

**Duke Energy Corporation**  
**Non-GAAP Reconciliations**  
**Fourth Quarter Earnings Review & Business Update**  
**February 16, 2017**

**Adjusted Diluted Earnings per Share (EPS)**

The materials for Duke Energy Corporation's (Duke Energy) Fourth Quarter Earnings Review and Business Update on February 16, 2017, include a discussion of adjusted diluted EPS for the quarters and year-to-date periods ended December 31, 2016 and 2015.

The non-GAAP financial measure, adjusted diluted EPS, represents diluted EPS from continuing operations attributable to Duke Energy Corporation common stockholders, adjusted for the 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 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 this non-GAAP financial measure for planning and forecasting and for reporting results to the Duke Energy Board of Directors (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 measure for adjusted diluted EPS is reported diluted EPS attributable to Duke Energy Corporation common stockholders. Reconciliations of adjusted diluted EPS for the quarters and year-to-date periods ended December 31, 2016 and 2015, to the most directly comparable GAAP measures are included here-in.

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 potential or completed strategic acquisitions.
- Cost savings initiatives represents severance charges related to company-wide initiatives to standardize processes and systems, leverage technology and workforce optimization.
- Commercial renewables impairment and asset impairment represent other-than-temporary impairments.
- Edwardsport settlement and ash basin settlement and penalties represent charges related to plea agreements and settlement agreements with regulators and other governmental entities.

Adjusted earnings also include operating results for Midwest generation operations and International Energy Operations represent the operating results of the nonregulated Midwest generation business and Duke Energy Retail Sales (collectively, the Midwest Generation Disposal Group) and the Latin American generation business (International Disposal Group) which have been classified as discontinued operations. Management believes inclusion of the operating results of the disposal groups within adjusted diluted EPS results in a better reflection of Duke Energy's financial performance during the period.

**Adjusted Diluted EPS Outlook**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017, include a reference to the midpoint of the original forecasted 2013 adjusted diluted EPS guidance range of \$4.20 - \$4.45 per share including the International Disposal Group's approximate expected contribution to this guidance of \$0.60 per share and the forecasted 2016 and 2017 adjusted diluted EPS outlook range of \$4.50 - \$4.70 per share. The materials also reference the long-term range of annual growth of 4% - 6% through 2021 in adjusted diluted EPS (on a compound annual growth rate (CAGR) basis).

Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations attributable to Duke Energy Corporation shareholders, adjusted for the per-share impact of special items (as discussed above under Adjusted Diluted EPS). Due to the forward-looking nature of this non-GAAP financial measure for future periods, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items for future periods, such as legal settlements, the impact of regulatory orders or asset impairments.

### **Adjusted Segment Income and Adjusted Other Net Expense, and Forecasted Adjusted Segment Income and Forecasted Adjusted Other Net Expense**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017, include a discussion of adjusted segment income and adjusted other net expense for the year-to-date period ended December 31, 2016 and a discussion of forecasted 2016 and 2017 adjusted segment income and forecasted adjusted net expense. The materials also reference the long-term range of annual growth by segment in adjusted diluted EPS (on a CAGR basis).

Adjusted segment income and adjusted other net expense are non-GAAP financial measures, as they represent reported segment income and other net expense adjusted for special items (as discussed above under Adjusted Diluted EPS). Management believes that the presentation of adjusted segment income and adjusted other net expense provides useful information to investors, as it provides them an additional relevant comparison of a segment's or Other's performance across periods. When an EPS amount is provided for a segment income driver, the per-share impact is derived by taking the pretax amount of the item less income taxes based on the consolidated statutory tax rate of 38 percent, except for Duke Energy Renewables, which uses an effective tax rate, divided by the Duke Energy weighted-average diluted shares outstanding for the period. The most directly comparable GAAP measure for adjusted segment income and adjusted other net expense is reported segment income and other net expense, which represents segment income and other net expense from continuing operations, including any special items. A reconciliation of adjusted segment income and adjusted other net expense for the year-to-date period ended December 31, 2016, to the most directly comparable GAAP measures is included here-in. Due to the forward-looking nature of any forecasted adjusted segment income and forecasted 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 are not available at this time, as the company is unable to forecast all special items, as discussed above under Adjusted Diluted EPS Outlook.

### **Adjusted Effective Tax Rate (ETR)**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017 include a discussion of the adjusted ETR for the year-to-date period ended December 31, 2016. The materials also include a discussion of the 2016 and 2017 forecasted adjusted ETR. Adjusted ETR is a non-GAAP financial measure as the rate is calculated using a pretax earnings and income tax expense, both adjusted for the impact of special items, as discussed above under Adjusted Diluted EPS. The most directly comparable GAAP measure for adjusted ETR is reported effective tax rate. A reconciliation of the adjusted ETR for the year-to-date period ended December 31, 2016 to the most directly comparable GAAP measure is included here-in. Due to the forward-looking nature of the 2016 and 2017 forecasted adjusted ETR, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items, as discussed above under Adjusted Diluted EPS Outlook.

## **Dividend Payout Ratio**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017 include a discussion of Duke Energy's forecasted dividend payout ratio of 70% - 75% through 2021 based upon adjusted diluted EPS. This payout ratio is a non-GAAP financial measure as it is based upon forecasted diluted EPS from continuing operations attributable to Duke Energy Corporation shareholders, adjusted for the per-share impact of special items, as discussed above under Adjusted Diluted EPS. The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS from continuing operations attributable to Duke Energy Corporation common shareholders. Due to the forward-looking nature of this non-GAAP financial measure for future periods, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items, as discussed above under Adjusted Diluted EPS Outlook.

## **Adjusted Book Return on Equity (ROE)**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017 include a reference to the adjusted book return on equity (ROE) ratio. This ratio is a non-GAAP financial measure. The numerator represents Net Income, adjusted for the impact of special items (as discussed above under Adjusted Diluted EPS). The denominator is average Total Common Stockholder's Equity, reduced for Goodwill. A reconciliation of the components of adjusted ROE to the most directly comparable GAAP measures is included here-in.

## **Funds From Operations ("FFO") Ratios**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017 include a reference to historical and expected FFO to Total Debt ratios. These ratios reflect non-GAAP financial measures. The numerator of the FFO to Total Debt ratio is calculated principally by using net cash provided by operating activities on a GAAP basis, adjusted for changes in working capital, and reduced for capitalized interest (including any AFUDC interest). The denominator for the FFO to Total Debt ratio is the balance of long-term debt (excluding purchase accounting adjustments and long-term debt associated with the CR3 Securitization), including current maturities, plus notes payable and commercial paper outstanding. The calculation of FFO to Total Debt ratio is included here-in.

## **Holdco Debt Percentage**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017 include a reference to a targeted Holdco debt percentage. This percentage reflects a non-GAAP financial measure. The numerator of the Holdco debt percentage, is the balance of Duke Energy Corporate debt, Progress Energy, Inc. debt, PremierNotes and the Commercial Paper attributed to the Holding Company. The denominator for the percentage is the balance of long-term debt (excluding purchase accounting adjustments and long-term debt associated with the CR3 Securitization), including current maturities, plus notes payable and commercial paper outstanding.

## Available Liquidity

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017 include a discussion of Duke Energy's available liquidity balance. The available liquidity balance presented is a non-GAAP financial measure as it represents Cash and cash equivalents, excluding amounts unavailable for operations, and remaining availability under the master credit facility. The most directly comparable GAAP financial measure for available liquidity is Cash and cash equivalents. A reconciliation of available liquidity as of December 31, 2016 to the most directly comparable GAAP measure is included here-in.

## Non-Rider Recoverable O&M

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017 include a discussion of Duke Energy's non-rider recoverable operating, maintenance and other expenses (O&M) for the year-to-date periods ended December 31, 2016, 2015 and 2014, as well as the forecasted year-to-date period ended December 31, 2017. Non-rider recoverable O&M expenses are non-GAAP financial measures, as they represent reported O&M expenses adjusted for special items and expenses that recovered through riders. Management believes that the presentation of non-rider recoverable O&M expenses provides useful information to investors, as it provides a meaningful comparison of financial performance across periods. The most directly comparable GAAP financial measure for non-rider recoverable O&M expenses is reported operating, maintenance and other expenses. A reconciliation of non-recoverable O&M expenses for the year-to-date periods ended December 31, 2016, 2015 and 2014, as well as the forecasted year-to-date period ended December 31, 2017, to the most directly comparable GAAP measure are included here-in.

## Adjusted Interest Expense

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017, include a discussion of Duke Energy's adjusted interest expense for the period ended December 31, 2016, as well as the forecasted year-to-date period ended December 31, 2017. Adjusted interest expense is a non-GAAP financial measure, as it represents reported interest expense adjusted for special items (as discussed above under Adjusted Diluted EPS). Management believes the presentation of adjusted interest expense provides useful information to investors, as it provides a meaningful comparison of financial performance across periods. The most directly comparable GAAP financial measure for adjusted interest expense is reported interest expense. A reconciliation of adjusted interest expense for the period ended December 31, 2016, is included below. Due to the forward-looking nature of year-to-date adjusted interest expense for the year-to-date period ended December 31, 2017, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items (as discussed above under Adjusted Diluted EPS Outlook).

### (in millions)

Reported interest expense	\$1,916
Costs to achieve mergers <sup>(a)</sup>	<u>(234)</u>
Adjusted interest expense	<u>\$1,682</u>

- (a) Costs to achieve mergers includes financing costs related to financings of the acquisition of Piedmont Natural Gas and mark-to-market of forward starting interest rate swaps used by Duke Energy to manage interest rate exposure for the financing of the Piedmont acquisition, both of which are included within reported interest expense.

## Weather Normal

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017, include a discussion of Duke Energy's adjusted diluted EPS on a weather normal basis for the year-to-date periods ended December 31, 2016, 2015, and 2014. Adjusted diluted EPS is a non-GAAP measure as discussed above. Weather normal removes the impact of weather on adjusted diluted EPS. The impact of weather is calculated as the earnings impact resulting from changes in weather temperatures from historical averages. In addition, for 2016, weather normal adjusted diluted EPS was adjusted for the amount by which the costs of storm remediation efforts exceed budget amounts based on historical averages and the decision to either accelerate or defer discretionary spending based on the favorable weather. Management believes this presentation provides useful information to investors, as it provides a meaningful comparison of financial performance across periods. Forecasted amounts are necessarily weather normal as forecasted amounts are based on the historical impacts of weather on Duke Energy's operations. The calculation of the impact of weather for the year-to-date periods ended December 31, 2016, 2015 and 2014 are included below.

(in dollars per share)	2016	2015	2014
<b>Adjusted diluted EPS</b>	<b>\$4.69</b>	<b>\$4.54</b>	<b>\$4.55</b>
International operations	0.35	0.22	0.43
National Methanol Company	0.05	0.11	0.18
<b>Adjusted diluted EPS of the core business</b>	<b>\$4.29</b>	<b>\$4.21</b>	<b>\$3.94</b>
Impact of weather	(0.14)	(0.06)	(0.08)
<b>Weather normal adjusted diluted EPS</b>	<b>\$4.15</b>	<b>\$4.15</b>	<b>\$3.86</b>
Storm costs in excess of budget	0.08	--	--
O&M re-planning	0.05	--	--
<b>Total</b>	<b>\$4.28</b>	<b>\$4.15</b>	<b>\$3.86</b>

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

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

	Special Items							Adjusted Earnings
	Reported Earnings	Costs to Achieve Mergers	Cost Savings Initiatives	Commercial Renewables Impairment	International Energy Operations	Discontinued Operations	Total Adjustments	
<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>	<b>\$ 3.11</b>	<b>\$ 0.48</b>	<b>\$ 0.08</b>	<b>\$ 0.07</b>	<b>\$ —</b>	<b>\$ 0.95</b>	<b>\$ 1.58</b>	<b>\$ 4.69</b>

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

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

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

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

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

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

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Three Months Ended December 31, 2015**  
**(Dollars in millions, except per-share amounts)**

	Special Items									Total Adjustments	Adjusted Earnings
	Reported Earnings	Costs to Achieve Mergers	Edwardsport Settlement	Ash Basin Settlement and Penalties	Cost Savings Initiatives	International Energy Operations	Economic Hedges (Mark-to-Market)	Discontinued Operations			
<b>SEGMENT INCOME</b>											
Electric Utilities and Infrastructure	\$ 569	\$ —	\$ 2 B	\$ 7 C	\$ 10 D	\$ —	\$ —	\$ —	\$ 19	\$ 588	
Gas Utilities and Infrastructure	14	—	—	—	—	—	—	—	—	14	
Commercial Renewables	17	—	—	—	1 E	—	1 H	—	2	19	
<b>Total Reportable Segment Income</b>	<b>600</b>	<b>—</b>	<b>2</b>	<b>7</b>	<b>11</b>	<b>—</b>	<b>1</b>	<b>—</b>	<b>21</b>	<b>621</b>	
International Energy	—	—	—	—	—	56 G	—	—	56	56	
Other	(170)	18 A	—	—	77 F	—	—	—	95	(75)	
Discontinued Operations	47	—	—	—	—	(56) G	—	9 I	(47)	—	
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 477</b>	<b>\$ 18</b>	<b>\$ 2</b>	<b>\$ 7</b>	<b>\$ 88</b>	<b>\$ —</b>	<b>\$ 1</b>	<b>\$ 9</b>	<b>\$ 125</b>	<b>\$ 602</b>	
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 0.69</b>	<b>\$ 0.03</b>	<b>\$ —</b>	<b>\$ 0.01</b>	<b>\$ 0.13</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 0.01</b>	<b>\$ 0.18</b>	<b>\$ 0.87</b>	

A - Net of \$12 million tax benefit. Recorded within Operating Expenses on the Consolidated Statements of Operations.

B - Net of \$1 million tax benefit. \$3 million recorded within Impairment charges on the Duke Energy Indiana Consolidated Statements of Operations.

C - Recorded within Operation, maintenance and other on the Duke Energy Carolinas Consolidated Statements of Operations.

D - Net of \$6 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations. Includes \$7 million at Duke Energy Carolinas, \$4 million at Duke Energy Progress, \$2 million at Duke Energy Florida, \$1 million at Duke Energy Ohio and \$2 million at Duke Energy Indiana.

E - Net of \$1 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.

F - Net of \$47 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.

G - Net of \$29 million tax expense. Operating results of the International Disposal Group classified as discontinued operations.

H - Recorded within Operating Revenues on the Consolidated Statements of Operations.

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

**Weighted Average Shares Outstanding, Diluted (reported and adjusted) - 688 million**

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Twelve Months Ended December 31, 2015**  
**(Dollars in millions, except per-share amounts)**

	Special Items										Adjusted Earnings			
	Reported Earnings	Costs to Achieve Mergers	Edwardsport Settlement	Midwest Generation Operations	Ash Basin Settlement and Penalties	Cost Savings Initiatives	International Energy Operations	Discontinued Operations	Total Adjustments					
<b>SEGMENT INCOME</b>														
Electric Utilities and Infrastructure	\$ 2,819	\$ —	\$ 58	B \$ —	\$ 11	D \$ 10	E \$ —	\$ —	\$ 79	\$ 2,898				
Gas Utilities and Infrastructure	73	—	—	—	—	—	—	—	—	73				
Commercial Renewables	52	—	—	—	—	1	F	—	1	53				
<b>Total Reportable Segment Income</b>	<b>2,944</b>	<b>—</b>	<b>58</b>	<b>—</b>	<b>11</b>	<b>11</b>	<b>—</b>	<b>—</b>	<b>80</b>	<b>3,024</b>				
International Energy	—	—	—	—	—	—	151	H	151	151				
Other	(299)	60	A	—	98	C	—	77	G	—	41	I	276	(23)
Discontinued Operations	171	—	—	(98)	C	—	—	(151)	H	78	J	(171)	—	
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 2,816</b>	<b>\$ 60</b>	<b>\$ 58</b>	<b>\$ —</b>	<b>\$ 11</b>	<b>\$ 88</b>	<b>\$ —</b>	<b>\$ 119</b>	<b>\$ 336</b>	<b>\$ 3,152</b>				
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 4.05</b>	<b>\$ 0.09</b>	<b>\$ 0.08</b>	<b>\$ —</b>	<b>\$ 0.02</b>	<b>\$ 0.13</b>	<b>\$ —</b>	<b>\$ 0.17</b>	<b>\$ 0.49</b>	<b>\$ 4.54</b>				

A - Net of \$37 million tax benefit. \$95 million recorded within Operating Expenses and \$2 million recorded within Interest Expense on the Consolidated Statements of Operations.

B - Net of \$35 million tax benefit. \$88 million recorded within Impairment charges and \$5 million recorded within Other income and expenses, net on the Duke Energy Indiana Consolidated Statements of Operations.

C - Net of \$53 million tax expense. Operating results of the nonregulated Midwest generation business classified as discontinued operations, which exclude special items and economic hedges.

D - Net of \$3 million tax benefit. Recorded within Operation, maintenance and other on the Consolidated Statements of Operations. Includes \$8 million and \$6 million at Duke Energy Carolinas and Duke Energy Progress, respectively.

E - Net of \$6 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations. Includes \$7 million at Duke Energy Carolinas, \$4 million at Duke Energy Progress, \$2 million at Duke Energy Florida, \$1 million at Duke Energy Ohio and \$2 million at Duke Energy Indiana.

F - Net of \$1 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.

G - Net of \$47 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.

H - Net of \$70 million tax expense. Operating results of the International Disposal Group classified as discontinued operations.

I - State tax expense resulting from the completion of the sale of the nonregulated Midwest generation business.

J - Recorded in Income (Loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations, and includes the impact of a litigation reserve related to the nonregulated Midwest generation business.

**Weighted Average Shares Outstanding, Diluted (reported and adjusted) - 694 million**

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Twelve Months Ended December 31, 2014**  
**(Dollars in millions, except per-share amounts)**

	Special Items										
	Reported Earnings	Costs to Achieve, Progress Merger	Asset Impairment	Midwest Generation Operations	Litigation Reserve	Asset Sales	International Energy Operations	Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	Adjusted Earnings
<b>SEGMENT INCOME</b>											
Electric Utilities and Infrastructure	\$ 2,714	\$ —	\$ —	\$ —	\$ 102 D	\$ —	\$ —	\$ —	\$ —	\$ 102	\$ 2,816
Gas Utilities and Infrastructure	80	—	—	—	—	—	—	—	—	—	80
Commercial Renewables	53	—	—	—	—	—	—	—	—	—	53
<b>Total Reportable Segment Income</b>	<b>2,847</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>102</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>102</b>	<b>2,949</b>
International Energy Operations	—	—	—	—	—	—	310 F	—	—	310	310
Other	(332)	127 A	59 B	123 C	—	(9) E	—	6 G	(15) H	291	(41)
Intercompany Eliminations	18	—	—	—	—	—	—	—	(18) I	(18)	—
Discontinued Operations	(650)	—	—	(123) C	—	—	(310) F	—	1,083 J	650	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 1,883</b>	<b>\$ 127</b>	<b>\$ 59</b>	<b>\$ —</b>	<b>\$ 102</b>	<b>\$ (9)</b>	<b>\$ —</b>	<b>\$ 6</b>	<b>\$ 1,050</b>	<b>\$ 1,335</b>	<b>\$ 3,218</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 2.66</b>	<b>\$ 0.18</b>	<b>\$ 0.08</b>	<b>\$ —</b>	<b>\$ 0.14</b>	<b>\$ (0.01)</b>	<b>\$ —</b>	<b>\$ 0.01</b>	<b>\$ 1.49</b>	<b>\$ 1.89</b>	<b>\$ 4.55</b>

A - Net of \$78 million tax benefit. \$5 million recorded as a decrease in Operating Revenues, \$198 million recorded within Operating Expenses and \$2 million recorded within Interest Expense on the Consolidated Statements of Operations.

B - Net of \$35 million tax benefit. Recorded in impairment charges on the Consolidated Statements of Operations.

C - Operating results of the nonregulated Midwest generation business that had been classified from discontinued operations after adjustment for special items and economic hedges (net of \$71 million tax benefit).

D - Recorded within Operating, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

E - Net of \$5 million tax expense. Recorded in Other Income and Expenses on the Consolidated Statements of Operations.

F - Net of \$70 million tax expense. Operating results of the International Disposal Group classified as discontinued operations.

G - Net of \$3 million tax benefit. Recorded within Operating Revenues on the Consolidated Statements of Operations.

H - State tax benefit resulting from the planned disposition of the nonregulated Midwest generation business.

I - Reverses the impact on eliminations of classifying the International Disposal Group as discontinued operations.

J - Recorded in Income (loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations. Includes the impairment of the nonregulated Midwest generation business, the mark-to-market of economic hedges of the nonregulated Midwest generation business, certain costs associated with a contract settlement and deferred tax impact resulting from the decision to repatriate International Energy's historic undistributed foreign earnings.

**Weighted Average Shares Outstanding, Diluted (reported and adjusted) - 707 million**

\* Mark-to-market adjustments reflect the impact of derivative contracts, which are used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Portfolio segment and also relate to existing derivative positions that may have tenors beyond the planned disposal date of the nonregulated Midwest generation business. The mark-to-market impact of derivative contracts is recognized in GAAP earnings immediately as such derivative contracts do not qualify for hedge accounting or regulatory treatment. The economic value of generation assets is subject to fluctuations in fair value due to market price volatility of input and output commodities (e.g. coal, electricity, natural gas). Economic hedging involves both purchases and sales of those input and output commodities related to generation assets. Operations of the generation assets are accounted for under the accrual method. Management believes excluding impacts of mark-to-market changes of the derivative contracts from adjusted earnings until settlement better matches the financial impacts of the derivative contract with the portion of economic value of the underlying hedged asset. However, due to the divestiture of the nonregulated Midwest generation business as mentioned above, certain derivative positions have tenors beyond the planned disposal date of these assets. As such, management has excluded settlements of these derivative positions from adjusted diluted EPS as these realized gains and losses more closely relate to the loss on disposal of these assets. Management believes that the presentation of adjusted diluted EPS Attributable to Duke Energy Corporation provides useful information to investors, as it provides them an additional relevant comparison of Duke Energy Corporation's performance across periods.

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
**Three Months and Year Ended December 31, 2016**  
(Dollars in Millions)

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

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

**Duke Energy Corporation**  
**Available Liquidity Reconciliation**  
**As of December 31, 2016**  
**(In millions)**

Cash and Cash Equivalents	\$ 392	
Less: Certain Amounts Held in Foreign Jurisdictions	(63)	
Less: Unavailable Domestic Cash	<u>(32)</u>	
	297	
Plus: Remaining Availability under Master Credit Facility (a)	<u>5,634</u>	
Total Available Liquidity (b)	<u>\$ 5,931</u>	(approximately 5.9 billion)

(a) Includes Piedmont's Master Credit Facility of \$850 million.

(b) The available liquidity balance presented is a non-GAAP financial measure as it represents Cash and cash equivalents, excluding certain amounts held in foreign jurisdictions and cash otherwise unavailable for operations, and remaining availability under the master credit facility. The most directly comparable GAAP financial measure for available liquidity is Cash and cash equivalents.

**Duke Energy Corporation**  
**Operations, Maintenance and Other Expense**  
(In millions)

	<u>Actual</u> <u>December 31, 2014</u>	<u>Actual</u> <u>December 31, 2015</u>	<u>Actual</u> <u>December 31, 2016</u>	<u>Forecast</u> <u>December 31, 2017</u>
<b>Operation, maintenance and other<sup>(a)</sup></b>	<b>\$5,506</b>	<b>\$5,539</b>	<b>\$6,085</b>	<b>\$6,201</b>
Adjustments:				
Costs to Achieve, Mergers <sup>(b)</sup>	(178)	(69)	(238)	(118)
Severance <sup>(b)</sup>	-	(142)	(92)	-
Litigation Reserve <sup>(b)</sup>	(102)	-	-	-
Ash Basin Settlement and Penalties <sup>(b)</sup>	-	(14)	-	-
Reagents Recoverable <sup>(c)</sup>	(140)	(111)	(93)	(248)
Energy Efficiency Recoverable <sup>(c)</sup>	(298)	(287)	(417)	(434)
Other Deferrals and Recoverable <sup>(c)</sup>	(100)	(93)	(233)	(256)
Margin based O&M for Commercial Businesses	-	(48)	(185)	(256)
Short-term incentive payments (over)/under target	(6)	(19)	(90)	-
Piedmont O&M	-	-	(69)	(296)
<b>Non-Rider Recoverable operation, maintenance and other before Piedmont</b>	<b><u>\$ 4,682</u></b>	<b><u>\$ 4,756</u></b>	<b><u>\$ 4,667</u></b>	<b><u>\$ 4,593</u></b>
Piedmont O&M	-	-	69	296
<b>Non-Rider Recoverable operation, maintenance and other</b>	<b><u>\$ 4,682</u></b>	<b><u>\$ 4,756</u></b>	<b><u>\$ 4,736</u></b>	<b><u>\$ 4,889</u></b>

(a) As reported in the Consolidated Statements of Operations.

(b) Presented as a special item for the purpose of calculating adjusted earnings and adjusted diluted earnings per share.

(c) Primarily represents expenses to be deferred or recovered through rate riders.

Duke Energy Corporation  
2017 Forecasted Cash Flow Reconciliation, Required by SEC Regulation G  
2017 Analyst Meeting  
February 16, 2017  
(\$ in millions)

		<u>Forecast</u> <u>2017</u>
<b>Primary Sources:</b>		
Adjusted net income (1)	(a)	\$ 3,225
Depreciation & amortization	(a)	4,100
Deferred and accrued taxes	(a)	1,450
Other sources / (uses), net	(a)	(940)
Total Sources		<u>7,835</u>
<b>Primary Uses:</b>		
Capital expenditures (including discretionary)	(b)	(9,425)
Dividends	(c)	(2,450)
Total Uses		<u>(11,875)</u>
<b>Uses in Excess of Sources</b>		<u>(4,040)</u>
<b>Net Change in Financing</b>		
Debt issuances	(c)	6,485
Debt maturities	(c,d)	(2,705)
Net Change in Debt		<u>3,780</u>
Net Change in Cash		<u>\$ (260)</u>
<b>Reconciliations to forecasted U.S. GAAP reporting amounts:</b>		
Operating cash flow components, sum of (a) from above		\$ 7,835
Reconciling items to GAAP cash flows from operating activities	(2)	(1,100)
Net cash provided by operating activities per GAAP Consolidated Statement of Cash Flows		<u>\$ 6,735</u>
Investing cash flow components, (b) from above		\$ (9,425)
Reconciling items to GAAP cash flows from investing activities	(2)	1,100
Net cash used in investing activities per GAAP Consolidated Statement of Cash Flows		<u>\$ (8,325)</u>
Financing cash flow components, sum of (c) from above		\$ 1,330
Reconciling items to GAAP cash flows from financing activities		-
Net cash used in financing activities per GAAP Consolidated Statement of Cash Flows		<u>\$ 1,330</u>
<i>Debt maturities [(d) from above] includes "Notes payable and commercial paper" which is separately presented per GAAP Consolidated Statements of Cash Flows</i>		
Net decrease in cash and cash equivalents per forecasted GAAP Consolidated Statements of Cash Flows		<u>\$ (260)</u>

**Notes:**

(1) The forecasted adjusted net income of \$3,225 million for 2017 is an illustrative amount based on the midpoint of Duke Energy's adjusted diluted EPS outlook range of \$4.50-\$4.70 per share. The EPS measure used for employee incentive compensation is primarily based on adjusted diluted EPS. Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations attributable to Duke Energy Corporation shareholders, adjusted for the per-share impact of special items and the mark-to-market impacts of economic hedges in the Commercial segment. Special items represent certain charges and credits which management believes will not be recurring on a regular basis, although it is reasonably possible such charges and credits could recur. The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS from continuing operations attributable to Duke Energy Corporation common shareholders, which includes the impact of special items. Due to the forward-looking nature of this non-GAAP financial measure for future periods, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items.

(2) Amount consists primarily of an adjustment for operating cashflow items (principally payments for asset retirement obligations) included in the "Capital expenditures (including discretionary)", which are combined for the GAAP reconciliation in Investing activities; and an adjustment for investing cash flow items (principally distributions from equity investments and Other) included in the "Other sources/(uses), net", which are combined for the GAAP reconciliation in Operating activities.

DUKE ENERGY CORPORATION  
ADJUSTED BOOK RETURN ON EQUITY (ROEs)  
For the period ended December 31, 2016  
dollars in millions

	Duke Energy Carolinas	Duke Energy Progress	Total Carolinas	Duke Energy Florida	Duke Energy Indiana	Duke Energy Ohio Reportable Segments
Reported Net Income 2016	\$ 1,166	\$ 599	\$ 1,765	\$ 551	\$ 381	\$ 231 (2)
Special Items (1)	91	50	141	19	10	-
Adjusted Net Income 2016	1,257	649	1,906	570	391	231
2016						
Equity	10,772	7,358	18,130	4,900	4,067	3,027 (3)
Goodwill	-	-	-	-	-	920
Equity less Goodwill	10,772	7,358	18,130	4,900	4,067	2,107
2015						
Equity	11,606	7,059	18,665	5,121	3,836	2,855 (3)
Goodwill	-	-	-	-	-	920
Equity less Goodwill	11,606	7,059	18,665	5,121	3,836	1,935
Average Equity less Goodwill			18,398	5,011	3,952	2,021
Adjusted Book ROEs			10.4%	11.4%	9.9%	11.4%

(1) Costs to Achieve (CTA), Mergers net of tax and Cost Savings Initiatives.

(2) Net Income for 2016 equals Duke Energy Ohio reportable segments segment income, which already excludes CTA and cost savings initiatives.

(3) Reconciliation of Duke Energy Ohio Equity to Equity of the reportable segments:

	2016	2015
Reported Equity for Duke Energy Ohio	2,996	2,784
Less: Non-Reg & Other	(31)	(71)
Duke Energy Ohio Reportable Segments	3,027	2,855

DUKE ENERGY CORPORATION  
ADJUSTED BOOK RETURN ON EQUITY (ROEs)  
For the period ended December 31, 2015  
*dollars in millions*

	Duke Energy Carolinas	Duke Energy Progress	Total Carolinas	Duke Energy Florida	Duke Energy Indiana	Duke Energy Ohio Reportable Segments
Reported Net Income 2015	\$ 1,081	\$ 566	\$ 1,647	\$ 599	\$ 316	\$ 191 (2)
Special Items (1)	94	34	128	12	66	3
Adjusted Net Income 2015	1,175	600	1,775	611	382	194
2015						
Equity	11,606	7,059	18,665	5,121	3,836	2,855 (3)
Goodwill	-	-	-	-	-	920
Equity less Goodwill	11,606	7,059	18,665	5,121	3,836	1,935
2014						
Equity	10,924	5,867	16,791	5,222	3,848	2,702 (3)
Goodwill	-	-	-	-	-	920
Equity less Goodwill	10,924	5,867	16,791	5,222	3,848	1,782
Average Equity less Goodwill			17,728	5,172	3,842	1,859
Adjusted Book ROEs			10.0%	11.8%	9.9%	10.4%

(1) Costs to Achieve (CTA), Mergers net of tax, Edwardsport Settlement, Cost Savings Initiatives and Ash Basin Settlements and Penalties.

(2) Net Income for 2015 equals Duke Energy Ohio reportable segments segment income, which already excludes CTA.

(3) Reconciliation of Duke Energy Ohio Equity to Equity of the reportable segments:

	2015	2014
Reported Equity for Duke Energy Ohio	2,784	4,674
Less: Non-Reg & Other	(71)	1,972
Duke Energy Ohio Reportable Segments	2,855	2,702

DUKE ENERGY CORPORATION  
ADJUSTED BOOK RETURN ON EQUITY (ROEs)  
For the period ended December 31, 2014  
*dollars in millions*

	Duke Energy Carolinas	Duke Energy Progress	Total Carolinas	Duke Energy Florida	Duke Energy Indiana	Duke Energy Ohio Reportable Segments
Reported Net Income 2014	\$ 1,072	\$ 467	\$ 1,539	\$ 548	\$ 359	\$ 202 (2)
Special Items (1)	139	56	195	14	7	-
Adjusted Net Income 2014	1,211	523	1,734	562	366	202
2014						
Equity	10,924	5,867	16,791	5,222	3,848	2,702 (3)
Goodwill	-	-	-	-	-	920
Equity less Goodwill	10,924	5,867	16,791	5,222	3,848	1,782
2013						
Equity	10,350	5,625	15,975	4,797	3,939	2,953 (3)
Goodwill	-	-	-	-	-	920
Equity less Goodwill	10,350	5,625	15,975	4,797	3,939	2,033
Average Equity less Goodwill			16,383	5,010	3,894	1,908
Adjusted Book ROEs			10.6%	11.2%	9.4%	10.6%

(1) Costs to Achieve (CTA), Mergers net of tax and Litigation Reserve.

(2) Net Income for 2014 equals Duke Energy Ohio reportable segments segment income, which already excludes CTA.

(3) Reconciliation of Duke Energy Ohio Equity to Equity of the reportable segments:

	2014	2013
Reported Equity for Duke Energy Ohio	4,674	5,269
Less: Non-Reg & Other	1,972	2,316
Duke Energy Ohio Reportable Segments	2,702	2,953

**FFO to Debt Calculation**  
**Duke Energy Corporation**  
(in millions)

	Years Ended December 31,		
	2017 Forecast	2016 Actual	2015 Actual
Cash From Operations	\$ 6,734	\$ 6,798	\$ 6,676
Working capital adjustment (1)	184	345	(181)
Capitalized Interest	(124)	(100)	(98)
CR3 securitization adjustment	(55)	(35)	-
Other	18	19	18
<b>Funds From Operations</b>	<b>6,757</b>	<b>7,027</b>	<b>6,415</b>
ARO spend	-	608	346
ARO spend, net of tax at 38%	348	377	215
<b>FFO exc. coal ash spend (net of tax)</b>	<b>\$ 7,105</b>	<b>\$ 7,404</b>	<b>\$ 6,630</b>
Notes payable and commercial paper	\$ -	\$ 2,487	\$ 3,633
Current maturities of long-term debt	-	2,319	2,026
Long-term debt	-	45,576	36,842
Purchase accounting adjustments	-	(2,671)	(2,702)
CR3 securitization	-	(1,279)	-
Other	-	(125)	(142)
<b>Total Debt</b>	<b>\$ 50,802</b>	<b>\$ 46,307</b>	<b>\$ 39,657</b>
<b>FFO / Debt</b>	<b>14%</b>	<b>16%</b>	<b>17%</b>

(1) Working capital detail, excluding mark-to-market

Receivables	\$ (184)	\$ (391)	\$ 359
Inventory	158	272	(237)
Other current assets	(152)	(910)	(65)
Accounts payable	(16)	266	(6)
Taxes accrued	38	236	(38)
Other current liabilities	(28)	182	168
	<b>\$ (184)</b>	<b>\$ (345)</b>	<b>\$ 181</b>

**FFO to Debt Calculation****Duke Energy Carolinas**

(in millions)

	Years Ended December 31,		
	2017 Forecast	2016 Actual	2015 Actual
Cash From Operations	\$ 2,556	\$ 2,976	\$ 2,373
Working capital adjustment (1)	88	(333)	128
Capitalized Interest	(46)	(38)	(38)
<b>Funds From Operations</b>	<b>2,598</b>	<b>2,605</b>	<b>2,463</b>
ARO spend	-	287	167
ARO spend, net of tax at 38%	145	178	104
<b>FFO exc. coal ash spend (net of tax)</b>	<b>\$ 2,743</b>	<b>\$ 2,783</b>	<b>\$ 2,567</b>
Current maturities of long-term debt	\$ -	\$ 116	\$ 356
Long-term debt	-	9,187	7,711
Long-term debt payable to affiliated companies	-	300	300
<b>Total Debt</b>	<b>\$ 10,047</b>	<b>\$ 9,603</b>	<b>\$ 8,367</b>
<b>FFO / Debt</b>	<b>27%</b>	<b>29%</b>	<b>31%</b>
(1) Working capital detail, excluding mark-to-market			
Receivables	\$ (33)	\$ (76)	\$ 42
Receivables from affiliated companies	-	(56)	(32)
Inventory	20	215	(157)
Other current assets	(126)	67	(51)
Accounts payable	23	(85)	(4)
Accounts payable to affiliated companies	-	18	75
Taxes accrued	(6)	187	(128)
Other current liabilities	34	63	127
	\$ (88)	\$ 333	\$ (128)

**FFO to Debt Calculation****Duke Energy Progress**

(in millions)

	Years Ended December 31,		
	2017 Forecast	2016 Actual	2015 Actual
Cash From Operations	\$ 1,305	\$ 1,932	\$ 1,594
Working capital adjustment (1)	106	(502)	(219)
Capitalized Interest	(22)	(17)	(20)
Other	3	2	2
<b>Funds From Operations</b>	<b>1,392</b>	<b>1,415</b>	<b>1,357</b>
ARO spend	-	212	109
ARO spend, net of tax at 38%	148	131	68
<b>FFO exc. coal ash spend (net of tax)</b>	<b>\$ 1,540</b>	<b>\$ 1,546</b>	<b>\$ 1,425</b>
Notes payable to affiliated companies	\$ -	\$ -	\$ 209
Current maturities of long-term debt	-	452	2
Long-term debt	-	6,409	6,366
Long-term debt payable to affiliated companies	-	150	150
<b>Total Debt</b>	<b>\$ 7,366</b>	<b>\$ 7,011</b>	<b>\$ 6,727</b>
<b>FFO / Debt</b>	<b>21%</b>	<b>22%</b>	<b>21%</b>

## (1) Working capital detail, excluding mark-to-market

Receivables	\$ (38)	\$ (17)	\$ 43
Receivables from affiliated companies	-	11	(6)
Inventory	45	12	(50)
Other current assets	(40)	84	185
Accounts payable	13	171	(65)
Accounts payable to affiliated companies	-	37	70
Taxes accrued	(80)	90	(34)
Other current liabilities	(6)	114	76
	\$ (106)	\$ 502	\$ 219

**FFO to Debt Calculation****Duke Energy Florida**

(in millions)

	Years Ended December 31,		
	2017 Forecast	2016 Actual	2015 Actual
Cash From Operations	\$ 1,155	\$ 844	\$ 1,373
Working capital adjustment (1)	3	252	(159)
Capitalized Interest	(27)	(14)	(4)
CR3 securitization adjustment	(55)	(35)	-
Other	14	13	12
<b>Funds From Operations</b>	<b>1,090</b>	<b>1,060</b>	<b>1,222</b>
ARO spend	-	58	47
ARO spend, net of tax at 38%	-	36	29
<b>FFO exc. coal ash spend (net of tax)</b>	<b>\$ 1,090</b>	<b>\$ 1,096</b>	<b>\$ 1,251</b>
Notes payable to affiliated companies	\$ -	\$ 297	\$ 813
Current maturities of long-term debt	-	326	13
Long-term debt	-	5,799	4,253
CR3 securitization	-	(1,279)	-
<b>Total Debt</b>	<b>\$ 5,493</b>	<b>\$ 5,143</b>	<b>\$ 5,079</b>
<b>FFO / Debt</b>	<b>20%</b>	<b>21%</b>	<b>25%</b>

(1) Working capital detail, excluding mark-to-market

Receivables	\$ (19)	\$ 23	\$ 61
Receivables from affiliated companies	-	21	(44)
Inventory	-	23	(17)
Other current assets	14	(133)	116
Accounts payable	(15)	71	(127)
Accounts payable to affiliated companies	-	9	46
Taxes accrued	18	(117)	67
Other current liabilities	(1)	(149)	57
	\$ (3)	\$ (252)	\$ 159

**FFO to Debt Calculation****Duke Energy Indiana**

(in millions)

	Years Ended December 31,		
	2017 Forecast	2016 Actual	2015 Actual
Cash From Operations	\$ 1,065	\$ 871	\$ 1,176
Working capital adjustment (1)	(78)	132	(225)
Capitalized Interest	(15)	(7)	(6)
Funds From Operations	972	996	945
ARO spend	-	46	19
ARO spend, net of tax at 38%	47	29	12
<b>FFO exc. coal ash spend (net of tax)</b>	<b>\$ 1,019</b>	<b>\$ 1,025</b>	<b>\$ 957</b>
Current maturities of long-term debt	\$ -	\$ 3	\$ 547
Long-term debt	-	3,633	3,071
Long-term debt payable to affiliated companies	-	150	150
CRC allocated balance	-	174	174
<b>Total Debt</b>	<b>\$ 3,908</b>	<b>\$ 3,960</b>	<b>\$ 3,942</b>
<b>FFO / Debt</b>	<b>26%</b>	<b>26%</b>	<b>24%</b>
(1) Working capital detail, excluding mark-to-market			
Receivables	\$ (25)	\$ (2)	\$ (7)
Receivables from affiliated companies	-	(43)	44
Inventory	92	66	(21)
Other current assets	-	(67)	90
Accounts payable	22	8	33
Accounts payable to affiliated companies	-	(9)	25
Taxes accrued	(5)	(4)	35
Other current liabilities	(6)	(81)	26
	\$ 78	\$ (132)	\$ 225

**FFO to Debt Calculation****Duke Energy Ohio**

(in millions)

	Years Ended December 31,		
	2017 Forecast	2016 Actual	2015 Actual
Cash From Operations	\$ 425	\$ 425	\$ 667
Working capital adjustment (1)	73	15	(91)
Capitalized Interest	(9)	(8)	(10)
Funds From Operations	489	432	566
ARO spend	-	5	4
ARO spend, net of tax at 38%	8	3	2
<b>FFO exc. coal ash spend (net of tax)</b>	<b>\$ 497</b>	<b>\$ 435</b>	<b>\$ 568</b>
Notes payable to affiliated companies	\$ -	\$ 16	\$ 103
Current maturities of long-term debt	-	1	106
Long-term debt	-	1,858	1,467
Long-term debt payable to affiliated companies	-	25	25
CRC allocated balance	-	151	151
<b>Total Debt</b>	<b>\$ 2,250</b>	<b>\$ 2,051</b>	<b>\$ 1,852</b>
<b>FFO / Debt</b>	<b>22%</b>	<b>21%</b>	<b>31%</b>

(1) Working capital detail, excluding mark-to-market

Receivables	\$ (62)	\$ (4)	\$ 23
Receivables from affiliated companies	-	(36)	23
Inventory	-	(32)	-
Other current assets	-	79	-
Accounts payable	(5)	19	(1)
Accounts payable to affiliated companies	-	10	(21)
Taxes accrued	(6)	3	(21)
Other current liabilities	-	(54)	88
	\$ (73)	\$ (15)	\$ 91

**FFO to Debt Calculation****Piedmont Natural Gas**

(in millions)

	Years Ended		
	December 31,	October 31,	
	2017 Forecast	2016 Actual	2015 Actual
Cash From Operations	\$ 405	\$ 308	\$ 372
Working capital adjustment (1)	94	101	(37)
Funds From Operations	499	409	335
ARO spend	-	6	6
ARO spend, net of tax at 38%	-	4	4
<b>FFO exc. coal ash spend (net of tax)</b>	<b>\$ 499</b>	<b>\$ 413</b>	<b>\$ 339</b>
Notes payable	\$ -	\$ 145	\$ 340
Current maturities of long-term debt	-	35	40
Long-term debt	-	1,786	1,524
<b>Total Debt</b>	<b>\$ 2,548</b>	<b>\$ 1,966</b>	<b>\$ 1,904</b>
<b>FFO / Debt</b>	<b>20%</b>	<b>21%</b>	<b>18%</b>

(1) Working capital detail, excluding mark-to-market

Receivables	\$ -	\$ 7	\$ (3)
Receivables from affiliated companies	-	(7)	-
Inventory	-	14	16
Other current assets	-	(99)	46
Accounts payable	(3)	6	(5)
Accounts payable to affiliated companies	-	6	-
Taxes accrued	(87)	(14)	4
Other current liabilities	(4)	(14)	(21)
	\$ (94)	\$ (101)	\$ 37