

Duke Energy to sell non-regulated Midwest generation business to Dynegy

- \$2.8 billion sale price includes ownership interest in 11 power plants and Duke Energy Retail Sales

- Closing expected late 2014 or early 2015

- Transaction expected to be accretive by 2016



CHARLOTTE, N.C., Aug. 22, 2014 /PRNewswire/ -- Duke Energy today announced Dynegy will buy its non-regulated Midwest Commercial Generation Business for \$2.8 billion in cash, which includes ownership interests in 11 power plants and Duke Energy Retail Sales, the company's competitive retail business in Ohio.

"This transaction is an important milestone in our strategy to exit the merchant generation business," said Marc Manly, president of Duke Energy's Commercial Businesses. "In the coming months, we will continue to safely operate these plants and work closely with Dynegy to obtain the regulatory approvals necessary to close the transaction. We will also be working with employees and community leaders to ensure a smooth transition for all stakeholders."

"These power plants have been important to Duke Energy and our Midwest customers for many years, and I am proud of the employees who have operated these plants well in challenging market conditions," said Lynn Good, president, CEO and vice chairman of Duke Energy.

"The Duke Energy employees at these plants are committed, hardworking men and women and we look forward to engaging their expertise and talents as we grow our company," said Dynegy's President and CEO Robert C. Flexon. "In addition, we intend to honor the terms of the collective bargaining agreements at the plants."

The completion of the transaction is conditioned on approval from the Federal Energy Regulatory Commission, the expiration of the waiting period under the Hart-Scott Rodino Act, and the release of certain credit support obligations. Closing is expected to occur in three to six months.

The Midwest generation business includes 11 merchant power plants with a capacity of approximately 6,100 megawatts. The plants are dispatched into the PJM wholesale power market and equipped with significant environmental controls. The plants are fully owned or partially-owned by Duke Energy Ohio and reported in the company's Commercial Power business unit.

Nine of the power plants are located in Ohio, one is in Illinois and one in Pennsylvania. Dayton Power & Light and American Electric Power's ownership interest in some of the power plants is not included in this transaction.

As a result of this announcement, in the third quarter Duke Energy will recognize an approximate \$500 million pre-tax reversal of the \$1.4 billion impairment previously recognized in 2014. Use of the proceeds is being evaluated. The transaction is expected to be accretive to shareholders by 2016.

The Duke Energy Ohio and Kentucky and Duke Energy Indiana regulated utilities are not a part of the transaction.

The company began the process to exit its Midwest Commercial Generation Business in February 2014.

Duke Energy's financial advisors are Citigroup and Morgan Stanley. Bracewell & Giuliani is the company's legal advisor.

The following is an alphabetical listing of the 11 power plants being sold.

[Conesville Station \(coal\)](#), located in Conesville, Ohio. Partially owned by DP&L and AEP.
[Dicks Creek \(natural gas\)](#), located in Middletown, Ohio. Wholly Duke owned.
[Fayette Energy Facility \(natural gas\)](#), located in Masontown, Pa. Wholly Duke owned.
[Hanging Rock Energy Facility \(natural gas\)](#), located in Ironton, Ohio. Wholly Duke owned.
[Killen Station \(coal\)](#), located in Wrightsville, Ohio. Partially owned by DP&L.
[Lee Energy Facility \(natural gas\)](#), located in Dixon, Ill. Wholly Duke owned.
[Miami Fort Station \(coal\)](#) Units 7 & 8, located in North Bend, Ohio. Partially owned by DP&L.
[Miami Fort Station \(oil\)](#), located in North Bend, Ohio. Wholly Duke owned.
[Stuart Station \(coal\)](#), located in Aberdeen, Ohio. Partially owned by DP&L and AEP.
[Washington Energy Facility \(natural gas\)](#), located in Beverly, Ohio. Wholly Duke owned.
[Zimmer Generating Station \(coal\)](#), located in Moscow, Ohio. Partially owned by DP&L and AEP.

About Duke Energy

Duke Energy is the largest electric power holding company in the United States with approximately \$115 billion in total assets. Its regulated utility operations serve approximately 7.2 million electric customers located in six states in the Southeast and Midwest. Its commercial power and international energy business segments own and operate diverse power generation assets in North America and Latin America, including a growing portfolio of renewable energy assets in the United States.

Headquartered in Charlotte, N.C., Duke Energy is a Fortune 250 company traded on the New York Stock Exchange under the symbol DUK. More information about the company is available at: www.duke-energy.com.

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