

**Duke Energy Corporation**  
**Non-GAAP Reconciliations**  
**First Quarter Earnings Review & Business Update**  
**May 9, 2017**

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

The materials for Duke Energy Corporation's (Duke Energy) First Quarter Earnings Review and Business Update on May 9, 2017, include a discussion of adjusted diluted EPS for the quarters ended March 31, 2017 and 2016.

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 represent 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 financial 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 ended March 31, 2017 and 2016, to the most directly comparable GAAP measures are included herein.

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

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

Adjusted diluted EPS also include operating results of 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 group 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 First Quarter Earnings Review and Business Update on May 9, 2017, include a reference to the forecasted 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 First Quarter Earnings Review and Business Update on May 9, 2017, include a discussion of adjusted segment income and adjusted other net expense for the quarter ended March 31, 2017 and a discussion of forecasted adjusted segment income and forecasted adjusted net expense.

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 the presentation of adjusted segment income and adjusted other net expense provides useful information to investors, as it provides 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 measures for adjusted segment income and adjusted other net expense are 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 quarter ended March 31, 2017, to the most directly comparable GAAP measures is included herein. 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 First Quarter Earnings Review and Business Update on May 9, 2017 include a discussion of the adjusted ETR for the quarter ended March 31, 2017. The materials also include a discussion of the 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 quarter period ended March 31, 2017 to the most directly comparable GAAP measure is included herein. Due to the forward-looking nature of the 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.

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

The materials for Duke Energy's First Quarter Earnings Review and Business Update on May 9, 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 herein.

## **Holdco Debt Percentage**

The materials for Duke Energy's First Quarter Earnings Review and Business Update on May 9, 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, Premier Notes 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 First Quarter Earnings Review and Business Update on May 9, 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 March 31, 2017 to the most directly comparable GAAP measure is included herein.

## **Business Mix Percentages**

The materials for Duke Energy's First Quarter Earnings Review and Business Update on May 9, 2017, reference the current full-year percentage of total adjusted segment income and the ten-year percentage target of total adjusted income provided by the Gas Utilities and Infrastructure segment.

Adjusted segment income is a non-GAAP financial measure, as it represents reported segment income adjusted for special items as discussed above. Due to the forward-looking nature of any forecasted adjusted segment income and any related growth rates for future periods, 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 (as discussed above under Adjusted Diluted EPS Outlook).

## **Weather Normal**

The materials for Duke Energy's First Quarter Earnings Review and Business Update on May 9, 2017, include a discussion of Duke Energy's adjusted diluted EPS on a weather normal basis for the quarters ended March 31, 2017 and 2016. 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. Management believes this presentation provides useful information to investors, as it provides a meaningful comparison of financial performance across periods. Forecasted amounts are weather normal as forecasted amounts are based on the historical impacts of weather on Duke Energy's operations.

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

	<u>Reported Earnings</u>	<u>Special Item Costs to Achieve Piedmont Merger</u>	<u>Adjusted Earnings</u>
<b>SEGMENT INCOME</b>			
Electric Utilities and Infrastructure	\$ 635	\$ —	\$ 635
Gas Utilities and Infrastructure	133	—	133
Commercial Renewables	25	—	25
<b>Total Reportable Segment Income</b>	<b>793</b>	<b>—</b>	<b>793</b>
Other	(77)	10 A	(67)
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 716</b>	<b>\$ 10</b>	<b>\$ 726</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.02</b>	<b>\$ 0.02</b>	<b>\$ 1.04</b>

A - Net of \$6 million tax benefit. \$15 million recorded within Operating Expenses and \$1 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations.

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

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

	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	\$ 664	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 664
Gas Utilities and Infrastructure	32	—	—	—	—	—	—	32
Commercial Renewables	26	—	—	—	—	—	—	26
Total Reportable Segment Income	722	—	—	—	—	—	—	722
International Energy	—	—	—	117 C	—	—	117	117
Other	(148)	74 A	12 B	—	—	—	86	(62)
Discontinued Operations	120	—	—	(117) C	(3) D	(120)	—	—
Net Income Attributable to Duke Energy Corporation	\$ 694	\$ 74	\$ 12	\$ —	\$ (3)	\$ 83	\$ 777	
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.01</b>	<b>\$ 0.11</b>	<b>\$ 0.02</b>	<b>\$ —</b>	<b>\$ (0.01)</b>	<b>\$ 0.12</b>	<b>\$ 1.13</b>	

**A** - Net of \$46 million tax benefit. Includes \$1 million recorded within Operating Revenues, \$19 million recorded within Operating Expenses and \$100 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations. The interest expense primarily relates to losses on forward-starting interest rate swaps associated with the Piedmont acquisition financing.

**B** - Net of \$8 million tax benefit. Consists of severance costs recorded within Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

**C** - Includes \$39 million tax benefit. Operating results of the International Disposal Group classified as discontinued operations.

**D** - Recorded in Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

**Weighted Average Shares Outstanding, Diluted (reported and adjusted) - 689 million**

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
**Three Months Ended March 31, 2017**  
**(Dollars in Millions)**

	<b>Three Months Ended March 31, 2017</b>	
	<b>Balance</b>	<b>Effective Tax Rate</b>
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 1,061	
Costs to Achieve Piedmont Merger	16	
Noncontrolling Interests	(1)	
<b>Adjusted Pretax Income</b>	<b>\$ 1,076</b>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 344	32.4%
Costs to Achieve Piedmont Merger	6	
<b>Adjusted Tax Expense</b>	<b>\$ 350</b>	<b>32.5% *</b>

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

**Duke Energy Corporation**  
**Available Liquidity Reconciliation**  
**As of March 31, 2017**  
**(In millions)**

Cash and Cash Equivalents	\$ 878	
Less: Certain Amounts Held in Foreign Jurisdictions	(65)	
Less: Unavailable Domestic Cash	<u>(137)</u>	
	676	
Plus: Remaining Availability under Master Credit Facility	<u>4,214</u>	
Total Available Liquidity (a)	<u>\$ 4,890</u>	(approximately 4.9 billion)

(a) 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.

**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>6,337</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>\$ 6,714</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>14%</b>	<b>17%</b>
(1) Working capital detail, excluding mark-to-market			
Receivables	\$ (184)	\$ (391)	\$ 359
Inventory	158	272	(237)
Other current assets	(152)	(220)	(65)
Accounts payable	(16)	266	(6)
Taxes accrued	38	236	(38)
Other current liabilities	(28)	182	168
	\$ (184)	\$ 345	\$ 181

**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)
Funds From Operations	2,598	2,605	2,463
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
	<b>\$ (3)</b>	<b>\$ (252)</b>	<b>\$ 159</b>

**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
	<b>\$ (73)</b>	<b>\$ (15)</b>	<b>\$ 91</b>

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

(in millions)

	Years Ended		
	December 31, 2017 Forecast	October 31, 2016 Actual	October 31, 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