

**Duke Energy Corporation**  
**Non-GAAP Reconciliations**  
**Third Quarter Earnings Review & Business Update**  
**November 2, 2018**

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

The materials for Duke Energy Corporation's (Duke Energy) Third Quarter Earnings Review and Business Update on November 2, 2018, include a discussion of adjusted diluted EPS for the quarters and year-to-date periods ended September 30, 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 and year-to-date periods ended September 30, 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 from the Piedmont acquisition.
- Regulatory and Legislative Impacts represent charges related to rate case orders, settlements or other actions of regulators or legislative bodies.
- Sale of Retired Plant represents the loss associated with selling Beckjord Generating Station, a nonregulated generating facility in Ohio.
- Impairment Charges represents an other-than-temporary impairment of an investment in Constitution Pipeline Company, LLC and impairments at Commercial Renewables.
- Impacts of the Tax Act represents an alternative minimum tax valuation allowance recognized and a true-up of prior year tax estimates related to the Tax Cuts and Jobs Act (the Tax Act).

## **Adjusted Diluted EPS Guidance**

The materials for Duke Energy's Third Quarter Earnings Review and Business Update on November 2, 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 \$4.65 - \$4.85 per share, narrowed from \$4.55 - \$4.85 per share during the third quarter of 2018. 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 Third Quarter Earnings Review and Business Update on November 2, 2018, include a discussion of adjusted segment income and adjusted other net loss for the quarters and year-to-date periods ended September 30, 2018 and 2017 and a discussion of 2018 forecasted adjusted segment income and forecasted adjusted other net loss.

Adjusted segment income and adjusted other net loss are non-GAAP financial measures, as they represent reported segment income and other net loss adjusted for special items (as discussed above under Adjusted Diluted EPS). Management believes the presentation of adjusted segment income and adjusted other net loss 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. The 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 loss are reported segment income and other net loss, which represents segment income and other net loss from continuing operations, including any special items. A reconciliation of adjusted segment income and adjusted other net loss for the quarters and year-to-date periods ended September 30, 2018 and 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 loss 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 2, 2018 include a discussion of the adjusted ETR for the quarters and year-to-date periods ended September 30, 2018 and 2017. 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 quarters and year-to-date periods ended September 30, 2018 and 2017 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.

### **Available Liquidity**

The materials for Duke Energy's Third Quarter Earnings Review and Business Update on November 2, 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 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. A reconciliation of available liquidity as of September 30, 2018 to the most directly comparable GAAP measure is included herein.

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Three Months Ended September 30, 2018**  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items			Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger	Impairment Charges	Impacts of the Tax Act			
<b>SEGMENT INCOME</b>							
Electric Utilities and Infrastructure	\$ 1,167	\$ —	\$ —	\$ 8	\$ —	\$ 8	\$ 1,175
Gas Utilities and Infrastructure	17	—	—	1	—	1	18
Commercial Renewables	(62)	—	91 <b>B</b>	(3)	—	88	26
<b>Total Reportable Segment Income</b>	<b>1,122</b>	<b>—</b>	<b>91</b>	<b>6</b>	<b>—</b>	<b>97</b>	<b>1,219</b>
Other	(44)	13 <b>A</b>	—	(9)	—	4	(40)
Discontinued Operations	4	—	—	—	(4) <b>D</b>	(4)	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 1,082</b>	<b>\$ 13</b>	<b>\$ 91</b>	<b>\$ (3) <b>C</b></b>	<b>\$ (4)</b>	<b>\$ 97</b>	<b>\$ 1,179</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORP, DILUTED</b>	<b>\$ 1.51</b>	<b>\$ 0.02</b>	<b>\$ 0.12</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 0.14</b>	<b>\$ 1.65</b>

**A** - Net of \$3 million tax benefit. \$16 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

**B** - Net of \$2 million Noncontrolling Interests. \$93 million goodwill impairment recorded within Impairment charges on the Condensed Consolidated Statements of Operations.

**C** - \$3 million tax benefit true-up of prior year Tax Act estimates recorded within Income Tax Expense from Continuing Operations on the Condensed Consolidated Statement of Operations.

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

**Weighted Average Shares, Diluted (reported and adjusted) - 714 million**

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Nine Months Ended September 30, 2018**  
(Dollars in millions, except per-share amounts)

	Special Items							Total Adjustments	Adjusted Earnings
	Reported Earnings	Costs to Achieve Piedmont Merger	Regulatory and Legislative Impacts	Sale of Retired Plant	Impairment Charges	Impacts of the Tax Act	Discontinued Operations		
<b>SEGMENT INCOME</b>									
Electric Utilities and Infrastructure	\$ 2,492	\$ —	\$ 202 B	\$ —	\$ —	\$ 8	\$ —	\$ 210	\$ 2,702
Gas Utilities and Infrastructure	161	—	—	—	42 D	1	—	43	204
Commercial Renewables	(4)	—	—	—	91 E	(3)	—	88	84
<b>Total Reportable Segment Income</b>	<b>2,649</b>	<b>—</b>	<b>202</b>	<b>—</b>	<b>133</b>	<b>6</b>	<b>—</b>	<b>341</b>	<b>2,990</b>
Other	(446)	41 A	—	82 C	—	67	—	190	(256)
Discontinued Operations	(1)	—	—	—	—	—	1 G	1	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 2,202</b>	<b>\$ 41</b>	<b>\$ 202</b>	<b>\$ 82</b>	<b>\$ 133</b>	<b>\$ 73 F</b>	<b>\$ 1</b>	<b>\$ 532</b>	<b>\$ 2,734</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORP, DILUTED</b>	<b>\$ 3.11</b>	<b>\$ 0.06</b>	<b>\$ 0.29</b>	<b>\$ 0.12</b>	<b>\$ 0.19</b>	<b>\$ 0.10</b>	<b>\$ —</b>	<b>\$ 0.76</b>	<b>\$ 3.87</b>

**A** - Net of \$12 million tax benefit. \$53 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

**B** - Net of \$16 million tax benefit at Duke Energy Progress and \$47 million tax benefit at Duke Energy Carolinas.

- On the Duke Energy Progress Condensed Consolidated Statement of Operations, \$32 million is recorded within Impairment charges, \$31 million within Operations, maintenance and other, \$6 million within Interest Expense and \$(1) million within Depreciation and amortization.

- On the Duke Energy Carolinas Condensed Consolidated Statement of Operations, \$188 million is recorded within Impairment charges, \$8 million within Operations, maintenance and other, and \$1 million within Depreciation and amortization.

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

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

**E** - Net of \$2 million Noncontrolling Interests. \$93 million goodwill impairment recorded within Impairment charges on the Condensed Consolidated Statement of Operations.

**F** - \$76 million AMT valuation allowance and \$3 million tax benefit true-up of prior year Tax Act estimates recorded within Income Tax Expense from Continuing Operations on the Condensed Consolidated Statement of Operations.

**G** - Recorded in Income (Loss) from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

**Weighted Average Shares, Diluted (reported and adjusted) - 706 million**

**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			
<b>SEGMENT INCOME (LOSS)</b>							
Electric Utilities and Infrastructure	\$ 1,020	\$ —	\$ 84	B \$ —	\$ —	\$ 84	\$ 1,104
Gas Utilities and Infrastructure	19	—	—	—	—	—	19
Commercial Renewables	(49)	—	—	56	C —	56	7
<b>Total Reportable Segment Income</b>	<b>990</b>	<b>—</b>	<b>84</b>	<b>56</b>	<b>—</b>	<b>140</b>	<b>1,130</b>
Other	(34)	14	A —	—	—	14	(20)
Discontinued Operations	(2)	—	—	—	2	D 2	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 954</b>	<b>\$ 14</b>	<b>\$ 84</b>	<b>\$ 56</b>	<b>\$ 2</b>	<b>\$ 156</b>	<b>\$ 1,110</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 1.36</b>	<b>\$ 0.03</b>	<b>\$ 0.12</b>	<b>\$ 0.08</b>	<b>\$ —</b>	<b>\$ 0.23</b>	<b>\$ 1.59</b>

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			
<b>SEGMENT INCOME</b>							
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
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	\$ 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**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
September 2018  
(Dollars in millions)

	Three Months Ended September 30, 2018		Nine Months Ended September 30, 2018	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 1,230		\$ 2,640	
Costs to Achieve Piedmont Merger	16		53	
Regulatory and Legislative Impacts	—		265	
Sale of Retired Plant	—		107	
Impairment Charges	91		146	
Noncontrolling Interests	16		12	
<b>Adjusted Pretax Income</b>	<b>\$ 1,353</b>		<b>\$ 3,223</b>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 168	13.7%	\$ 449	17.0%
Costs to Achieve Piedmont Merger	3		12	
Regulatory and Legislative Impacts	—		63	
Sale of Retired Plant	—		25	
Impairment Charges	—		13	
Impacts of the Tax Act	3		(73)	
<b>Adjusted Tax Expense</b>	<b>\$ 174</b>	<b>12.9%</b> <sup>(a)</sup>	<b>\$ 489</b>	<b>15.2%</b> <sup>(a)</sup>

	Three Months Ended September 30, 2017		Nine Months Ended September 30, 2017	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 1,321		\$ 3,400	
Costs to Achieve Piedmont Merger	23		69	
Florida Settlement	135		135	
Commercial Renewables Impairments	84		84	
Noncontrolling Interests	(1)		(5)	
<b>Adjusted Pretax Income</b>	<b>\$ 1,562</b>		<b>\$ 3,683</b>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 364	27.6%	\$ 1,035	30.4%
Costs to Achieve Piedmont Merger	9		26	
Florida Settlement	51		51	
Commercial Renewables Impairments	28		28	
<b>Adjusted Tax Expense</b>	<b>\$ 452</b>	<b>28.9%</b> <sup>(a)</sup>	<b>\$ 1,140</b>	<b>31.0%</b> <sup>(a)</sup>

(a) 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, 2018**  
**(In millions)**

Cash and Cash Equivalents	\$ 303	
Less: Certain Amounts Held in Foreign Jurisdictions	(7)	
Less: Unavailable Domestic Cash	<u>(82)</u>	
	214	
Plus: Remaining Availability under Master Credit Facilities and other facilities	<u>5,345</u>	
Total Available Liquidity (a)	<u>\$ 5,559</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.