

**Duke Energy Corporation**  
**Non-GAAP Reconciliations**  
**Second Quarter Earnings Review & Business Update**  
**August 3, 2017**

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

The materials for Duke Energy Corporation's (Duke Energy) Second Quarter Earnings Review and Business Update on August 3, 2017, include a discussion of adjusted diluted EPS for the quarters and year-to-date periods ended June 30, 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 and year-to-date periods ended June 30, 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 represent 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 Guidance**

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 3, 2017, include a reference to the forecasted 2017 adjusted diluted EPS guidance 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 Second Quarter Earnings Review and Business Update on August 3, 2017, include a discussion of adjusted segment income and adjusted other net expense for the quarter and year-to-date periods ended June 30, 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 and year-to-date periods ended June 30, 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 Second Quarter Earnings Review and Business Update on August 3, 2017 include a discussion of the adjusted ETR for the quarter and year-to-date periods ended June 30, 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 and year-to-date periods ended June 30, 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.

### **Available Liquidity**

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 3, 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 and other facilities. The most directly comparable GAAP financial measure for available liquidity is Cash and cash equivalents. A reconciliation of available liquidity as of June 30, 2017 to the most directly comparable GAAP measure is included herein.

**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 Costs to Achieve Piedmont Merger	Discontinued Operations	Total Adjustments	Adjusted Earnings
<b>SEGMENT INCOME</b>					
Electric Utilities and Infrastructure	\$ 729	\$ —	\$ —	\$ —	\$ 729
Gas Utilities and Infrastructure	27	—	—	—	27
Commercial Renewables	26	—	—	—	26
Total Reportable Segment Income	782	—	—	—	782
Other	(94)	19 <b>A</b>	—	19	(75)
Discontinued Operations	(2)	—	2 <b>B</b>	2	—
Net Income Attributable to Duke Energy Corporation	\$ 686	\$ 19	\$ 2	\$ 21	\$ 707
<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) Income 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 Costs to Achieve Piedmont Merger	Discontinued Operations	Total Adjustments	Adjusted Earnings
<b>SEGMENT INCOME</b>					
Electric Utilities and Infrastructure	\$ 1,364	\$ —	\$ —	\$ —	\$ 1,364
Gas Utilities and Infrastructure	160	—	—	—	160
Commercial Renewables	51	—	—	—	51
<b>Total Reportable Segment Income</b>	<b>1,575</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,575</b>
Other	(171)	29 <b>A</b>	—	29	(142)
Discontinued Operations	(2)	—	2 <b>B</b>	2	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 1,402</b>	<b>\$ 29</b>	<b>\$ 2</b>	<b>\$ 31</b>	<b>\$ 1,433</b>
<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) Income 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**  
**Three Months Ended June 30, 2016**  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items			Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Mergers	Cost Savings Initiatives	International Energy Operations			
<b>SEGMENT INCOME</b>							
Electric Utilities and Infrastructure	\$ 704	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 704
Gas Utilities and Infrastructure	16	—	—	—	—	—	16
Commercial Renewables	11	—	—	—	—	—	11
<b>Total Reportable Segment Income</b>	<b>731</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>731</b>
International Energy	—	—	—	31 C	—	31	31
Other	(107)	69 A	15 B	—	—	84	(23)
Discontinued Operations	(115)	—	—	(31) C	146 D	115	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 509</b>	<b>\$ 69</b>	<b>\$ 15</b>	<b>\$ —</b>	<b>\$ 146</b>	<b>\$ 230</b>	<b>\$ 739</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 0.74</b>	<b>\$ 0.10</b>	<b>\$ 0.02</b>	<b>\$ —</b>	<b>\$ 0.21</b>	<b>\$ 0.33</b>	<b>\$ 1.07</b>

**A** - Net of \$42 million tax benefit. Includes \$28 million recorded within Operating Expenses and \$83 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations. The interest expense primarily relates to losses on forward-starting interest rate swaps associated with the Piedmont acquisition financing.

**B** - Net of \$9 million tax benefit. Consists of severance costs recorded within Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

**C** - Net of \$35 million tax expense. Operating results of the International Disposal Group, which exclude the impairment described below, recorded within Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

**D** - Recorded in (Loss) Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations. Includes an impairment charge related to certain assets in Central America.

**Weighted Average Shares Outstanding, Diluted (reported and adjusted) - 690 million**

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
Six Months Ended June 30, 2016  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items			Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Mergers	Cost Savings Initiatives	International Energy Operations			
<b>SEGMENT INCOME</b>							
Electric Utilities and Infrastructure	\$ 1,368	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,368
Gas Utilities and Infrastructure	48	—	—	—	—	—	48
Commercial Renewables	37	—	—	—	—	—	37
<b>Total Reportable Segment Income</b>	<b>1,453</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,453</b>
International Energy	—	—	—	148 C	—	148	148
Other	(255)	143 A	27 B	—	—	170	(85)
Discontinued Operations	5	—	—	(148) C	143 D	(5)	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 1,203</b>	<b>\$ 143</b>	<b>\$ 27</b>	<b>\$ —</b>	<b>\$ 143</b>	<b>\$ 313</b>	<b>\$ 1,516</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.74</b>	<b>\$ 0.21</b>	<b>\$ 0.04</b>	<b>\$ —</b>	<b>\$ 0.21</b>	<b>\$ 0.46</b>	<b>\$ 2.20</b>

**A** - Net of \$88 million tax benefit. Includes \$1 million recorded within Operating Revenues, \$47 million recorded within Operating Expenses and \$183 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations. The interest expense primarily relates to losses on forward-starting interest rate swaps associated with the Piedmont acquisition financing.

**B** - Net of \$17 million tax benefit. Consists of severance costs recorded within Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

**C** - Includes \$4 million tax benefit. Operating results of the International Disposal Group, which exclude the impairment described below, recorded within Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

**D** - Recorded in (Loss) Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations. Includes an impairment charge related to certain assets in Central America.

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

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
June 2017  
(Dollars in Millions)

	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>	<u>\$ 1,045</u>		<u>\$ 2,121</u>	
<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>	<u>\$ 338</u>	32.3% *	<u>\$ 688</u>	32.4% *

	Three Months Ended June 30, 2016		Six Months Ended June 30, 2016	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 877		\$ 1,706	
Costs to Achieve Mergers	111		231	
Cost Savings Initiatives	24		44	
International Energy Operations	66		144	
Noncontrolling Interests	—		(3)	
<b>Adjusted Pretax Income</b>	<u>\$ 1,078</u>		<u>\$ 2,122</u>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 253	28.8%	\$ 505	29.6%
Costs to Achieve Mergers	42		88	
Cost Savings Initiatives	9		17	
International Energy Operations	35		(4)	
<b>Adjusted Tax Expense</b>	<u>\$ 339</u>	31.4% *	<u>\$ 606</u>	28.6% *

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

**Duke Energy Corporation**  
**Available Liquidity Reconciliation**  
**As of June 30, 2017**  
**(In millions)**

Cash and Cash Equivalents	\$ 298	
Less: Certain Amounts Held in Foreign Jurisdictions	(65)	
Less: Unavailable Domestic Cash	<u>(39)</u>	
	194	
Plus: Remaining Availability under Master Credit Facilities and other facilities	<u>5,091</u>	
Total Available Liquidity (a)	<u><u>\$ 5,285</u></u>	(approximately 5.3 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 Duke Energy's available credit facilities, including the master credit facility. The most directly comparable GAAP financial measure for available liquidity is Cash and cash equivalents.