

Duke Energy Corporation
Non-GAAP Reconciliations
Third Quarter Earnings Review & Business Update
November 3, 2017

Adjusted Diluted Earnings per Share (EPS)

The materials for Duke Energy Corporation's (Duke Energy) Third Quarter Earnings Review and Business Update on November 3, 2017, include a discussion of adjusted diluted EPS for the quarters and year-to-date periods ended September 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 September 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.
- Commercial Renewables Impairments represents other-than-temporary and asset impairments.
- Florida Settlement represents an impairment charge related to the Levy nuclear project based on a settlement agreement approved by regulators.

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 Third Quarter Earnings Review and Business Update on November 3, 2017, include a reference to the original forecasted 2017 adjusted diluted EPS guidance range of \$4.50 - \$4.70 per share and the narrowed forecasted 2017 adjusted diluted EPS guidance range of \$4.50 - \$4.60 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 Third Quarter Earnings Review and Business Update on November 3, 2017, include a discussion of adjusted segment income and adjusted other net expense for the quarter and year-to-date periods ended September 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 September 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 Guidance.

Adjusted Effective Tax Rate (ETR)

The materials for Duke Energy's Third Quarter Earnings Review and Business Update on November 3, 2017 include a discussion of the adjusted ETR for the quarter and year-to-date periods ended September 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 year-to-date period ended September 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 Guidance.

Available Liquidity

The materials for Duke Energy's Third Quarter Earnings Review and Business Update on November 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 September 30, 2017 to the most directly comparable GAAP measure is included herein.

DUKE ENERGY CORPORATION
REPORTED TO ADJUSTED EARNINGS RECONCILIATION
Three Months Ended September 30, 2017
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items			Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger	Florida Settlement	Commercial Renewables Impairments			
SEGMENT INCOME (LOSS)							
Electric Utilities and Infrastructure	\$ 1,020	\$ —	\$ 84	B \$ —	\$ —	\$ 84	\$ 1,104
Gas Utilities and Infrastructure	19	—	—	—	—	—	19
Commercial Renewables	(49)	—	—	56	C —	56	7
Total Reportable Segment Income	990	—	84	56	—	140	1,130
Other	(34)	14	A —	—	—	14	(20)
Discontinued Operations	(2)	—	—	—	2	D 2	—
Net Income Attributable to Duke Energy Corporation	\$ 954	\$ 14	\$ 84	\$ 56	\$ 2	\$ 156	\$ 1,110
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 1.36	\$ 0.03	\$ 0.12	\$ 0.08	\$ —	\$ 0.23	\$ 1.59

A - Net of \$9 million tax benefit. \$23 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B - Net of \$51 million tax benefit. \$135 million recorded within Impairment charges on the Condensed Consolidated Statements of Operations.

C - Net of \$28 million tax benefit. \$74 million recorded within Impairment charges and \$10 million recorded within Other Income and Expenses on the Condensed Consolidated Statements of Operations.

D - Recorded in (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
Nine Months Ended September 30, 2017
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items			Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger	Florida Settlement	Commercial Renewables Impairments			
SEGMENT INCOME							
Electric Utilities and Infrastructure	\$ 2,384	\$ —	\$ 84 B	\$ —	\$ —	\$ 84	\$ 2,468
Gas Utilities and Infrastructure	179	—	—	—	—	—	179
Commercial Renewables	2	—	—	56 C	—	56	58
Total Reportable Segment Income	2,565	—	84	56	—	140	2,705
Other	(205)	43 A	—	—	—	43	(162)
Discontinued Operations	(4)	—	—	—	4 D	4	—
Net Income Attributable to Duke Energy Corporation	\$ 2,356	\$ 43	\$ 84	\$ 56	\$ 4	\$ 187	\$ 2,543
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 3.36	\$ 0.06	\$ 0.12	\$ 0.08	\$ 0.01	\$ 0.27	\$ 3.63

A - Net of \$26 million tax benefit. \$68 million recorded within Operating Expenses and \$1 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations.

B - Net of \$51 million tax benefit. \$135 million recorded within Impairment charges on the Condensed Consolidated Statements of Operations.

C - Net of \$28 million tax benefit. \$74 million recorded within Impairment charges and \$10 million recorded within Other Income and Expenses on the Condensed Consolidated Statements of Operations.

D - Recorded in (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 September 30, 2016
(Dollars in millions, except per-share amounts)

	<u>Special Items</u>							Total Adjustments	Adjusted Earnings
	Reported Earnings	Costs to Achieve Mergers	Cost Savings Initiatives	Commercial Renewables Impairment	International Energy Operations	Discontinued Operations	Total Adjustments		
SEGMENT INCOME (LOSS)									
Electric Utilities and Infrastructure	\$ 1,189	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,189
Gas Utilities and Infrastructure	15	—	—	—	—	—	—	—	15
Commercial Renewables	(24)	—	—	45 C	—	—	—	45	21
Total Reportable Segment Income	1,180	—	—	45	—	—	—	45	1,225
International Energy	—	—	—	—	55 D	—	—	55	55
Other	(181)	52 A	12 B	—	—	—	—	64	(117)
Discontinued Operations	177	—	—	—	(55) D	(122) E	—	(177)	—
Net Income Attributable to Duke Energy Corporation	\$ 1,176	\$ 52	\$ 12	\$ 45	\$ —	\$ (122)	\$ (13)	\$ 1,163	\$ 1,163
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 1.70	\$ 0.07	\$ 0.02	\$ 0.07	\$ —	\$ (0.18)	\$ (0.02)	\$ 1.68	\$ 1.68

A - Net of \$32 million tax benefit. Includes \$33 million recorded within Operating Expenses and \$51 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations.

B - Net of \$7 million tax benefit. Consists of severance costs recorded within Operation, maintenance and other on the Condensed 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 Condensed Consolidated Statements of Operations.

D - Net of \$5 million tax expense. Operating results of the International Disposal Group recorded within (Loss) Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

E - Tax benefit related to previously sold businesses not related to the International Disposal Group recorded within (Loss) Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

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

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

	Special Items							Total Adjustments	Adjusted Earnings
	Reported Earnings	Costs to Achieve Mergers	Cost Savings Initiatives	Commercial Renewables Impairment	International Energy Operations	Discontinued Operations			
SEGMENT INCOME									
Electric Utilities and Infrastructure	\$ 2,557	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 2,557
Gas Utilities and Infrastructure	63	—	—	—	—	—	—	—	63
Commercial Renewables	13	—	—	45 C	—	—	—	45	58
Total Reportable Segment Income	2,633	—	—	45	—	—	—	45	2,678
International Energy Operations	—	—	—	—	203 D	—	—	203	203
Other	(436)	195 A	39 B	—	—	—	—	234	(202)
Discontinued Operations	182	—	—	—	(203) D	21 E	—	(182)	—
Net Income Attributable to Duke Energy Corporation	\$ 2,379	\$ 195	\$ 39	\$ 45	\$ —	\$ 21	\$ 300	\$ 2,679	
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 3.44	\$ 0.28	\$ 0.06	\$ 0.07	\$ —	\$ 0.03	\$ 0.44	\$ 3.88	

A - Net of \$120 million tax benefit. Includes \$1 million recorded within Operating Revenues, \$80 million recorded within Operating Expenses and \$234 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 \$24 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Condensed 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 Condensed Consolidated Statements of Operations.

D - Net of \$1 million tax expense. Operating results of the International Disposal Group, which exclude the impairment described below, recorded within (Loss) Income From Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

E - Recorded within (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, partially offset by a tax benefit related to previously sold businesses not related to the International Disposal Group.

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

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

	<u>Three Months Ended September 30, 2017</u>		<u>Nine Months Ended September 30, 2017</u>	
	<u>Balance</u>	<u>Effective Tax Rate</u>	<u>Balance</u>	<u>Effective Tax Rate</u>
Reported Income From Continuing Operations Before Income Taxes	\$ 1,321		\$ 3,400	
Costs to Achieve Piedmont Merger	23		69	
Florida Settlement	135		135	
Commercial Renewables Impairments	84		84	
Noncontrolling Interests	(1)		(5)	
Adjusted Pretax Income	<u>\$ 1,562</u>		<u>\$ 3,683</u>	
Reported Income Tax Expense From Continuing Operations	\$ 364	27.6%	\$ 1,035	30.4%
Costs to Achieve Piedmont Merger	9		26	
Florida Settlement	51		51	
Commercial Renewables Impairments	28		28	
Adjusted Tax Expense	<u>\$ 452</u>	28.9% *	<u>\$ 1,140</u>	31.0% *
	<u>Three Months Ended September 30, 2016</u>		<u>Nine Months Ended September 30, 2016</u>	
	<u>Balance</u>	<u>Effective Tax Rate</u>	<u>Balance</u>	<u>Effective Tax Rate</u>
Reported Income From Continuing Operations Before Income Taxes	\$ 1,516		\$ 3,222	
Costs to Achieve Mergers	84		315	
Cost Savings Initiatives	19		63	
Commercial Renewables Impairment	71		71	
International Energy Operations	60		204	
Noncontrolling Interests	(2)		(5)	
Adjusted Pretax Income	<u>\$ 1,748</u>		<u>\$ 3,870</u>	
Reported Income Tax Expense From Continuing Operations	\$ 515	34.0%	\$ 1,020	31.7%
Costs to Achieve Mergers	32		120	
Cost Savings Initiatives	7		24	
Commercial Renewables Impairment	26		26	
International Energy Operations	5		1	
Adjusted Tax Expense	<u>\$ 585</u>	33.5% *	<u>\$ 1,191</u>	30.8% *

*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 September 30, 2017
(In millions)

Cash and Cash Equivalents	\$ 282	
Less: Certain Amounts Held in Foreign Jurisdictions	(7)	
Less: Unavailable Domestic Cash	<u>(77)</u>	
	198	
Plus: Remaining Availability under Master Credit Facilities and other facilities	<u>6,520</u>	
Total Available Liquidity (a)	<u>\$ 6,718</u>	approximately 6.7 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.