DEC will be able to recover Power/Forward costs through a pilot, three-year Grid Rider except for costs related to targeted undergrounding of power lines, cable and conduit replacement, and power pole replacement
  - o The excluded costs are to be deferred with a return until DEC's next base rate case proceeding
  - o Costs incurred during the three-year pilot, both rider recoverable and deferred, are subject to a 4.5% cumulative cap of total annual electric service revenue
  - o DEC will be able to recover five targeted power line undergrounding demonstration projects through the annual pilot rider, subject to a cumulative \$50 million cap
  - o At the end of the three-year pilot period, DEC may petition the NCUC for an extension of the rider
- DEC agrees to conduct annual stakeholder engagement meetings and make annual filings with the NCUC in which the Company must demonstrate that its expenditures are incremental to base maintenance spending and are cost effective
  - o Targeted line undergrounding expenses will require pre-approval from the NCUC
- In addition, DEC has agreed to the following initiatives, the costs of which will also be recovered through the Grid Rider:
  - o Integrated Volt/Var Control (IVVC) systems on 20% of DEC's circuit lines
  - o 300MW of energy storage on the DEC system by 2026 as "non-wire" solutions for areas that are not best served by traditional power line solutions
  - o \$25 million investment in electric vehicle charging stations by 2021
  - o Enhanced options in DEC's Customer Information System to allow customers, and potentially authorized third parties if customers so chose, access to power usage data
- Finally, DEC agrees to deploy Integrated System Operation Planning (ISOP) on its system by 2022
- DEC and the counterparties to the settlement agree that they will not lobby or petition the NCUC or the North Carolina General Assembly on the issue of a Grid Rider during the term of the settlement

- o If the settlement is not approved in full by the NCUC, its terms become null and void

**Partial Stipulation Summary:**

- The Commercial Group does not expressly support or object to the Stipulation in totality but they do expressly support the electric vehicle charging project, the battery storage projects, and the enhancements to the Customer Information Systems for customer data access

**Additional Commitments**

- In a separate agreement with EDF, Sierra Club and NCSEA, Duke Energy Progress (DEP) agrees to deploy 175MW of energy storage on its system by 2026 and a \$17 million electric vehicle charging project under the same terms and conditions as contained in the DEC Stipulation so long as the NCUC approves the DEC Stipulation in full
  - o If approved in full, these parties also agree to file and support a stipulation for DEP containing the same terms and conditions as the DEC Stipulation in DEP's next general base rate increase proceeding
- In recognition of the impacts that increases in costs have on low income customers and to support job training, Duke Energy Corporation will contribute \$4 million in total to the following programs: Helping Home Fund weatherization program for income qualified customers, the Share the Warmth energy assistance fund and the North Carolina Community College Grant program

**Additional Information**

- The agreements are subject to the review and approval of the NCUC

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

**FORM 8-K**

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

Date of Report (Date of earliest event reported): **June 22, 2018**

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

1-4928

**DUKE ENERGY CAROLINAS, LLC**

(a North Carolina limited liability company)

526 South Church Street  
Charlotte, North Carolina 28202-1803  
704-382-3853

56-0205520

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 8.01. Other Events.**

On June 22, 2018, the North Carolina Utilities Commission (the "NCUC") issued an order (the "Order") approving, without modification, the Agreement and Stipulation of Partial Settlement between Duke Energy Carolinas, LLC ("DEC") and the Public Staff - North Carolina Utilities Commission (the "Stipulation") which settled certain issues in the rate case proceeding which DEC filed on August 25, 2017, with the NCUC. The Stipulation included, among other things, a return on equity of 9.9% based upon a capital structure of 52% equity and 48% debt, and the return to customers of North Carolina state excess deferred income taxes over four years through a rider. The Order denied the Pilot Grid Rider Agreement and Stipulation entered into by DEC and intervenors Environmental Defense Fund, Sierra Club and North Carolina Sustainable Energy Association.

The Order also resolves the outstanding items in the rate case proceeding, including implementation of the Federal Tax Cuts and Jobs Act; the cancelation and treatment of costs for the Lee Nuclear Project; DEC's proposal for a Grid Reliability and Resiliency Rider and the recovery of deferred coal ash costs. A summary providing the details of the Order is attached to this Form 8-K as Exhibit 99.1.

As outlined in the attached summary, DEC is currently seeking clarification from the NCUC on certain items that were not clearly addressed by the Order.

The preliminary estimate for rate base for DEC's retail customers in North Carolina addressed in the rate case is approximately \$14.1 billion. New rates will become effective one day after the NCUC approves the filing by DEC recalculating the revenue requirement based on the findings and conclusions in the Order, currently estimated by mid-July. As a result of the Order, Duke Energy Corporation will take an estimated pre-tax impairment charge of approximately \$150 million in the second quarter of 2018 which will be excluded from adjusted diluted earnings per share and treated as a special item.

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

(d) Exhibits.

99.1 Duke Energy Carolinas Summary of Order Issued by the North Carolina Utilities Commission

**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 25, 2018

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

**DUKE ENERGY CAROLINAS, LLC**

Date: June 25, 2018

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

**Duke Energy Carolinas**  
**Summary of Order Issued by the North Carolina Utilities Commission**  
**(Docket E-7 Sub 1146)**

**Background**

- On August 25, 2017, Duke Energy Carolinas (DEC) filed a rate case with the North Carolina Utilities Commission (NCUC) to request an average 13.6% increase in retail revenues, or approximately \$647 million:
  - The rate case filing requested an overall rate of return of 7.93% based on approval of a 10.75% return on equity (ROE) and a 53% equity component of the capital structure
  - The filing was based on a North Carolina retail rate base of \$13.8 billion as of December 31, 2016, and adjusted for known and measurable changes through December 2017
- On March 1, 2018, DEC and the Public Staff - North Carolina Utilities Commission (Public Staff) filed testimony consistent with their Agreement and Stipulation of Partial Settlement (Stipulation) resolving certain issues in the base rate proceeding
- The NCUC held an evidentiary hearing on the case from March 5 through March 22, 2018
- On April 27, 2018, DEC filed a post-hearing brief, which included DEC's proposal for implementing the Federal Tax Cuts and Jobs Act (the Tax Act) and intermediate steps the NCUC could take to approve the Power/Forward Carolinas plan and associated Grid Rider
- On June 1, 2018, DEC and intervenors Environmental Defense Fund, Sierra Club and North Carolina Sustainable Energy Association filed a Pilot Grid Rider Agreement and Stipulation (Grid Rider Stipulation) in which the parties agreed to the proposal DEC introduced in the post-hearing brief on April 27, 2018, along with additional commitments by DEC
- **On June 22, 2018, the NCUC issued an order approving the Stipulation without modification, denying the Grid Rider Stipulation, and addressing the other outstanding items in the case**

**Major Components of the Order**

**Stipulation:**

- Approves the Stipulation with the Public Staff, including an ROE of 9.9% based upon a capital structure of 52% equity and 48% debt
- Returns excess North Carolina state deferred income taxes (N.C. state EDIT) to customers over 4 years through a rider (rather than 5 years under the original request)
- Removes recovery of Customer Connect project costs from the revenue requirement, while permitting deferral treatment of such project costs

**Coal Ash:**

- Approves recovery of deferred coal ash costs as reasonable and prudent, known and measurable and used and useful in the provision of service to customers
  - Approves recovery of \$546 million deferred costs over 5 years with a return at DEC's weighted average cost of capital (WACC)
  - Assesses a \$70 million management penalty by reducing the annual recovery of the deferred coal ash costs by \$14 million per year over the 5 year recovery period
- Denies DEC's request for recovery of estimated ongoing coal ash costs of \$201 million annually. Instead, these costs will be deferred with a return at DEC's WACC, to be considered for recovery in the next rate case

**Grid Rider:**

- Denies the Grid Rider Stipulation and denies deferral treatment of Power/Forward costs. DEC may petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization

**Lee Nuclear:**

- Approves cancellation of the Lee Nuclear Project, with DEC continuing to maintain the Combined Operating License
  - Allows DEC to recover \$347 million (NC retail allocation) of project development costs (including AFUDC through December 31, 2017) over 12 years
  - Denies a return on the unamortized balance during the 12 year recovery period
-

**Federal Tax Reform:**

- DEC is able to mitigate the customer rate increase by \$212 million annually to reflect the change in the statutory federal tax rate from 35% to 21%
- Directs all federal excess deferred income taxes (Federal EDIT) be retained by DEC as a regulatory liability for 3 years or until DEC's next base rate case, whichever is sooner. At that time, DEC is to propose, and the NCUC will evaluate anew, how and over what time period all Federal EDIT will be returned to customers
- Denies DEC's request for accelerated recovery of certain expenses to mitigate future customer rate impacts
- DEC will seek appropriate clarification from the NCUC that the federal EDIT should remain as a reduction to rate base providing customers the benefit of a return on it in current rates and therefore eliminating the need for a separate interest accrual

**Additional Information**

- DEC is currently seeking appropriate guidance on certain items related to the calculation of plant additions and related accumulated depreciation that were not clearly addressed by the order
  - As a result of the order, Duke Energy will take an estimated pre-tax charge of approximately \$150 million in Q2 2018, which will be treated as a "special item" (excluded from adjusted diluted earnings per share). The charge is primarily related to the denial of a return on the Lee Nuclear Project and the coal ash management penalty described above
  - The preliminary estimate for rate base for DEC NC retail addressed in the case is \$14.1 billion, which includes investments in the new W.S. Lee Combined Cycle unit, two new solar facilities and Advanced Metering Infrastructure (AMI)
  - New rates to be effective one day after the NCUC approves the required compliance filing, currently estimated by mid-July
-

**Reconciliation of Request to Order and Estimated Annual Rate Impacts to Customer Bills**

The figures below are pending review of the Public Staff and are, therefore, subject to change. Once confirmed by Public Staff, the updated revenue requirement will be filed with the NCUC, currently expected to occur next week, for review and approval.

(\$ in millions)	Years	
	1-4	Thereafter
<b>Request per original filing</b>	\$ 647	\$ 647
Reduced ROE(1)	\$ (100)	\$ (100)
Reduced equity component of capital structure(1)	\$ (18)	\$ (18)
Remove Customer Connect costs (to be deferred with a return)(1)	\$ (11)	\$ (11)
Other Stipulation adjustments(1)	\$ (13)	\$ (13)
Return N.C. state EDIT over 4 years through rider(1),(2)	\$ 5	\$ 65
Coal ash basin management penalty	\$ (14)	\$ (14)
Coal ash basin ongoing costs disallowed	\$ (201)	\$ (201)
Remove grid rider	\$ (36)	\$ (36)
No return on Lee Nuclear Project development costs	\$ (18)	\$ (18)
Other impacts of the order, primarily changes to depreciation rates	\$ (33)	\$ (33)
<b>Subtotal: Revenue increase excluding impacts of the Tax Act</b>	<b>\$ 208</b>	<b>\$ 268</b>
Revenue decrease associated with a lower federal tax rate(3)	\$ (212)	\$ (212)
<b>Grand Total: Cumulative net annualized revenue (decrease)/ increase, subject to NCUC review and approval</b>	<b>\$ (4)</b>	<b>\$ 56</b>
<b>Cumulative net annualized customer (decrease)/ increase (%)</b>	<b>-0.1%</b>	<b>1.2%</b>

(1) Per the DEC Stipulation with the Public Staff approved by the NCUC

(2) Original request included return of N.C. state EDIT over 5 years through base rates

(3) DEC's proposal included i) reducing the revenue requirement by \$212 million for the lower federal tax rate, ii) reducing the revenue requirement by \$34 million for the return of protected Federal EDIT, iii) reducing the revenue requirement by \$62 million for the return of unprotected Federal EDIT, offset by iv) an increase in the revenue requirement of \$200 million for accelerated cost recovery to mitigate future customer rate impacts

**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 12, 2018**

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

1-4928

**DUKE ENERGY CAROLINAS, LLC**

(a North Carolina limited liability company)  
526 South Church Street  
Charlotte, North Carolina 28202-1803  
704-382-3853

56-0205520

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
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- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 8.01. Other Events.**

On July 12, 2018, Duke Energy Carolinas, LLC ("DEC") filed an updated revenue requirement with the North Carolina Utilities Commission (the "NCUC") in the rate case proceeding which DEC filed on August 25, 2017, with the NCUC. The updated revenue requirement incorporates all adjustments resulting from the NCUC order issued in the rate case on June 22, 2018, as well as the NCUC Order on Motions for Clarification issued July 2, 2018, including an adjustment to the requested revenue requirement related to the calculation of plant additions and related accumulated depreciation.

A summary providing details of the rate case and the revenue requirement filing is attached to this Form 8-K as Exhibit 99.1.

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

(d) Exhibits.

99.1 [Duke Energy Carolinas Summary of Order Issued by the North Carolina Utilities Commission](#)

**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: July 13, 2018

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

**DUKE ENERGY CAROLINAS, LLC**

Date: July 13, 2018

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



**Duke Energy Carolinas  
Summary of Order Issued by the North Carolina Utilities Commission  
(Docket E-7 Sub 1146)**

**Background**

- On August 25, 2017, Duke Energy Carolinas (DEC) filed a rate case with the North Carolina Utilities Commission (NCUC) to request an average 13.6% increase in retail revenues, or approximately \$647 million:
  - The rate case filing requested an overall rate of return of 7.93% based on approval of a 10.75% return on equity (ROE) and a 53% equity component of the capital structure
  - The filing was based on a North Carolina retail rate base of \$13.8 billion as of December 31, 2016, and adjusted for known and measurable changes through December 2017
- On March 1, 2018, DEC and the Public Staff - North Carolina Utilities Commission (Public Staff) filed testimony consistent with their Agreement and Stipulation of Partial Settlement (Stipulation) resolving certain issues in the base rate proceeding
- The NCUC held an evidentiary hearing on the case from March 5 through March 22, 2018
- On April 27, 2018, DEC filed a post-hearing brief, which included DEC's proposal for implementing the Federal Tax Cuts and Jobs Act (the Tax Act) and intermediate steps the NCUC could take to approve the Power/Forward Carolinas plan and associated Grid Rider
- On June 1, 2018, DEC and intervenors Environmental Defense Fund, Sierra Club and North Carolina Sustainable Energy Association filed a Pilot Grid Rider Agreement and Stipulation (Grid Rider Stipulation) in which the parties agreed to the proposal DEC introduced in the post-hearing brief on April 27, 2018, along with additional commitments by DEC
- On June 22, 2018, the NCUC issued an order approving the Stipulation without modification, denying the Grid Rider Stipulation, and addressing the other outstanding items in the case
- **On June 27, 2018, DEC filed a Motion for Clarification with the NCUC, requesting clarification on the rate base treatment of federal EDIT, as well as certain items related to the calculation of plant additions and related accumulated depreciation**
- **On July 12, 2018, DEC filed an updated revenue requirement with the NCUC. The updated revenue requirement incorporates all adjustments resulting from the NCUC order issued June 22, 2018, as well as the NCUC Order on Motions for Clarification issued July 2, 2018**

**Major Components of the Order**

**Stipulation:**

- Approves the Stipulation with the Public Staff, including an ROE of 9.9% based upon a capital structure of 52% equity and 48% debt
- Returns excess North Carolina state deferred income taxes (N.C. state EDIT) to customers over 4 years through a rider (rather than 5 years under the original request)
- Removes recovery of Customer Connect project costs from the revenue requirement, while permitting deferral treatment of such project costs

**Coal Ash:**

- Approves recovery of deferred coal ash costs as reasonable and prudent, known and measurable and used and useful in the provision of service to customers
    - Approves recovery of \$546 million deferred costs over 5 years with a return at DEC's weighted average cost of capital (WACC)
    - Assesses a \$70 million management penalty by reducing the annual recovery of the deferred coal ash costs by \$14 million per year over the 5 year recovery period
  - Denies DEC's request for recovery of estimated ongoing coal ash costs of \$201 million annually. Instead, these costs will be deferred with a return at DEC's WACC, to be considered for recovery in the next rate case
-

**Grid Rider:**

- Denies the Grid Rider Stipulation and denies deferral treatment of Power/Forward costs. DEC may petition for deferral of grid modernization costs outside of a general rate case proceeding if it can show financial hardship or a stipulation that includes greater consensus among intervening parties on costs being classified as grid modernization

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- Approves cancellation of the Lee Nuclear Project, with DEC continuing to maintain the Combined Operating License
- Allows DEC to recover \$347 million (NC retail allocation) of project development costs (including AFUDC through December 31, 2017) over 12 years
- Denies a return on the unamortized balance during the 12 year recovery period

**Federal Tax Reform:**

- DEC is able to mitigate the customer rate increase by \$212 million annually to reflect the change in the statutory federal tax rate from 35% to 21%
- Directs all Federal EDIT be retained by DEC as a regulatory liability for 3 years or until DEC's next base rate case, whichever is sooner. At that time, DEC is to propose, and the NCUC will evaluate anew, how and over what time period all Federal EDIT will be returned to customers
- Denies DEC's request for accelerated recovery of certain expenses to mitigate future customer rate impacts
- The Order on Motions for Clarification confirmed federal EDIT should remain as a reduction to rate base providing customers the benefit of a return on it in current rates and therefore eliminating the need for a separate interest accrual

**Additional Information**

- The Order on Motions for Clarification included an adjustment to the requested revenue requirement related to the calculation of plant additions and related accumulated depreciation
  - As a result of the order, Duke Energy will take an estimated pre-tax charge of approximately \$150 million in Q2 2018, which will be treated as a "special item" (excluded from adjusted diluted earnings per share). The charge is primarily related to the denial of a return on the Lee Nuclear Project and the coal ash management penalty described above
  - The preliminary estimate for rate base for DEC NC retail addressed in the case is \$13.5 billion, which includes investments in the new W.S. Lee Combined Cycle unit, two new solar facilities and Advanced Metering Infrastructure (AMI)
  - New rates to be effective one day after the NCUC approves the required compliance filing, currently estimated by August 1, 2018
-

**Reconciliation of Request to Order and Annual Rate Impacts to Customer Bills**

The figures below have been confirmed by Public Staff and the updated revenue requirement was filed with the NCUC for review and approval.(1)(2)(3)

(\$ in millions)	Years 1-4	Thereafter
<b>Request per original filing</b>	\$ 647	\$ 647
Reduced ROE(1)	\$ (100)	\$ (100)
Reduced equity component of capital structure(1)	\$ (18)	\$ (18)
Remove Customer Connect costs (to be deferred with a return)(1)	\$ (11)	\$ (11)
Other Stipulation adjustments(1)	\$ (13)	\$ (13)
Return N.C. state EDIT over 4 years through rider(1),(2)	\$ 5	\$ 65
Coal ash basin management penalty	\$ (14)	\$ (14)
Coal ash basin ongoing costs disallowed	\$ (201)	\$ (201)
Remove grid rider	\$ (36)	\$ (36)
No return on Lee Nuclear Project development costs	\$ (18)	\$ (18)
Adjustment to plant additions and related accumulated depreciation	\$ (70)	\$ (70)
Other impacts of the order, primarily changes to depreciation rates	\$ (32)	\$ (32)
<b>Subtotal: Revenue increase excluding impacts of the Tax Act</b>	<b>\$ 139</b>	<b>\$ 199</b>
Revenue decrease associated with a lower federal tax rate(3)	\$ (212)	\$ (212)
<b>Grand Total: Cumulative net annualized revenue decrease, subject to NCUC review and approval</b>	<b>\$ (73)</b>	<b>\$ (13)</b>
<b>Cumulative net annualized customer decrease (%)</b>	<b>-1.5%</b>	<b>-0.3%</b>

(1) Per the DEC Stipulation with the Public Staff approved by the NCUC

(2) Original request included return of N.C. state EDIT over 5 years through base rates

(3) DEC's proposal included i) reducing the revenue requirement by \$212 million for the lower federal tax rate, ii) reducing the revenue requirement by \$34 million for the return of protected Federal EDIT, iii) reducing the revenue requirement by \$62 million for the return of unprotected Federal EDIT, offset by iv) an increase in the revenue requirement of \$200 million for accelerated cost recovery to mitigate future customer rate impacts

**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 2, 2018

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:

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- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Conditions.**

On August 2, 2018, Duke Energy Corporation will issue and post a news release to its website ([www.Duke-Energy.com/investors](http://www.Duke-Energy.com/investors)) announcing its financial results for the second quarter ended June 30, 2018. A copy of this news release is attached hereto as Exhibit 99.1. The information in Exhibit 99.1 is being furnished pursuant to this Item 2.02.

**Item 9.01 Financial Statements and Exhibits.**

(d) *Exhibits*

[99.1 News Release to be issued by Duke Energy Corporation on August 2, 2018](#)

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**SIGNATURE**

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

DUKE ENERGY CORPORATION

/s/ DWIGHT L. JACOBS

Dwight L. Jacobs

Senior Vice President, Chief Accounting Officer and Controller

Dated: August 2, 2018

## News Release



Media Contact: Catherine Butler  
24-Hour: 800.559.3853

Analysts: Mike Callahan  
Office: 704.382.0459

Aug. 2, 2018

### **Duke Energy reports second quarter 2018 financial results**

- **Second quarter 2018 GAAP EPS of \$0.71; adjusted EPS of \$0.93**
- **Company delivering on commitments as it executes on long-term strategy**
- **Company reaffirms 2018 adjusted EPS guidance range of \$4.55 to \$4.85**

CHARLOTTE, N.C. – Duke Energy (NYSE: DUK) today announced second quarter 2018 reported diluted earnings per share (EPS), prepared in accordance with Generally Accepted Accounting Principles (GAAP) of \$0.71, compared to \$0.98 for the second quarter of 2017. Duke Energy's second quarter 2018 adjusted diluted EPS was \$0.93, compared to \$1.01 for the second quarter of 2017. The company remains on track to achieve its earnings targets for the year.

Adjusted diluted EPS excludes the impact of certain items that are included in GAAP reported diluted EPS. The difference between second quarter 2018 GAAP reported diluted EPS and adjusted diluted EPS was primarily due to charges related to the Duke Energy Carolinas (DEC) North Carolina rate case order.

Adjusted diluted EPS for second quarter 2018 was lower than the prior year primarily due to a lower tax shield on holding company interest as a result of the Tax Cuts and Jobs Act of 2017 (Tax Act), higher depreciation from a growing asset base, and higher operation and maintenance expense (O&M) including storm costs; partially offset by warmer weather and contributions from the Duke Energy Progress (DEP) North Carolina rate case.

"Our second quarter results reinforce confidence as we deliver on our long-term strategy, creating value for customers and growth for investors," said Lynn Good, Duke Energy chairman, president and CEO. "We have executed on our plan during the first half of the year - reaching constructive regulatory outcomes in the Carolinas, addressing tax reform impacts in our largest jurisdictions and making progress on key infrastructure investments like the Atlantic Coast Pipeline. We have the right strategy and are on track to achieve our full-year guidance for 2018."

### **Business segment results**

In addition to the following summary of second quarter 2018 business segment performance, comprehensive tables with detailed EPS drivers for the second quarter compared to prior year are provided in the tables at the end of this news release.



The discussion below of second quarter results includes both GAAP segment income and adjusted segment income, which is a non-GAAP financial measure. The tables at the end of this news release present a full reconciliation of GAAP reported results to adjusted results.

### **Electric Utilities and Infrastructure**

On a reported basis, Electric Utilities and Infrastructure recognized second quarter 2018 segment income of \$575 million, compared to \$729 million in the second quarter of 2017. In addition to the drivers outlined below, second quarter 2018 results were impacted by \$136 million in after-tax charges primarily related to the DEC North Carolina rate case order. This amount was treated as a special item and excluded from adjusted earnings.

On an adjusted basis, Electric Utilities and Infrastructure recognized second quarter 2018 adjusted segment income of \$711 million, compared to \$729 million in the second quarter of 2017, a decrease of \$0.03 per share.

Lower quarterly results at Electric Utilities and Infrastructure were driven by higher depreciation and amortization expense (-\$0.07 per share) primarily due to a growing asset base, higher O&M expense (-\$0.03 per share) including storm restoration costs, the resolution of FERC accounting matters (-\$0.02 per share), and lower AFUDC equity (-\$0.02 per share). These unfavorable drivers were partially offset by warmer weather (+\$0.07 per share), higher rider revenues (+\$0.04 per share) and the DEP rate case contribution (+\$0.02 per share).

### **Gas Utilities and Infrastructure**

On a reported and adjusted basis, Gas Utilities and Infrastructure recognized second quarter 2018 segment income of \$28 million, compared to \$27 million in the second quarter of 2017. As expected, results at Gas Utilities and Infrastructure were flat for the quarter, with the bulk of the remaining earnings expected to come in the fourth quarter.

### **Commercial Renewables**

On a reported and adjusted basis, Commercial Renewables recognized second quarter 2018 segment income of \$38 million, compared to \$26 million in the second quarter of 2017, an increase of \$0.02 per share. Higher quarterly results at Commercial Renewables were primarily due to a favorable settlement on a contractual agreement.

### **Other**

Other primarily includes interest expense on holding company debt, other unallocated corporate costs and results from Duke Energy's captive insurance company.

On a reported basis, Other recognized a second quarter 2018 net loss of \$136 million, compared to a net loss of \$94 million in the second quarter of 2017. In addition to the drivers outlined below, second quarter 2018 results were impacted by costs to achieve the Piedmont merger. These costs were treated as special items and excluded from adjusted earnings.

On an adjusted basis, Other recognized a second quarter 2018 adjusted net loss of \$121 million, compared to an adjusted net loss of \$75 million in the second quarter of 2017, a difference of \$0.07 per share. Lower quarterly results at Other were primarily due to a lower



tax shield on holding company interest as a result of the Tax Act (-\$0.04 per share) and higher interest expense (-\$0.02 per share).

Duke Energy's consolidated reported effective tax rate for the second quarter of 2018 was 16.5% compared to 32.1% in the second quarter of 2017. The consolidated adjusted effective tax rate for second quarter 2018 was 18.4%, compared to 32.3% in 2017. The decreases in the reported and adjusted effective tax rates were primarily due to the impacts of the Tax Act. Adjusted effective tax rate is a non-GAAP financial measure. The tables at the end of this news release present a reconciliation of the reported effective tax rate to the adjusted effective tax rate.

### Earnings conference call for analysts

An earnings conference call for analysts is scheduled from 10 to 11 a.m. ET today to discuss the second quarter 2018 financial results and other business and financial updates. The conference call will be hosted by Lynn Good, chairman, president and chief executive officer, and Steve Young, executive vice president and chief financial officer.

The call can be accessed via the investors section ([www.duke-energy.com/investors](http://www.duke-energy.com/investors)) of Duke Energy's website or by dialing 888-778-8913 in the United States or 719-325-4773 outside the United States. The confirmation code is 5013212. 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 12, 2018, by calling 888-203-1112 in the United States or 719-457-0820 outside the United States and using the code 5013212. An audio replay and transcript will also be available by accessing the investors section of the company's website.

### Special Items and Non-GAAP Reconciliation

The following tables present a reconciliation of GAAP reported to adjusted diluted EPS for second quarter 2018 and 2017 financial results:

(In millions, except per-share amounts)	After-Tax Amount	2Q 2018 EPS	2Q 2017 EPS
Diluted EPS, as reported		\$ 0.71	\$ 0.98
Adjustments to reported EPS:			
<b>Second Quarter 2018</b>			
Costs to Achieve Piedmont merger	\$ 15	0.02	
Regulatory and Legislative Impacts	136	0.19	
Discontinued Operations	5	0.01	
<b>Second Quarter 2017</b>			
Costs to Achieve Piedmont merger	19		0.03
Discontinued Operations	2		
Total adjustments		\$ 0.22	\$ 0.03
Diluted EPS, adjusted		\$ 0.93	\$ 1.01

### Non-GAAP financial measures

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings, adjusted diluted EPS, and adjusted effective tax rate. Adjusted earnings and adjusted diluted EPS represent income from continuing operations attributable to Duke Energy, adjusted for the dollar and per-share impact of special items. The adjusted effective tax rate is calculated using pretax earnings and income tax expense, both as adjusted for the impact of special items. As discussed below, special items include certain charges and credits which management believes are not indicative of Duke Energy's ongoing performance.

Management believes the presentation of adjusted earnings, adjusted diluted EPS, and the adjusted effective tax rate provides useful information to investors, as it provides them with an additional relevant comparison of Duke Energy's performance across periods. Management uses these non-GAAP financial measures for planning and forecasting, and for reporting financial results to the Duke Energy Board of Directors, employees, stockholders, analysts and investors. Adjusted diluted EPS is also used as a basis for employee incentive bonuses. The most directly comparable GAAP measures for adjusted earnings, adjusted diluted EPS and adjusted effective tax rate are Net Income Attributable to Duke Energy Corporation (GAAP reported earnings) and Diluted EPS Attributable to Duke Energy Corporation common stockholders (GAAP reported EPS), and the reported effective tax rate, respectively.

Special items included in the periods presented include the following items, which management believes do not reflect ongoing costs:

- Costs to achieve Piedmont merger represent charges that result from the Piedmont acquisition.
- Regulatory and Legislative Impacts represent charges related to rate case orders, settlements or other actions of regulators or legislative bodies.
- Sale of Retired Plant represents the loss associated with selling Beckjord Generating Station (Beckjord), a non-regulated generating facility in Ohio.
- Impairment of Equity Method Investment represents an other-than-temporary impairment of an investment in Constitution Pipeline Company, LLC (Constitution).
- Impacts of the Tax Act represents an Alternative Minimum Tax (AMT) valuation allowance recognized related to the Tax Act.

Due to the forward-looking nature of any forecasted adjusted earnings guidance, information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items for future periods (such as legal settlements, the impact of regulatory orders or asset impairments).

Management evaluates segment performance based on segment income and other net loss. Segment income is defined as income from continuing operations attributable to Duke Energy. Segment income includes intercompany revenues and expenses that are eliminated in the Condensed Consolidated Financial Statements. Management also uses adjusted segment



income as a measure of historical and anticipated future segment performance. Adjusted segment income is a non-GAAP financial measure, as it is based upon segment income adjusted for special items, which are discussed above. Management believes the presentation of adjusted segment income provides useful information to investors, as it provides them with an additional relevant comparison of a segment's performance across periods. The most directly comparable GAAP measure for adjusted segment income or adjusted other net loss is segment income and other net loss.

Due to the forward-looking nature of any forecasted adjusted segment income or adjusted other net loss and any related growth rates for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures is not available at this time, as the company is unable to forecast all special items, as discussed above.

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

## Duke Energy

Headquartered in Charlotte, N.C., Duke Energy (NYSE: DUK) is one of the largest energy holding companies in the U.S., with approximately 29,000 employees and a generating capacity of 49,500 megawatts. The company is transforming its customers' experience, modernizing its energy grid, generating cleaner energy and expanding its natural gas infrastructure to create a smarter energy future for the people and communities it serves.

The company's Electric Utilities and Infrastructure unit serves approximately 7.6 million retail electric customers in six states - North Carolina, South Carolina, Florida, Indiana, Ohio and Kentucky. Its Gas Utilities and Infrastructure unit distributes natural gas to approximately 1.6 million customers in five states - North Carolina, South Carolina, Tennessee, Ohio and Kentucky. Its Commercial Renewables unit operates a growing renewable energy portfolio across the U.S.

A Fortune 125 company, Duke Energy was named to Fortune's 2018 "World's Most Admired Companies" list and Forbes' 2018 "America's Best Employers" list.

More information about the company is available at [duke-energy.com](http://duke-energy.com). The [Duke Energy News Center](#) includes news releases, fact sheets, photos, videos and other materials. Duke Energy's [illumination](#) features stories about people, innovations, community topics and environmental issues. Follow Duke Energy on [Twitter](#), [LinkedIn](#), [Instagram](#) and [Facebook](#).

## Forward-Looking Information

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors include, but are not limited to:

- State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices;
- The extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate;
- The ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process;
- The costs of decommissioning Crystal River Unit 3 and other nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process;
- Costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- Industrial, commercial and residential growth or decline in service territories or customer bases resulting from sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, such as self-generation and distributed generation technologies;
- Federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs;
- Advancements in technology;
- Additional competition in electric and natural gas markets and continued industry consolidation;
- The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change;
- The ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the U.S. electric grid or generating resources;
- The ability to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business;
- Operational interruptions to our natural gas distribution and transmission activities;
- The availability of adequate interstate pipeline transportation capacity and natural gas supply;
- The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches and other catastrophic events, such as fires, explosions, pandemic health events or other similar occurrences;
- The inherent risks associated with the operation of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third-party service providers;

Duke Energy News Release 7

- The timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets;
- The results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions and general market and economic conditions;
- Credit ratings of the Duke Energy Registrants may be different from what is expected;
- 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 the Duke Energy Registrants' 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 new U.S. tax legislation to our financial condition, results of operations or cash flows and our credit ratings;
- The impacts from potential impairments of goodwill or equity method investment carrying values; and
- The ability to implement our business strategy.

Additional risks and uncertainties are identified and discussed in the Duke Energy Registrants' 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 and the Duke Energy Registrants expressly disclaim an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Three Months Ended June 30, 2018**  
**(Dollars in millions, except per-share amounts)**

	Reported Earnings	Special Items		Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger	Regulatory and Legislative Impacts			
<b>SEGMENT INCOME</b>						
Electric Utilities and Infrastructure	\$ 575	\$ —	\$ 136	B \$ —	\$ 136	\$ 711
Gas Utilities and Infrastructure	28	—	—	—	—	28
Commercial Renewables	38	—	—	—	—	38
<b>Total Reportable Segment Income</b>	<b>641</b>	<b>—</b>	<b>136</b>	<b>—</b>	<b>136</b>	<b>777</b>
Other	(136)	15 A	—	—	15	(121)
Discontinued Operations	(5)	—	—	5 C	5	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 500</b>	<b>\$ 15</b>	<b>\$ 136</b>	<b>\$ 5</b>	<b>\$ 156</b>	<b>\$ 656</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORP, DILUTED</b>	<b>\$ 0.71</b>	<b>\$ 0.02</b>	<b>\$ 0.19</b>	<b>\$ 0.01</b>	<b>\$ 0.22</b>	<b>\$ 0.93</b>

A - Net of \$5 million tax benefit. \$20 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B - Net of \$43 million tax benefit at Duke Energy Carolinas. \$175 million recorded within Impairment charges and \$4 million recorded within Operations, maintenance and other on the Duke Energy Carolinas Condensed Consolidated Statements of Operations.

C - Recorded in Loss from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

**Weighted Average Shares, Diluted (reported and adjusted) - 704 million**

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Six Months Ended June 30, 2018**  
**(Dollars in millions, except per-share amounts)**

	Special Items								
	Reported Earnings	Costs to Achieve Piedmont Merger	Regulatory and Legislative Impacts	Sale of Retired Plant	Impairment of Equity Method Investment	Impacts of the Tax Act	Discontinued Operations	Total Adjustments	Adjusted Earnings
<b>SEGMENT INCOME</b>									
Electric Utilities and Infrastructure	\$ 1,325	\$ —	\$ 202 B	\$ —	\$ —	\$ —	\$ —	\$ 202	\$ 1,527
Gas Utilities and Infrastructure	144	—	—	—	42 D	—	—	42	186
Commercial Renewables	58	—	—	—	—	—	—	—	58
<b>Total Reportable Segment Income</b>	<b>1,527</b>	<b>—</b>	<b>202</b>	<b>—</b>	<b>42</b>	<b>—</b>	<b>—</b>	<b>244</b>	<b>1,771</b>
Other	(402)	28 A	—	82 C	—	76 E	—	186	(216)
Discontinued Operations	(5)	—	—	—	—	—	5 F	5	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 1,120</b>	<b>\$ 28</b>	<b>\$ 202</b>	<b>\$ 82</b>	<b>\$ 42</b>	<b>\$ 76</b>	<b>\$ 5</b>	<b>\$ 435</b>	<b>\$ 1,555</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORP, DILUTED</b>	<b>\$ 1.59</b>	<b>\$ 0.04</b>	<b>\$ 0.29</b>	<b>\$ 0.12</b>	<b>\$ 0.06</b>	<b>\$ 0.11</b>	<b>\$ 0.01</b>	<b>\$ 0.63</b>	<b>\$ 2.22</b>

A - Net of \$9 million tax benefit. \$37 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B - Net of \$16 million tax benefit at Duke Energy Progress and \$47 million tax benefit at Duke Energy Carolinas.

- On the Duke Energy Progress Condensed Consolidated Statements of Operations, \$32 million is recorded within Impairment charges, \$31 million within Operations, maintenance and other, \$6 million within Interest Expense and \$(1) million within Depreciation and amortization.
- On the Duke Energy Carolinas Condensed Consolidated Statements of Operations, \$188 million is recorded within Impairment charges, \$8 million within Operations, maintenance and other, and \$1 million within Depreciation and amortization.

C - Net of \$25 million tax benefit. \$107 million recorded within Gains (Losses) on Sales of Other Assets and Other, net on the Condensed Consolidated Statements of Operations.

D - Net of \$13 million tax benefit. \$55 million included within Other Income and Expenses on the Condensed Consolidated Statements of Operations.

E - \$76 million AMT valuation allowance within Income Tax Expense from Continuing Operations on the Condensed Consolidated Statements of Operations.

F - Recorded in Loss from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

**Weighted Average Shares, Diluted (reported and adjusted) - 702 million**

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Three Months Ended June 30, 2017**  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Item	Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger			
<b>SEGMENT INCOME</b>					
Electric Utilities and Infrastructure	\$ 729	\$ —	\$ —	\$ —	\$ 729
Gas Utilities and Infrastructure	27	—	—	—	27
Commercial Renewables	26	—	—	—	26
<b>Total Reportable Segment Income</b>	<b>782</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>782</b>
Other	(94)	19 A	—	19	(75)
Discontinued Operations	(2)	—	2 B	2	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 686</b>	<b>\$ 19</b>	<b>\$ 2</b>	<b>\$ 21</b>	<b>\$ 707</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 0.98</b>	<b>\$ 0.03</b>	<b>\$ —</b>	<b>\$ 0.03</b>	<b>\$ 1.01</b>

**A** - Net of \$11 million tax benefit. \$30 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

**B** - Recorded in Loss from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

**Weighted Average Shares, Diluted (reported and adjusted) - 700 million**



**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Six Months Ended June 30, 2017**  
**(Dollars in millions, except per-share amounts)**

	Reported Earnings	Special Item	Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger			
<b>SEGMENT INCOME</b>					
Electric Utilities and Infrastructure	\$ 1,364	\$ —	\$ —	\$ —	\$ 1,364
Gas Utilities and Infrastructure	160	—	—	—	160
Commercial Renewables	51	—	—	—	51
Total Reportable Segment Income	1,575	—	—	—	1,575
Other	(171)	29 A	—	29	(142)
Discontinued Operations	(2)	—	2 B	2	—
Net Income Attributable to Duke Energy Corporation	\$ 1,402	\$ 29	\$ 2	\$ 31	\$ 1,433
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 2.00</b>	<b>\$ 0.05</b>	<b>\$ —</b>	<b>\$ 0.05</b>	<b>\$ 2.05</b>

**A** - Net of \$17 million tax benefit. \$45 million recorded within Operating Expenses and \$1 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations.

**B** - Recorded in Loss from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

**Weighted Average Shares, Diluted (reported and adjusted) - 700 million**

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
**June 2018**  
**(Dollars in millions)**

	Three Months Ended June 30, 2018		Six Months Ended June 30, 2018	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 607		\$ 1,410	
Costs to Achieve Piedmont Merger	20		37	
Regulatory and Legislative Impacts	179		265	
Sale of Retired Plant	—		107	
Impairment of Equity Method Investment	—		55	
Noncontrolling Interests	(2)		(4)	
<b>Adjusted Pretax Income</b>	<b>\$ 804</b>		<b>\$ 1,870</b>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 100	16.5%	\$ 281	19.9%
Costs to Achieve Piedmont Merger	5		9	
Regulatory and Legislative Impacts	43		63	
Sale of Retired Plant	—		25	
Impairment of Equity Method Investment	—		13	
Impacts of the Tax Act	—		(76)	
<b>Adjusted Tax Expense</b>	<b>\$ 148</b>	<b>18.4% *</b>	<b>\$ 315</b>	<b>16.8% *</b>
	Three Months Ended June 30, 2017		Six Months Ended June 30, 2017	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 1,018		\$ 2,079	
Costs to Achieve Piedmont Merger	30		46	
Noncontrolling Interests	(3)		(4)	
<b>Adjusted Pretax Income</b>	<b>\$ 1,045</b>		<b>\$ 2,121</b>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 327	32.1%	\$ 671	32.3%
Costs to Achieve Piedmont Merger	11		17	
<b>Adjusted Tax Expense</b>	<b>\$ 338</b>	<b>32.3% *</b>	<b>\$ 688</b>	<b>32.4% *</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**  
**EARNINGS VARIANCES**  
June 2018 QTD vs. Prior Year

(\$ per share)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Discontinued Operations	Consolidated
<b>2017 QTD Reported Earnings Per Share, Diluted</b>	\$ 1.04	\$ 0.04	\$ 0.04	\$ (0.14)	\$ —	\$ 0.98
Costs to Achieve Piedmont Merger	—	—	—	0.03	—	0.03
<b>2017 QTD Adjusted Earnings Per Share, Diluted</b>	\$ 1.04	\$ 0.04	\$ 0.04	\$ (0.11)	\$ —	\$ 1.01
Weather	0.07	—	—	—	—	0.07
Volume	(0.01)	—	—	—	—	(0.01)
Pricing and Riders <sup>(a)</sup>	0.07	0.01	—	—	—	0.08
Wholesale <sup>(b)</sup>	0.01	—	—	—	—	0.01
Operations and maintenance, net of recoverables <sup>(c)</sup>	(0.03)	(0.01)	—	—	—	(0.04)
Duke Energy Renewables	—	—	0.02	—	—	0.02
Interest Expense and AFUDC <sup>(d)</sup>	(0.03)	—	—	(0.02)	—	(0.05)
Other <sup>(e)</sup>	(0.12)	—	—	(0.01)	—	(0.13)
Change in effective income tax rate, including impacts of the Tax Act <sup>(f)</sup>	0.01	—	—	(0.04)	—	(0.03)
<b>2018 QTD Adjusted Earnings Per Share, Diluted</b>	\$ 1.01	\$ 0.04	\$ 0.06	\$ (0.18)	\$ —	\$ 0.93
Costs to Achieve Piedmont Merger	—	—	—	(0.02)	—	(0.02)
Regulatory and Legislative Impacts	(0.19)	—	—	—	—	(0.19)
Discontinued Operations	—	—	—	—	(0.01)	(0.01)
<b>2018 QTD Reported Earnings Per Share, Diluted</b>	\$ 0.82	\$ 0.04	\$ 0.06	\$ (0.20)	\$ (0.01)	\$ 0.71

Note: Earnings Per Share amounts are calculated using the prior year consolidated statutory income tax rate for all drivers except Commercial Renewables, which uses an effective rate.

(a) Electric Utilities and Infrastructure includes rate increases at DEP as a result of the North Carolina rate case (+\$0.03) and increased rider revenues (+\$0.04).

(b) Primarily due to the recovery of deferred coal ash costs from wholesale customers in the Carolinas, which is offset in depreciation (+\$0.03), and charges related to the resolution of FERC accounting matters (-\$0.02).

(c) Electric Utilities and Infrastructure is primarily due to higher storm costs compared to the prior year (-\$0.02).

(d) Electric Utilities and Infrastructure includes lower AFUDC equity (-\$0.02) and higher interest expense (-\$0.01).

(e) Electric Utilities and Infrastructure is primarily due to the amortization of coal ash costs, which is partially offset in wholesale (-\$0.04), higher depreciation associated with the DEP rate case (-\$0.02), and other increases in depreciation and amortization (-\$0.07), primarily due to a growing asset base.

(f) Includes the net earnings impact of the Tax Act, including regulatory deferrals. Electric Utilities and Infrastructure also includes a benefit related to the return of North Carolina state excess deferred income taxes as a result of the DEP rate case.

**DUKE ENERGY CORPORATION**  
**EARNINGS VARIANCES**  
**June 2018 YTD vs. Prior Year**

(\$ per share)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Discontinued Operations	Consolidated
<b>2017 YTD Reported Earnings Per Share, Diluted</b>	\$ 1.95	\$ 0.23	\$ 0.07	\$ (0.25)	\$ —	\$ 2.00
Costs to Achieve Piedmont Merger	—	—	—	0.05	—	0.05
<b>2017 YTD Adjusted Earnings Per Share, Diluted</b>	\$ 1.95	\$ 0.23	\$ 0.07	\$ (0.20)	\$ —	\$ 2.05
Weather	0.23	—	—	—	—	0.23
Volume	0.02	0.01	—	—	—	0.03
Pricing and Riders <sup>(a)</sup>	0.11	0.03	—	—	—	0.14
Wholesale <sup>(b)</sup>	0.05	—	—	—	—	0.05
Operations and maintenance, net of recoverables	0.02	(0.01)	—	—	—	0.01
Duke Energy Renewables	—	—	0.01	—	—	0.01
Interest Expense and AFUDC <sup>(c)</sup>	(0.04)	—	—	(0.05)	—	(0.09)
Other <sup>(d)</sup>	(0.22)	—	—	(0.01)	—	(0.23)
Change in effective income tax rate, including impacts of the Tax Act <sup>(e)</sup>	0.06	0.01	—	(0.05)	—	0.02
<b>2018 YTD Adjusted Earnings Per Share, Diluted</b>	\$ 2.18	\$ 0.27	\$ 0.08	\$ (0.31)	\$ —	\$ 2.22
Costs to Achieve Piedmont Merger	—	—	—	(0.04)	—	(0.04)
Regulatory and Legislative Impacts	(0.29)	—	—	—	—	(0.29)
Sale of Retired Plant	—	—	—	(0.12)	—	(0.12)
Impairment of Equity Method Investment	—	(0.06)	—	—	—	(0.06)
Impacts of the Tax Act (Alternative Minimum Tax valuation allowance)	—	—	—	(0.11)	—	(0.11)
Discontinued Operations	—	—	—	—	(0.01)	(0.01)
<b>2018 YTD Reported Earnings Per Share, Diluted</b>	\$ 1.89	\$ 0.21	\$ 0.08	\$ (0.58)	\$ (0.01)	\$ 1.59

Note: Earnings Per Share amounts are calculated using the prior year consolidated statutory income tax rate for all drivers except for Commercial Renewables, which uses an effective rate.

(a) Electric Utilities and Infrastructure includes rate increases at DEP as a result of the North Carolina rate case (+\$0.04) and increased rider revenues (+\$0.07).

(b) Primarily due to the recovery of deferred coal ash costs from wholesale customers in the Carolinas, which is offset in depreciation (+\$0.07), partially offset by charges related to the resolution of FERC accounting matters (-\$0.04).

(c) Electric Utilities and Infrastructure includes lower AFUDC equity (-\$0.03) and higher interest expense (-\$0.01).

(d) Electric Utilities and Infrastructure is primarily due to amortization of coal ash costs, which is partially offset in wholesale (-\$0.08), higher depreciation associated with the DEP rate case (-\$0.02) and other increases in depreciation and amortization (-\$0.11), primarily due to a growing asset base.

(e) Includes the net earnings impact of the Tax Act, including regulatory deferrals. Electric Utilities and Infrastructure also includes a benefit related to the return of North Carolina state excess deferred income taxes as a result of the DEP rate case.

June 2018  
QUARTERLY HIGHLIGHTS  
(Unaudited)

<i>(In millions, except per-share amounts and where noted)</i>	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
<b>Earnings Per Share - Basic and Diluted</b>				
Income from continuing operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ 0.72	\$ 0.98	\$ 1.60	\$ 2.00
Diluted	\$ 0.72	\$ 0.98	\$ 1.60	\$ 2.00
Loss from discontinued operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ (0.01)	\$ —	\$ (0.01)	\$ —
Diluted	\$ (0.01)	\$ —	\$ (0.01)	\$ —
Net income attributable to Duke Energy Corporation common stockholders				
Basic	\$ 0.71	\$ 0.98	\$ 1.59	\$ 2.00
Diluted	\$ 0.71	\$ 0.98	\$ 1.59	\$ 2.00
Weighted average shares outstanding				
Basic	703	700	702	700
Diluted	704	700	702	700
<b>INCOME (LOSS) BY BUSINESS SEGMENT</b>				
Electric Utilities and Infrastructure <sup>(a)</sup>	\$ 575	\$ 729	\$ 1,325	\$ 1,364
Gas Utilities and Infrastructure <sup>(b)</sup>	28	27	144	160
Commercial Renewables	38	26	58	51
Total Reportable Segment Income	641	782	1,527	1,575
Other <sup>(c)(d)</sup>	(136)	(94)	(402)	(171)
Loss from Discontinued Operations	(5)	(2)	(5)	(2)
Net income Attributable to Duke Energy Corporation	\$ 500	\$ 686	\$ 1,120	\$ 1,402
<b>CAPITALIZATION</b>				
Total Common Equity (%)			43%	44%
Total Debt (%)			57%	56%
Total Debt			\$ 56,044	\$ 53,003
Book Value Per Share			\$ 59.71	\$ 58.99
Actual Shares Outstanding			712	700
<b>CAPITAL AND INVESTMENT EXPENDITURES</b>				
Electric Utilities and Infrastructure	\$ 1,970	\$ 1,571	\$ 3,743	\$ 3,445
Gas Utilities and Infrastructure	181	265	409	607
Commercial Renewables	16	10	103	69
Other	68	37	141	97
Total Capital and Investment Expenditures	\$ 2,235	\$ 1,883	\$ 4,396	\$ 4,218

(a) Includes regulatory and legislative charges related to rate case orders, settlements or other actions of regulators or legislative bodies of \$136 million (net of tax of \$43 million) for the three months ended June 30, 2018, and \$202 million (net of tax of \$63 million) for the six months ended June 30, 2018.

(b) Includes an other-than-temporary impairment of an investment in Constitution of \$42 million (net of tax of \$13 million) for the six months ended June 30, 2018.

(c) Includes the loss associated with selling Beckjord, a non-regulated generating facility in Ohio which was retired in 2014, of \$82 million (net of tax of \$25 million) for the six months ended June 30, 2018.

(d) Includes an Alternative Minimum Tax valuation allowance recognized related to the Tax Act of \$76 million for the six months ended June 30, 2018.

**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,	
	2018	2017	2018	2017
<b>Operating Revenues</b>				
Regulated electric	\$ 5,178	\$ 5,118	\$ 10,462	\$ 10,031
Regulated natural gas	291	275	991	921
Nonregulated electric and other	174	162	325	332
Total operating revenues	5,643	5,555	11,778	11,284
<b>Operating Expenses</b>				
Fuel used in electric generation and purchased power	1,574	1,541	3,250	2,990
Cost of natural gas	89	76	402	334
Operation, maintenance and other	1,544	1,441	3,008	2,909
Depreciation and amortization	973	835	1,940	1,694
Property and other taxes	315	307	631	611
Impairment charges	172	9	215	9
Total operating expenses	4,667	4,209	9,446	8,547
<b>Gains (Losses) on Sales of Other Assets and Other, net</b>	<b>3</b>	<b>7</b>	<b>(97)</b>	<b>18</b>
<b>Operating Income</b>	<b>979</b>	<b>1,353</b>	<b>2,235</b>	<b>2,755</b>
<b>Other Income and Expenses</b>				
Equity in earnings of unconsolidated affiliates	36	36	12	65
Other income and expenses, net	110	115	196	236
Total other income and expenses	146	151	208	301
<b>Interest Expense</b>	<b>518</b>	<b>486</b>	<b>1,033</b>	<b>977</b>
<b>Income From Continuing Operations Before Income Taxes</b>	<b>607</b>	<b>1,018</b>	<b>1,410</b>	<b>2,079</b>
<b>Income Tax Expense From Continuing Operations</b>	<b>100</b>	<b>327</b>	<b>281</b>	<b>671</b>
<b>Income From Continuing Operations</b>	<b>507</b>	<b>691</b>	<b>1,129</b>	<b>1,408</b>
<b>Loss From Discontinued Operations, net of tax</b>	<b>(5)</b>	<b>(2)</b>	<b>(5)</b>	<b>(2)</b>
<b>Net Income</b>	<b>502</b>	<b>689</b>	<b>1,124</b>	<b>1,406</b>
<b>Less: Net Income Attributable to Noncontrolling Interests</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>4</b>
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 500</b>	<b>\$ 686</b>	<b>\$ 1,120</b>	<b>\$ 1,402</b>

**Earnings Per Share - Basic and Diluted**

Income from continuing operations attributable to Duke Energy Corporation common stockholders

Basic	\$ 0.72	\$ 0.98	\$ 1.60	\$ 2.00
Diluted	\$ 0.72	\$ 0.98	\$ 1.60	\$ 2.00

Loss from discontinued operations attributable to Duke Energy Corporation common stockholders

Basic	\$ (0.01)	\$ —	\$ (0.01)	\$ —
Diluted	\$ (0.01)	\$ —	\$ (0.01)	\$ —

Net income attributable to Duke Energy Corporation common stockholders

Basic	\$ 0.71	\$ 0.98	\$ 1.59	\$ 2.00
Diluted	\$ 0.71	\$ 0.98	\$ 1.59	\$ 2.00

Weighted average shares outstanding

Basic	703	700	702	700
Diluted	704	700	702	700

Note: Prior period amounts have been recast to reclassify the presentation of the non-service cost (benefit) components of net periodic costs from Operation, maintenance and other to Other income and expenses due to the adoption of new accounting guidance on January 1, 2018.

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

(in millions)	June 30, 2018	December 31, 2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 304	\$ 358
Receivables (net of allowance for doubtful accounts of \$18 at 2018 and \$14 at 2017)	612	779
Receivables of VIEs (net of allowance for doubtful accounts of \$56 at 2018 and \$54 at 2017)	2,205	1,995
Inventory	3,177	3,250
Regulatory assets (includes \$51 at 2018 and 2017 related to VIEs)	1,741	1,437
Other	437	634
Total current assets	8,476	8,453
<b>Property, Plant and Equipment</b>		
Cost	130,616	127,507
Accumulated depreciation and amortization	(42,499)	(41,537)
Generation facilities to be retired, net	378	421
Net property, plant and equipment	88,495	86,391
<b>Other Noncurrent Assets</b>		
Goodwill	19,396	19,396
Regulatory assets (includes \$1,071 at 2018 and \$1,091 at 2017 related to VIEs)	12,505	12,442
Nuclear decommissioning trust funds	7,132	7,097
Investments in equity method unconsolidated affiliates	1,168	1,175
Other	3,087	2,960
Total other noncurrent assets	43,288	43,070
<b>Total Assets</b>	<b>\$ 140,259</b>	<b>\$ 137,914</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 2,686	\$ 3,043
Notes payable and commercial paper	3,329	2,163
Taxes accrued	494	551
Interest accrued	530	525
Current maturities of long-term debt (includes \$229 at 2018 and \$225 at 2017 related to VIEs)	2,852	3,244
Asset retirement obligations	716	689
Regulatory liabilities	485	402
Other	1,699	1,865
Total current liabilities	12,791	12,482
<b>Long-Term Debt (includes \$4,179 at 2018 and \$4,306 at 2017 related to VIEs)</b>	<b>49,863</b>	<b>49,035</b>
<b>Other Noncurrent Liabilities</b>		
Deferred income taxes	6,977	6,621
Asset retirement obligations	9,753	9,486
Regulatory liabilities	15,355	15,330
Accrued pension and other post-retirement benefit costs	1,014	1,103
Investment tax credits	534	539
Other	1,457	1,581
Total other noncurrent liabilities	35,090	34,660
<b>Commitments and Contingencies</b>		
<b>Equity</b>		
Common stock, \$0.001 par value, 2 billion shares authorized; 712 million shares outstanding at 2018 and 700 million shares outstanding at 2017	1	1
Additional paid-in capital	39,682	38,792
Retained earnings	2,894	3,013
Accumulated other comprehensive loss	(70)	(67)
Total Duke Energy Corporation stockholders' equity	42,507	41,739
Noncontrolling interests	8	(2)
Total equity	42,515	41,737
<b>Total Liabilities and Equity</b>	<b>\$ 140,259</b>	<b>\$ 137,914</b>

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(In millions)

	Six Months Ended June 30,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 1,124	\$ 1,406
Adjustments to reconcile net income to net cash provided by operating activities	2,178	1,394
Net cash provided by operating activities	<u>3,302</u>	<u>2,800</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	<u>(4,645)</u>	<u>(4,344)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash provided by financing activities	<u>1,265</u>	<u>1,474</u>
Net decrease in cash and cash equivalents	(78)	(70)
Cash and cash equivalents at beginning of period	505	541
Cash and cash equivalents at end of period	<u>\$ 427</u>	<u>\$ 471</u>



**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS**  
(Unaudited)

(in millions)	Three Months Ended June 30, 2018					Duke Energy
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations/Adjustments	
<b>Operating Revenues</b>						
Regulated electric	\$ 5,223	\$ —	\$ —	\$ —	(45)	\$ 5,178
Regulated natural gas	—	315	—	—	(24)	291
Nonregulated electric and other	—	3	119	32	20	174
<b>Total operating revenues</b>	<b>5,223</b>	<b>318</b>	<b>119</b>	<b>32</b>	<b>(49)</b>	<b>5,643</b>
<b>Operating Expenses</b>						
Fuel used in electric generation and purchased power	1,582	—	—	15	(23)	1,574
Cost of natural gas	—	89	—	—	—	89
Operation, maintenance and other	1,395	103	69	3	(26)	1,544
Depreciation and amortization	838	60	38	37	—	973
Property and other taxes	279	26	6	4	—	315
Impairment charges	172	—	—	—	—	172
<b>Total operating expenses</b>	<b>4,266</b>	<b>278</b>	<b>113</b>	<b>59</b>	<b>(49)</b>	<b>4,667</b>
<b>Gains on Sales of Other Assets and Other, net</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2</b>	<b>1</b>	<b>3</b>
<b>Operating Income (Loss)</b>	<b>957</b>	<b>40</b>	<b>6</b>	<b>(25)</b>	<b>1</b>	<b>979</b>
<b>Other Income and Expenses</b>						
Equity in earnings (losses) of unconsolidated affiliates	2	17	2	16	(1)	36
Other income and expenses, net	89	5	16	11	(11)	110
<b>Total Other Income and Expenses</b>	<b>91</b>	<b>22</b>	<b>18</b>	<b>27</b>	<b>(12)</b>	<b>146</b>
<b>Interest Expense</b>	<b>316</b>	<b>26</b>	<b>23</b>	<b>164</b>	<b>(11)</b>	<b>518</b>
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	<b>732</b>	<b>36</b>	<b>1</b>	<b>(162)</b>	<b>—</b>	<b>607</b>
<b>Income Tax Expense (Benefit) from Continuing Operations</b>	<b>157</b>	<b>8</b>	<b>(36)</b>	<b>(28)</b>	<b>(1)</b>	<b>100</b>
<b>Income (Loss) from Continuing Operations</b>	<b>575</b>	<b>28</b>	<b>37</b>	<b>(134)</b>	<b>1</b>	<b>507</b>
<b>Less: Net (Loss) Income Attributable to Noncontrolling Interest</b>	<b>—</b>	<b>—</b>	<b>(1)</b>	<b>2</b>	<b>1</b>	<b>2</b>
<b>Segment Income / Other Net Loss</b>	<b>\$ 575</b>	<b>\$ 28</b>	<b>\$ 38</b>	<b>\$ (136)</b>	<b>\$ —</b>	<b>\$ 505</b>
<b>Loss from Discontinued Operations, net of tax</b>						<b>(5)</b>
<b>Net Income Attributable to Duke Energy Corporation</b>						<b>\$ 500</b>
<b>Segment Income / Other Net Loss</b>	<b>\$ 575</b>	<b>\$ 28</b>	<b>\$ 38</b>	<b>\$ (136)</b>	<b>\$ —</b>	<b>\$ 505</b>
<b>Special Items</b>	<b>136</b>	<b>—</b>	<b>—</b>	<b>15</b>	<b>—</b>	<b>151</b>
<b>Adjusted Earnings<sup>(a)</sup></b>	<b>\$ 711</b>	<b>\$ 28</b>	<b>\$ 38</b>	<b>\$ (121)</b>	<b>\$ —</b>	<b>\$ 656</b>

(a) See Reported To Adjusted Earnings Reconciliation above for a detailed reconciliation of Segment Income / Other Net Loss to Adjusted Earnings.

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS**  
(Unaudited)

(in millions)	Six Months Ended June 30, 2018					Duke Energy
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations/Adjustments	
<b>Operating Revenues</b>						
Regulated electric	\$ 10,546	\$ —	\$ —	\$ —	(84)	\$ 10,462
Regulated natural gas	—	1,040	—	—	(49)	991
Nonregulated electric and other	—	5	220	67	33	325
<b>Total operating revenues</b>	<b>10,546</b>	<b>1,045</b>	<b>220</b>	<b>67</b>	<b>(100)</b>	<b>11,778</b>
<b>Operating Expenses</b>						
Fuel used in electric generation and purchased power	3,267	—	—	29	(46)	3,250
Cost of natural gas	—	402	—	—	—	402
Operation, maintenance and other	2,720	211	124	6	(53)	3,008
Depreciation and amortization	1,673	121	76	70	—	1,940
Property and other taxes	553	57	13	8	—	631
Impairment charges	215	—	—	—	—	215
<b>Total operating expenses</b>	<b>8,428</b>	<b>791</b>	<b>213</b>	<b>113</b>	<b>(99)</b>	<b>9,446</b>
<b>Gains (Losses) on Sales of Other Assets and Other, net</b>	<b>1</b>	<b>—</b>	<b>—</b>	<b>(99)</b>	<b>1</b>	<b>(97)</b>
<b>Operating Income (Loss)</b>	<b>2,119</b>	<b>254</b>	<b>7</b>	<b>(145)</b>	<b>—</b>	<b>2,235</b>
<b>Other Income and Expenses</b>						
Equity in earnings (losses) of unconsolidated affiliates	4	(23)	2	29	—	12
Other income and expenses, net	175	10	18	12	(19)	196
<b>Total Other Income and Expenses</b>	<b>179</b>	<b>(13)</b>	<b>20</b>	<b>41</b>	<b>(19)</b>	<b>208</b>
<b>Interest Expense</b>	<b>633</b>	<b>53</b>	<b>45</b>	<b>321</b>	<b>(19)</b>	<b>1,033</b>
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	<b>1,665</b>	<b>188</b>	<b>(18)</b>	<b>(425)</b>	<b>—</b>	<b>1,410</b>
<b>Income Tax Expense (Benefit) from Continuing Operations</b>	<b>340</b>	<b>44</b>	<b>(75)</b>	<b>(27)</b>	<b>(1)</b>	<b>281</b>
<b>Income (Loss) from Continuing Operations</b>	<b>1,325</b>	<b>144</b>	<b>57</b>	<b>(398)</b>	<b>1</b>	<b>1,129</b>
<b>Less: Net (Loss) Income Attributable to Noncontrolling Interest</b>	<b>—</b>	<b>—</b>	<b>(1)</b>	<b>4</b>	<b>1</b>	<b>4</b>
<b>Segment Income / Other Net Loss</b>	<b>\$ 1,325</b>	<b>\$ 144</b>	<b>\$ 58</b>	<b>\$ (402)</b>	<b>\$ —</b>	<b>\$ 1,125</b>
<b>Loss from Discontinued Operations, net of tax</b>						<b>(5)</b>
<b>Net Income Attributable to Duke Energy Corporation</b>						<b>\$ 1,120</b>
<b>Segment Income / Other Net Loss</b>	<b>\$ 1,325</b>	<b>\$ 144</b>	<b>\$ 58</b>	<b>\$ (402)</b>	<b>\$ —</b>	<b>\$ 1,125</b>
<b>Special Items</b>	<b>202</b>	<b>42</b>	<b>—</b>	<b>186</b>	<b>—</b>	<b>430</b>
<b>Adjusted Earnings<sup>(a)</sup></b>	<b>\$ 1,527</b>	<b>\$ 186</b>	<b>\$ 58</b>	<b>\$ (216)</b>	<b>\$ —</b>	<b>\$ 1,555</b>

(a) See Reported To Adjusted Earnings Reconciliation above for a detailed reconciliation of Segment Income / Other Net Loss to Adjusted Earnings.

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS**  
(Unaudited)

(in millions)	Three Months Ended June 30, 2017						Duke Energy
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations/Adjustments	Duke Energy	
<b>Operating Revenues</b>							
Regulated electric	\$ 5,158	\$ —	\$ —	\$ —	(40)	\$	5,118
Regulated natural gas	—	298	—	—	(23)		275
Nonregulated electric and other	—	3	110	35	14		162
Total operating revenues	5,158	301	110	35	(49)		5,555
<b>Operating Expenses</b>							
Fuel used in electric generation and purchased power	1,549	—	—	14	(22)		1,541
Cost of natural gas	—	76	—	—	—		76
Operation, maintenance and other	1,299	94	58	19	(29)		1,441
Depreciation and amortization	714	57	38	26	—		835
Property and other taxes	270	26	8	4	(1)		307
Impairment charges	2	—	—	7	—		9
Total operating expenses	3,834	253	104	70	(52)		4,209
<b>Gains (Loss) on Sales of Other Assets and Other, net</b>	1	—	2	6	(2)		7
<b>Operating Income (Loss)</b>	1,325	48	8	(29)	1		1,353
<b>Other Income and Expenses</b>							
Equity in earnings (losses) of unconsolidated affiliates	1	19	(1)	17	—		36
Other income and expenses, net	109	2	—	12	(8)		115
Total Other Income and Expenses	110	21	(1)	29	(8)		151
<b>Interest Expense</b>	305	26	23	139	(7)		486
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	1,130	43	(16)	(139)	—		1,018
<b>Income Tax Expense (Benefit) from Continuing Operations</b>	401	16	(42)	(48)	—		327
<b>Income (Loss) from Continuing Operations</b>	729	27	26	(91)	—		691
<b>Less: Net Income Attributable to Noncontrolling Interest</b>	—	—	—	3	—		3
<b>Segment Income / Other Net Loss</b>	\$ 729	\$ 27	\$ 26	\$ (94)	\$ —		\$ 688
<b>Loss from Discontinued Operations, net of tax</b>							(2)
<b>Net Income Attributable to Duke Energy Corporation</b>							\$ 686
<b>Segment Income / Other Net Loss</b>	\$ 729	\$ 27	\$ 26	\$ (94)	\$ —		\$ 688
<b>Special Items</b>	—	—	—	19	—		19
<b>Adjusted Earnings<sup>(a)</sup></b>	\$ 729	\$ 27	\$ 26	\$ (75)	\$ —		\$ 707

Note: Prior period amounts have been recast to reclassify the presentation of the non-service cost (benefit) components of net periodic costs from Operation, maintenance and other to Other income and expenses due to the adoption of new accounting guidance on January 1, 2018.

(a) See Reported To Adjusted Earnings Reconciliation above for a detailed reconciliation of Segment Income / Other Net Loss to Adjusted Earnings.

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS**  
(Unaudited)

(in millions)	Six Months Ended June 30, 2017					Duke Energy
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations/Adjustments	
<b>Operating Revenues</b>						
Regulated electric	\$ 10,105	\$ —	\$ —	\$ —	(74)	\$ 10,031
Regulated natural gas	—	966	—	—	(45)	921
Nonregulated electric and other	—	5	238	68	21	332
Total operating revenues	10,105	971	238	68	(98)	11,284
<b>Operating Expenses</b>						
Fuel used in electric generation and purchased power	3,003	—	—	29	(42)	2,990
Cost of natural gas	—	334	—	—	—	334
Operation, maintenance and other	2,603	199	136	27	(56)	2,909
Depreciation and amortization	1,451	114	77	52	—	1,694
Property and other taxes	531	56	17	7	—	611
Impairment charges	2	—	—	7	—	9
Total operating expenses	7,590	703	230	122	(98)	8,547
<b>Gains (Loss) on Sales of Other Assets and Other, net</b>	4	—	4	11	(1)	18
<b>Operating Income (Loss)</b>	2,519	268	12	(43)	(1)	2,755
<b>Other Income and Expenses</b>						
Equity in earnings (losses) of unconsolidated affiliates	1	36	(2)	30	—	65
Other income and expenses, net	221	3	1	20	(9)	236
Total Other Income and Expenses	222	39	(1)	50	(9)	301
<b>Interest Expense</b>	620	52	42	273	(10)	977
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	2,121	255	(31)	(266)	—	2,079
<b>Income Tax Expense (Benefit) from Continuing Operations</b>	757	95	(81)	(100)	—	671
<b>Income (Loss) from Continuing Operations</b>	1,364	160	50	(166)	—	1,408
<b>Less: Net (Loss) Income Attributable to Noncontrolling Interest</b>	—	—	(1)	5	—	4
<b>Segment Income / Other Net Loss</b>	\$ 1,364	\$ 160	\$ 51	\$ (171)	\$ —	\$ 1,404
<b>Loss from Discontinued Operations, net of tax</b>						(2)
<b>Net Income Attributable to Duke Energy Corporation</b>						\$ 1,402
<b>Segment Income / Other Net Loss</b>	\$ 1,364	\$ 160	\$ 51	\$ (171)	\$ —	\$ 1,404
<b>Special Items</b>	—	—	—	29	—	29
<b>Adjusted Earnings<sup>(a)</sup></b>	\$ 1,364	\$ 160	\$ 51	\$ (142)	\$ —	\$ 1,433

Note: Prior period amounts have been recast to reclassify the presentation of the non-service cost (benefit) components of net periodic costs from Operation, maintenance and other to Other income and expenses due to the adoption of new accounting guidance on January 1, 2018.

(a) See Reported To Adjusted Earnings Reconciliation above for a detailed reconciliation of Segment Income / Other Net Loss to Adjusted Earnings.

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATING BALANCE SHEETS - ASSETS**  
(Unaudited)

June 30, 2018						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations / Adjustments	Duke Energy
<b>Current Assets</b>						
Cash and cash equivalents	\$ 78	\$ 10	\$ 22	\$ 194	\$ —	\$ 304
Receivables, net	458	94	20	40	—	612
Receivables of variable interest entities, net	2,171	—	34	—	—	2,205
Receivables from affiliated companies	18	14	1,310	333	(1,675)	—
Notes receivable from affiliated companies	80	77	—	1,292	(1,449)	—
Inventory	3,068	69	14	25	1	3,177
Regulatory assets	1,595	36	—	110	—	1,741
Other	294	37	124	18	(36)	437
Total current assets	7,762	337	1,524	2,012	(3,159)	8,476
<b>Property, Plant and Equipment</b>						
Cost	114,127	10,052	4,391	2,045	1	130,616
Accumulated depreciation and amortization	(38,341)	(2,288)	(769)	(1,100)	(1)	(42,499)
Generation facilities to be retired, net	378	—	—	—	—	378
Net property, plant and equipment	76,164	7,764	3,622	945	—	88,495
<b>Other Noncurrent Assets</b>						
Goodwill	17,379	1,924	93	—	—	19,396
Regulatory assets	11,411	633	—	462	(1)	12,505
Nuclear decommissioning trust funds	7,132	—	—	—	—	7,132
Investments in equity method unconsolidated affiliates	94	744	202	128	—	1,168
Investment in consolidated subsidiaries	201	23	6	57,788	(58,018)	—
Other	2,174	83	103	1,361	(634)	3,087
Total other noncurrent assets	38,391	3,407	404	59,739	(58,653)	43,288
<b>Total Assets</b>	122,317	11,508	5,550	62,696	(61,812)	140,259
Segment reclassifications, intercompany balances and other	(370)	(71)	(1,317)	(60,235)	61,993	—
<b>Segment Assets</b>	\$ 121,947	\$ 11,437	\$ 4,233	\$ 2,461	\$ 181	\$ 140,259

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATING BALANCE SHEETS - LIABILITIES AND EQUITY**  
(Unaudited)

June 30, 2018						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations / Adjustments	Duke Energy
<b>Current Liabilities</b>						
Accounts payable	\$ 2,000	\$ 172	\$ 32	\$ 483	\$ (1)	\$ 2,686
Accounts payable to affiliated companies	426	18	9	1,207	(1,660)	—
Notes payable to affiliated companies	1,320	72	—	72	(1,464)	—
Notes payable and commercial paper	—	—	23	3,306	—	3,329
Taxes accrued	540	18	(92)	27	1	494
Interest accrued	340	36	—	155	(1)	530
Current maturities of long-term debt	1,977	250	175	450	—	2,852
Asset retirement obligations	716	—	—	—	—	716
Regulatory liabilities	412	69	—	3	1	485
Other	1,302	56	37	341	(37)	1,699
<b>Total current liabilities</b>	<b>9,033</b>	<b>691</b>	<b>184</b>	<b>6,044</b>	<b>(3,161)</b>	<b>12,791</b>
<b>Long-Term Debt</b>	<b>29,723</b>	<b>2,440</b>	<b>1,606</b>	<b>16,095</b>	<b>(1)</b>	<b>49,863</b>
<b>Long-Term Debt Payable to Affiliated Companies</b>	<b>618</b>	<b>7</b>	<b>9</b>	<b>—</b>	<b>(634)</b>	<b>—</b>
<b>Other Noncurrent Liabilities</b>						
Deferred income taxes	9,019	854	(236)	(2,660)	—	6,977
Asset retirement obligations	9,610	51	93	—	(1)	9,753
Regulatory liabilities	13,773	1,561	—	21	—	15,355
Accrued pension and other post-retirement benefit costs	674	18	—	322	—	1,014
Investment tax credits	532	3	—	—	(1)	534
Other	683	229	243	299	3	1,457
<b>Total other noncurrent liabilities</b>	<b>34,291</b>	<b>2,716</b>	<b>100</b>	<b>(2,018)</b>	<b>1</b>	<b>35,090</b>
<b>Equity</b>						
Total Duke Energy Corporation stockholders' equity	48,652	5,654	3,644	42,575	(58,018)	42,507
Noncontrolling interests	—	—	7	—	1	8
<b>Total equity</b>	<b>48,652</b>	<b>5,654</b>	<b>3,651</b>	<b>42,575</b>	<b>(58,017)</b>	<b>42,515</b>
<b>Total Liabilities and Equity</b>	<b>122,317</b>	<b>11,508</b>	<b>5,550</b>	<b>62,696</b>	<b>(61,812)</b>	<b>140,259</b>
Segment reclassifications, intercompany balances and other	(370)	(71)	(1,317)	(60,235)	61,993	—
<b>Segment Liabilities and Equity</b>	<b>\$ 121,947</b>	<b>\$ 11,437</b>	<b>\$ 4,233</b>	<b>\$ 2,461</b>	<b>\$ 181</b>	<b>\$ 140,259</b>

**ELECTRIC UTILITIES AND INFRASTRUCTURE  
CONDENSED CONSOLIDATING SEGMENT INCOME**  
(Unaudited)

(in millions)	Three Months Ended June 30, 2018						
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Eliminations/ Other	Electric Utilities and Infrastructure
<b>Operating Revenues</b>	\$ 1,672	\$ 1,291	\$ 1,203	\$ 346	\$ 738	\$ (27)	\$ 5,223
<b>Operating Expenses</b>							
Fuel used in electric generation and purchased power	407	408	486	93	226	(38)	1,582
Operation, maintenance and other	492	371	234	95	197	6	1,395
Depreciation and amortization	289	235	144	41	126	3	838
Property and other taxes	75	40	91	53	20	—	279
Impairment charges	177	1	—	—	—	(6)	172
Total operating expenses	1,440	1,055	955	282	569	(35)	4,266
<b>(Losses) Gains on Sales of Other Assets and Other, net</b>	(1)	1	—	—	—	—	—
<b>Operating Income</b>	231	237	248	64	169	8	957
<b>Other Income and Expenses, net<sup>(b)</sup></b>	35	19	26	6	6	(1)	91
<b>Interest Expense</b>	110	78	67	17	43	1	316
<b>Income Before Income Taxes</b>	156	178	207	53	132	6	732
<b>Income Tax Expense</b>	33	36	37	14	33	4	157
<b>Segment Income</b>	\$ 123	\$ 142	\$ 170	\$ 39	\$ 99	\$ 2	\$ 575

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes an equity component of allowance for funds used during construction of \$18 million for Duke Energy Carolinas, \$12 million for Duke Energy Progress, \$14 million for Duke Energy Florida, \$3 million for Duke Energy Ohio and \$3 million for Duke Energy Indiana.

**ELECTRIC UTILITIES AND INFRASTRUCTURE  
CONDENSED CONSOLIDATING SEGMENT INCOME**  
(Unaudited)

(in millions)	Six Months Ended June 30, 2018						
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Eliminations/ Other	Electric Utilities and Infrastructure
<b>Operating Revenues</b>	\$ 3,435	\$ 2,751	\$ 2,318	\$ 682	\$ 1,469	\$ (109)	\$ 10,546
<b>Operating Expenses</b>							
Fuel used in electric generation and purchased power	880	917	953	185	458	(126)	3,267
Operation, maintenance and other	935	747	468	184	376	10	2,720
Depreciation and amortization	561	470	294	89	256	3	1,673
Property and other taxes	147	75	179	112	40	—	553
Impairment charges	190	33	—	—	—	(8)	215
Total operating expenses	2,713	2,242	1,894	570	1,130	(121)	8,428
<b>Gains on Sales of Other Assets and Other, net</b>	(1)	2	—	—	—	—	1
<b>Operating Income</b>	721	511	424	112	339	12	2,119
<b>Other Income and Expenses, net<sup>(b)</sup></b>	74	37	47	11	13	(3)	179
<b>Interest Expense</b>	217	159	137	33	83	4	633
<b>Income Before Income Taxes</b>	578	389	334	90	269	5	1,665
<b>Income Tax Expense</b>	126	66	58	18	69	3	340
<b>Segment Income</b>	\$ 452	\$ 323	\$ 276	\$ 72	\$ 200	\$ 2	\$ 1,325

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes an equity component of allowance for funds used during construction of \$39 million for Duke Energy Carolinas, \$26 million for Duke Energy Progress, \$26 million for Duke Energy Florida, \$6 million for Duke Energy Ohio and \$7 million for Duke Energy Indiana.



**ELECTRIC UTILITIES AND INFRASTRUCTURE**  
**CONDENSED CONSOLIDATING BALANCE SHEETS - ASSETS**  
(Unaudited)

(in millions)	June 30, 2018						
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Eliminations/ Adjustments <sup>(b)</sup>	Electric Utilities and Infrastructure
<b>Current Assets</b>							
Cash and cash equivalents	\$ 16	\$ 18	\$ 14	\$ 5	\$ 24	\$ 1	\$ 78
Receivables, net	172	50	78	101	54	3	458
Receivables of variable interest entities, net	704	568	400	—	—	499	2,171
Receivables from affiliated companies	117	1	6	53	89	(248)	18
Notes receivable from affiliated companies	—	—	423	—	—	(343)	80
Inventory	984	976	546	92	470	—	3,068
Regulatory assets	420	532	439	14	191	(1)	1,595
Other	21	33	183	5	52	—	294
<b>Total current assets</b>	<b>2,434</b>	<b>2,178</b>	<b>2,089</b>	<b>270</b>	<b>880</b>	<b>(89)</b>	<b>7,762</b>
<b>Property, Plant and Equipment</b>							
Cost	43,429	30,535	18,353	6,054	15,213	543	114,127
Accumulated depreciation and amortization	(15,248)	(11,296)	(5,079)	(1,941)	(4,767)	(10)	(38,341)
Generation facilities to be retired, net	—	378	—	—	—	—	378
<b>Net property, plant and equipment</b>	<b>28,181</b>	<b>19,617</b>	<b>13,274</b>	<b>4,113</b>	<b>10,446</b>	<b>533</b>	<b>76,164</b>
<b>Other Noncurrent Assets</b>							
Goodwill	—	—	—	596	—	16,783	17,379
Regulatory assets	3,234	3,573	2,163	301	1,021	1,119	11,411
Nuclear decommissioning trust funds	3,790	2,627	715	—	—	—	7,132
Investments in equity method unconsolidated affiliates	—	—	—	—	—	94	94
Investment in consolidated subsidiaries	29	6	2	163	1	—	201
Other	1,036	636	307	59	224	(88)	2,174
<b>Total other noncurrent assets</b>	<b>8,089</b>	<b>6,842</b>	<b>3,187</b>	<b>1,119</b>	<b>1,246</b>	<b>17,908</b>	<b>38,391</b>
<b>Total Assets</b>	<b>38,704</b>	<b>28,637</b>	<b>18,550</b>	<b>5,502</b>	<b>12,572</b>	<b>18,352</b>	<b>122,317</b>
Segment reclassifications, intercompany balances and other	(262)	(72)	(410)	(166)	(58)	598	(370)
<b>Reportable Segment Assets</b>	<b>\$ 38,442</b>	<b>\$ 28,565</b>	<b>\$ 18,140</b>	<b>\$ 5,336</b>	<b>\$ 12,514</b>	<b>\$ 18,950</b>	<b>\$ 121,947</b>

(a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes the elimination of intercompany balances, purchase accounting adjustments and restricted receivables related to Cinergy Receivables Company.

**ELECTRIC UTILITIES AND INFRASTRUCTURE**  
**CONDENSED CONSOLIDATING BALANCE SHEETS - LIABILITIES AND EQUITY**  
(Unaudited)

(in millions)	June 30, 2018						
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Eliminations/ Adjustments <sup>(b)</sup>	Electric Utilities and Infrastructure
<b>Current Liabilities</b>							
Accounts payable	\$ 809	\$ 375	\$ 440	\$ 200	\$ 171	\$ 5	\$ 2,000
Accounts payable to affiliated companies	158	175	63	11	58	(39)	426
Notes payable to affiliated companies	740	540	—	147	221	(328)	1,320
Taxes accrued	159	91	116	114	54	6	540
Interest accrued	109	103	53	16	59	—	340
Current maturities of long-term debt	505	603	269	451	62	87	1,977
Asset retirement obligations	227	381	5	5	98	—	716
Regulatory liabilities	131	157	76	29	19	—	412
Other	412	344	357	67	123	(1)	1,302
Total current liabilities	3,250	2,769	1,379	1,040	865	(270)	9,033
<b>Long-Term Debt</b>	9,589	6,605	7,183	1,102	3,570	1,674	29,723
<b>Long-Term Debt Payable to Affiliated Companies</b>	300	150	—	18	150	—	618
<b>Other Noncurrent Liabilities</b>							
Deferred income taxes	3,535	1,962	2,008	547	958	9	9,019
Asset retirement obligations	3,592	4,454	597	48	758	161	9,610
Regulatory liabilities	6,292	3,998	1,194	533	1,755	1	13,773
Accrued pension and other post-retirement benefit costs	99	243	243	69	111	(91)	674
Investment tax credits	230	142	9	4	147	—	532
Other	515	49	49	69	14	(13)	683
Total other noncurrent liabilities	14,263	10,848	4,100	1,270	3,743	67	34,291
<b>Equity</b>	11,302	8,265	5,888	2,072	4,244	16,881	48,652
<b>Total Liabilities and Equity</b>	38,704	28,637	18,550	5,502	12,572	18,352	122,317
Segment reclassifications, intercompany balances and other	(262)	(72)	(410)	(166)	(58)	598	(370)
<b>Reportable Segment Liabilities and Equity</b>	\$ 38,442	\$ 28,565	\$ 18,140	\$ 5,336	\$ 12,514	\$ 18,950	\$ 121,947

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

**GAS UTILITIES AND INFRASTRUCTURE**  
**CONDENSED CONSOLIDATING SEGMENT INCOME**  
(Unaudited)

(in millions)	Three Months Ended June 30, 2018				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage <sup>(b)</sup>	Eliminations/ Adjustments	Gas Utilities and Infrastructure
<b>Operating Revenues</b>	\$ 103	\$ 215	\$ —	\$ —	\$ 318
<b>Operating Expenses</b>					
Cost of natural gas	15	74	—	—	89
Operation, maintenance and other	25	74	2	2	103
Depreciation and amortization	21	39	—	—	60
Property and other taxes	15	12	—	(1)	26
Total operating expenses	76	199	2	1	278
<b>Operating Income (Loss)</b>	27	16	(2)	(1)	40
<b>Other Income and Expenses</b>					
Equity in earnings of unconsolidated affiliates	—	—	17	—	17
Other income and expenses, net	1	3	—	1	5
Total other income and expenses	1	3	17	1	22
<b>Interest Expense</b>	6	21	—	(1)	26
<b>Income (Loss) Before Income Taxes</b>	22	(2)	15	1	36
<b>Income Tax Expense (Benefit)</b>	4	(1)	4	1	8
<b>Segment Income</b>	\$ 18	\$ (1)	\$ 11	\$ —	\$ 28

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes earnings from investments in ACP, Sabal Trail, Constitution and Cardinal pipelines, as well as Hardy and Pine Needle storage facilities.

**GAS UTILITIES AND INFRASTRUCTURE**  
**CONDENSED CONSOLIDATING SEGMENT INCOME**  
(Unaudited)

(in millions)	Six Months Ended June 30, 2018				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage <sup>(b)</sup>	Eliminations/ Adjustments	Gas Utilities and Infrastructure
<b>Operating Revenues</b>	\$ 277	\$ 768	\$ —	\$ —	\$ 1,045
<b>Operating Expenses</b>					
Cost of natural gas	69	333	—	—	402
Operation, maintenance and other	58	150	3	—	211
Depreciation and amortization	43	78	—	—	121
Property and other taxes	33	24	—	—	57
Total operating expenses	203	585	3	—	791
<b>Operating Income (Loss)</b>	74	183	(3)	—	254
<b>Other Income and Expenses</b>					
Equity in losses of unconsolidated affiliates	—	—	(23)	—	(23)
Other income and expenses, net	4	6	—	—	10
Total other income and expenses	4	6	(23)	—	(13)
<b>Interest Expense</b>	12	42	—	(1)	53
<b>Income (Loss) Before Income Taxes</b>	66	147	(26)	1	188
<b>Income Tax Expense (Benefit)</b>	14	35	(6)	1	44
<b>Segment Income</b>	\$ 52	\$ 112	\$ (20)	\$ —	\$ 144

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes earnings from investments in ACP, Sabal Trail, Constitution and Cardinal pipelines, as well as Hardy and Pine Needle storage facilities.

**GAS UTILITIES AND INFRASTRUCTURE**  
**CONDENSED CONSOLIDATING BALANCE SHEETS - ASSETS**  
(Unaudited)

(in millions)	June 30, 2018				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage	Eliminations/ Adjustments <sup>(b)</sup>	Gas Utilities and Infrastructure
<b>Current Assets</b>					
Cash and cash equivalents	\$ 2	\$ 8	\$ —	\$ —	\$ 10
Receivables, net	(16)	109	—	1	94
Receivables from affiliated companies	16	71	—	(73)	14
Notes receivable from affiliated companies	—	77	—	—	77
Inventory	31	38	—	—	69
Regulatory assets	1	35	—	—	36
Other	1	37	—	(1)	37
<b>Total current assets</b>	<b>35</b>	<b>375</b>	<b>—</b>	<b>(73)</b>	<b>337</b>
<b>Property, Plant and Equipment</b>					
Cost	2,970	7,082	—	—	10,052
Accumulated depreciation and amortization	(755)	(1,533)	—	—	(2,288)
<b>Net property, plant and equipment</b>	<b>2,215</b>	<b>5,549</b>	<b>—</b>	<b>—</b>	<b>7,764</b>
<b>Other Noncurrent Assets</b>					
Goodwill	324	49	—	1,551	1,924
Regulatory assets	155	297	—	181	633
Investments in equity method unconsolidated affiliates	—	—	744	—	744
Investment in consolidated subsidiaries	—	—	—	23	23
Other	1	63	17	2	83
<b>Total other noncurrent assets</b>	<b>480</b>	<b>409</b>	<b>761</b>	<b>1,757</b>	<b>3,407</b>
<b>Total Assets</b>	<b>2,730</b>	<b>6,333</b>	<b>761</b>	<b>1,684</b>	<b>11,508</b>
Segment reclassifications, intercompany balances and other	(3)	1	(30)	(39)	(71)
<b>Reportable Segment Assets</b>	<b>\$ 2,727</b>	<b>\$ 6,334</b>	<b>\$ 731</b>	<b>\$ 1,645</b>	<b>\$ 11,437</b>

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

**GAS UTILITIES AND INFRASTRUCTURE**  
**CONDENSED CONSOLIDATING BALANCE SHEETS - LIABILITIES AND EQUITY**  
(Unaudited)

(In millions)	June 30, 2018				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage	Eliminations/ Adjustments <sup>(b)</sup>	Gas Utilities and Infrastructure
<b>Current Liabilities</b>					
Accounts payable	\$ 38	\$ 133	\$ —	\$ 1	\$ 172
Accounts payable to affiliated companies	—	4	86	(72)	18
Notes payable to affiliated companies	72	—	—	—	72
Taxes accrued	7	37	(26)	—	18
Interest accrued	5	31	—	—	36
Current maturities of long-term debt	1	250	—	(1)	250
Regulatory liabilities	22	47	—	—	69
Other	3	53	—	—	56
<b>Total current liabilities</b>	<b>148</b>	<b>555</b>	<b>60</b>	<b>(72)</b>	<b>691</b>
<b>Long-Term Debt</b>	<b>486</b>	<b>1,787</b>	<b>—</b>	<b>167</b>	<b>2,440</b>
<b>Long-Term Debt Payable to Affiliated Companies</b>	<b>7</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7</b>
<b>Other Noncurrent Liabilities</b>					
Deferred income taxes	247	555	52	—	854
Asset retirement obligations	36	15	—	—	51
Regulatory liabilities	363	1,183	—	15	1,561
Accrued pension and other post-retirement benefit costs	14	3	—	1	18
Investment tax credits	2	1	—	—	3
Other	46	174	12	(3)	229
<b>Total other noncurrent liabilities</b>	<b>708</b>	<b>1,931</b>	<b>64</b>	<b>13</b>	<b>2,716</b>
<b>Equity</b>	<b>1,381</b>	<b>2,060</b>	<b>637</b>	<b>1,576</b>	<b>5,654</b>
<b>Total Liabilities and Equity</b>	<b>2,730</b>	<b>6,333</b>	<b>761</b>	<b>1,684</b>	<b>11,508</b>
Segment reclassifications, intercompany balances and other	(3)	1	(30)	(39)	(71)
<b>Reportable Segment Liabilities and Equity</b>	<b>\$ 2,727</b>	<b>\$ 6,334</b>	<b>\$ 731</b>	<b>\$ 1,645</b>	<b>\$ 11,437</b>

(a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

**Electric Utilities and Infrastructure**  
**Quarterly Highlights**  
**June 2018**

	Three Months Ended June 30,				Six Months Ended June 30,			
	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	19,159	18,061	6.1%	0.8%	42,900	38,126	12.5%	1.8%
General Service	19,026	18,774	1.3%	0.6%	37,466	36,323	3.1%	0.7%
Industrial	13,070	13,096	(0.2%)	(2.1%)	25,174	25,401	(0.9%)	(2.3%)
Other Energy Sales	141	141	—%		281	285	(1.4%)	
Unbilled Sales	1,640	1,397	17.4%	n/a	(235)	462	(150.9%)	n/a
Total Retail Sales	53,036	51,469	3.0%	—%	105,586	100,597	5.0%	0.3%
Wholesale and Other	9,884	9,949	(0.7%)		20,863	19,811	5.3%	
Total Consolidated Electric Sales - Electric Utilities and Infrastructure	62,920	61,418	2.4%		126,449	120,408	5.0%	
<b>Average Number of Customers (Electric)</b>								
Residential	6,619,271	6,523,982	1.5%		6,611,543	6,517,331	1.4%	
General Service	982,634	972,127	1.1%		980,927	970,512	1.1%	
Industrial	17,530	17,730	(1.1%)		17,567	17,739	(1.0%)	
Other Energy Sales	23,527	23,298	1.0%		23,501	23,251	1.1%	
Total Retail Customers	7,642,962	7,537,137	1.4%		7,633,538	7,528,833	1.4%	
Wholesale and Other	57	58	(1.7%)		55	59	(6.8%)	
Total Average Number of Customers - Electric Utilities and Infrastructure	7,643,019	7,537,195	1.4%		7,633,593	7,528,892	1.4%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	15,458	18,257	(15.3%)		33,196	35,196	(5.7%)	
Nuclear	17,595	18,158	(3.1%)		36,100	35,899	0.6%	
Hydro	962	628	56.4%		1,736	829	109.4%	
Oil and Natural Gas	17,697	14,364	23.2%		34,014	28,595	19.0%	
Renewable Energy	148	128	15.6%		244	203	20.2%	
Total Generation (4)	51,860	51,535	0.7%		105,290	100,722	4.5%	
Purchased Power and Net Interchange (5)	14,761	13,146	12.3%		28,681	25,714	11.5%	
Total Sources of Energy	66,641	64,881	3.0%		133,971	126,436	6.0%	
Less: Line Loss and Other	3,721	3,263	14.0%		7,522	6,028	24.8%	
Total GWh Sources	62,920	61,418	2.4%		126,449	120,408	5.0%	
<b>Owned MW Capacity (3)</b>								
Summer					49,934	49,387		
Winter					53,503	53,091		
<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.

**Duke Energy Carolinas**  
**Quarterly Highlights**  
**Supplemental Electric Utilities and Infrastructure Information**  
**June 2018**

	Three Months Ended June 30,				Six Months Ended June 30,			
	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	6,324	5,841	8.3%		14,608	12,712	14.9%	
General Service	7,193	7,005	2.7%		14,139	13,532	4.5%	
Industrial	5,519	5,572	(1.0%)		10,503	10,634	(1.2%)	
Other Energy Sales	75	75	—%		150	151	(0.7%)	
Unbilled Sales	426	200	113.0%		(97)	(32)	(203.1%)	
Total Retail Sales	19,537	18,693	4.5%	0.7%	39,303	36,997	6.2%	1.2%
Wholesale and Other	2,735	2,550	7.3%		5,596	5,027	11.3%	
Total Consolidated Electric Sales - Duke Energy Carolinas	22,272	21,243	4.8%		44,899	42,024	6.8%	
<b>Average Number of Customers</b>								
Residential	2,209,018	2,176,676	1.5%		2,205,938	2,173,011	1.5%	
General Service	357,583	353,269	1.2%		356,842	352,521	1.2%	
Industrial	6,181	6,239	(0.9%)		6,194	6,245	(0.8%)	
Other Energy Sales	15,536	15,365	1.1%		15,508	15,331	1.2%	
Total Retail Customers	2,588,318	2,551,549	1.4%		2,584,482	2,547,108	1.5%	
Wholesale and Other	26	25	4.0%		24	25	(4.0%)	
Total Average Number of Customers - Duke Energy Carolinas	2,588,344	2,551,574	1.4%		2,584,506	2,547,133	1.5%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	6,029	6,906	(12.7%)		12,279	12,492	(1.7%)	
Nuclear	11,083	11,027	0.5%		22,721	22,063	3.0%	
Hydro	714	384	85.9%		1,239	437	183.5%	
Oil and Natural Gas	4,051	2,366	71.2%		7,203	5,060	42.4%	
Renewable Energy	56	41	36.6%		85	50	70.0%	
Total Generation (4)	21,933	20,724	5.8%		43,527	40,102	8.5%	
Purchased Power and Net Interchange (5)	1,517	1,816	(16.5%)		3,834	4,299	(10.8%)	
Total Sources of Energy	23,450	22,540	4.0%		47,361	44,401	6.7%	
Less: Line Loss and Other	1,178	1,297	(9.2%)		2,462	2,377	3.6%	
Total GWh Sources	22,272	21,243	4.8%		44,899	42,024	6.8%	
<b>Owned MW Capacity (3)</b>								
Summer					20,188	19,568		
Winter					21,068	20,425		
<b>Nuclear Capacity Factor (%) (6)</b>								
					97	95		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	208	131	58.8%		1,929	1,422	35.7%	
Cooling Degree Days	638	524	21.8%		648	534	21.3%	
<b>Variance from Normal</b>								
Heating Degree Days	(5.8%)	(40.5%)	n/a		(1.8%)	(27.7%)	n/a	
Cooling Degree Days	30.0%	6.3%	n/a		30.3%	7.2%	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) Statistics reflect Duke Energy's ownership share of jointly owned stations.



(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.

**Duke Energy Progress**  
**Quarterly Highlights**  
**Supplemental Electric Utilities and Infrastructure Information**  
**June 2018**

	Three Months Ended June 30,				Six Months Ended June 30,			
	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	4,032	3,705	8.8%		9,532	8,338	14.3%	
General Service	3,771	3,723	1.3%		7,503	7,272	3.2%	
Industrial	2,640	2,602	1.5%		5,077	5,091	(0.3%)	
Other Energy Sales	20	20	—%		39	41	(4.9%)	
Unbilled Sales	295	448	(34.2%)		(272)	(52)	(423.1%)	
Total Retail Sales	10,758	10,498	2.5%	—%	21,879	20,690	5.7%	0.7%
Wholesale and Other	5,138	5,064	1.5%		11,243	10,509	7.0%	
Total Consolidated Electric Sales - Duke Energy Progress	15,896	15,562	2.1%		33,122	31,199	6.2%	
<b>Average Number of Customers</b>								
Residential	1,328,158	1,307,337	1.6%		1,325,644	1,304,901	1.6%	
General Service	234,703	231,713	1.3%		234,005	231,059	1.3%	
Industrial	4,055	4,132	(1.9%)		4,057	4,130	(1.8%)	
Other Energy Sales	1,444	1,456	(0.8%)		1,447	1,459	(0.8%)	
Total Retail Customers	1,568,360	1,544,638	1.5%		1,565,153	1,541,549	1.5%	
Wholesale and Other	14	14	—%		14	14	—%	
Total Average Number of Customers - Duke Energy Progress	1,568,374	1,544,652	1.5%		1,565,167	1,541,563	1.5%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	2,023	1,593	27.0%		4,326	3,237	33.6%	
Nuclear	6,512	7,131	(8.7%)		13,379	13,836	(3.3%)	
Hydro	236	198	19.2%		445	301	47.8%	
Oil and Natural Gas	5,027	4,876	3.1%		11,226	10,712	4.8%	
Renewable Energy	74	72	2.8%		128	134	(4.5%)	
Total Generation (4)	13,872	13,870	—%		29,504	26,220	4.5%	
Purchased Power and Net Interchange (5)	2,734	2,162	26.5%		4,969	3,986	24.7%	
Total Sources of Energy	16,606	16,032	3.6%		34,473	32,206	7.0%	
Less: Line Loss and Other	710	470	51.1%		1,351	1,007	34.2%	
Total GWh Sources	15,896	15,562	2.1%		33,122	31,199	6.2%	
<b>Owned MW Capacity (3)</b>								
Summer					12,760	12,777		
Winter					14,016	13,987		
<b>Nuclear Capacity Factor (%) (6)</b>								
					87	90		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	191	63	130.1%		1,805	1,266	40.4%	
Cooling Degree Days	696	647	7.6%		719	657	9.4%	
<b>Variance from Normal</b>								
Heating Degree Days	1.1%	(55.7%)	n/a		0.1%	(28.7%)	n/a	
Cooling Degree Days	30.3%	21.1%	n/a		32.1%	20.8%	n/a	

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e., unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.

Duke Energy Florida  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
June 2018

	Three Months Ended June 30,			Six Months Ended June 30,				
	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	4,663	4,944	(5.7%)		9,191	8,768	4.8%	
General Service	3,699	3,803	(2.7%)		7,139	7,057	1.2%	
Industrial	781	787	(0.8%)		1,539	1,542	(0.2%)	
Other Energy Sales	6	6	—%		12	12	—%	
Unbilled Sales	573	497	15.3%		388	653	(40.6%)	
Total Retail Sales	9,722	10,037	(3.1%)	(1.7%)	18,269	18,032	1.3%	(0.8%)
Wholesale and Other	582	703	(17.2%)		1,154	1,013	13.9%	
Total Electric Sales - Duke Energy Florida	10,304	10,740	(4.1%)		19,423	19,045	2.0%	
<b>Average Number of Customers</b>								
Residential	1,594,538	1,569,855	1.6%		1,591,724	1,566,947	1.6%	
General Service	200,657	198,307	1.2%		200,432	197,864	1.3%	
Industrial	2,082	2,146	(3.0%)		2,096	2,151	(2.6%)	
Other Energy Sales	1,511	1,518	(0.5%)		1,514	1,521	(0.5%)	
Total Retail Customers	1,798,788	1,771,826	1.5%		1,795,766	1,768,483	1.5%	
Wholesale and Other	11	13	(15.4%)		11	14	(21.4%)	
Total Average Number of Customers - Duke Energy Florida	1,798,799	1,771,839	1.5%		1,795,777	1,768,497	1.5%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	1,877	2,835	(33.8%)		3,996	4,952	(19.3%)	
Oil and Natural Gas	7,238	6,664	8.6%		13,329	12,012	11.0%	
Renewable Energy	9	4	n/a		17	8	n/a	
Total Generation (4)	9,124	9,503	(4.0%)		17,344	16,972	2.2%	
Purchased Power and Net Interchange (5)	1,901	1,753	8.4%		3,279	3,049	7.5%	
Total Sources of Energy	11,025	11,256	(2.1%)		20,623	20,021	3.0%	
Less: Line Loss and Other	721	516	39.7%		1,200	976	23.0%	
Total GWh Sources	10,304	10,740	(4.1%)		19,423	19,045	2.0%	
<b>Owned MW Capacity (3)</b>								
Summer					9,304	9,225		
Winter					10,255	10,332		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	2	1	100.0%		385	177	117.5%	
Cooling Degree Days	1,052	1,079	(2.5%)		1,316	1,352	(2.7%)	
<b>Variance from Normal</b>								
Heating Degree Days	(81.9%)	(94.1%)	n/a		(1.3%)	(54.8%)	n/a	
Cooling Degree Days	1.2%	4.5%	n/a		7.5%	11.2%	n/a	

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(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

**Duke Energy Ohio**  
**Quarterly Highlights**  
**Supplemental Electric Utilities and Infrastructure Information**  
**June 2018**

	Three Months Ended June 30,				Six Months Ended June 30,			
	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	2,052	1,777	15.5%		4,615	4,030	14.5%	
General Service	2,341	2,267	3.3%		4,660	4,524	3.0%	
Industrial	1,471	1,464	0.5%		2,658	2,905	(1.6%)	
Other Energy Sales	27	27	—%		54	55	(1.8%)	
Unbilled Sales	206	132	56.1%		(118)	(69)	(71.0%)	
Total Retail Sales	6,097	5,667	7.6%	0.4%	12,069	11,445	5.5%	(0.8%)
Wholesale and Other	50	234	(78.6%)		150	515	(70.9%)	
Total Electric Sales - Duke Energy Ohio	6,147	5,901	4.2%		12,219	11,960	2.2%	
<b>Average Number of Customers</b>								
Residential	765,215	758,460	0.9%		766,081	758,962	0.9%	
General Service	88,214	87,787	0.5%		88,238	87,965	0.3%	
Industrial	2,492	2,499	(0.3%)		2,497	2,504	(0.3%)	
Other Energy Sales	3,332	3,302	0.9%		3,332	3,292	1.2%	
Total Retail Customers	859,253	852,048	0.8%		860,148	852,723	0.9%	
Wholesale and Other	1	1	—%		1	1	—%	
Total Average Number of Customers - Duke Energy Ohio	859,254	852,049	0.8%		860,149	852,724	0.9%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	143	1,023	(86.0%)		819	2,226	(63.2%)	
Oil and Natural Gas	49	6	716.7%		69	7	885.7%	
Total Generation (4)	192	1,029	(81.3%)		888	2,233	(60.2%)	
Purchased Power and Net Interchange (5)	6,549	5,446	20.3%		12,884	10,912	18.1%	
Total Sources of Energy	6,741	6,475	4.1%		13,772	13,145	4.8%	
Less: Line Loss and Other	594	574	3.5%		1,553	1,185	31.1%	
Total GWh Sources	6,147	5,901	4.2%		12,219	11,960	2.2%	
<b>Owned MW Capacity (3)</b>								
Summer					1,076	1,076		
Winter					1,164	1,164		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	497	313	58.8%		3,066	2,357	30.1%	
Cooling Degree Days	539	332	62.3%		543	333	63.1%	
<b>Variance from Normal</b>								
Heating Degree Days	9.9%	(30.4%)	n/a		1.4%	(22.1%)	n/a	
Cooling Degree Days	64.2%	1.2%	n/a		63.5%	0.5%	n/a	

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(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

Duke Energy Indiana  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
June 2018

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	% Inc.(Dec.) Weather Normal (2)	2018	2017	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>						
Residential	2,088	1,794	16.4%	4,954	4,278	15.8%
General Service	2,022	1,976	2.3%	4,025	3,938	2.2%
Industrial	2,659	2,671	(0.4%)	5,197	5,229	(0.6%)
Other Energy Sales	13	13	—%	26	26	—%
Unbilled Sales	140	120	16.7%	(136)	(38)	257.9%
Total Retail Sales	6,922	6,574	5.3%	14,066	13,433	4.7%
Wholesale and Other	1,379	1,398	(1.4%)	2,720	2,747	(1.0%)
Total Electric Sales - Duke Energy Indiana	8,301	7,972	4.1%	16,786	16,180	3.7%
<b>Average Number of Customers</b>						
Residential	722,342	711,654	1.5%	722,156	713,510	1.2%
General Service	101,477	101,051	0.4%	101,410	101,103	0.3%
Industrial	2,720	2,714	0.2%	2,723	2,709	0.5%
Other Energy Sales	1,704	1,657	2.8%	1,700	1,648	3.2%
Total Retail Customers	828,243	817,076	1.4%	827,989	818,970	1.1%
Wholesale and Other	5	5	—%	5	5	—%
Total Average Number of Customers - Duke Energy Indiana	828,248	817,081	1.4%	827,994	818,975	1.1%
<b>Sources of Electric Energy (GWh)</b>						
Generated - Net Output (3)						
Coal	5,386	5,900	(8.7%)	11,774	12,289	(4.2%)
Hydro	32	46	(30.4%)	52	91	(42.9%)
Oil and Natural Gas	1,332	452	194.7%	2,187	804	172.0%
Renewable Energy	9	11	n/a	14	11	n/a
Total Generation (4)	6,759	6,409	5.5%	14,027	13,195	6.3%
Purchased Power and Net Interchange (5)	2,060	1,969	4.6%	3,715	3,468	7.1%
Total Sources of Energy	8,819	8,378	5.3%	17,742	16,663	6.5%
Less: Line Loss and Other	518	406	27.6%	956	483	97.9%
Total GWh Sources	8,301	7,972	4.1%	16,786	16,180	3.7%
<b>Owned MW Capacity (3)</b>						
Summer				6,606	6,741	
Winter				7,000	7,183	
<b>Heating and Cooling Degree Days</b>						
<b>Actual</b>						
Heating Degree Days	547	372	47.0%	3,378	2,580	30.9%
Cooling Degree Days	557	323	72.4%	561	323	73.7%
<b>Variance from Normal</b>						
Heating Degree Days	11.0%	(24.6%)	n/a	3.7%	(20.8%)	n/a
Cooling Degree Days	68.9%	(2.2%)	n/a	68.4%	(3.1%)	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.

**Gas Utilities and Infrastructure**  
**Quarterly Highlights**  
**June 2018**

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	% Inc.(Dec.)	2018	2017	% Inc.(Dec.)
<b>Total Sales</b>						
Piedmont Natural Gas Local Distribution Company (LDC) throughput (dekatherms) (1)	116,839,962	94,013,754	24.3%	271,741,341	227,290,541	19.6%
Duke Energy Midwest LDC throughput (Mcf)	15,615,050	12,204,767	27.9%	52,741,115	43,035,766	22.6%
<b>Average Number of Customers - Piedmont Natural Gas</b>						
Residential	968,046	952,716	1.6%	969,356	953,800	1.6%
Commercial	103,543	101,138	2.4%	104,189	101,378	2.8%
Industrial	961	2,295	(58.1%)	962	2,317	(58.5%)
Power Generation	17	26	(34.6%)	17	26	(34.6%)
Total Average Number of Gas Customers - Piedmont Natural Gas	1,072,567	1,056,175	1.6%	1,074,524	1,057,521	1.6%
<b>Average Number of Customers - Duke Energy Midwest</b>						
Residential	486,015	481,716	0.9%	487,434	482,905	0.9%
General Service	43,157	42,816	0.8%	44,219	44,077	0.3%
Industrial	1,574	1,564	0.6%	1,618	1,617	0.1%
Other	138	140	(1.4%)	138	140	(1.4%)
Total Average Number of Gas Customers - Duke Energy Midwest	530,884	526,236	0.9%	533,409	528,739	0.9%

(1) Piedmont has a margin decoupling mechanism in North Carolina and weather normalization mechanisms in South Carolina and Tennessee that significantly eliminate the impact of throughput changes on earnings. Duke Energy Ohio's rate design also serves to offset this impact.

**Commercial Renewables**  
**Quarterly Highlights**  
**June 2018**

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	% Inc.(Dec.)	2018	2017	% Inc.(Dec.)
Renewable Plant Production, GWh	2,471	2,231	10.8%	4,651	4,516	3.0%
Net Proportional MW Capacity in Operation	n/a	n/a		2,951	2,908	1.5%



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

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**FORM 8-K**

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

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Date of Report (Date of earliest event reported): **September 11, 2018**



**Duke Energy Corporation**

(Exact Name of Registrant as Specified in its Charter)

**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**001-32853**  
(Commission File Number)

**20-2777218**  
(IRS Employer  
Identification No.)

**550 South Tryon Street, Charlotte, North Carolina 28202**  
(Address of Principal Executive Offices, including Zip Code)

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

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

- Emerging growth company
  - If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.
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**Item 8.01. Other Events.**

On September 17, 2018, Duke Energy Corporation (the "Company") consummated the issuance and sale of the securities described below pursuant to an underwriting agreement, dated September 11, 2018 (the "Underwriting Agreement"), with Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC and Wells Fargo 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 \$500,000,000 aggregate principal amount of the Company's 5.625% Junior Subordinated Debentures due 2078 (the "Securities"). The Securities were sold to the Underwriters at a discount to their principal amount. 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 Twentieth Supplemental Indenture, dated as of September 17, 2018 (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 form 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 and a legal opinion regarding certain tax matters as Exhibit 8.1 to this Form 8-K for the purpose of incorporating such opinions into the Company's Registration Statement on Form S-3, as amended, No. 333-213765.

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

- (d) Exhibits.
- 4.1 Twentieth Supplemental Indenture, dated as of September 17, 2018, 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 (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form 8-A of the Company filed on September 17, 2018)
- 5.1 Opinion of Robert T. Lucas III regarding validity of the Securities
- 8.1 Opinion of Hunton Andrews Kurth LLP regarding certain tax matters
- 23.1 Consent of Robert T. Lucas III (included as part of Exhibit 5.1)
- 23.2 Consent of Hunton Andrews Kurth LLP (included as part of Exhibit 8.1)
- 99.1 Underwriting Agreement, dated September 11, 2018, among the Company and Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC and Wells Fargo Securities, LLC, as representatives of the several underwriters named therein

**EXHIBIT INDEX**

<u>Exhibit</u>	<u>Description</u>
4.1	<u>Twentieth Supplemental Indenture, dated as of September 17, 2018, 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 (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form 8-A of the Company filed on September 17, 2018)</u>
5.1	<u>Opinion of Robert T. Lucas III regarding validity of the Securities</u>
8.1	<u>Opinion of Hunton Andrews Kurth LLP regarding certain tax matters</u>
23.1	<u>Consent of Robert T. Lucas III (included as part of Exhibit 5.1)</u>
23.2	<u>Consent of Hunton Andrews Kurth LLP (included as part of Exhibit 8.1)</u>
99.1	<u>Underwriting Agreement, dated September 11, 2018, among the Company and Merrill Lynch, Pierce, Fenner &amp; Smith Incorporated, Morgan Stanley &amp; Co. LLC, RBC Capital Markets, LLC and Wells Fargo Securities, LLC, as representatives of the several underwriters named therein</u>

**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 17, 2018

By: /s/ Robert T. Lucas III  
Name: Robert T. Lucas III  
Title: Assistant Corporate Secretary

Exhibit 5.1

**DUKE ENERGY BUSINESS SERVICES LLC**  
550 S. Tryon Street  
Charlotte, North Carolina 28202  
September 17, 2018

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

Re: Duke Energy Corporation \$500,000,000 5.625% Junior Subordinated Debentures due 2078

Ladies and Gentlemen:

I am Deputy General Counsel of Duke Energy Business Services LLC, the service company subsidiary of Duke Energy Corporation, a Delaware corporation (the "Company"), and in such capacity I have acted as counsel to the Company in connection with the public offering of \$500,000,000 aggregate principal amount of the Company's 5.625% Junior Subordinated Debentures due 2078 (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 Twentieth Supplemental Indenture, dated as of September 17, 2018 (the "Supplemental Indenture"), between the Company and the Trustee (the Original Indenture, as amended and supplemented, being referred to as the "Indenture"). On September 11, 2018, the Company entered into an Underwriting Agreement (the "Underwriting Agreement") with Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC and Wells Fargo Securities, LLC, as representatives of the several underwriters named therein (the "Underwriters"), relating to the sale by the Company to the Underwriters of the Securities.

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

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

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

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- (a) the registration statement on Form S-3, as amended (File No. 333-213765) of the Company relating to the Securities and other securities of the Company originally filed on September 23, 2016, and subsequently filed on January 26, 2017, with the Securities and Exchange Commission (the "Commission") under the Securities Act, allowing for delayed offerings pursuant to Rule 415 under the Securities Act and the information deemed to be a part of such registration statement as of the date hereof pursuant to Rule 430B of the General Rules and Regulations under the Securities Act (the "Rules and Regulations") (such registration statement, effective upon original filing with the Commission on September 23, 2016 pursuant to Rule 462(e) of the Rules and Regulations, being hereinafter referred to as the "Registration Statement");
  - (b) the prospectus, dated January 26, 2017 relating to the offering of securities of the Company, which forms a part of and is included in the Registration Statement in the form filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations;
  - (c) the preliminary prospectus supplement, dated September 11, 2018, and the prospectus, dated January 26, 2017, relating to the offering of the Securities in the form filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations;
  - (d) the prospectus supplement, dated September 11, 2018, and the prospectus, dated January 26, 2017, relating to the offering of the Securities in the form filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations;
  - (e) the Amended and Restated Certificate of Incorporation of the Company, dated as of May 19, 2014, as certified by the Secretary of State of the State of Delaware;
  - (f) the Amended and Restated By-laws of the Company, effective as of January 4, 2016;
  - (g) an executed copy of the Original Indenture;
  - (h) an executed copy of the Supplemental Indenture;
  - (i) an executed copy of the Underwriting Agreement;
  - (j) the certificate representing the Securities;
  - (k) the issuer free writing prospectus issued at or prior to 3:25 p.m. (Eastern time) on September 11, 2018, which the Company was advised is the time of the first contract of sale of the Securities, substantially in the form attached as Schedule C to the Underwriting Agreement and as filed with the Commission pursuant to Rule 433(d) of the Securities Act and Section 5(e) of the Underwriting Agreement;
  - (l) the Statement of Eligibility under the Trust Indenture Act of 1939, as amended, on Form T-1, of the Trustee;
  - (m) resolutions of the Board of Directors of the Company, adopted on August 25, 2016, relating to the preparation and filing with the Commission of the Registration Statement and the issuance of the Company's securities; and
  - (n) the written consent of the Assistant Treasurer of the Company, effective as of September 11, 2018.
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I or attorneys under my supervision (with whom I have consulted) have also examined originals or copies, certified or otherwise identified to my satisfaction, of such records of the Company and such agreements, certificates and receipts of public officials, certificates of officers or other representatives of the Company and others, and such other documents as I or attorneys under my supervision (with whom I have consulted) have deemed necessary or appropriate as a basis for the opinions set forth below.

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

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

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

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

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

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

Very truly yours,

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

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Exhibit 8.1

HUNTON  
ANDREWS KURTH

HUNTON ANDREWS KURTH LLP  
200 PARK AVENUE  
NEW YORK, NY 10166-0005

TEL 212 • 309 • 1000  
FAX 212 • 309 • 1100

September 17, 2018

Duke Energy Corporation  
550 South Tryon Street  
Charlotte, North Carolina 28202

**Duke Energy Corporation**  
**\$500,000,000 5.625% Junior Subordinated Debentures due 2078**

Ladies and Gentlemen:

We have acted as counsel to Duke Energy Corporation, a Delaware corporation (the "Company"), in connection with the offering and sale (the "Offering") of \$500,000,000 aggregate principal amount of 5.625% Junior Subordinated Debentures due 2078 (the "Debentures") of the Company pursuant to a preliminary prospectus supplement dated September 11, 2018, and a final prospectus supplement dated September 11, 2018 (together, the "Prospectus Supplement") and a base prospectus dated January 26, 2017 (the "Base Prospectus"). The Debentures are being issued pursuant to an Indenture, dated as of June 3, 2008 (the "Original Indenture"), as amended and supplemented from time to time, including by the Twentieth Supplemental Indenture, dated as of September 17, 2018, relating to the Debentures (the Original Indenture, as amended and supplemented, the "Indenture"), between the Company and The Bank of New York Mellon Trust Company, N.A., as Trustee. You have requested our opinion as to certain U.S. federal income tax matters. Capitalized terms used but not defined herein shall have the meaning assigned to such terms in the Indenture.

In rendering the opinions expressed below, we have made such legal and factual examinations and inquiries as we have deemed necessary or advisable for the purpose of rendering this opinion letter, including but not limited to the examination of the following: (i) the Base Prospectus and the Prospectus Supplement, (ii) the Indenture and (iii) such other documents as we have deemed necessary or appropriate as a basis for the opinion set forth below.

As to any facts material to the opinion expressed herein, we have relied upon certificates and statements and representations and warranties of the officers and other representatives and agents of the parties to the documents and of public officials. In rendering this opinion letter, except for the matters that are specifically addressed in the opinion expressed

ATLANTA AUSTIN BANGKOK BEIJING BOSTON BRUSSELS CHARLOTTE DALLAS DUBAI HOUSTON LONDON LOS ANGELES  
MIAMI NEW YORK NORFOLK RALEIGH/DURHAM RICHMOND SAN FRANCISCO THE WOODLANDS TYSONS WASHINGTON, DC  
www.HuntonAK.com

below, with your permission, we have assumed, and are relying on without independent investigation, (i) the authenticity of all documents submitted to us as originals, (ii) the conformity to the originals of all documents submitted to us as certified or photostatic copies and the authenticity of the originals of such copies, (iii) the genuineness of signatures, (iv) the legal capacity of natural persons signing the documents, (v) the necessary entity formation and continuing existence in the jurisdiction of formation, and the necessary licensing and qualification in all jurisdictions, of all parties to the documents, (vi) the necessary entity authorization, execution, delivery and enforceability (as limited by bankruptcy and other insolvency laws) of all documents by all parties thereto, and the necessary entity power and authority with respect thereto, (vii) the validity, binding effect, and enforceability of all documents, (viii) that each of the parties to the documents will comply (without waiver) with all of the terms of such documents, and (ix) that there is not any other agreement that modifies or supplements the agreements expressed in any document to which this opinion letter relates and that renders the opinion expressed below inconsistent with such document as so modified or supplemented.

In rendering this opinion letter, except for matters that are specifically addressed in the opinion expressed below, we have made no inquiry, have conducted no investigation and assume no responsibility with respect to (i) the accuracy of and compliance by the parties thereto with the representations, warranties, covenants, certifications and assumptions as to factual matters contained in any document or (ii) the conformity of the documents to the requirements of any agreement to which this opinion letter relates.

Based on the foregoing and subject to the qualifications, representations, warranties, covenants, certifications and assumptions stated herein, we are of the opinion that under current U.S. federal income tax law as of the date hereof, although there are no regulations, rulings or judicial precedents addressing the characterization of securities having terms substantially similar to the Debentures for U.S. federal income tax purposes, the Debentures will be classified for U.S. federal income tax purposes as indebtedness of the Company to the extent that they are not beneficially owned by any person related to the Company including (i) any member of the Company's "expanded group" within the meaning of the final and temporary regulations under section 385 of the Internal Revenue Code of 1986, as amended (the "Code") (hereinafter, such regulations are the "Section 385 Regulations"), (ii) with respect to the Company's expanded group, a "controlled partnership" within the meaning of the Section 385 Regulations, or (iii) a disregarded entity owned by any entity described in (i) or (ii) for U.S. federal income tax purposes.

Other than in the context of certain related party debt instruments addressed under the Section 385 Regulations, there are no Treasury regulations defining instruments held by persons unrelated to the issuer as equity or indebtedness for U.S. federal income tax purposes. Furthermore, there are no controlling Treasury regulations, published rulings, or judicial decisions involving securities with terms substantially the same as the Debentures that discuss whether, for U.S. federal income tax purposes, the securities constitute equity or indebtedness. Therefore, our opinion regarding the characterization of the Debentures as evidences of indebtedness is based upon rulings and judicial decisions under the Code involving situations

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that we consider to be analogous and an analysis of all of the facts and circumstances surrounding the issuance and sale of the Debentures.

The foregoing opinion is based only on the federal income tax laws of the United States, Treasury regulations promulgated thereunder, and administrative and judicial interpretations thereof, all of which are subject to change. The foregoing opinion is limited to the matters addressed herein, and no other opinion is rendered with respect to other United States federal tax matters or to any issues arising under the tax laws of any other country, or any state or locality or governmental agency (other than the Internal Revenue Service) including without limitation (i) any statute, regulation, or provision of law of any state, county, municipality, or other political subdivision or any agency or instrumentality thereof or (ii) the securities or tax laws of any jurisdiction (other than the federal income tax laws of the United States). Additional issues may exist that could affect the United States federal tax treatment of the transaction or matter that is the subject of this opinion, and this opinion letter does not consider or provide a conclusion with respect to such additional issues. You should be aware that this opinion letter represents conclusions as to the application of existing law, regulations, administrative rules and practices, and legislative history to the transactions described above. There can be no assurance, however, that existing law will not change or that contrary positions will not be taken by the Internal Revenue Service. Any such change might be retroactive and might affect the opinion set forth above.

We express no opinion on any other laws and intimate no view on any other matter that may be relevant to your interests. We also caution you that our opinion depends upon the facts, representations, warranties, covenants, certifications, assumptions and documents to which this letter refers, which are subject to change, reinterpretation and misunderstanding. Our conclusion could differ if these items on which we have relied are, become or are found to be different.

This opinion letter is rendered as of the date hereof and we undertake no obligation to update the opinion expressed herein after the date of this letter or advise you of changes in the event there is any change in legal authorities, facts, representations, warranties, covenants, certifications and assumptions or documents on which this opinion letter is based (including the taking of any action by any party to the documents pursuant to any opinion of counsel or a waiver), or any inaccuracy in any of these items upon which we have relied in rendering this opinion letter, unless we are specifically engaged to do so. Except as described in the next paragraph, this opinion letter may not be distributed, quoted in whole or in part or otherwise reproduced in any document, or filed with any governmental agency without our express written consent.

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We hereby consent to the filing of this opinion as an exhibit to the Current Report on Form 8-K. We also consent to the references to Hunton Andrews Kurth LLP under the captions "Material U.S. Federal Income Tax Considerations" and "Legal Matters" in the Prospectus Supplement. In giving this consent, we do not admit that we are in the category of persons whose consent is required by Section 7 of the Securities Act of 1933, as amended, or the rules and regulations promulgated thereunder by the Securities and Exchange Commission.

Very truly yours,

/s/ Hunton Andrews Kurth LLP

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Exhibit 99.1

**DUKE ENERGY CORPORATION**  
**\$500,000,000 5.625% JUNIOR SUBORDINATED DEBENTURES DUE 2078**  
**UNDERWRITING AGREEMENT**

September 11, 2018

Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
Morgan Stanley & Co. LLC  
RBC Capital Markets, LLC  
Wells Fargo Securities, LLC

As Representatives of the several Underwriters

c/o Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
One Bryant Park  
New York, New York 10036

Ladies and Gentlemen:

1. *Introductory.* DUKE ENERGY CORPORATION, a Delaware corporation (the “**Corporation**”), proposes, subject to the terms and conditions stated herein, to issue and sell \$500,000,000 aggregate principal amount of 5.625% Junior Subordinated Debentures due 2078 (the “**Debentures**”) to be issued pursuant to the provisions of an Indenture, dated as of June 3, 2008, (the “**Original Indenture**”) as supplemented from time to time by supplemental indentures, including the Twentieth Supplemental Indenture, to be dated as of September 17, 2018 with respect to the Debentures (the “**Supplemental Indenture**”) and together with the Original Indenture, the “**Indenture**”), between the Corporation and The Bank of New York Mellon Trust Company, N.A. (the “**Trustee**”). Merrill Lynch, Pierce, Fenner & Smith Incorporated, Morgan Stanley & Co. LLC, RBC Capital Markets, LLC and Wells Fargo Securities, LLC (the “**Representatives**”) are acting as representatives of the several underwriters named in Schedule A hereto (together with the Representatives, the “**Underwriters**”). The Corporation understands that the several Underwriters propose to offer the Debentures 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) (the documents referred to in the foregoing subclause (ii) are referred to herein as the “**Pricing Disclosure Package**”).

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

- (a) Registration statement, as amended (No. 333-213765), including a prospectus, relating to the Debentures 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 Debentures 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 Debentures 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 Debentures 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 3:25 p.m. (New York City time) on the date hereof.

- (b) The Registration Statement, the Permitted Free Writing Prospectus specified on Schedule B hereto, the 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 (i) the Registration Statement, as of its original effective date, as of the date of any amendment, and at each deemed effective date with respect to the Underwriters pursuant to Rule 430B(f)(2) of the 1933 Act Regulations, 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 (ii) (A) the Pricing Disclosure Package, as of the Applicable Time, did not, (B) the Prospectus and any amendment or supplement thereto, as of their dates, will not, and (C) 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, the 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 Debentures 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 Debentures, 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, (i) at the time the Registration Statement became effective, (ii) at the Applicable Time and (iii) 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 Debentures, qualification under the Trust Indenture Act of 1939, as amended (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 Debentures by the Underwriters.
- (g) This Agreement has been duly authorized, executed and delivered by the Corporation.
- (h) Each of Duke Energy Carolinas, LLC, a North Carolina limited liability company, Duke Energy Indiana, LLC, an Indiana limited liability company, Progress Energy, Inc., a North Carolina corporation, Duke Energy Progress, LLC, a North Carolina limited liability company, and Duke Energy Florida, LLC, a Florida limited liability company, is a "significant subsidiary" of the Corporation within the meaning of Rule 1-02 of Regulation S-X under the 1933 Act (herein collectively referred to, along with Duke Energy Ohio, Inc., an Ohio corporation and Piedmont Natural Gas Company, Inc., a North Carolina corporation, as the "**Principal Subsidiaries**").
- (i) The Indenture has been duly authorized, executed and delivered by the Corporation and duly qualified under the 1939 Act and, assuming the due authorization, execution and delivery thereof by the Trustee, constitutes a valid and legally binding instrument of the Corporation enforceable against the



Corporation in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

- (j) The Debentures 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 Debentures.
- (k) Any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument filed or incorporated by reference as an exhibit to the Registration Statement or the Annual Report on Form 10-K of the Corporation for the fiscal year ended December 31, 2017 or any subsequent Quarterly Report on Form 10-Q of the Corporation or any Current Report on Form 8-K of the Corporation with an execution or filing date after December 31, 2017, except to the extent that such agreement is no longer in effect or to the extent that neither the Corporation nor any subsidiary of the Corporation is currently a party to such agreement, are all indentures, mortgages, deeds of trust, loan agreements or other agreements or instruments that are material to the Corporation.
- (l) The Corporation is not required to be qualified as a foreign corporation to transact business in Indiana, North Carolina, Ohio, South Carolina and Florida.
- (m) Any pro forma financial statements of the Corporation and its subsidiaries and the related notes thereto incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus have been prepared in accordance with the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein.

3. *Purchase, Sale and Delivery of Debentures.*

- (a) 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) for Debentures sold to retail investors, \$24.2125 per Debenture plus accrued interest from September 17, 2018, if settlement takes place after that date (and in the manner set forth below) and (ii) for Debentures sold to institutional investors, \$24.5000 per Debenture plus accrued interest from September 17, 2018, if settlement takes place after that date (and in the manner set forth below), the principal amount of Debentures set forth opposite the names of the Underwriters in Schedule A hereto plus the

respective principal amount of additional Debentures which each such Underwriter may become obligated to purchase pursuant to the provisions of Section 8 hereof. The Underwriters hereby agree to reimburse the Corporation in an amount equal to \$780,000 for the expenses incurred by the Corporation in connection with the offering.

- (b) Payment of the purchase price for the Debentures to be purchased by the Underwriters and the reimbursement referred to above shall be made at the offices of Hunton Andrews Kurth 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 September 17, 2018 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 Debentures in fully registered form, to you or upon your order. The Debentures shall be delivered in the form of one or more global certificates in aggregate denomination equal to the aggregate principal amount of the Debentures 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 Debentures 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 Debentures (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 Debentures 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 Debentures 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 Debentures that would constitute a “free writing prospectus” as defined in Rule 405 of the 1933 Act Regulations, other than a Permitted Free Writing Prospectus or a free writing prospectus that is not required to be filed by the Corporation pursuant to Rule 433 of the 1933 Act Regulations (“**Rule 433**”); any such free writing prospectus (which shall include the pricing term sheet discussed in Section 5(e) below), the use of which has been consented to by the Corporation and the Underwriters, is listed on Schedule B and herein is called a “Permitted Free Writing Prospectus.” The Corporation represents that it has treated or agrees that it will treat each Permitted Free Writing Prospectus as an “issuer free writing prospectus,” as defined in Rule 433, and has complied and will comply with the requirements of Rule 433 applicable to any Permitted Free Writing Prospectus, including timely filing with the Commission where required, legending and record keeping.
- (e) The Corporation agrees to prepare a pricing term sheet specifying the terms of the Debentures not contained in any Preliminary Prospectus, substantially in the form of Schedule C hereto and approved by the Representatives on behalf of the Underwriters, and to file such pricing term sheet as an “issuer free writing prospectus” pursuant to Rule 433 prior to the close of business two business days after the date hereof.
- (f) The Corporation agrees that if at any time following the issuance of a Permitted Free Writing Prospectus any event occurs as a result of which such Permitted Free Writing Prospectus would conflict with the information (not superseded or modified as of the Effective Date) in the Registration Statement, the Pricing Disclosure Package or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances then prevailing, not misleading, the Corporation will give prompt notice thereof to the Underwriters and, if requested by the Underwriters, will prepare and furnish without charge to each Underwriter a free writing prospectus or other document, the use of which has been consented to by the Underwriters, which will correct such conflict, statement or omission.

- (g) The Corporation will make generally available to its security holders, in each case as soon as practicable but not later than 60 days after the close of the period covered thereby, earnings statements (in form complying with the provisions of Rule 158 under the 1933 Act, which need not be certified by independent certified public accountants unless required by the 1933 Act) covering (i) a twelve-month period beginning not later than the first day of the Corporation's fiscal quarter next following the effective date of the Registration Statement and (ii) a twelve-month period beginning not later than the first day of the Corporation's fiscal quarter next following the date of this Agreement.
- (h) The Corporation will furnish to you, without charge, copies of the Registration Statement (four of which will include all exhibits other than those incorporated by reference), the Pricing Disclosure Package and the Prospectus, and all amendments and supplements to such documents, in each case as soon as available and in such quantities as you reasonably request.
- (i) The Corporation will arrange or cooperate in arrangements, if necessary, for the qualification of the Debentures 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 Debentures, (iii) the issuance and delivery of the Debentures as specified herein, (iv) the fees and disbursements of counsel for the Underwriters in connection with the qualification of the Debentures 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 Debentures, (vii) any fees and expenses in connection with the listing of the Debentures on the New York Stock Exchange (the "NYSE"), (viii) any filing fee required by the Financial Industry Regulatory Authority, Inc., (ix) the costs of any depository arrangements for the Debentures 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 Debentures, 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).

- (k) The Corporation will use commercially reasonable efforts to effect the listing of the Debentures on the NYSE within 30 days of the Closing Date.
- (l) During the period beginning from the date of this Agreement and continuing to and including 30 days after the date hereof, the Corporation will not, without the prior written consent of the Representatives, offer, sell, contract to sell or otherwise dispose of any debt securities of the Corporation which mature more than one year after the Closing Date and which are substantially similar to the Debentures. For the avoidance of doubt, the foregoing sentence shall not restrict the offer, sale, contract to sell or disposition by the Corporation of its Premier Notes and senior indebtedness.

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

- (a) The Prospectus shall have been filed by the Corporation with the Commission pursuant to Rule 424(b) within the applicable time period prescribed for filing by the 1933 Act Regulations and in accordance herewith and each Permitted Free Writing Prospectus shall have been filed by the Corporation with the Commission within the applicable time periods prescribed for such filings by, and otherwise in compliance with, Rule 433.
- (b) On or after the Applicable Time and prior to the Closing Date, no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose or pursuant to Section 8A of the 1933 Act shall have been instituted or, to the knowledge of the Corporation or you, shall be threatened by the Commission.
- (c) On or after the Applicable Time and prior to the Closing Date, the rating assigned by Moody's Investors Service, Inc., S&P Global Ratings or Fitch Ratings, Inc. (or any of their successors) to any debt securities or preferred stock of the Corporation as of the date of this Agreement shall not have been lowered.
- (d) Since the respective most recent dates as of which information is given in the Pricing Disclosure Package and the Prospectus and up to the Closing Date, there shall not have been any material adverse change in the condition of the Corporation, financial or otherwise, except as reflected in or contemplated by the Pricing Disclosure Package and the Prospectus, and, since such dates and up to the Closing Date, there shall not have been any material transaction entered into by the Corporation other than transactions contemplated by the Pricing Disclosure Package and the Prospectus and transactions in the ordinary course of business, the effect of which in your reasonable judgment is so material and adverse as to

make it impracticable or inadvisable to proceed with the public offering or the delivery of the Debentures on the terms and in the manner contemplated by the Pricing Disclosure Package and the Prospectus.

- (e) You shall have received an opinion of Robert T. Lucas III, Esq., Deputy General Counsel of Duke Energy Business Services LLC, a service company subsidiary of the Corporation, dated the Closing Date, to the effect that:
- (i) Each of Duke Energy Ohio, Inc., Progress Energy, Inc. and Piedmont Natural Gas Company, Inc., has been duly incorporated and is validly existing in good standing under the laws of the jurisdiction of its incorporation and has the respective corporate power and authority and foreign qualifications necessary to own its properties and to conduct its business as described in the Pricing Disclosure Package and the Prospectus. Each of Duke Energy Carolinas, LLC, Duke Energy Florida, LLC, Duke Energy Indiana, LLC and Duke Energy Progress, LLC has been duly organized and is validly existing and in good standing as a limited liability company under the laws of the State of North Carolina, the State of Florida, the State of Indiana and the State of North Carolina, respectively, and has full limited liability company power and authority necessary to own its properties and to conduct its business as described in the Pricing Disclosure Package and the Prospectus.
  - (ii) Each of the Corporation and the Principal Subsidiaries is duly qualified to do business in each jurisdiction in which the ownership or leasing of its property or the conduct of its business requires such qualification, except where the failure to so qualify, considering all such cases in the aggregate, does not have a material adverse effect on the business, properties, financial condition or results of operations of the Corporation and its subsidiaries taken as a whole.
  - (iii) The Registration Statement became effective upon filing with the Commission pursuant to Rule 462 of the 1933 Act Regulations, and, to the best of such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or threatened under the 1933 Act.
  - (iv) The descriptions in the Registration Statement, the Pricing Disclosure Package and the Prospectus of any legal or governmental proceedings are accurate and fairly present the information required to be shown, and such counsel does not know of any litigation or any legal or governmental proceeding instituted or threatened against the Corporation or any of its Principal Subsidiaries or any of their respective properties that would be required to be disclosed in the Registration Statement, the Pricing Disclosure Package or the Prospectus and is not so disclosed.
  - (v) This Agreement has been duly authorized, executed and delivered by the Corporation.

- (vi) The execution, delivery and performance by the Corporation of this Agreement and the Indenture and the issue and sale of the Debentures 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 Debentures.
- (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 Debentures 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 Debentures.
- (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 Debentures by the Underwriters and except as required in Condition No. 7.6 of the order of the North Carolina Utilities Commission dated September 29, 2016, in Docket Nos. E-7, Sub 1100, E-2, Sub 1095 and G-9, Sub 682, which consent has been obtained.

Such counsel may state that his opinions in paragraphs (vii) and (viii) are subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law). Such counsel shall state that nothing has come to his attention that has caused him to believe that each document incorporated by reference in the Registration Statement, the Pricing Disclosure Package and the Prospectus, when filed, was not, on its face, appropriately responsive, in all material respects, to the requirements of the 1934 Act and the 1934 Act Regulations. Such

counsel shall also state that nothing has come to his attention that has caused him to believe that (i) the Registration Statement, including the Rule 430B Information, as of its effective date and at each deemed effective date with respect to the Underwriters pursuant to Rule 430B(f)(2) of the 1933 Act Regulations, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Pricing Disclosure Package at the Applicable Time contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (iii) that the Prospectus or any amendment or supplement thereto, as of their respective dates and at the Closing Date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Such counsel may also state that, except as otherwise expressly provided in such opinion, he does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in or incorporated by reference into the Registration Statement, the Pricing Disclosure Package or the Prospectus and does not express any opinion or belief as to (i) the financial statements or other financial and accounting data contained or incorporated by reference therein or excluded therefrom, including XBRL interactive data, (ii) the statement of the eligibility and qualification of the Trustee included in the Registration Statement (the “**Form T-1**”) or (iii) the information in the Prospectus under the caption “Book-Entry System.”

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

- (f) You shall have received an opinion of Hunton Andrews Kurth LLP, counsel to the Corporation, dated the Closing Date, to the effect that:
  - (i) The Corporation has been duly incorporated and is a validly existing corporation in good standing under the laws of the State of Delaware.
  - (ii) The Corporation has the corporate power and corporate authority to execute and deliver this Agreement and the Supplemental Indenture and to consummate the transactions contemplated hereby.
  - (iii) This Agreement has been duly authorized, executed and delivered by the Corporation.
  - (iv) The Indenture has been duly authorized, executed and delivered by the Corporation and, assuming the due authorization, execution and delivery thereof by the Trustee, is a valid and binding agreement of the Corporation, enforceable against the Corporation in accordance with its terms.



- (v) The Debentures have been duly authorized and executed by the Corporation, and, when duly authenticated by the Trustee and issued and delivered by the Corporation against payment therefor in accordance with the terms of this Agreement and the Indenture, the Debentures will constitute valid and binding obligations of the Corporation, entitled to the benefits of the Indenture and enforceable against the Corporation in accordance with their terms.
- (vi) The statements set forth (i) under the caption "Description of Debt Securities" (other than under the caption "Global Securities") that are included in the Base Prospectus and (ii) under the caption "Description of the Debentures" in the Pricing Disclosure Package and the Prospectus, insofar as such statements purport to summarize certain provisions of the Indenture and the Debentures, fairly summarize such provisions in all material respects.
- (vii) The statements set forth under the caption "Material U.S. Federal Income Tax Considerations," in the Pricing Disclosure Package and the Prospectus, insofar as such statements purport to constitute summaries of matters of United States federal income tax law, constitute accurate and complete summaries, in all material respects, subject to the qualifications set forth therein.
- (viii) No Governmental Approval, which has not been obtained or taken and is not in full force and effect, is required to authorize, or is required for, the execution or delivery of this Agreement by the Corporation or the consummation by the Corporation of the transactions contemplated hereby, except for such consents, approvals, authorizations, orders, registrations or qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Debentures by the Underwriters. "Governmental Approval" means any consent, approval, license, authorization or validation of, or filing, qualification or registration with, any Governmental Authority required to be made or obtained by the Corporation pursuant to Applicable Laws, other than any consent, approval, license, authorization, validation, filing, qualification or registration that may have become applicable as a result of the involvement of any party (other than the Corporation) in the transactions contemplated by this Agreement or because of such parties' legal or regulatory status or because of any other facts specifically pertaining to such parties and "Governmental Authority" means any court, regulatory body, administrative agency or governmental body of the State of North Carolina, the State of New York or the State of Delaware or the United States of America having jurisdiction over the Corporation under Applicable Law but excluding the North Carolina Utilities Commission, the New York Public Service Commission and the Delaware Public Service Commission.

- (ix) The Corporation is not and, solely after giving effect to the offering and sale of the Debentures and the application of the proceeds thereof as described in the Prospectus, will not be subject to registration and regulation as an “investment company” as such term is defined in the Investment Company Act of 1940, as amended.
- (x) The execution and delivery by the Corporation of this Agreement and the Indenture and the consummation by the Corporation of the transactions contemplated hereby, including the issuance and sale of the Debentures, will not (i) conflict with the Certificate of Incorporation or the By-Laws, (ii) constitute a violation of, or a breach of or default under, the terms of any of the contracts set forth on Schedule D hereto or (iii) violate or conflict with, or result in any contravention of, any Applicable Law of the State of New York or the General Corporation Law of the State of Delaware. Such counsel shall state that it does not express any opinion, however, as to whether the execution, delivery or performance by the Corporation of this Agreement or the Indenture will constitute a violation of, or a default under, any covenant, restriction or provision with respect to financial ratios or tests or any aspect of the financial condition or results or operations of the Corporation or any of its subsidiaries. “Applicable Law” means the General Corporation Law of the State of Delaware and those laws, rules and regulations of the States of New York and North Carolina and those federal laws, rules and regulations of the United States of America, in each case that, in such counsel’s experience, are normally applicable to transactions of the type contemplated by this Agreement (other than the United States federal securities laws, state securities or Blue Sky laws, antifraud laws and the rules and regulations of the Financial Industry Regulatory Authority, Inc., the North Carolina Public Utilities Act, the rules and regulations of the North Carolina Utilities Commission and the New York State Public Service Commission and the New York State Public Service Law), but without such counsel having made any special investigation as to the applicability of any specific law, rule or regulation.)
- (xi) The statements in the Pricing Disclosure Package and the Prospectus under the caption “Underwriting (Conflicts of Interest),” insofar as such statements purport to summarize certain provisions of this Agreement, fairly summarize such provisions in all material respects.

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

(i) no facts have come to such counsel’s attention that have caused such counsel to believe that the documents filed by the Corporation under the 1934 Act and the 1934 Act Regulations that are incorporated by reference in the Preliminary Prospectus Supplement that forms a part of the Pricing Disclosure Package and the Prospectus, when filed, were not, on their face, appropriately responsive in all material respects to the requirements of the 1934 Act and the 1934 Act Regulations (except that in each case such counsel need not express any view as to the

financial statements, schedules and other financial and accounting information included or incorporated by reference therein or excluded therefrom, compliance with XBRL interactive data requirements) (ii) the Registration Statement, at the Applicable Time, and the Prospectus, as of its date, appeared on their face to be appropriately responsive in all material respects to the requirements of the 1933 Act and the 1933 Act Rules and Regulations (except that in each case such counsel need not express any view as to the financial statements, schedules and other financial and accounting information included or incorporated by reference therein or excluded therefrom, compliance with XBRL interactive data requirements, or that part of the Registration Statement that constitutes the statement of eligibility on 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 that part of the Registration Statement that constitutes the statement of eligibility on 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).

In addition, such statement shall confirm that the Prospectus has been filed with the Commission within the time period required by Rule 424 of the 1933 Act Regulations and any required filing of a Permitted Free Writing Prospectus pursuant to Rule 433 of the 1933 Act Regulations has been filed with the Commission within the time period required by Rule 433(d) of the 1933 Act Regulations. Such statement shall further state that assuming the accuracy of the representations and warranties of the Corporation set forth in Section 2(d) hereof, 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 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 Andrews Kurth LLP may state that its opinions in paragraphs (v) and (vi) are subject to the effects of bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law). In addition, such counsel may state that it has relied as to certain factual matters on information obtained from public officials, officers and representatives of the Corporation and that the signatures on all documents examined by them are genuine, assumptions which such counsel have not independently verified.

- (g) You shall have received an opinion of Sidley Austin LLP, counsel for the Underwriters, dated the Closing Date, with respect to the validity of the Debentures, the Registration Statement, the Pricing Disclosure Package and the Prospectus, as amended or supplemented, and such other related matters as you may require, and the Corporation shall have furnished to such counsel such documents as it requests for the purpose of enabling it to pass upon such matters.
- (h) At or after the Applicable Time, there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally or of the securities of the Corporation, on the New York Stock Exchange; or (ii) a general moratorium on commercial banking activities in New York declared by either Federal or New York State authorities or a material disruption in commercial banking services or securities settlement or clearance services in the United States; or (iii) the outbreak or escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war, if the effect of any such event specified in this subsection (h) in your reasonable judgment makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Debentures 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 subsection (c) of this Section 6 and subsection (d) of this Section 6 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 it reaffirms 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.
- (l) At the Closing Date, the Corporation shall have applied for the Debentures to be listed on the NYSE.

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, directors and selling agents, 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 or any issuer free writing prospectus as defined in Rule 433 of the 1933 Act Regulations, or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with written information furnished to the Corporation by the Representatives on behalf of the Underwriters expressly for use in the Registration Statement (or any amendment thereto), the Preliminary Prospectus, the Pricing Disclosure Package, the Prospectus (or any amendment or supplement thereto) or any Permitted Free Writing Prospectus;
- (ii) against any and all loss, liability, claim, damage and expense whatsoever to the extent of the aggregate amount paid in settlement of any litigation, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Corporation; and

- (iii) against any and all expense whatsoever reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) of this subsection 7(a).

In no case shall the Corporation be liable under this indemnity agreement with respect to any claim made against any Underwriter or any such controlling person unless the Corporation shall be notified in writing of the nature of the claim within a reasonable time after the assertion thereof, but failure so to notify the Corporation shall not relieve it from any liability which it may have otherwise than under subsections 7(a) and 7(b). The Corporation shall be entitled to participate at its own expense in the defense, or, if it so elects, within a reasonable time after receipt of such notice, to assume the defense of any suit brought to enforce any such claim, but if it so elects to assume the defense, such defense shall be conducted by counsel chosen by it and approved by the Underwriter or Underwriters or controlling person or persons, or defendant or defendants in any suit so brought, which approval shall not be unreasonably withheld. In any such suit, any Underwriter or any such controlling person shall have the right to employ its own counsel, but the fees and expenses of such counsel shall be at the expense of such Underwriter or such controlling person unless (i) the Corporation and such Underwriter shall have mutually agreed to the employment of such counsel, or (ii) the named parties to any such action (including any impleaded parties) include both such Underwriter or such controlling person and the Corporation and such Underwriter or such controlling person shall have been advised by such counsel that a conflict of interest between the Corporation and such Underwriter or such controlling person may arise and for this reason it is not desirable for the same counsel to represent both the indemnifying party and also the indemnified party (it being understood, however, that the Corporation shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for all such Underwriters and all such controlling persons, which firm shall be designated in writing by you). The Corporation agrees to notify you within a reasonable time of the assertion of any claim against it, any of its officers or directors or any person who controls the Corporation within the meaning of Section 15 of the 1933 Act, in connection with the sale of the Debentures.

- (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 Debentures. 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 Debentures 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 Debentures 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 Debentures 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 Debentures, 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 Debentures 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 Debentures, or the Corporation notifies you that it has so arranged for the purchase of such Debentures, 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 Debentures.

- (b) If, after giving effect to any arrangements for the purchase of the Debentures of a defaulting Underwriter or Underwriters by you or the Corporation as provided in subsection (a) above, the aggregate amount of such Debentures which remains unpurchased does not exceed one-tenth of the aggregate amount of all the Debentures 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 Debentures 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 amount of Debentures which such Underwriter agreed to purchase hereunder) of the Debentures 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 Debentures of a defaulting Underwriter or Underwriters by you or the Corporation as provided in subsection (a) above, the aggregate amount of such Debentures which remains unpurchased exceeds one-tenth of the aggregate amount of all the Debentures 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 Debentures 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 referred to in Section 7 hereof, and will survive delivery of and payment for the Debentures.

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 (a) the purchase and sale of the Debentures 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, (b) 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, (c) 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, (d) 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 (e) 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 Merrill Lynch, Pierce, Fenner & Smith Incorporated, 50 Rockefeller Plaza, NY1-050-12-01, New York, NY 10020, Attention: High Grade Transaction Management/Legal (Fax No.: (646) 855-5958); Morgan Stanley & Co. LLC, 1585 Broadway, 29th Floor, New York, NY 10036, Attention: Investment Banking

Division (Fax No.: (212) 507-8999); RBC Capital Markets, LLC, Three World Financial Center, 200 Vesey Street, 8th Floor, New York, NY 10281-8098, Attention: DCM Transaction Management (Fax No.: (212) 658-6137); and Wells Fargo Securities, LLC, 550 South Tryon Street, 5th Floor, Charlotte, NC 28202, Attention: Transaction Management (Fax No.: (704) 410-0326) 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 Debentures from any Underwriter shall be deemed to be a successor or assign by reason merely of such purchase.

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

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

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

Very truly yours,

DUKE ENERGY CORPORATION

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

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

Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
Morgan Stanley & Co. LLC  
RBC Capital Markets, LLC  
Wells Fargo Securities, LLC

On behalf of each of the Underwriters

Merrill Lynch, Pierce, Fenner & Smith  
Incorporated

Morgan Stanley & Co. LLC

By: /s/ David Mikula  
Name: David Mikula  
Title: Managing Director

By: /s/ Yurij Slyz  
Name: Yurij Slyz  
Title: Executive Director

RBC Capital Markets, LLC

Wells Fargo Securities, LLC

By: /s/ Scott G. Primrose  
Name: Scott G. Primrose  
Title: Authorized Signatory

By: /s/ Carolyn Hurley  
Name: Carolyn Hurley  
Title: Director

*[Signature Page — Underwriting Agreement]*

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**SCHEDULE A**

<u>Underwriter</u>	<u>Principal Amount of Debentures to be Purchased</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	\$ 95,000,000
Morgan Stanley & Co. LLC	95,000,000
RBC Capital Markets, LLC	95,000,000
Wells Fargo Securities, LLC	95,000,000
Barclays Capital Inc.	31,250,000
TD Securities (USA) LLC	31,250,000
U.S. Bancorp Investments, Inc.	31,250,000
BB&T Capital Markets, a division of BB&T Securities, LLC	7,600,000
BNY Mellon Capital Markets, LLC	7,600,000
KeyBanc Capital Markets Inc.	7,600,000
Academy Securities, Inc.	1,725,000
C.L. King & Associates, Inc.	1,725,000
Total	<u>\$ 500,000,000</u>

**SCHEDULE B**

**PRICING DISCLOSURE PACKAGE**

- 1) Base Prospectus
- 2) Preliminary Prospectus Supplement dated September 11, 2018
- 3) Permitted Free Writing Prospectus
  - a) Pricing Term Sheet attached as Schedule C hereto

B-1

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SCHEDULE C

*Filed pursuant to Rule 433  
September 11, 2018*

*Relating to  
Preliminary Prospectus Supplement dated September 11, 2018 to  
Prospectus dated January 26, 2017  
Registration Statement No. 333-213765*

**Duke Energy Corporation**  
**\$500,000,000 5.625% Junior Subordinated Debentures due 2078**

Pricing Term Sheet

Issuer:	Duke Energy Corporation
Registration Format:	SEC Registered
Listing:	Intend to apply to list on the New York Stock Exchange; if approved for listing, trading is expected to begin within 30 days of issuance.
Trade Date:	September 11, 2018
Settlement Date:	September 17, 2018 (T+4)
Interest Payment Dates:	Quarterly in arrears on March 15, June 15, September 15 and December 15 of each year, commencing December 15, 2018, subject to deferral
Optional Deferral of Interest:	Up to 40 consecutive quarterly periods per deferral; deferred interest will accrue and compound quarterly at an annual rate of 5.625%, as permitted by law.
Security Description:	5.625% Junior Subordinated Debentures due 2078
Principal Amount:	\$500,000,000
Maturity:	September 15, 2078
Coupon Rate:	5.625%
Denominations:	\$25.00 and integral multiples of \$25.00 in excess thereof
Initial Price to Public:	\$25.00 per Debenture
Purchase Prices:	\$24.2125 per Debenture (for sales to retail investors) \$24.5000 per Debenture (for sales to institutional investors)

Over-allotment Option: None

Optional Redemption Provisions:

Par Call: On or after September 15, 2023, at any time and from time to time, in whole or in part, at a redemption price equal to 100% of the principal amount of the Debentures being redeemed plus accrued and unpaid interest on the principal amount of such Debentures being redeemed to, but excluding, the date of redemption.

Call for Tax Event: Prior to September 15, 2023, following the occurrence of a Tax Event, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Debentures being redeemed plus accrued and unpaid interest on the principal amount of such Debentures being redeemed to, but excluding, the date of redemption.

Call for Rating Agency Event: Prior to September 15, 2023, following the occurrence of a Rating Agency Event, in whole but not in part, at a redemption price equal to 102% of the principal amount of the Debentures being redeemed plus accrued and unpaid interest on the principal amount of such Debentures being redeemed to, but excluding, the date of redemption.

CUSIP / ISIN: 26441C 402 / US26441C4024

Joint Book-Running Managers: Merrill Lynch, Pierce, Fenner & Smith  
Incorporated  
Morgan Stanley & Co. LLC  
RBC Capital Markets, LLC  
Wells Fargo Securities, LLC

Joint Lead Managers: Barclays Capital Inc.  
TD Securities (USA) LLC  
U.S. Bancorp Investments, Inc.

Co-Managers: BB&T Capital Markets, a division of BB&T Securities, LLC  
BNY Mellon Capital Markets, LLC  
KeyBanc Capital Markets Inc.

Junior Co-Managers: Academy Securities, Inc.  
C.L. King & Associates, Inc.

The terms "Rating Agency Event" and "Tax Event" have the same meanings ascribed to those terms in the Issuer's Preliminary Prospectus Supplement dated September 11, 2018.

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 Merrill Lynch, Pierce, Fenner & Smith Incorporated toll-free at (800) 294-1322, Morgan Stanley & Co. LLC toll-free at (866) 718-1649, RBC Capital Markets, LLC toll-free at (866) 375-6829 or Wells Fargo Securities, LLC toll-free at (800) 645-3751.

**Schedule D**

Credit Agreement, dated as of November 18, 2011, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, Inc. and Duke Energy Kentucky, Inc., as Borrowers, the lenders listed therein, Wells Fargo Bank, National Association, as Administrative Agent, Bank of America, N.A. and The Royal Bank of Scotland plc, as Co Syndication Agents and Bank of China, New York Branch, Barclays Bank PLC, Citibank, N.A., Credit Suisse AG, Cayman Islands Branch, Industrial and Commercial Bank of China Limited, New York Branch, JPMorgan Chase Bank, N.A. and UBS Securities LLC, as Co-Documentation Agents, as amended by Amendment No. 1 and Consent, dated as of December 18, 2013 and by Amendment No. 2 and Consent, dated as of January 30, 2015, each between Duke Energy Corporation, Duke Energy Carolinas, LLC., Duke Energy Ohio, Inc., Duke Energy Indiana, Inc., Duke Energy Kentucky, Inc., Duke Energy Progress, Inc., Duke Energy Florida, Inc., the lenders party thereto, the issuing lenders party thereto and Wells Fargo Bank, National Association, and as further amended by Amendment No. 3 and Consent, dated as of March 16, 2017, among Duke Energy Corporation, Duke Energy Carolinas, LLC, Duke Energy Ohio, Inc., Duke Energy Indiana, LLC, Duke Energy Kentucky, Inc., Duke Energy Progress, LLC, Duke Energy Florida, LLC, and Piedmont Natural Gas Company, Inc., the lenders party thereto, the issuing lenders party thereto, and Wells Fargo Bank, National Association.

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K**

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

Date of Report (Date of earliest event reported): November 2, 2018

Commission file  
number

Registrant, State of Incorporation or Organization,  
Address of Principal Executive Offices, and Telephone Number

IRS Employer  
Identification No.

1-32853

**DUKE ENERGY CORPORATION**

(a Delaware corporation)  
550 South Tryon Street  
Charlotte, North Carolina 28202-1803  
704-382-3853

20-2777218



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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 2.02 Results of Operations and Financial Conditions.**

On November 2, 2018, Duke Energy Corporation will issue and post a news release to its website ([www.Duke-Energy.com/investors](http://www.Duke-Energy.com/investors)) announcing its financial results for the third quarter ended September 30, 2018. A copy of this news release is attached hereto as Exhibit 99.1. The information in Exhibit 99.1 is being furnished pursuant to this Item 2.02.

**Item 9.01 Financial Statements and Exhibits.**

(d) *Exhibits*

99.1 News Release to be issued by Duke Energy Corporation on November 2, 2018

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**SIGNATURE**

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

DUKE ENERGY CORPORATION

/s/ DWIGHT L. JACOBS

Dwight L. Jacobs

Senior Vice President, Chief Accounting Officer and Controller

Dated: November 2, 2018

## News Release



Media Contact: Catherine Butler  
24-Hour: 800.559.3853

Analysts: Mike Callahan  
Office: 704.382.0459

Nov. 2, 2018

### Duke Energy reports third quarter 2018 financial results

- **Third quarter 2018 GAAP EPS of \$1.51; adjusted EPS of \$1.65**
- **Company restores three million outages from Hurricanes Florence and Michael**
- **Company raising the midpoint of 2018 EPS guidance range on strong year-to-date results**

CHARLOTTE, N.C. – Duke Energy (NYSE: DUK) today announced third quarter 2018 reported diluted earnings per share (EPS), prepared in accordance with Generally Accepted Accounting Principles (GAAP) of \$1.51, compared to \$1.36 for the third quarter of 2017. Duke Energy's third quarter 2018 adjusted diluted EPS was \$1.65, compared to \$1.59 for the third quarter of 2017.

Adjusted diluted EPS excludes the impact of certain items that are included in GAAP reported diluted EPS. The difference between third quarter 2018 GAAP reported diluted EPS and adjusted diluted EPS was primarily due to a goodwill impairment.

Adjusted diluted EPS for third quarter 2018 was higher than the prior year primarily due to higher retail electric sales volumes and income tax benefits, partially offset by higher storm restoration costs and share dilution.

Based upon the results through the third quarter, the company is narrowing its 2018 adjusted diluted earnings guidance range to \$4.65 to \$4.85 per share.

"This quarter was marked by strong execution across our businesses. I am proud of the remarkable response from our employees to Hurricanes Florence and Michael," said Lynn Good, Duke Energy chairman, president and CEO. "Our commitment to our customers was unwavering as we responded to three million outages. We also reached significant regulatory approvals for the Atlantic Coast Pipeline, continuing to advance this important gas infrastructure project for our customers and communities.

"We delivered solid financial performance in the quarter and are on track to exceed our 2018 financial objectives. As a result, we have narrowed our full-year guidance, raising the midpoint into the upper half of our original guidance range for the year."

### Business segment results

In addition to the following summary of third quarter 2018 business segment performance, comprehensive tables with detailed EPS drivers for the third quarter compared to prior year are provided in the tables at the end of this news release.



The discussion below of third quarter results includes both GAAP segment income and adjusted segment income, which is a non-GAAP financial measure. The tables at the end of this news release present a full reconciliation of GAAP reported results to adjusted results.

### **Electric Utilities and Infrastructure**

On a reported basis, Electric Utilities and Infrastructure recognized third quarter 2018 segment income of \$1,167 million, compared to \$1,020 million in the third quarter of 2017. In addition to the drivers outlined below, third quarter 2017 results were impacted by an \$84 million after-tax impairment charge related to the Florida settlement agreement, and third quarter 2018 results were impacted by true ups of prior year estimates related to the Tax Cuts and Jobs Act of 2017 (the Tax Act). These amounts were treated as special items and excluded from adjusted earnings.

On an adjusted basis, Electric Utilities and Infrastructure recognized third quarter 2018 adjusted segment income of \$1,175 million, compared to \$1,104 million in the third quarter of 2017, an increase of \$0.10 per share, excluding share dilution of \$0.03 per share.

Higher quarterly results at Electric Utilities and Infrastructure were primarily due to:

- Strong weather-normal retail volumes (+\$0.05 per share)
- More favorable weather (+\$0.03 per share)
- Higher rider revenues (+\$0.03 per share)
- Contribution from the Duke Energy Progress (DEP) and Duke Energy Carolinas (DEC) North Carolina rate cases (+\$0.02 per share)
- Lower income tax expense (+\$0.06 per share), including impacts of the Tax Act.

These favorable drivers were partially offset by higher depreciation and amortization expense (-\$0.05 per share), an impairment charge related to the Edwardsport settlement at Duke Energy Indiana (-\$0.03 per share) and higher operation and maintenance (O&M) expense (-\$0.03 per share). Higher O&M was driven by higher storm restoration costs, partially offset by a FERC approved settlement to refund certain transmission costs.

### **Gas Utilities and Infrastructure**

On a reported basis, Gas Utilities and Infrastructure recognized third quarter 2018 segment income of \$17 million, compared to \$19 million in the third quarter of 2017. In addition to the drivers outlined below, third quarter 2018 results were impacted by true ups of prior year estimates related to the Tax Act. These costs were treated as special items and excluded from adjusted earnings.

On an adjusted basis, Gas Utilities and Infrastructure recognized third quarter 2018 adjusted segment income of \$18 million, compared to \$19 million in the third quarter of 2017. Results at Gas Utilities and Infrastructure were flat for the quarter, with growth from midstream investments offset by higher O&M expense.

## Commercial Renewables

On a reported basis, Commercial Renewables recognized a third quarter 2018 segment loss of \$62 million, compared to a segment loss of \$49 million in the third quarter of 2017. In addition to the drivers outlined below, third quarter 2018 results were impacted by an impairment charge resulting from annual goodwill testing and true ups of prior year estimates related to the Tax Act. These charges were treated as special items and excluded from adjusted earnings.

On an adjusted basis, Commercial Renewables recognized third quarter 2018 adjusted segment income of \$26 million, compared to \$7 million in the third quarter of 2017, an increase of \$0.03 per share. Higher quarterly results at Commercial Renewables were primarily due to a new solar project placed in service.

## Other

Other primarily includes interest expense on holding company debt, other unallocated corporate costs and results from Duke Energy's captive insurance company.

On a reported basis, Other recognized a third quarter 2018 net loss of \$44 million, compared to a net loss of \$34 million in the third quarter of 2017. In addition to the drivers outlined below, third quarter 2018 results were impacted by costs to achieve the Piedmont merger and true ups of prior year estimates related to the Tax Act. These costs were treated as special items and excluded from adjusted earnings.

On an adjusted basis, Other recognized a third quarter 2018 adjusted net loss of \$40 million, compared to an adjusted net loss of \$20 million in the third quarter of 2017, a difference of \$0.04 per share. Lower quarterly results at Other were primarily due to a lower tax shield on holding company interest as a result of the Tax Act (-\$0.03 per share) and a favorable litigation settlement in the prior year (-\$0.02 per share). These unfavorable drivers were partially offset by higher tax optimization benefits (+\$0.02 per share).

Duke Energy's consolidated reported effective tax rate for the third quarter of 2018 was 13.7% compared to 27.6% in the third quarter of 2017. The consolidated adjusted effective tax rate for third quarter 2018 was 12.9%, compared to 28.9% in 2017. The decreases in the reported and adjusted effective tax rates were primarily due to the impacts of the Tax Act. Adjusted effective tax rate is a non-GAAP financial measure. The tables at the end of this news release present a reconciliation of the reported effective tax rate to the adjusted effective tax rate.

## Earnings conference call for analysts

An earnings conference call for analysts is scheduled from 10 to 11 a.m. ET today to discuss the third quarter 2018 financial results and other business and financial updates. The conference call will be hosted by Lynn Good, chairman, president and chief executive officer, and Steve Young, executive vice president and chief financial officer.

The call can be accessed via the investors section ([www.duke-energy.com/investors](http://www.duke-energy.com/investors)) of Duke Energy's website or by dialing 877-627-6581 in the United States or 719-325-4837 outside the United States. The confirmation code is 6905344. 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, November 12, 2018, by calling 888-203-1112 in the United States or 719-457-0820 outside the United States and using the code 6905344. An audio replay, transcript and slides will also be available by accessing the investors section of the company's website.

### Special Items and Non-GAAP Reconciliation

The following tables present a reconciliation of GAAP reported to adjusted diluted EPS for third quarter 2018 and 2017 financial results:

(In millions, except per-share amounts)	After-Tax Amount	3Q 2018 EPS	3Q 2017 EPS
Diluted EPS, as reported		\$ 1.51	\$ 1.36
Adjustments to reported EPS:			
<b>Third Quarter 2018</b>			
Goodwill impairment charge	\$ 91	0.12	
Costs to achieve Piedmont merger	13	0.02	
Impacts of the Tax Act	(3)	—	
Discontinued operations	(4)	—	
<b>Third Quarter 2017</b>			
Costs to achieve Piedmont merger	14		0.03
Florida settlement	84		0.12
Commercial Renewables impairment	56		0.08
Discontinued operations	2		—
Total adjustments		\$ 0.14	\$ 0.23
Diluted EPS, adjusted		\$ 1.65	\$ 1.59

### Non-GAAP financial measures

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings, adjusted diluted EPS, and adjusted effective tax rate. Adjusted earnings and adjusted diluted EPS represent income from continuing operations attributable to Duke Energy, adjusted for the dollar and per-share impact of special items. The adjusted effective tax rate is calculated using pretax earnings and income tax expense, both as adjusted for the impact of special items. As discussed below, special items include certain charges and credits which management believes are not indicative of Duke Energy's ongoing performance.

Management believes the presentation of adjusted earnings, adjusted diluted EPS, and the adjusted effective tax rate provides useful information to investors, as it provides them with an additional relevant comparison of Duke Energy's performance across periods. Management uses these non-GAAP financial measures for planning and forecasting, and for reporting financial results to the Duke Energy Board of Directors, employees, stockholders, analysts and investors. Adjusted diluted EPS is also used as a basis for employee incentive bonuses. The most directly comparable GAAP measures for adjusted earnings, adjusted diluted EPS and adjusted effective tax rate are Net Income Attributable to Duke Energy Corporation (GAAP reported earnings) and Diluted EPS Attributable to Duke Energy Corporation common stockholders (GAAP reported EPS), and the reported effective tax rate, respectively.

Special items included in the periods presented include the following items, which management believes do not reflect ongoing costs:

- Costs to Achieve Piedmont Merger represents charges that result from the Piedmont acquisition.
- Regulatory and Legislative Impacts represents charges related to rate case orders, settlements or other actions of regulators or legislative bodies.
- Sale of Retired Plant represents the loss associated with selling Beckjord Generating Station (Beckjord), a nonregulated generating facility in Ohio.
- Impairment Charges represents an other-than-temporary impairment of an investment in Constitution Pipeline Company, LLC (Constitution) and Commercial Renewables impairments.
- Impacts of the Tax Act represents an Alternative Minimum Tax (AMT) valuation allowance recognized and a true up of prior year tax estimates, both related to the Tax Act.

Due to the forward-looking nature of any forecasted adjusted earnings guidance, information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items for future periods (such as legal settlements, the impact of regulatory orders or asset impairments).

Management evaluates segment performance based on segment income and other net loss. Segment income is defined as income from continuing operations attributable to Duke Energy. Segment income includes intercompany revenues and expenses that are eliminated in the Condensed Consolidated Financial Statements. Management also uses adjusted segment income as a measure of historical and anticipated future segment performance. Adjusted segment income is a non-GAAP financial measure, as it is based upon segment income adjusted for special items, which are discussed above. Management believes the presentation of adjusted segment income provides useful information to investors, as it provides them with an additional relevant comparison of a segment's performance across periods. The most directly comparable GAAP measure for adjusted segment income or adjusted other net loss is segment income and other net loss.

Due to the forward-looking nature of any forecasted adjusted segment income or adjusted other net loss and any related growth rates for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures is not available at this time, as the company is unable to forecast all special items, as discussed above.

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

## Duke Energy

Headquartered in Charlotte, N.C., Duke Energy (NYSE: DUK) is one of the largest energy holding companies in the U.S., with approximately 29,000 employees and a generating capacity of 49,500 megawatts. The company is transforming its customers' experience, modernizing its energy grid, generating cleaner energy and expanding its natural gas infrastructure to create a smarter energy future for the people and communities it serves.

The company's Electric Utilities and Infrastructure unit serves approximately 7.6 million retail electric customers in six states - North Carolina, South Carolina, Florida, Indiana, Ohio and Kentucky. Its Gas Utilities and Infrastructure unit distributes natural gas to approximately 1.6 million customers in five states - North Carolina, South Carolina, Tennessee, Ohio and Kentucky. Its Commercial Renewables unit operates a growing renewable energy portfolio across the U.S.

A Fortune 125 company, Duke Energy was named to Fortune's 2018 "World's Most Admired Companies" list and Forbes' 2018 "America's Best Employers" list.

More information about the company is available at [duke-energy.com](http://duke-energy.com). The [Duke Energy News Center](#) includes news releases, fact sheets, photos, videos and other materials. Duke Energy's [illumination](#) features stories about people, innovations, community topics and environmental issues. Follow Duke Energy on [Twitter](#), [LinkedIn](#), [Instagram](#) and [Facebook](#).

## Forward-Looking Information

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors include, but are not limited to:

- State, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements, including those related to climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices;
- The extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate;
- The ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through rate case proceedings and the regulatory process;
- The costs of decommissioning Crystal River Unit 3 and other nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process;
- Costs and effects of legal and administrative proceedings, settlements, investigations and claims;
- Industrial, commercial and residential growth or decline in service territories or customer bases resulting from sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, such as self-generation and distributed generation technologies;



- Federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as private solar and battery storage, in Duke Energy service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs;
  - Advancements in technology;
  - Additional competition in electric and natural gas markets and continued industry consolidation;
  - The influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change;
  - The ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the U.S. electric grid or generating resources;
  - The ability to obtain the necessary permits and approvals and to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business;
  - Operational interruptions to our natural gas distribution and transmission activities;
  - The availability of adequate interstate pipeline transportation capacity and natural gas supply;
  - The impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches and other catastrophic events, such as fires, explosions, pandemic health events or other similar occurrences;
  - The inherent risks associated with the operation of nuclear facilities, including environmental, health, safety, regulatory and financial risks, including the financial stability of third-party service providers;
  - The timing and extent of changes in commodity prices and interest rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets;
  - The results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations, compliance with debt covenants and conditions and general market and economic conditions;
  - Credit ratings of the Duke Energy Registrants may be different from what is expected;
  - 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 the Duke Energy Registrants' 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;
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- The effect of accounting pronouncements issued periodically by accounting standard-setting bodies;
- The impact of new U.S. tax legislation to our financial condition, results of operations or cash flows and our credit ratings;
- The impacts from potential impairments of goodwill or equity method investment carrying values; and
- The ability to implement our business strategy.

Additional risks and uncertainties are identified and discussed in the Duke Energy Registrants' 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 and the Duke Energy Registrants expressly disclaim an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
Three Months Ended September 30, 2018  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items			Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger	Impairment Charges	Impacts of the Tax Act			
<b>SEGMENT INCOME</b>							
Electric Utilities and Infrastructure	\$ 1,167	\$ —	\$ —	\$ 8	\$ —	\$ 8	\$ 1,175
Gas Utilities and Infrastructure	17	—	—	1	—	1	18
Commercial Renewables	(62)	—	91 B	(3)	—	88	26
<b>Total Reportable Segment Income</b>	<b>1,122</b>	<b>—</b>	<b>91</b>	<b>6</b>	<b>—</b>	<b>97</b>	<b>1,219</b>
Other	(44)	13 A	—	(9)	—	4	(40)
Discontinued Operations	4	—	—	—	(4) D	(4)	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 1,082</b>	<b>\$ 13</b>	<b>\$ 91</b>	<b>\$ (3) C</b>	<b>\$ (4)</b>	<b>\$ 97</b>	<b>\$ 1,179</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORP, DILUTED</b>	<b>\$ 1.51</b>	<b>\$ 0.02</b>	<b>\$ 0.12</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 0.14</b>	<b>\$ 1.65</b>

A - Net of \$3 million tax benefit. \$16 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B - Net of \$2 million Noncontrolling Interests. \$93 million goodwill impairment recorded within Impairment charges on the Condensed Consolidated Statements of Operations.

C - \$3 million tax benefit true up of prior year Tax Act estimates recorded within Income Tax Expense from Continuing Operations on the Condensed Consolidated Statements of Operations.

D - Recorded in Income (Loss) from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

**Weighted Average Shares, Diluted (reported and adjusted) - 714 million**

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Nine Months Ended September 30, 2018**  
(Dollars in millions, except per-share amounts)

	Special Items							Total Adjustments	Adjusted Earnings
	Reported Earnings	Costs to Achieve Piedmont Merger	Regulatory and Legislative Impacts	Sale of Retired Plant	Impairment Charges	Impacts of the Tax Act	Discontinued Operations		
<b>SEGMENT INCOME</b>									
Electric Utilities and Infrastructure	\$ 2,492	\$ —	\$ 202 B	\$ —	\$ —	\$ 8	\$ —	\$ 210	\$ 2,702
Gas Utilities and Infrastructure	161	—	—	—	42 D	1	—	43	204
Commercial Renewables	(4)	—	—	—	91 E	(3)	—	88	84
<b>Total Reportable Segment Income</b>	<b>2,649</b>	<b>—</b>	<b>202</b>	<b>—</b>	<b>133</b>	<b>6</b>	<b>—</b>	<b>341</b>	<b>2,990</b>
Other	(446)	41 A	—	82 C	—	67	—	190	(256)
Discontinued Operations	(1)	—	—	—	—	—	1 G	1	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 2,202</b>	<b>\$ 41</b>	<b>\$ 202</b>	<b>\$ 82</b>	<b>\$ 133</b>	<b>\$ 73 F</b>	<b>\$ 1</b>	<b>\$ 532</b>	<b>\$ 2,734</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORP, DILUTED</b>	<b>\$ 3.11</b>	<b>\$ 0.06</b>	<b>\$ 0.29</b>	<b>\$ 0.12</b>	<b>\$ 0.19</b>	<b>\$ 0.10</b>	<b>\$ —</b>	<b>\$ 0.76</b>	<b>\$ 3.87</b>

A - Net of \$12 million tax benefit. \$53 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B - Net of \$16 million tax benefit at Duke Energy Progress and \$47 million tax benefit at Duke Energy Carolinas.

- On the Duke Energy Progress Condensed Consolidated Statements of Operations, \$32 million is recorded within Impairment charges, \$31 million within Operations, maintenance and other, \$6 million within Interest Expense and \$(1) million within Depreciation and amortization.
- On the Duke Energy Carolinas Condensed Consolidated Statements of Operations, \$188 million is recorded within Impairment charges, \$8 million within Operations, maintenance and other, and \$1 million within Depreciation and amortization.

C - Net of \$25 million tax benefit. \$107 million recorded within Gains (Losses) on Sales of Other Assets and Other, net on the Condensed Consolidated Statements of Operations.

D - Net of \$13 million tax benefit. \$55 million included within Other Income and Expenses on the Condensed Consolidated Statements of Operations.

E - Net of \$2 million Noncontrolling Interests. \$93 million goodwill impairment recorded within Impairment charges on the Condensed Consolidated Statement of Operations.

F - \$76 million AMT valuation allowance and \$3 million tax benefit true up of prior year Tax Act estimates within Income Tax Expense from Continuing Operations on the Condensed Consolidated Statements of Operations.

G - Recorded in Income (Loss) from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

**Weighted Average Shares, Diluted (reported and adjusted) - 706 million**

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
Three Months Ended September 30, 2017  
(Dollars in millions, except per-share amounts)

	Special Items						Adjusted Earnings
	Reported Earnings	Costs to Achieve Piedmont Merger	Florida Settlement	Commercial Renewables Impairments	Discontinued Operations	Total Adjustments	
<b>SEGMENT INCOME</b>							
Electric Utilities and Infrastructure	\$ 1,020	\$ —	\$ 84	B \$ —	\$ —	\$ 84	\$ 1,104
Gas Utilities and Infrastructure	19	—	—	—	—	—	19
Commercial Renewables	(49)	—	—	56	C	56	7
<b>Total Reportable Segment Income</b>	<b>990</b>	<b>—</b>	<b>84</b>	<b>56</b>	<b>—</b>	<b>140</b>	<b>1,130</b>
Other	(34)	14	A	—	—	14	(20)
Discontinued Operations	(2)	—	—	—	2	D	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 954</b>	<b>\$ 14</b>	<b>\$ 84</b>	<b>\$ 56</b>	<b>\$ 2</b>	<b>\$ 156</b>	<b>\$ 1,110</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.36</b>	<b>\$ 0.03</b>	<b>\$ 0.12</b>	<b>\$ 0.08</b>	<b>\$ —</b>	<b>\$ 0.23</b>	<b>\$ 1.59</b>

A - Net of \$9 million tax benefit. \$23 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B - Net of \$51 million tax benefit. \$135 million recorded within Impairment charges on the Condensed Consolidated Statements of Operations.

C - Net of \$28 million tax benefit. \$74 million recorded within Impairment charges and \$10 million recorded within Other Income and Expenses on the Condensed Consolidated Statements of Operations.

D - Recorded in Income (Loss) from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

Weighted Average Shares, Diluted (reported and adjusted) - 700 million



**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Nine Months Ended September 30, 2017**  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items				Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger	Florida Settlement	Commercial Renewables Impairment	Discontinued Operations		
<b>SEGMENT INCOME</b>							
Electric Utilities and Infrastructure	\$ 2,384	\$ —	\$ 84	B \$ —	\$ —	\$ 84	\$ 2,468
Gas Utilities and Infrastructure	179	—	—	—	—	—	179
Commercial Renewables	2	—	—	56	C —	56	58
<b>Total Reportable Segment Income</b>	<b>2,565</b>	<b>—</b>	<b>84</b>	<b>56</b>	<b>—</b>	<b>140</b>	<b>2,705</b>
Other	(205)	43	A —	—	—	43	(162)
Discontinued Operations	(4)	—	—	—	4	D 4	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 2,356</b>	<b>\$ 43</b>	<b>\$ 84</b>	<b>\$ 56</b>	<b>\$ 4</b>	<b>\$ 187</b>	<b>\$ 2,543</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 3.36</b>	<b>\$ 0.06</b>	<b>\$ 0.12</b>	<b>\$ 0.08</b>	<b>\$ 0.01</b>	<b>\$ 0.27</b>	<b>\$ 3.63</b>

**A** - Net of \$26 million tax benefit. \$68 million recorded within Operating Expenses and \$1 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations.

**B** - Net of \$51 million tax benefit. \$135 million recorded within Impairment charges on the Condensed Consolidated Statements of Operations.

**C** - Net of \$28 million tax benefit. \$74 million recorded within Impairment charges and \$10 million recorded within Other Income and Expenses on the Condensed Consolidated Statements of Operations.

**D** - Recorded in Income (Loss) from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

**Weighted Average Shares, Diluted (reported and adjusted) - 700 million**

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
**September 2018**  
**(Dollars in millions)**

	Three Months Ended September 30, 2018		Nine Months Ended September 30, 2018	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 1,230		\$ 2,640	
Costs to Achieve Piedmont Merger	16		53	
Regulatory and Legislative Impacts	—		265	
Sale of Retired Plant	—		107	
Impairment Charges	91		146	
Noncontrolling Interests	16		12	
<b>Adjusted Pretax Income</b>	<b>\$ 1,353</b>		<b>\$ 3,223</b>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 168	13.7%	\$ 449	17.0%
Costs to Achieve Piedmont Merger	3		12	
Regulatory and Legislative Impacts	—		63	
Sale of Retired Plant	—		25	
Impairment Charges	—		13	
Impacts of the Tax Act	3		(73)	
<b>Adjusted Tax Expense</b>	<b>\$ 174</b>	<b>12.9% <sup>(a)</sup></b>	<b>\$ 489</b>	<b>15.2% <sup>(a)</sup></b>
	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2017	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 1,321		\$ 3,400	
Costs to Achieve Piedmont Merger	23		69	
Florida Settlement	135		135	
Commercial Renewables Impairments	84		84	
Noncontrolling Interests	(1)		(5)	
<b>Adjusted Pretax Income</b>	<b>\$ 1,562</b>		<b>\$ 3,683</b>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 364	27.6%	\$ 1,035	30.4%
Costs to Achieve Piedmont Merger	9		26	
Florida Settlement	51		51	
Commercial Renewables Impairments	28		28	
<b>Adjusted Tax Expense</b>	<b>\$ 452</b>	<b>28.9% <sup>(a)</sup></b>	<b>\$ 1,140</b>	<b>31.0% <sup>(a)</sup></b>

(a) 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**  
**EARNINGS VARIANCES**  
September 2018 QTD vs. Prior Year

(\$ per share)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Consolidated
<b>2017 QTD Reported Earnings Per Share, Diluted</b>	\$ 1.46	\$ 0.03	\$ (0.07)	\$ (0.06)	\$ 1.36
Costs to Achieve Piedmont Merger	—	—	—	0.03	0.03
Florida Settlement	0.12	—	—	—	0.12
Commercial Renewables Impairments	—	—	0.08	—	0.08
<b>2017 QTD Adjusted Earnings Per Share, Diluted</b>	\$ 1.58	\$ 0.03	\$ 0.01	\$ (0.03)	\$ 1.59
Change in share count <sup>(a)</sup>	(0.03)	—	—	—	(0.03)
Weather <sup>(b)</sup>	0.03	—	—	—	0.03
Volume	0.05	—	—	—	0.05
Pricing and Riders <sup>(c)</sup>	0.09	—	—	—	0.09
Wholesale	0.01	—	—	—	0.01
Operations and maintenance, net of recoverables <sup>(d)</sup>	(0.03)	(0.01)	—	—	(0.04)
Midstream Gas Pipelines	—	0.01	—	—	0.01
Duke Energy Renewables	—	—	0.03	—	0.03
Interest Expense and AFUDC	0.01	—	—	(0.01)	—
Other <sup>(e)</sup>	(0.14)	—	—	(0.02)	(0.16)
Change in effective income tax rate, including impacts of the Tax Act <sup>(f)</sup>	0.08	—	—	(0.01)	0.07
<b>2018 QTD Adjusted Earnings Per Share, Diluted</b>	\$ 1.65	\$ 0.03	\$ 0.04	\$ (0.07)	\$ 1.65
Costs to Achieve Piedmont Merger	—	—	—	(0.02)	(0.02)
Impairment Charges	—	—	(0.12)	—	(0.12)
Impacts of the Tax Act	(0.01)	—	—	0.01	—
<b>2018 QTD Reported Earnings Per Share, Diluted</b>	\$ 1.64	\$ 0.03	\$ (0.08)	\$ (0.08)	\$ 1.51

Note: Earnings Per Share amounts are calculated using the prior year consolidated statutory income tax rate for all drivers except Commercial Renewables, which uses an effective rate.

(a) Due to share issuances associated with equity forward transactions and the Dividend Reinvestment Program (DRIP). Weighted average diluted shares outstanding increased from 700 million shares to 714 million.

(b) Weather-related amounts include estimated volume impacts of Hurricane Irma in 2017 (+\$0.02) and Hurricane Florence in 2018 (-\$0.01).

(c) Primarily due to rate increases as a result of the DEP and DEC North Carolina rate cases (+\$0.05) and increased rider revenues (+\$0.03).

(d) Electric Utilities and Infrastructure is primarily due to higher storm costs compared to the prior year (-\$0.04), partially offset by a favorable settlement to refund certain transmission costs (+\$0.03).

(e) Electric Utilities and Infrastructure is primarily due to higher depreciation and amortization (D&A) associated with the DEP and DEC rate cases (-\$0.06), other increases in D&A (-\$0.05) primarily due to a growing asset base, and an impairment charge related to the Edwardsport settlement at Duke Energy Indiana (-\$0.03).

(f) Includes the net earnings impact of the Tax Act, including regulatory deferrals. Electric Utilities and Infrastructure also includes a benefit related to the return of North Carolina state excess deferred income taxes as a result of the DEP and DEC North Carolina rate cases (+\$0.02). Other also includes tax optimization benefits in the current year (+\$0.05), partially offset by prior year tax optimization benefits (-\$0.03).

**DUKE ENERGY CORPORATION**  
**EARNINGS VARIANCES**  
September 2018 YTD vs. Prior Year

(\$ per share)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Discontinued Operations	Consolidated
<b>2017 YTD Reported Earnings Per Share, Diluted</b>	\$ 3.41	\$ 0.26	\$ —	\$ (0.30)	\$ (0.01)	\$ 3.36
Costs to Achieve Piedmont Merger	—	—	—	0.06	—	0.06
Florida Settlement	0.12	—	—	—	—	0.12
Commercial Renewables Impairments	—	—	0.08	—	—	0.08
Discontinued Operations	—	—	—	—	0.01	0.01
<b>2017 YTD Adjusted Earnings Per Share, Diluted</b>	\$ 3.53	\$ 0.26	\$ 0.08	\$ (0.24)	\$ —	\$ 3.63
Change in share count <sup>(a)</sup>	(0.03)	—	—	—	—	(0.03)
Weather <sup>(b)</sup>	0.25	—	—	—	—	0.25
Volume	0.07	0.01	—	—	—	0.08
Pricing and Riders <sup>(c)</sup>	0.21	0.03	—	—	—	0.24
Wholesale <sup>(d)</sup>	0.05	—	—	—	—	0.05
Operations and maintenance, net of recoverables <sup>(e)</sup>	(0.01)	(0.02)	—	—	—	(0.03)
Duke Energy Renewables	—	—	0.04	—	—	0.04
Interest Expense and AFUDC	(0.02)	—	—	(0.05)	—	(0.07)
Other <sup>(f)</sup>	(0.37)	—	—	(0.02)	—	(0.39)
Change in effective income tax rate, including impacts of the Tax Act <sup>(g)</sup>	0.15	0.01	—	(0.06)	—	0.10
<b>2018 YTD Adjusted Earnings Per Share, Diluted</b>	\$ 3.83	\$ 0.29	\$ 0.12	\$ (0.37)	\$ —	\$ 3.87
Costs to Achieve Piedmont Merger	—	—	—	(0.06)	—	(0.06)
Regulatory and Legislative Impacts	(0.29)	—	—	—	—	(0.29)
Sale of Retired Plant	—	—	—	(0.12)	—	(0.12)
Impairment Charges	—	(0.06)	(0.13)	—	—	(0.19)
Impacts of the Tax Act	(0.01)	—	—	(0.09)	—	(0.10)
<b>2018 YTD Reported Earnings Per Share, Diluted</b>	\$ 3.53	\$ 0.23	\$ (0.01)	\$ (0.64)	\$ —	\$ 3.11

Note: Earnings Per Share amounts are calculated using the prior year consolidated statutory income tax rate for all drivers except for Commercial Renewables, which uses an effective rate.

- (a) Due to share issuances associated with equity forward transactions and the Dividend Reinvestment Program (DRIP). Weighted average diluted shares outstanding increased from 700 million shares to 706 million shares.
- (b) Weather-related amounts include estimated volume impacts of Hurricane Irma in 2017 (+\$0.02) and Hurricane Florence in 2018 (-\$0.01).
- (c) Electric Utilities and Infrastructure is primarily due to rate increases as a result of the DEP and DEC North Carolina rate cases (+\$0.10) and increased rider revenues (+\$0.10).
- (d) Primarily due to the recovery of deferred coal ash costs from wholesale customers in the Carolinas, which is offset in depreciation (+\$0.09), partially offset by charges related to the resolution of FERC accounting matters (-\$0.04).
- (e) Electric Utilities and Infrastructure is primarily due to higher storm costs compared to the prior year (-\$0.05), partially offset by a favorable settlement to refund certain transmission costs (+\$0.03).
- (f) Electric Utilities and Infrastructure is primarily due to amortization of coal ash costs, which is offset in wholesale (-\$0.09), higher D&A associated with the DEP and DEC rate cases (-\$0.09), other increases in D&A (-\$0.14) primarily due to a growing asset base, and an impairment charge related to the Edwardsport settlement at Duke Energy Indiana (-\$0.03).
- (g) Includes the net earnings impact of the Tax Act, including regulatory deferrals. Electric Utilities and Infrastructure also includes a benefit related to the return of North Carolina state excess deferred income taxes as a result of the DEC and DEP rate cases (+\$0.04).

**September 2018**  
**QUARTERLY HIGHLIGHTS**  
**(Unaudited)**

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
<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	\$ 1.51	\$ 1.36	\$ 3.12	\$ 3.37
Diluted	\$ 1.51	\$ 1.36	\$ 3.11	\$ 3.37
Loss from discontinued operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ —	\$ —	\$ —	\$ (0.01)
Diluted	\$ —	\$ —	\$ —	\$ (0.01)
Net income attributable to Duke Energy Corporation common stockholders				
Basic	\$ 1.51	\$ 1.36	\$ 3.12	\$ 3.36
Diluted	\$ 1.51	\$ 1.36	\$ 3.11	\$ 3.36
Weighted average shares outstanding				
Basic	713	700	705	700
Diluted	714	700	706	700
<b>INCOME (LOSS) BY BUSINESS SEGMENT</b>				
Electric Utilities and Infrastructure <sup>(a)</sup>	\$ 1,167	\$ 1,020	\$ 2,492	\$ 2,384
Gas Utilities and Infrastructure <sup>(b)</sup>	17	19	161	179
Commercial Renewables <sup>(c)</sup>	(62)	(49)	(4)	2
Total Reportable Segment Income	1,122	990	2,649	2,565
Other <sup>(d)(e)</sup>	(44)	(34)	(446)	(205)
Loss from Discontinued Operations	4	(2)	(1)	(4)
Net Income Attributable to Duke Energy Corporation	\$ 1,082	\$ 954	\$ 2,202	\$ 2,356
<b>CAPITALIZATION</b>				
Total Common Equity (%)			43%	44%
Total Debt (%)			57%	56%
Total Debt			\$ 56,853	\$ 53,313
Book Value Per Share			\$ 60.33	\$ 59.49
Actual Shares Outstanding			713	700
<b>CAPITAL AND INVESTMENT EXPENDITURES</b>				
Electric Utilities and Infrastructure	\$ 2,079	\$ 1,681	\$ 5,822	\$ 5,126
Gas Utilities and Infrastructure	358	271	767	877
Commercial Renewables	52	7	155	76
Other	59	35	200	132
Total Capital and Investment Expenditures	\$ 2,548	\$ 1,994	\$ 6,944	\$ 6,211

(a) Includes regulatory and legislative charges related to rate case orders, settlements or other actions of regulators or legislative bodies of \$202 million (net of tax of \$63 million) for the nine months ended September 30, 2018.

(b) Includes an other-than-temporary impairment of an investment in Constitution of \$42 million (net of tax of \$13 million) for the nine months ended September 30, 2018.

(c) Includes an impairment of the goodwill balance of \$91 million (net of noncontrolling interests of \$2 million) for the three and nine months ended September 30, 2018.

(d) Includes the loss associated with selling Beckjord, a non-regulated generating facility in Ohio that was retired in 2014, of \$82 million (net of tax of \$25 million) for the nine months ended September 30, 2018.

(e) Includes an Alternative Minimum Tax valuation allowance recognized related to the Tax Act of \$76 million for the nine months ended September 30, 2018.

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited)  
(In millions, except per-share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
<b>Operating Revenues</b>				
Regulated electric	\$ 6,216	\$ 6,091	\$ 16,678	\$ 16,122
Regulated natural gas	230	247	1,221	1,168
Nonregulated electric and other	182	144	507	476
Total operating revenues	6,628	6,482	18,406	17,766
<b>Operating Expenses</b>				
Fuel used in electric generation and purchased power	1,931	1,863	5,181	4,853
Cost of natural gas	58	68	460	402
Operation, maintenance and other	1,584	1,476	4,592	4,385
Depreciation and amortization	1,039	900	2,979	2,594
Property and other taxes	323	313	954	924
Impairment charges	124	207	339	216
Total operating expenses	5,059	4,827	14,505	13,374
<b>Gains (Losses) on Sales of Other Assets and Other, net</b>	10	6	(87)	24
<b>Operating Income</b>	1,579	1,661	3,814	4,416
<b>Other Income and Expenses</b>				
Equity in earnings of unconsolidated affiliates	37	36	49	101
Other income and expenses, net	131	122	327	358
Total other income and expenses	168	158	376	459
<b>Interest Expense</b>	517	498	1,550	1,475
<b>Income From Continuing Operations Before Income Taxes</b>	1,230	1,321	2,640	3,400
<b>Income Tax Expense From Continuing Operations</b>	168	364	449	1,035
<b>Income From Continuing Operations</b>	1,062	957	2,191	2,365
<b>Income (Loss) From Discontinued Operations, net of tax</b>	4	(2)	(1)	(4)
<b>Net Income</b>	1,066	955	2,190	2,361
<b>Less: Net (Loss) Income Attributable to Noncontrolling Interests</b>	(16)	1	(12)	5
<b>Net Income Attributable to Duke Energy Corporation</b>	\$ 1,082	\$ 954	\$ 2,202	\$ 2,356

**Earnings Per Share - Basic and Diluted**

Income from continuing operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ 1.51	\$ 1.36	\$ 3.12	\$ 3.37
Diluted	\$ 1.51	\$ 1.36	\$ 3.11	\$ 3.37
Loss from discontinued operations attributable to Duke Energy Corporation common stockholders				
Basic	\$ —	\$ —	\$ —	\$ (0.01)
Diluted	\$ —	\$ —	\$ —	\$ (0.01)
Net income attributable to Duke Energy Corporation common stockholders				
Basic	\$ 1.51	\$ 1.36	\$ 3.12	\$ 3.36
Diluted	\$ 1.51	\$ 1.36	\$ 3.11	\$ 3.36
Weighted average shares outstanding				
Basic	713	700	705	700
Diluted	714	700	706	700

Note: Prior period amounts have been recast to reclassify the presentation of the non-service cost (benefit) components of net periodic costs from Operation, maintenance and other to Other income and expenses due to the adoption of new accounting guidance on January 1, 2018.

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Unaudited)

(in millions)	September 30, 2018	December 31, 2017
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 303	\$ 358
Receivables (net of allowance for doubtful accounts of \$17 at 2018 and \$14 at 2017)	682	779
Receivables of VIEs (net of allowance for doubtful accounts of \$55 at 2018 and \$54 at 2017)	2,397	1,995
Inventory	3,140	3,250
Regulatory assets (includes \$52 at 2018 and \$51 at 2017 related to VIEs)	1,906	1,437
Other	1,092	634
Total current assets	9,520	8,453
<b>Property, Plant and Equipment</b>		
Cost	132,677	127,507
Accumulated depreciation and amortization	(43,200)	(41,537)
Generation facilities to be retired, net	388	421
Net property, plant and equipment	89,865	86,391
<b>Other Noncurrent Assets</b>		
Goodwill	19,303	19,396
Regulatory assets (includes \$1,055 at 2018 and \$1,091 at 2017 related to VIEs)	12,616	12,442
Nuclear decommissioning trust funds	7,421	7,097
Investments in equity method unconsolidated affiliates	1,328	1,175
Other	3,112	2,960
Total other noncurrent assets	43,780	43,070
<b>Total Assets</b>	<b>\$ 143,165</b>	<b>\$ 137,914</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 3,234	\$ 3,043
Notes payable and commercial paper	2,891	2,163
Taxes accrued	674	551
Interest accrued	557	525
Current maturities of long-term debt (includes \$228 at 2018 and \$225 at 2017 related to VIEs)	3,455	3,244
Asset retirement obligations	902	689
Regulatory liabilities	506	402
Other	1,703	1,865
Total current liabilities	13,922	12,482
<b>Long-Term Debt (includes \$4,015 at 2018 and \$4,306 at 2017 related to VIEs)</b>	<b>50,507</b>	<b>49,035</b>
<b>Other Noncurrent Liabilities</b>		
Deferred income taxes	7,765	6,621
Asset retirement obligations	9,354	9,486
Regulatory liabilities	15,587	15,330
Accrued pension and other post-retirement benefit costs	1,001	1,103
Investment tax credits	539	539
Other	1,477	1,581
Total other noncurrent liabilities	35,723	34,660
<b>Commitments and Contingencies</b>		
<b>Equity</b>		
Common stock, \$0.001 par value, 2 billion shares authorized; 713 million shares outstanding at 2018 and 700 million shares outstanding at 2017	1	1
Additional paid-in capital	39,747	38,792
Retained earnings	3,313	3,013
Accumulated other comprehensive loss	(66)	(67)
Total Duke Energy Corporation stockholders' equity	42,995	41,739
Noncontrolling interests	18	(2)
Total equity	43,013	41,737
<b>Total Liabilities and Equity</b>	<b>\$ 143,165</b>	<b>\$ 137,914</b>

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(In millions)

	Nine Months Ended September 30,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income	\$ 2,190	\$ 2,361
Adjustments to reconcile net income to net cash provided by operating activities	3,477	2,617
Net cash provided by operating activities	5,667	4,978
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net cash used in investing activities	(7,270)	(6,331)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net cash provided by financing activities	1,547	1,239
Net decrease in cash and cash equivalents	(56)	(114)
<b>Cash, cash equivalents and restricted cash at beginning of period</b>	<b>505</b>	<b>541</b>
<b>Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 449</b>	<b>\$ 427</b>



**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS**  
(Unaudited)

Three Months Ended September 30, 2018						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations/Adjustments	Duke Energy
<b>Operating Revenues</b>						
Regulated electric	\$ 6,260	\$ —	\$ —	\$ —	(44)	\$ 6,216
Regulated natural gas	—	254	—	—	(24)	230
Nonregulated electric and other	—	2	127	34	19	182
Total operating revenues	6,260	256	127	34	(49)	6,628
<b>Operating Expenses</b>						
Fuel used in electric generation and purchased power	1,935	—	—	14	(18)	1,931
Cost of natural gas	—	58	—	—	—	58
Operation, maintenance and other	1,431	101	85	(8)	(25)	1,584
Depreciation and amortization	897	61	40	43	(2)	1,039
Property and other taxes	289	24	6	5	(1)	323
Impairment charges	31	—	93	—	—	124
Total operating expenses	4,583	244	224	54	(46)	5,059
<b>Gains on Sales of Other Assets and Other, net</b>	8	—	—	3	(1)	10
<b>Operating Income (Loss)</b>	1,685	12	(97)	(17)	(4)	1,579
<b>Other Income and Expenses</b>						
Equity in earnings (losses) of unconsolidated affiliates	1	25	(2)	14	(1)	37
Other income and expenses, net	106	4	4	26	(9)	131
Total Other Income and Expenses	107	29	2	40	(10)	168
<b>Interest Expense</b>	322	25	21	163	(14)	517
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	1,470	16	(116)	(140)	—	1,230
<b>Income Tax Expense (Benefit) from Continuing Operations</b>	303	(1)	(37)	(98)	1	168
<b>Income (Loss) from Continuing Operations</b>	1,167	17	(79)	(42)	(1)	1,062
<b>Less: Net (Loss) Income Attributable to Noncontrolling Interest</b>	—	—	(17)	2	(1)	(16)
<b>Segment Income / Other Net Loss</b>	\$ 1,167	\$ 17	\$ (62)	\$ (44)	\$ —	\$ 1,078
<b>Income from Discontinued Operations, net of tax</b>						4
<b>Net Income Attributable to Duke Energy Corporation</b>						\$ 1,082
<b>Segment Income / Other Net Loss</b>	\$ 1,167	\$ 17	\$ (62)	\$ (44)	\$ —	\$ 1,078
<b>Special Items</b>	8	1	88	4	—	101
<b>Adjusted Earnings<sup>(a)</sup></b>	\$ 1,175	\$ 18	\$ 26	\$ (40)	\$ —	\$ 1,179

(a) See Reported To Adjusted Earnings Reconciliation above for a detailed reconciliation of Segment Income / Other Net Loss to Adjusted Earnings.

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS**  
(Unaudited)

(in millions)	Nine Months Ended September 30, 2018						Duke Energy
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations/Adjustments		
<b>Operating Revenues</b>							
Regulated electric	\$ 16,806	\$ —	\$ —	\$ —		(128)	\$ 16,678
Regulated natural gas	—	1,294	—	—		(73)	1,221
Nonregulated electric and other	—	7	347	101		52	507
Total operating revenues	16,806	1,301	347	101		(149)	18,406
<b>Operating Expenses</b>							
Fuel used in electric generation and purchased power	5,202	—	—	43		(64)	5,181
Cost of natural gas	—	460	—	—		—	460
Operation, maintenance and other	4,151	312	209	(2)		(78)	4,592
Depreciation and amortization	2,570	182	116	113		(2)	2,979
Property and other taxes	842	81	19	13		(1)	954
Impairment charges	246	—	93	—		—	339
Total operating expenses	13,011	1,035	437	167		(145)	14,505
<b>Gains (Losses) on Sales of Other Assets and Other, net</b>	9	—	—	(96)		—	(87)
<b>Operating Income (Loss)</b>	3,804	266	(90)	(162)		(4)	3,814
<b>Other Income and Expenses</b>							
Equity in earnings of unconsolidated affiliates	5	2	—	43		(1)	49
Other income and expenses, net	281	14	22	38		(28)	327
Total Other Income and Expenses	286	16	22	81		(29)	376
<b>Interest Expense</b>	955	78	66	484		(33)	1,550
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	3,135	204	(134)	(565)		—	2,640
<b>Income Tax Expense (Benefit) from Continuing Operations</b>	643	43	(112)	(125)		—	449
<b>Income (Loss) from Continuing Operations</b>	2,492	161	(22)	(440)		—	2,191
<b>Less: Net (Loss) Income Attributable to Noncontrolling Interest</b>	—	—	(18)	6		—	(12)
<b>Segment Income / Other Net Loss</b>	\$ 2,492	\$ 161	\$ (4)	\$ (446)		\$ —	\$ 2,203
<b>Loss from Discontinued Operations, net of tax</b>							(1)
<b>Net Income Attributable to Duke Energy Corporation</b>							\$ 2,202
<b>Segment Income / Other Net Loss</b>	\$ 2,492	\$ 161	\$ (4)	\$ (446)		\$ —	\$ 2,203
<b>Special Items</b>	210	43	88	190		—	531
<b>Adjusted Earnings<sup>(a)</sup></b>	\$ 2,702	\$ 204	\$ 84	\$ (256)		\$ —	\$ 2,734

(a) See Reported To Adjusted Earnings Reconciliation above for a detailed reconciliation of Segment Income / Other Net Loss to Adjusted Earnings.

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS**  
(Unaudited)

(in millions)	Three Months Ended September 30, 2017						Duke Energy
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations/Adjustments	Duke Energy	
<b>Operating Revenues</b>							
Regulated electric	\$ 6,129	\$ —	\$ —	\$ —	\$ (38)	\$	<b>6,091</b>
Regulated natural gas	—	271	—	—	(24)	—	<b>247</b>
Nonregulated electric and other	—	1	95	35	13	—	<b>144</b>
Total operating revenues	6,129	272	95	35	(49)	—	<b>6,482</b>
<b>Operating Expenses</b>							
Fuel used in electric generation and purchased power	1,872	—	—	13	(22)	—	<b>1,863</b>
Cost of natural gas	—	68	—	—	—	—	<b>68</b>
Operation, maintenance and other	1,332	94	55	20	(25)	—	<b>1,476</b>
Depreciation and amortization	777	57	39	27	—	—	<b>900</b>
Property and other taxes	277	25	9	3	(1)	—	<b>313</b>
Impairment charges	132	—	76	—	(1)	—	<b>207</b>
Total operating expenses	4,390	244	179	63	(49)	—	<b>4,827</b>
<b>Gains on Sales of Other Assets and Other, net</b>	—	—	1	4	1	—	<b>6</b>
<b>Operating Income (Loss)</b>	1,739	28	(83)	(24)	1	—	<b>1,661</b>
<b>Other Income and Expenses</b>							
Equity in earnings (losses) of unconsolidated affiliates	2	21	(3)	16	—	—	<b>36</b>
Other income and expenses, net	100	2	(8)	34	(6)	—	<b>122</b>
Total Other Income and Expenses	102	23	(11)	50	(6)	—	<b>158</b>
<b>Interest Expense</b>	305	26	22	150	(5)	—	<b>498</b>
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	1,536	25	(116)	(124)	—	—	<b>1,321</b>
<b>Income Tax Expense (Benefit) from Continuing Operations</b>	516	6	(65)	(93)	—	—	<b>364</b>
<b>Income (Loss) from Continuing Operations</b>	1,020	19	(51)	(31)	—	—	<b>957</b>
<b>Less: Net Income Attributable to Noncontrolling Interest</b>	—	—	(2)	3	—	—	<b>1</b>
<b>Segment Income / Other Net Loss</b>	\$ 1,020	\$ 19	\$ (49)	\$ (34)	\$ —	\$ —	<b>956</b>
<b>Loss from Discontinued Operations, net of tax</b>							<b>(2)</b>
<b>Net Income Attributable to Duke Energy Corporation</b>							<b>\$ 954</b>
<b>Segment Income / Other Net Loss</b>	\$ 1,020	\$ 19	\$ (49)	\$ (34)	\$ —	\$ —	<b>956</b>
<b>Special Items</b>	84	—	56	14	—	—	<b>154</b>
<b>Adjusted Earnings<sup>(a)</sup></b>	\$ 1,104	\$ 19	\$ 7	\$ (20)	\$ —	\$ —	<b>1,110</b>

Note: Prior period amounts have been recast to reclassify the presentation of the non-service cost (benefit) components of net periodic costs from Operation, maintenance and other to Other income and expenses due to the adoption of new accounting guidance on January 1, 2018.

(a) See Reported To Adjusted Earnings Reconciliation above for a detailed reconciliation of Segment Income / Other Net Loss to Adjusted Earnings.

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS**  
(Unaudited)

(in millions)	Nine Months Ended September 30, 2017						Duke Energy
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations/Adjustments	Duke Energy	
<b>Operating Revenues</b>							
Regulated electric	\$ 16,234	\$ —	\$ —	\$ —	(112)	\$ 16,122	
Regulated natural gas	—	1,237	—	—	(69)	1,168	
Nonregulated electric and other	—	6	333	103	34	476	
Total operating revenues	16,234	1,243	333	103	(147)	17,766	
<b>Operating Expenses</b>							
Fuel used in electric generation and purchased power	4,875	—	—	42	(64)	4,853	
Cost of natural gas	—	402	—	—	—	402	
Operation, maintenance and other	3,935	293	191	47	(81)	4,385	
Depreciation and amortization	2,228	171	116	79	—	2,594	
Property and other taxes	808	81	26	10	(1)	924	
Impairment charges	134	—	76	7	(1)	216	
Total operating expenses	11,980	947	409	185	(147)	13,374	
<b>Gains on Sales of Other Assets and Other, net</b>	4	—	5	15	—	24	
<b>Operating Income (Loss)</b>	4,258	296	(71)	(67)	—	4,416	
<b>Other Income and Expenses</b>							
Equity in earnings (losses) of unconsolidated affiliates	3	57	(5)	46	—	101	
Other income and expenses, net	321	5	(7)	54	(15)	358	
Total Other Income and Expenses	324	62	(12)	100	(15)	459	
<b>Interest Expense</b>	925	78	64	423	(15)	1,475	
<b>Income (Loss) from Continuing Operations Before Income Taxes</b>	3,657	280	(147)	(390)	—	3,400	
<b>Income Tax Expense (Benefit) from Continuing Operations</b>	1,273	101	(146)	(193)	—	1,035	
<b>Income (Loss) from Continuing Operations</b>	2,384	179	(1)	(197)	—	2,365	
<b>Less: Net (Loss) Income Attributable to Noncontrolling Interest</b>	—	—	(3)	8	—	5	
<b>Segment Income / Other Net Loss</b>	\$ 2,384	\$ 179	\$ 2	\$ (205)	\$ —	\$ 2,360	
<b>Loss from Discontinued Operations, net of tax</b>						(4)	
<b>Net Income Attributable to Duke Energy Corporation</b>						\$ 2,356	
<b>Segment Income / Other Net Loss</b>	\$ 2,384	\$ 179	\$ 2	\$ (205)	\$ —	\$ 2,360	
<b>Special Items</b>	84	—	56	43	—	183	
<b>Adjusted Earnings<sup>(a)</sup></b>	\$ 2,468	\$ 179	\$ 58	\$ (162)	\$ —	\$ 2,543	

Note: Prior period amounts have been recast to reclassify the presentation of the non-service cost (benefit) components of net periodic costs from Operation, maintenance and other to Other income and expenses due to the adoption of new accounting guidance on January 1, 2018.

(a) See Reported To Adjusted Earnings Reconciliation above for a detailed reconciliation of Segment Income / Other Net Loss to Adjusted Earnings.

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATING BALANCE SHEETS - ASSETS**  
(Unaudited)

September 30, 2018						
(in millions)	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations/ Adjustments	Duke Energy
<b>Current Assets</b>						
Cash and cash equivalents	\$ 87	\$ 8	\$ 27	\$ 181	\$ —	\$ 303
Receivables, net	519	68	59	35	1	682
Receivables of variable interest entities, net	2,397	—	—	—	—	2,397
Receivables from affiliated companies	31	13	1,302	406	(1,752)	—
Notes receivable from affiliated companies	106	11	—	905	(1,022)	—
Inventory	2,976	93	47	24	—	3,140
Regulatory assets	1,761	39	—	105	1	1,906
Other	251	48	145	669	(21)	1,092
Total current assets	8,128	280	1,580	2,325	(2,793)	9,520
<b>Property, Plant and Equipment</b>						
Cost	115,908	10,269	4,446	2,096	(42)	132,677
Accumulated depreciation and amortization	(38,932)	(2,320)	(809)	(1,140)	1	(43,200)
Generation facilities to be retired, net	388	—	—	—	—	388
Net property, plant and equipment	77,364	7,949	3,637	956	(41)	89,865
<b>Other Noncurrent Assets</b>						
Goodwill	17,379	1,924	—	—	—	19,303
Regulatory assets	11,515	640	—	461	—	12,616
Nuclear decommissioning trust funds	7,421	—	—	—	—	7,421
Investments in equity method unconsolidated affiliates	96	910	201	122	(1)	1,328
Investment in consolidated subsidiaries	215	27	6	58,451	(58,699)	—
Other	2,177	85	96	1,400	(646)	3,112
Total other noncurrent assets	38,803	3,586	303	60,434	(59,346)	43,780
<b>Total Assets</b>	124,295	11,815	5,520	63,715	(62,180)	143,165
Segment reclassifications, intercompany balances and other	(448)	(9)	(1,308)	(60,600)	62,365	—
<b>Segment Assets</b>	\$ 123,847	\$ 11,806	\$ 4,212	\$ 3,115	\$ 185	\$ 143,165

**DUKE ENERGY CORPORATION**  
**CONDENSED CONSOLIDATING BALANCE SHEETS - LIABILITIES AND EQUITY**  
(Unaudited)

(in millions)	September 30, 2018					
	Electric Utilities and Infrastructure	Gas Utilities and Infrastructure	Commercial Renewables	Other	Eliminations/ Adjustments	Duke Energy
<b>Current Liabilities</b>						
Accounts payable	\$ 2,565	\$ 172	\$ 49	\$ 447	\$ 1	\$ 3,234
Accounts payable to affiliated companies	485	45	9	1,184	(1,723)	—
Notes payable to affiliated companies	860	88	—	89	(1,037)	—
Notes payable and commercial paper	—	—	15	2,876	—	2,891
Taxes accrued	716	16	(105)	47	—	674
Interest accrued	393	35	—	129	—	557
Current maturities of long-term debt	1,981	350	175	950	(1)	3,455
Asset retirement obligations	902	—	—	—	—	902
Regulatory liabilities	453	50	—	3	—	506
Other	1,257	55	63	361	(33)	1,703
Total current liabilities	9,612	811	206	6,086	(2,793)	13,922
<b>Long-Term Debt</b>	30,440	2,435	1,604	16,069	(41)	50,507
<b>Long-Term Debt Payable to Affiliated Companies</b>	618	7	24	—	(649)	—
<b>Other Noncurrent Liabilities</b>						
Deferred income taxes	9,308	880	(256)	(2,167)	—	7,765
Asset retirement obligations	9,205	52	97	—	—	9,354
Regulatory liabilities	14,006	1,561	—	20	—	15,587
Accrued pension and other post-retirement benefit costs	664	18	—	319	—	1,001
Investment tax credits	536	3	—	—	—	539
Other	680	239	242	316	—	1,477
Total other noncurrent liabilities	34,399	2,753	83	(1,512)	—	35,723
<b>Equity</b>						
Total Duke Energy Corporation stockholders' equity	49,226	5,809	3,588	43,069	(58,697)	42,995
Noncontrolling interests	—	—	15	3	—	18
Total equity	49,226	5,809	3,603	43,072	(58,697)	43,013
<b>Total Liabilities and Equity</b>	124,295	11,815	5,520	63,715	(62,180)	143,165
Segment reclassifications, intercompany balances and other	(448)	(9)	(1,308)	(60,600)	62,365	—
<b>Segment Liabilities and Equity</b>	\$ 123,847	\$ 11,806	\$ 4,212	\$ 3,115	\$ 185	\$ 143,165

**ELECTRIC UTILITIES AND INFRASTRUCTURE**  
**CONDENSED CONSOLIDATING SEGMENT INCOME**  
(Unaudited)

(in millions)	Three Months Ended September 30, 2018						
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Eliminations/ Other	Electric Utilities and Infrastructure
<b>Operating Revenues</b>	\$ 2,090	\$ 1,582	\$ 1,462	\$ 373	\$ 819	\$ (66)	\$ 6,260
<b>Operating Expenses</b>							
Fuel used in electric generation and purchased power	490	535	614	99	272	(75)	1,935
Operation, maintenance and other	508	427	243	53	194	6	1,431
Depreciation and amortization	305	253	166	44	130	(1)	897
Property and other taxes	67	40	105	61	16	—	289
Impairment charges	1	—	1	—	30	(1)	31
Total operating expenses	1,371	1,255	1,129	257	642	(71)	4,583
<b>Gains on Sales of Other Assets and Other, net</b>	—	7	—	—	—	1	8
<b>Operating Income</b>	719	334	333	116	177	6	1,685
<b>Other Income and Expenses, net<sup>(b)</sup></b>	34	24	28	2	23	(4)	107
<b>Interest Expense</b>	106	82	73	16	42	3	322
<b>Income Before Income Taxes</b>	647	276	288	102	158	(1)	1,470
<b>Income Tax Expense</b>	149	58	44	17	37	(2)	303
<b>Segment Income</b>	\$ 498	\$ 218	\$ 244	\$ 85	\$ 121	\$ 1	\$ 1,167

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes an equity component of allowance for funds used during construction of \$18 million for Duke Energy Carolinas, \$15 million for Duke Energy Progress, \$14 million for Duke Energy Florida, \$2 million for Duke Energy Ohio and \$21 million for Duke Energy Indiana.

**ELECTRIC UTILITIES AND INFRASTRUCTURE  
CONDENSED CONSOLIDATING SEGMENT INCOME**  
(Unaudited)

(in millions)	Nine Months Ended September 30, 2018						
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Eliminations/ Other	Electric Utilities and Infrastructure
<b>Operating Revenues</b>	\$ 5,525	\$ 4,333	\$ 3,780	\$ 1,055	\$ 2,288	\$ (175)	\$ 16,806
<b>Operating Expenses</b>							
Fuel used in electric generation and purchased power	1,370	1,452	1,567	284	730	(201)	5,202
Operation, maintenance and other	1,443	1,174	711	237	570	16	4,151
Depreciation and amortization	866	723	460	133	386	2	2,570
Property and other taxes	214	115	284	173	56	—	842
Impairment charges	191	33	1	—	30	(9)	246
Total operating expenses	4,084	3,497	3,023	827	1,772	(192)	13,011
<b>(Losses) Gains on Sales of Other Assets and Other, net</b>	(1)	9	—	—	—	1	9
<b>Operating Income</b>	1,440	845	757	228	516	18	3,804
<b>Other Income and Expenses, net<sup>(b)</sup></b>	108	61	75	13	36	(7)	286
<b>Interest Expense</b>	323	241	210	49	125	7	955
<b>Income Before Income Taxes</b>	1,225	665	622	192	427	4	3,135
<b>Income Tax Expense</b>	275	124	102	35	106	1	643
<b>Segment Income</b>	\$ 950	\$ 541	\$ 520	\$ 157	\$ 321	\$ 3	\$ 2,492

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes an equity component of allowance for funds used during construction of \$57 million for Duke Energy Carolinas, \$41 million for Duke Energy Progress, \$40 million for Duke Energy Florida, \$8 million for Duke Energy Ohio and \$28 million for Duke Energy Indiana.



**ELECTRIC UTILITIES AND INFRASTRUCTURE**  
**CONDENSED CONSOLIDATING BALANCE SHEETS - ASSETS**  
(Unaudited)

(in millions)	September 30, 2018						
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Eliminations/ Adjustments <sup>(b)</sup>	Electric Utilities and Infrastructure
<b>Current Assets</b>							
Cash and cash equivalents	\$ 27	\$ 17	\$ 20	\$ 6	\$ 17	\$ —	\$ 87
Receivables, net	203	34	95	127	56	4	519
Receivables of variable interest entities, net	795	635	463	—	—	504	2,397
Receivables from affiliated companies	158	6	20	49	98	(300)	31
Notes receivable from affiliated companies	—	52	393	—	—	(339)	106
Inventory	976	956	517	93	434	—	2,976
Regulatory assets	435	677	445	14	190	—	1,761
Other	48	108	27	4	64	—	251
<b>Total current assets</b>	<b>2,642</b>	<b>2,485</b>	<b>1,980</b>	<b>293</b>	<b>859</b>	<b>(131)</b>	<b>8,128</b>
<b>Property, Plant and Equipment</b>							
Cost	44,086	31,091	18,722	6,162	15,298	549	115,908
Accumulated depreciation and amortization	(15,536)	(11,484)	(5,161)	(1,916)	(4,831)	(4)	(38,932)
Generation facilities to be retired, net	—	388	—	—	—	—	388
<b>Net property, plant and equipment</b>	<b>28,550</b>	<b>19,995</b>	<b>13,561</b>	<b>4,246</b>	<b>10,467</b>	<b>545</b>	<b>77,364</b>
<b>Other Noncurrent Assets</b>							
Goodwill	—	—	—	596	—	16,783	17,379
Regulatory assets	3,188	3,822	2,165	293	950	1,097	11,515
Nuclear decommissioning trust funds	3,943	2,744	734	—	—	—	7,421
Investments in equity method unconsolidated affiliates	—	—	—	—	—	96	96
Investment in consolidated subsidiaries	31	8	2	173	1	—	215
Other	1,009	652	314	56	234	(88)	2,177
<b>Total other noncurrent assets</b>	<b>8,171</b>	<b>7,226</b>	<b>3,215</b>	<b>1,118</b>	<b>1,185</b>	<b>17,888</b>	<b>38,803</b>
<b>Total Assets</b>	<b>39,363</b>	<b>29,706</b>	<b>18,756</b>	<b>5,657</b>	<b>12,511</b>	<b>18,302</b>	<b>124,295</b>
Segment reclassifications, intercompany balances and other	(282)	(138)	(384)	(173)	(73)	602	(448)
<b>Reportable Segment Assets</b>	<b>\$ 39,081</b>	<b>\$ 29,568</b>	<b>\$ 18,372</b>	<b>\$ 5,484</b>	<b>\$ 12,438</b>	<b>\$ 18,904</b>	<b>\$ 123,847</b>

(a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes the elimination of intercompany balances, purchase accounting adjustments and restricted receivables related to Cinergy Receivables Company.

**ELECTRIC UTILITIES AND INFRASTRUCTURE**  
**CONDENSED CONSOLIDATING BALANCE SHEETS - LIABILITIES AND EQUITY**  
(Unaudited)

(in millions)	September 30, 2018						
	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Ohio <sup>(a)</sup>	Duke Energy Indiana	Eliminations/ Adjustments <sup>(b)</sup>	Electric Utilities and Infrastructure
<b>Current Liabilities</b>							
Accounts payable	\$ 888	\$ 808	\$ 492	\$ 197	\$ 177	\$ 3	\$ 2,565
Accounts payable to affiliated companies	142	252	83	14	72	(78)	485
Notes payable to affiliated companies	804	—	—	180	201	(325)	860
Taxes accrued	189	92	233	153	45	4	716
Interest accrued	141	100	74	23	54	1	393
Current maturities of long-term debt	506	603	269	451	62	90	1,981
Asset retirement obligations	292	471	4	7	128	—	902
Regulatory liabilities	144	162	84	38	25	—	453
Other	419	352	315	63	109	(1)	1,257
Total current liabilities	3,525	2,840	1,554	1,126	873	(306)	9,612
<b>Long-Term Debt</b>	9,589	7,401	7,102	1,103	3,571	1,674	30,440
<b>Long-Term Debt Payable to Affiliated Companies</b>	300	150	—	18	150	—	618
<b>Other Noncurrent Liabilities</b>							
Deferred income taxes	3,663	2,079	2,013	552	989	12	9,308
Asset retirement obligations	3,420	4,371	589	54	616	155	9,205
Regulatory liabilities	6,480	4,128	1,146	490	1,761	1	14,006
Accrued pension and other post-retirement benefit costs	97	240	241	69	110	(93)	664
Investment tax credits	233	143	10	4	147	(1)	536
Other	508	48	45	69	31	(21)	680
Total other noncurrent liabilities	14,401	11,009	4,044	1,238	3,654	53	34,399
<b>Equity</b>	11,548	8,306	6,056	2,172	4,263	16,881	49,226
<b>Total Liabilities and Equity</b>	39,363	29,706	18,756	5,657	12,511	18,302	124,295
Segment reclassifications, intercompany balances and other	(282)	(138)	(384)	(173)	(73)	602	(448)
<b>Reportable Segment Liabilities and Equity</b>	\$ 39,081	\$ 29,568	\$ 18,372	\$ 5,484	\$ 12,438	\$ 18,904	\$ 123,847

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

**GAS UTILITIES AND INFRASTRUCTURE**  
**CONDENSED CONSOLIDATING SEGMENT INCOME**  
(Unaudited)

(in millions)	Three Months Ended September 30, 2018				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage <sup>(b)</sup>	Eliminations/ Adjustments	Gas Utilities and Infrastructure
<b>Operating Revenues</b>	\$ 84	\$ 172	\$ —	\$ —	\$ 256
<b>Operating Expenses</b>					
Cost of natural gas	4	54	—	—	58
Operation, maintenance and other	28	73	—	—	101
Depreciation and amortization	20	40	1	—	61
Property and other taxes	12	12	—	—	24
Total operating expenses	64	179	1	—	244
<b>Operating Income (Loss)</b>	20	(7)	(1)	—	12
<b>Other Income and Expenses</b>					
Equity in earnings of unconsolidated affiliates	—	—	25	—	25
Other income and expenses, net	1	3	—	—	4
Total other income and expenses	1	3	25	—	29
<b>Interest Expense</b>	6	19	—	—	25
<b>Income (Loss) Before Income Taxes</b>	15	(23)	24	—	16
<b>Income Tax Expense (Benefit)</b>	3	(10)	6	—	(1)
<b>Segment Income</b>	\$ 12	\$ (13)	\$ 18	\$ —	\$ 17

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes earnings from investments in ACP, Sabal Trail, Constitution and Cardinal pipelines, as well as Hardy and Pine Needle storage facilities.

**GAS UTILITIES AND INFRASTRUCTURE**  
**CONDENSED CONSOLIDATING SEGMENT INCOME**  
(Unaudited)

(In millions)	Nine Months Ended September 30, 2018				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage <sup>(b)</sup>	Eliminations/ Adjustments	Gas Utilities and Infrastructure
<b>Operating Revenues</b>	\$ 361	\$ 940	\$ —	\$ —	\$ 1,301
<b>Operating Expenses</b>					
Cost of natural gas	73	387	—	—	460
Operation, maintenance and other	86	223	3	—	312
Depreciation and amortization	63	118	1	—	182
Property and other taxes	45	36	—	—	81
Total operating expenses	267	764	4	—	1,035
<b>Operating Income (Loss)</b>	94	176	(4)	—	266
<b>Other Income and Expenses</b>					
Equity in earnings of unconsolidated affiliates	—	—	2	—	2
Other income and expenses, net	5	9	—	—	14
Total other income and expenses	5	9	2	—	16
<b>Interest Expense</b>	18	60	—	—	78
<b>Income (Loss) Before Income Taxes</b>	81	125	(2)	—	204
<b>Income Tax Expense (Benefit)</b>	17	26	—	—	43
<b>Segment Income</b>	\$ 64	\$ 99	\$ (2)	\$ —	\$ 161

(a) Includes results of the wholly owned subsidiary, Duke Energy Kentucky.

(b) Includes earnings from investments in ACP, Sabal Trail, Constitution and Cardinal pipelines, as well as Hardy and Pine Needle storage facilities.

**GAS UTILITIES AND INFRASTRUCTURE**  
**CONDENSED CONSOLIDATING BALANCE SHEETS - ASSETS**  
(Unaudited)

(in millions)	September 30, 2018				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage	Eliminations/ Adjustments <sup>(b)</sup>	Gas Utilities and Infrastructure
<b>Current Assets</b>					
Cash and cash equivalents	\$ 2	\$ 6	\$ —	\$ —	\$ 8
Receivables, net	(15)	83	—	—	68
Receivables from affiliated companies	15	70	—	(72)	13
Notes receivable from affiliated companies	—	11	—	—	11
Inventory	42	51	—	—	93
Regulatory assets	2	38	—	(1)	39
Other	1	48	—	(1)	48
<b>Total current assets</b>	<b>47</b>	<b>307</b>	<b>—</b>	<b>(74)</b>	<b>280</b>
<b>Property, Plant and Equipment</b>					
Cost	3,013	7,255	—	1	10,269
Accumulated depreciation and amortization	(766)	(1,553)	—	(1)	(2,320)
<b>Net property, plant and equipment</b>	<b>2,247</b>	<b>5,702</b>	<b>—</b>	<b>—</b>	<b>7,949</b>
<b>Other Noncurrent Assets</b>					
Goodwill	324	49	—	1,551	1,924
Regulatory assets	159	305	—	176	640
Investments in equity method unconsolidated affiliates	—	—	909	1	910
Investment in consolidated subsidiaries	—	—	—	27	27
Other	2	65	18	—	85
<b>Total other noncurrent assets</b>	<b>485</b>	<b>419</b>	<b>927</b>	<b>1,755</b>	<b>3,586</b>
<b>Total Assets</b>	<b>2,779</b>	<b>6,428</b>	<b>927</b>	<b>1,681</b>	<b>11,815</b>
Segment reclassifications, intercompany balances and other	(4)	(23)	(31)	49	(9)
<b>Reportable Segment Assets</b>	<b>\$ 2,775</b>	<b>\$ 6,405</b>	<b>\$ 896</b>	<b>\$ 1,730</b>	<b>\$ 11,806</b>

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

**GAS UTILITIES AND INFRASTRUCTURE**  
**CONDENSED CONSOLIDATING BALANCE SHEETS - LIABILITIES AND EQUITY**  
(Unaudited)

(in millions)	September 30, 2018				
	Duke Energy Ohio <sup>(a)</sup>	Piedmont Natural Gas LDC	Midstream Pipelines and Storage	Eliminations/ Adjustments <sup>(b)</sup>	Gas Utilities and Infrastructure
<b>Current Liabilities</b>					
Accounts payable	\$ 42	\$ 131	\$ —	\$ (1)	\$ 172
Accounts payable to affiliated companies	—	32	85	(72)	45
Notes payable to affiliated companies	88	—	—	—	88
Taxes accrued	(6)	44	(22)	—	16
Interest accrued	10	25	—	—	35
Current maturities of long-term debt	—	350	—	—	350
Regulatory liabilities	19	31	—	—	50
Other	5	50	—	—	55
<b>Total current liabilities</b>	<b>158</b>	<b>663</b>	<b>63</b>	<b>(73)</b>	<b>811</b>
<b>Long-Term Debt</b>	<b>486</b>	<b>1,788</b>	<b>—</b>	<b>161</b>	<b>2,435</b>
<b>Long-Term Debt Payable to Affiliated Companies</b>	<b>7</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7</b>
<b>Other Noncurrent Liabilities</b>					
Deferred income taxes	255	572	54	(1)	880
Asset retirement obligations	36	15	—	1	52
Regulatory liabilities	375	1,171	—	15	1,561
Accrued pension and other post-retirement benefit costs	15	3	—	—	18
Investment tax credits	2	1	—	—	3
Other	46	181	13	(1)	239
<b>Total other noncurrent liabilities</b>	<b>729</b>	<b>1,943</b>	<b>67</b>	<b>14</b>	<b>2,753</b>
<b>Equity</b>	<b>1,399</b>	<b>2,034</b>	<b>797</b>	<b>1,579</b>	<b>5,809</b>
<b>Total Liabilities and Equity</b>	<b>2,779</b>	<b>6,428</b>	<b>927</b>	<b>1,681</b>	<b>11,815</b>
Segment reclassifications, intercompany balances and other	(4)	(23)	(31)	49	(9)
<b>Reportable Segment Liabilities and Equity</b>	<b>\$ 2,775</b>	<b>\$ 6,405</b>	<b>\$ 896</b>	<b>\$ 1,730</b>	<b>\$ 11,806</b>

- (a) Includes balances of the wholly owned subsidiary, Duke Energy Kentucky.  
(b) Includes the elimination of intercompany balances and purchase accounting adjustments.

**Electric Utilities and Infrastructure**  
**Quarterly Highlights**  
**September 2018**

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	25,149	23,851	5.4%	1.8%	68,049	61,977	9.8%	1.8%
General Service	22,709	21,719	4.6%	2.9%	60,175	58,042	3.7%	1.5%
Industrial	14,264	13,625	4.7%	1.8%	39,438	39,026	1.1%	(0.9%)
Other Energy Sales	141	141	—%		422	426	(0.9%)	
Unbilled Sales	(939)	(531)	(76.8%)	n/a	(1,174)	(69)	(1,601.4%)	n/a
Total Retail Sales	61,324	58,605	4.3%	2.2%	166,910	159,402	4.7%	1.0%
Wholesale and Other	12,361	11,756	5.1%		33,224	31,567	5.2%	
Total Consolidated Electric Sales - Electric Utilities and Infrastructure	73,685	70,561	4.4%		200,134	190,969	4.8%	
<b>Average Number of Customers (Electric)</b>								
Residential	6,639,883	6,543,072	1.5%		6,620,991	6,525,912	1.5%	
General Service	984,937	975,354	1.0%		982,263	972,124	1.0%	
Industrial	17,493	17,724	(1.3%)		17,541	17,734	(1.1%)	
Other Energy Sales	25,328	23,362	8.4%		24,109	23,285	3.5%	
Total Retail Customers	7,667,641	7,559,512	1.4%		7,644,904	7,539,055	1.4%	
Wholesale and Other	53	57	(7.0%)		55	56	(1.8%)	
Total Average Number of Customers - Electric Utilities and Infrastructure	7,667,694	7,559,569	1.4%		7,644,959	7,539,111	1.4%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	18,597	21,936	(15.2%)		51,793	57,132	(9.3%)	
Nuclear	18,576	19,328	(3.9%)		54,676	55,227	(1.0%)	
Hydro	523	185	182.7%		2,259	1,014	122.8%	
Oil and Natural Gas	21,621	17,711	22.1%		55,635	46,306	20.1%	
Renewable Energy	120	126	(4.8%)		364	329	10.6%	
Total Generation (4)	59,437	59,286	0.3%		164,727	160,008	2.9%	
Purchased Power and Net Interchange (5)	18,097	15,020	20.5%		46,778	40,734	14.8%	
Total Sources of Energy	77,534	74,306	4.3%		211,505	200,742	5.4%	
Less: Line Loss and Other	3,849	3,745	2.8%		11,371	9,773	16.4%	
Total GWh Sources	73,685	70,561	4.4%		200,134	190,969	4.8%	
<b>Owned MW Capacity (3)</b>								
Summer					49,911	49,423		
Winter					53,453	53,119		
<b>Nuclear Capacity Factor (%) (6)</b>								
					94	95		

(1) Except as indicated in footnote (2), represents non-weather normalized billed sales, with energy delivered but not yet billed (i.e., unbilled sales) reflected as a single amount and not allocated to the respective retail classes.

(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.

**Duke Energy Carolinas**  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
September 2018

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	8,512	7,867	8.2%		23,120	20,579	12.3%	
General Service	8,820	8,110	8.8%		22,959	21,642	6.1%	
Industrial	6,319	5,829	8.4%		16,822	16,463	2.2%	
Other Energy Sales	76	75	1.3%		226	226	—%	
Unbilled Sales	(1,055)	(337)	(213.1%)		(1,152)	(369)	(212.2%)	
Total Retail Sales	22,672	21,544	5.2%	2.9%	61,975	58,541	5.9%	1.8%
Wholesale and Other	2,935	2,591	13.3%		8,531	7,618	12.0%	
Total Consolidated Electric Sales - Duke Energy Carolinas	25,607	24,135	6.1%		70,506	66,159	6.6%	
<b>Average Number of Customers</b>								
Residential	2,216,713	2,185,984	1.4%		2,209,530	2,177,335	1.5%	
General Service	358,451	354,801	1.0%		357,378	353,281	1.2%	
Industrial	6,148	6,237	(1.4%)		6,178	6,243	(1.0%)	
Other Energy Sales	17,350	15,407	12.6%		16,122	15,356	5.0%	
Total Retail Customers	2,598,662	2,562,429	1.4%		2,589,208	2,552,215	1.4%	
Wholesale and Other	21	26	(19.2%)		23	25	(8.0%)	
Total Average Number of Customers - Duke Energy Carolinas	2,598,683	2,562,455	1.4%		2,589,231	2,552,240	1.4%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	6,436	8,240	(21.9%)		18,715	20,732	(9.7%)	
Nuclear	11,347	11,495	(1.3%)		34,068	33,558	1.5%	
Hydro	337	38	786.8%		1,576	475	231.8%	
Oil and Natural Gas	4,970	3,011	65.1%		12,173	8,071	50.8%	
Renewable Energy	44	46	(4.3%)		129	96	34.4%	
Total Generation (4)	23,134	22,830	1.3%		66,661	62,932	5.9%	
Purchased Power and Net Interchange (5)	3,645	2,756	32.3%		7,479	7,055	6.0%	
Total Sources of Energy	26,779	25,586	4.7%		74,140	69,987	5.9%	
Less: Line Loss and Other	1,172	1,451	(19.2%)		3,634	3,828	(5.1%)	
Total GWh Sources	25,607	24,135	6.1%		70,506	66,159	6.6%	
<b>Owned MW Capacity (3)</b>								
Summer					20,178	19,568		
Winter					21,114	20,425		
<b>Nuclear Capacity Factor (%) (6)</b>								
					97	96		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	—	11	(100.0%)		1,929	1,433	34.6%	
Cooling Degree Days	1,136	1,012	12.3%		1,784	1,546	15.4%	
<b>Variance from Normal</b>								
Heating Degree Days	(100.0%)	(29.9%)	n/a		(2.6%)	(27.8%)	n/a	
Cooling Degree Days	14.5%	2.9%	n/a		19.8%	4.3%	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.

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Duke Energy Progress  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
September 2018

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	5,174	5,015	3.2%		14,706	13,353	10.1%	
General Service	4,502	4,489	0.3%		12,005	11,761	2.1%	
Industrial	2,813	2,741	2.6%		7,890	7,832	0.7%	
Other Energy Sales	19	20	(5.0%)		58	61	(4.9%)	
Unbilled Sales	(40)	(237)	83.1%		(312)	(269)	(8.0%)	
Total Retail Sales	12,468	12,028	3.7%	4.0%	34,347	32,718	5.0%	1.9%
Wholesale and Other	7,157	6,799	5.3%		18,400	17,308	6.3%	
Total Consolidated Electric Sales - Duke Energy Progress	19,625	18,827	4.2%		52,747	50,026	5.4%	
<b>Average Number of Customers</b>								
Residential	1,334,169	1,312,250	1.7%		1,328,486	1,307,350	1.6%	
General Service	235,480	232,657	1.2%		234,497	231,592	1.3%	
Industrial	4,072	4,123	(1.2%)		4,062	4,128	(1.6%)	
Other Energy Sales	1,420	1,454	(2.3%)		1,438	1,457	(1.3%)	
Total Retail Customers	1,575,141	1,550,484	1.6%		1,568,483	1,544,527	1.6%	
Wholesale and Other	14	14	—%		14	14	—%	
Total Average Number of Customers - Duke Energy Progress	1,575,155	1,550,498	1.6%		1,568,497	1,544,541	1.6%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	2,434	3,571	(31.8%)		6,760	6,808	(0.7%)	
Nuclear	7,229	7,833	(7.7%)		20,608	21,669	(4.9%)	
Hydro	145	77	88.3%		590	378	56.1%	
Oil and Natural Gas	6,956	5,936	17.2%		18,182	16,648	9.2%	
Renewable Energy	63	72	(12.5%)		191	206	(7.3%)	
Total Generation (4)	16,827	17,489	(3.8%)		46,331	45,709	1.4%	
Purchased Power and Net Interchange (5)	3,501	2,035	72.0%		8,470	6,021	40.7%	
Total Sources of Energy	20,328	19,524	4.1%		54,801	51,730	5.9%	
Less: Line Loss and Other	703	697	0.9%		2,054	1,704	20.5%	
Total GWh Sources	19,625	18,827	4.2%		52,747	50,026	5.4%	
<b>Owned MW Capacity (3)</b>								
Summer					12,747	12,809		
Winter					13,913	14,011		
<b>Nuclear Capacity Factor (%) (6)</b>								
					89	93		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	—	2	(100.0%)		1,805	1,288	40.1%	
Cooling Degree Days	1,217	1,124	8.3%		1,936	1,781	8.7%	
<b>Variance from Normal</b>								
Heating Degree Days	(100.0%)	(80.1%)	n/a		(0.5%)	(29.0%)	n/a	
Cooling Degree Days	15.6%	6.7%	n/a		21.2%	11.5%	n/a	

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(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

(6) Statistics reflect 100% of jointly owned stations.

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Duke Energy Florida  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
September 2018

	Three Months Ended September 30,			Nine Months Ended September 30,				
	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	6,296	6,318	(0.3%)		15,487	15,086	2.7%	
General Service	4,331	4,290	1.0%		11,470	11,347	1.1%	
Industrial	813	806	0.9%		2,352	2,348	0.2%	
Other Energy Sales	6	6	—%		18	18	—%	
Unbilled Sales	227	(52)	536.5%		615	601	2.3%	
Total Retail Sales	11,673	11,368	2.7%	1.2%	29,942	29,400	1.8%	(0.1%)
Wholesale and Other	702	764	(8.1%)		1,856	1,777	4.4%	
Total Electric Sales - Duke Energy Florida	12,375	12,132	2.0%		31,798	31,177	2.0%	
<b>Average Number of Customers</b>								
Residential	1,801,488	1,574,801	1.7%		1,594,979	1,569,565	1.6%	
General Service	201,187	198,983	1.1%		200,684	198,236	1.2%	
Industrial	2,070	2,139	(3.2%)		2,087	2,147	(2.8%)	
Other Energy Sales	1,506	1,514	(0.5%)		1,511	1,518	(0.5%)	
Total Retail Customers	1,806,251	1,777,437	1.6%		1,799,261	1,771,466	1.6%	
Wholesale and Other	12	11	9.1%		12	11	9.1%	
Total Average Number of Customers - Duke Energy Florida	1,806,263	1,777,448	1.6%		1,799,273	1,771,477	1.6%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	2,441	2,513	(2.9%)		6,439	7,465	(13.7%)	
Oil and Natural Gas	8,647	8,295	4.2%		21,976	20,307	8.2%	
Renewable Energy	4	2	n/a		21	10	n/a	
Total Generation (4)	11,092	10,810	2.6%		28,436	27,782	2.4%	
Purchased Power and Net Interchange (5)	2,106	2,054	2.5%		5,385	5,103	5.5%	
Total Sources of Energy	13,198	12,864	2.6%		33,821	32,885	2.8%	
Less: Line Loss and Other	823	732	12.4%		2,023	1,708	18.4%	
Total GWh Sources	12,375	12,132	2.0%		31,798	31,177	2.0%	
<b>Owned MW Capacity (3)</b>								
Summer					9,304	9,225		
Winter					10,255	10,332		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	—	—	—%		385	177	117.5%	
Cooling Degree Days	1,517	1,552	(2.3%)		2,833	2,904	(2.4%)	
<b>Variance from Normal</b>								
Heating Degree Days	—%	—%	n/a		(1.3%)	(54.8%)	n/a	
Cooling Degree Days	2.1%	4.8%	n/a		4.5%	7.7%	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 Ohio**  
**Quarterly Highlights**  
**Supplemental Electric Utilities and Infrastructure Information**  
**September 2018**

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	2,648	2,375	11.5%		7,263	6,405	13.4%	
General Service	2,683	2,565	4.6%		7,343	7,089	3.6%	
Industrial	1,521	1,517	0.3%		4,379	4,422	(1.0%)	
Other Energy Sales	27	27	—%		81	82	(1.2%)	
Unbilled Sales	(43)	37	(216.2%)		(161)	(32)	(403.1%)	
Total Retail Sales	6,836	6,521	4.8%	(0.4%)	18,905	17,966	5.2%	(0.7%)
Wholesale and Other	128	151	(15.2%)		278	666	(58.3%)	
Total Electric Sales - Duke Energy Ohio	6,964	6,672	4.4%		19,183	18,632	3.0%	
<b>Average Number of Customers</b>								
Residential	764,487	758,450	0.8%		765,550	758,793	0.9%	
General Service	88,182	87,727	0.5%		88,219	87,884	0.4%	
Industrial	2,483	2,498	(0.6%)		2,492	2,501	(0.4%)	
Other Energy Sales	3,340	3,312	0.8%		3,334	3,297	1.1%	
Total Retail Customers	858,492	851,987	0.8%		859,595	852,475	0.8%	
Wholesale and Other	1	1	—%		1	1	—%	
Total Average Number of Customers - Duke Energy Ohio	858,493	851,988	0.8%		859,596	852,476	0.8%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	991	1,003	(1.2%)		1,810	3,229	(43.9%)	
Oil and Natural Gas	44	6	633.3%		113	13	769.2%	
Total Generation (4)	1,035	1,009	2.6%		1,923	3,242	(40.7%)	
Purchased Power and Net Interchange (5)	6,584	6,276	4.9%		19,468	17,188	13.3%	
Total Sources of Energy	7,619	7,285	4.6%		21,391	20,430	4.7%	
Less: Line Loss and Other	655	613	6.9%		2,208	1,798	22.8%	
Total GWh Sources	6,964	6,672	4.4%		19,183	18,632	3.0%	
<b>Owned MW Capacity (3)</b>								
Summer					1,076	1,060		
Winter					1,164	1,168		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	29	46	(37.0%)		3,095	2,403	28.8%	
Cooling Degree Days	910	700	30.0%		1,453	1,033	40.7%	
<b>Variance from Normal</b>								
Heating Degree Days	(48.0%)	(19.4%)	n/a		0.5%	(22.1%)	n/a	
Cooling Degree Days	20.4%	(6.6%)	n/a		33.6%	(4.4%)	n/a	

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(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

Duke Energy Indiana  
Quarterly Highlights  
Supplemental Electric Utilities and Infrastructure Information  
September 2018

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)	2018	2017	% Inc.(Dec.)	% Inc.(Dec.) Weather Normal (2)
<b>GWh Sales (1)</b>								
Residential	2,519	2,276	10.7%		7,473	6,554	14.0%	
General Service	2,373	2,265	4.8%		6,398	6,203	3.1%	
Industrial	2,798	2,732	2.4%		7,995	7,961	0.4%	
Other Energy Sales	13	13	—%		39	39	—%	
Unbilled Sales	(28)	58	(148.3%)		(164)	20	(920.0%)	
Total Retail Sales	7,675	7,344	4.5%	1.2%	21,741	20,777	4.6%	0.5%
Wholesale and Other	1,439	1,451	(0.8%)		4,159	4,198	(0.9%)	
Total Electric Sales - Duke Energy Indiana	9,114	8,795	3.6%		25,900	24,975	3.7%	
<b>Average Number of Customers</b>								
Residential	723,026	711,587	1.6%		722,446	712,869	1.3%	
General Service	101,637	101,186	0.4%		101,485	101,131	0.4%	
Industrial	2,720	2,727	(0.3%)		2,722	2,715	0.3%	
Other Energy Sales	1,712	1,675	2.2%		1,704	1,657	2.8%	
Total Retail Customers	829,095	817,175	1.5%		828,357	818,372	1.2%	
Wholesale and Other	5	5	—%		5	5	—%	
Total Average Number of Customers - Duke Energy Indiana	829,100	817,180	1.5%		828,362	818,377	1.2%	
<b>Sources of Electric Energy (GWh)</b>								
Generated - Net Output (3)								
Coal	6,295	6,609	(4.8%)		18,069	18,898	(4.4%)	
Hydro	41	70	(41.4%)		93	161	(42.2%)	
Oil and Natural Gas	1,004	463	116.8%		3,191	1,267	151.9%	
Renewable Energy	9	6	n/a		23	17	n/a	
Total Generation (4)	7,349	7,148	2.8%		21,376	20,343	5.1%	
Purchased Power and Net Interchange (5)	2,261	1,899	19.1%		5,976	5,367	11.3%	
Total Sources of Energy	9,610	9,047	6.2%		27,352	25,710	6.4%	
Less: Line Loss and Other	496	252	96.8%		1,452	735	97.6%	
Total GWh Sources	9,114	8,795	3.6%		25,900	24,975	3.7%	
<b>Owned MW Capacity (3)</b>								
Summer					6,606	6,741		
Winter					7,007	7,183		
<b>Heating and Cooling Degree Days</b>								
<b>Actual</b>								
Heating Degree Days	37	39	(5.1%)		3,415	2,619	30.4%	
Cooling Degree Days	896	733	22.2%		1,457	1,056	38.0%	
<b>Variance from Normal</b>								
Heating Degree Days	(43.5%)	(41.4%)	n/a		2.8%	(21.2%)	n/a	
Cooling Degree Days	20.0%	(1.0%)	n/a		35.0%	(1.6%)	n/a	

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(2) Represents weather normal total retail calendar sales (i.e., billed and unbilled sales).

(3) Statistics reflect Duke Energy's ownership share of jointly owned stations.

(4) Generation by source is reported net of auxiliary power.

(5) Purchased power includes renewable energy purchases.

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**Gas Utilities and Infrastructure**  
**Quarterly Highlights**  
**September 2018**

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	% Inc.(Dec.)	2018	2017	% Inc.(Dec.)
<b>Total Sales</b>						
Piedmont Natural Gas Local Distribution Company (LDC) throughput (dekatherms) (1)	135,403,188	107,490,775	26.0%	407,144,529	334,781,316	21.6%
Duke Energy Midwest LDC throughput (Mcf)	9,370,743	9,904,644	(5.4%)	62,111,858	52,940,410	17.3%
<b>Average Number of Customers - Piedmont Natural Gas</b>						
Residential	955,615	943,122	1.3%	964,776	950,240	1.5%
Commercial	102,757	100,126	2.6%	103,711	100,961	2.7%
Industrial	963	2,282	(57.8%)	962	2,305	(58.3%)
Power Generation	17	27	(37.0%)	17	26	(34.6%)
Total Average Number of Gas Customers - Piedmont Natural Gas	1,059,352	1,045,557	1.3%	1,069,466	1,053,532	1.5%
<b>Average Number of Customers - Duke Energy Midwest</b>						
Residential	481,520	477,620	0.8%	485,462	481,142	0.9%
General Service	41,094	41,040	0.1%	43,177	43,066	0.3%
Industrial	1,518	1,505	0.9%	1,564	1,579	0.3%
Other	136	139	(2.2%)	138	140	(1.4%)
Total Average Number of Gas Customers - Duke Energy Midwest	524,268	520,304	0.8%	530,361	525,927	0.8%

(1) Piedmont has a margin decoupling mechanism in North Carolina and weather normalization mechanisms in South Carolina and Tennessee that significantly eliminate the impact of throughput changes on earnings. Duke Energy Ohio's rate design also serves to offset this impact.

**Commercial Renewables**  
**Quarterly Highlights**  
**September 2018**

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	% Inc.(Dec.)	2018	2017	% Inc.(Dec.)
Renewable Plant Production, GWh	1,897	1,760	7.8%	6,548	6,276	4.3%
Net Proportional MW Capacity in Operation	n/a	n/a		2,976	2,908	2.3%



**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 13, 2018**

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)	20-2777218

**550 South Tryon Street, Charlotte, North Carolina 28202**  
(Address of Principal Executive Offices, including Zip code)

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
- Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

(d) On December 13, 2018, Annette K. Clayton was appointed to the Board of Directors (the "Board") of Duke Energy Corporation (the "Corporation"), effective January 7, 2019. Ms. Clayton has been appointed to the Board's Audit Committee and Nuclear Oversight Committee, effective January 7, 2019.

Ms. Clayton has been President and Chief Executive Officer of Schneider Electric's ("Schneider") North America Operations, Chief Supply Chain Officer and Member of the Executive Committee, since June 2016. From May 2011 to June 2016 she served as Executive Vice President of Schneider and Member of the Executive Committee, Hong Kong. Prior to her employment at Schneider, Ms. Clayton served at Dell, Inc. as Vice President of Global Supply Chain Operations and Vice President of Dell Americas operations, and at General Motors as President of their Saturn subsidiary, Corporate Vice President of Global Quality and a member of their strategy board. Ms. Clayton also serves on the Board of Directors of Polaris Industries Incorporated.

The Board has determined that Ms. Clayton is independent pursuant to the Corporation's Standards for Assessing Director Independence, the listing standards of the New York Stock Exchange and the rules and regulations of the Securities and Exchange Commission ("SEC"). In making the determination regarding Ms. Clayton's independence, the Board considered various transactions between the Corporation and Schneider for the purchase of goods and services which are not material to either the Corporation or Schneider. The Board determined that Ms. Clayton had no material interest in the transactions between the Corporation and Schneider and that such transactions were in the best interests of the shareholders of the Corporation as they have been entered into in the ordinary course of business on terms that are negotiated on an arm's length basis.

Ms. Clayton's directorship will expire, along with the Corporation's other directors' terms, at the next annual meeting of shareholders.

As a non-employee director of the Corporation, Ms. Clayton will receive a pro-rated payment of the cash and stock annual retainer, will be eligible for other retainers (if applicable) in accordance with the Corporation's Director Compensation Program, as set forth on Exhibit 10.43 of the Corporation's Form 10-K, filed with the SEC on February 21, 2018, and will be eligible to participate in the Corporation's Directors' Savings Plan, which is described in the Annual Proxy Statement filed with the SEC on March 22, 2018. Ms. Clayton is subject to the Corporation's Stock Ownership Guidelines, which require outside directors to own Duke Energy Corporation 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 \$625,000) or retain 50% of their vested annual equity retainer until such minimum requirements are met.

(e) On December 13, 2018, the Board approved an amendment to the Duke Energy Corporation 2015 Long-Term Incentive Plan, previously filed as Appendix C to the Corporation's proxy statement filed with the SEC on March 26, 2015 (the "Plan"), to provide for a minimum one-year vesting period for awards granted under the Plan on and after December 13, 2018, subject to certain exceptions. A copy of this amendment is attached to this Form 8-K as Exhibit 10.1.

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

(d) *Exhibits.*

[10.1 Amendment to the Duke Energy Corporation 2015 Long-Term Incentive Plan](#)

**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: December 13, 2018

**DUKE ENERGY CORPORATION**

By: /s/ David B. Fountain

David B. Fountain  
Senior Vice President, Legal  
Chief Ethics and Compliance Officer  
Corporate Secretary

Exhibit 10.01

**AMENDMENT TO  
DUKE ENERGY CORPORATION  
2015 LONG-TERM INCENTIVE PLAN**

The Duke Energy Corporation 2015 Long-Term Incentive Plan (the "Plan") is hereby amended, effective as of December 13, 2018, as follows:

1. Section 14.2 of the Plan is hereby deleted in its entirety and replaced with the following:

"14.2 *Minimum Vesting Period.* All Awards, and tranches or portions thereof, granted under the Plan on and after December 13, 2018 (the "Amendment Date") shall be subject to a minimum vesting period of one year measured from the Date of Grant; *provided, however,* that up to 5% of the total number of shares of Common Stock remaining available for issuance under the Plan under Section 3.1 as of the Amendment Date (subject to adjustment thereafter under Section 3.3) may be granted without regard to this minimum vesting period. Nothing contained in this Section 14.2 shall limit the Committee's authority to provide for accelerated vesting in the event of an earlier Change in Control or termination of service and, for the avoidance of doubt, any shares of Common Stock issued as a result of such accelerated vesting shall not count against the 5% limit described above. Notwithstanding anything in the Plan to the contrary, Awards granted in connection with a merger, acquisition or similar transaction in substitution for stock awards granted by a previously-unrelated entity shall not be subject to the minimum vesting provisions of this Section 14.2 and shall not count against the 5% limit described above."

2. Except as explicitly set forth herein, the Plan will remain in full force and effect.

DUKE ENERGY CORPORATION

By: /s/ E. Marie McKee

E. Marie McKee

Chair, Compensation Committee