

**Duke Energy Corporation**  
**Non-GAAP Reconciliations**  
**First Quarter Earnings Review & Business Update**  
**May 10, 2018**

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

The materials for Duke Energy Corporation's (Duke Energy) First Quarter Earnings Review and Business Update on May 10, 2018, include a discussion of adjusted diluted EPS for the quarters ended March 31, 2018 and 2017.

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, 2018 and 2017, 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 Piedmont Merger represent charges that result of the Piedmont acquisition.
- Regulatory Settlements represent costs related to rate case orders, settlements or other actions of regulators.
- Sale of Retired Plant represent costs associated with selling Beckjord, a nonregulated generation facility in Ohio.
- Impairment of Equity Method Investment represents an other-than-temporary impairment of an investment in Constitution Pipeline Company, LLC.
- Impacts of the Tax Act represents an alternative minimum tax valuation allowance recognized related to the Tax Act.

**Adjusted Diluted EPS Guidance**

The materials for Duke Energy's First Quarter Earnings Review and Business Update on May 10, 2018, include a reference to the original 2017 adjusted diluted EPS guidance range of \$4.50 - \$4.70 per share with a midpoint of \$4.60 per share and the forecasted 2018 adjusted diluted EPS guidance range of \$4.55 - \$4.85 per share. The materials also reference the long-term range of annual growth of 4% - 6% through 2022 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 Loss**

The materials for Duke Energy's First Quarter Earnings Review and Business Update on May 10, 2018, include a discussion of adjusted segment income and adjusted other net expense for the quarter ended March 31, 2018 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 prior year 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. Prior year consolidated statutory tax rate was used for comparability across periods presented, rather than the current year consolidated statutory tax rate which has reduced substantially as a result of the Tax Act. 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, 2018, 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 First Quarter Earnings Review and Business Update on May 10, 2018 include a discussion of the adjusted ETR for the quarter ended March 31, 2018. The materials also include a discussion of the 2018 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 ended March 31, 2018 to the most directly comparable GAAP measure is included herein. Due to the forward-looking nature of the 2018 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.

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

The materials for Duke Energy's First Quarter Earnings Review and Business Update on May 10, 2018 include a reference to 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, ARO spend and reduced for capitalized interest (including any AFUDC interest). The denominator for the FFO to Total Debt ratio is calculated principally by using 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.

## **Holdco Debt Percentage**

The materials for Duke Energy's First Quarter Earnings Review and Business Update on May 10, 2018 include a reference to a projected 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 First Quarter Earnings Review and Business Update on May 10, 2018 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 March 31, 2018 to the most directly comparable GAAP measure is included herein.

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Three Months Ended March 31, 2018**  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items					Total Adjustments	Adjusted Earnings		
		Costs to Achieve Piedmont Merger	Regulatory Settlements	Sale of Retired Plant	Impairment of Equity Method Investment	Impacts of the Tax Act				
<b>SEGMENT INCOME</b>										
Electric Utilities and Infrastructure	\$ 750	\$ —	\$ 66	B	\$ —	\$ —	\$ 66	\$ 816		
Gas Utilities and Infrastructure	116	—	—	—	42	D	42	158		
Commercial Renewables	20	—	—	—	—	—	—	20		
<b>Total Reportable Segment Income</b>	<b>886</b>	<b>—</b>	<b>66</b>	<b>—</b>	<b>42</b>	<b>—</b>	<b>108</b>	<b>994</b>		
Other	(266)	13	A	—	82	C	76	E	171	(95)
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 620</b>	<b>\$ 13</b>	<b>\$ 66</b>	<b>\$ 82</b>	<b>\$ 42</b>	<b>\$ 76</b>	<b>\$ 279</b>	<b>\$ 899</b>		
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORP, DILUTED</b>	<b>\$ 0.88</b>	<b>\$ 0.02</b>	<b>\$ 0.09</b>	<b>\$ 0.12</b>	<b>\$ 0.06</b>	<b>\$ 0.11</b>	<b>\$ 0.40</b>	<b>\$ 1.28</b>		

A - Net of \$4 million tax benefit. \$17 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B - Net of \$20 million tax benefit. \$45 million recorded within Impairment Charges, \$35 million within Operating Expenses and \$6 million within Interest Expense on the Condensed Consolidated Statements of Operations.

C - Net of \$25 million tax benefit. \$107 million recorded within (Losses) Gains on Sales of Other Assets and Other, net on the Condensed Consolidated Statements of Operations.

D - Net of \$13 million tax benefit. \$55 million recorded within Other Income and Expenses on the Condensed Consolidated Statements of Operations.

E - \$76 million AMT valuation allowance within Income Tax Expense from Continuing Operations on the Condensed Consolidated Statements of Operations.

**Weighted Average Shares, Diluted (reported and adjusted) - 701 million**

**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
Total Reportable Segment Income	793	—	793
Other	(77)	10 <sup>A</sup>	(67)
Net Income Attributable to Duke Energy Corporation	\$ 716	\$ 10	\$ 726
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.02</b>	<b>\$ 0.02</b>	<b>\$ 1.04</b>

<sup>A</sup> - 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**  
**Available Liquidity Reconciliation**  
**As of March 31, 2018**  
**(In millions)**

Cash and Cash Equivalents	\$ 421	
Less: Certain Amounts Held in Foreign Jurisdictions	(6)	
Less: Unavailable Domestic Cash	<u>(105)</u>	
	310	
Plus: Remaining Availability under Master Credit Facilities and other facilities	<u>5,258</u>	
Total Available Liquidity (a)	<u>\$ 5,568</u>	approximately 5.6 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.

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

	<b>Years Ended December 31,</b>	
	<b>2017</b>	<b>2016</b>
	<b>Actual</b>	<b>Actual</b>
Cash From Operations	\$ 6,634	\$ 6,817
Working capital adjustment (1)	740	(394)
Capitalized Interest	(128)	(100)
CR3 securitization adjustment	(53)	(35)
Other	20	19
<b>Funds From Operations</b>	<b>7,213</b>	<b>6,307</b>
ARO spend	571	608
ARO spend, net of tax at 38%	354	377
<b>FFO exc. coal ash spend (net of tax)</b>	<b>\$ 7,567</b>	<b>\$ 6,684</b>
Notes payable and commercial paper	\$ 2,163	\$ 2,487
Current maturities of long-term debt	3,244	2,319
Long-term debt	49,035	45,576
Purchase accounting adjustments	(2,416)	(2,671)
CR3 securitization	(1,217)	(1,279)
Other	192	(125)
<b>Total Debt</b>	<b>\$ 51,001</b>	<b>\$ 46,307</b>
<b>FFO / Debt</b>	<b>15%</b>	<b>14%</b>
(1) Working capital detail, excluding mark-to-market		
Receivables	\$ (83)	\$ (372)
Inventory	268	272
Other current assets	(446)	(220)
Accounts payable	(204)	296
Taxes accrued	149	236
Other current liabilities	(424)	182
	<b>\$ (740)</b>	<b>\$ 394</b>