

**Duke Energy Corporation**  
**Non-GAAP Reconciliations**  
**Fourth Quarter Earnings Review & Business Update**  
**February 14, 2019**

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

The materials for Duke Energy Corporation's (Duke Energy) Fourth Quarter Earnings Review and Business Update on February 14, 2019, include a discussion of adjusted diluted EPS for the quarters and year-to-date periods ended December 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 and year-to-date periods ended December 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 represents charges resulting from strategic acquisitions.
- Regulatory and Legislative Impacts in 2018 represents charges related to the Duke Energy Progress and Duke Energy Carolinas North Carolina rate case orders and the repeal of the South Carolina Base Load Review Act. For 2017, it represents charges related to the Levy nuclear project in Florida and the Mayo Zero Liquid Discharge and Sutton combustion turbine projects in North Carolina.
- Impairment Charges in 2018 represents an asset impairment at Citrus County, a goodwill impairment at Commercial Renewables and an other-than-temporary impairment of an investment in Constitution Pipeline Company, LLC. For 2017, the charges represent goodwill and other-than-temporary asset impairments at Commercial Renewables.
- Sale of Retired Plant represents the loss associated with selling Beckjord, a nonregulated generating facility in Ohio.
- Impacts of the Tax Act represents amounts recognized related to the Tax Cuts and Jobs Act.
- Severance charges relate to company-wide initiatives, excluding merger integration, to standardize processes and systems, leverage technology and workforce optimization.

**Adjusted Diluted EPS Guidance**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 14, 2019, include a reference to 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 and the forecasted 2019 adjusted diluted EPS guidance range of \$4.80 - \$5.20 per share. The materials also reference the long-term range of

annual growth of 4% - 6% through 2023 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**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 14, 2019, include a discussion of adjusted segment income and adjusted other net expense for the year-to-date period ended December 31, 2018 and a discussion of 2018 and 2019 forecasted adjusted segment income and forecasted adjusted other 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 year-to-date period ended December 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 Fourth Quarter Earnings Review and Business Update on February 14, 2019 include a discussion of the adjusted ETR for the year-to-date period ended December 31, 2018. The materials also include a discussion of the 2018 and 2019 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 December 31, 2018 to the most directly comparable GAAP measure is included herein. Due to the forward-looking nature of the 2018 and the 2019 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.

## **Dividend Payout Ratio**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 14, 2019 include a discussion of Duke Energy's forecasted dividend payout ratio of 65% - 75% based upon adjusted diluted EPS. This payout ratio is a non-GAAP financial measure as it is based upon forecasted 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. The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS from continuing operations attributable to Duke Energy Corporation common shareholders. 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, as discussed above under Adjusted Diluted EPS Guidance.

## **Adjusted Book Return on Equity (ROE)**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 14, 2019 include a reference to the historical and projected adjusted book return on equity (ROE) ratio. This ratio is a non-GAAP financial measure. The numerator represents Net Income, adjusted for the impact of special items (as discussed above under Adjusted Diluted EPS). The denominator is average Total Common Stockholder's Equity, reduced for Goodwill. A reconciliation of the components of adjusted ROE to the most directly comparable GAAP measures is included here-in. 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, as discussed above under Adjusted Diluted EPS Guidance.

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

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 14, 2019 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, ARO spend, depreciation and amortization of operating leases 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, imputed operating lease liabilities, plus notes payable and commercial paper outstanding. The calculation of FFO to Total Debt ratio for historical periods is included here-in. 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, as discussed above under Adjusted Diluted EPS Guidance.

## **Holdco Debt Percentage**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 14, 2019 include a reference to a historical and 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, imputed operating lease liabilities, plus notes payable and commercial paper outstanding.

## **Available Liquidity**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 14, 2019 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 December 31, 2018 to the most directly comparable GAAP measure is included herein.

## **Business Mix Percentage**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 14, 2019 reference each segment's 2019 projected adjusted segment income as a percentage of the total projected 2019 adjusted net income (i.e. business mix), excluding the impact of Other. Duke Energy's segments are comprised of Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables.

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, 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 Guidance).

## **Non-Rider Recoverable O&M**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 14, 2019 include a discussion of Duke Energy's non-rider recoverable operating, maintenance and other expenses (O&M) for the year-to-date periods ended December 31, 2018, 2017, 2016 and 2015 as well as the forecasted year-to-date period ended December 31, 2019. Non-rider recoverable O&M expenses are non-GAAP financial measures, as they represent reported O&M expenses adjusted for special items and expenses recovered through riders. Management believes that the presentation of non-rider recoverable O&M expenses provides useful information to investors, as it provides a meaningful comparison of financial performance across periods. The most directly comparable GAAP financial measure for non-rider recoverable O&M expenses is reported operating, maintenance and other expenses. A reconciliation of nonrecoverable O&M expenses for the year-to-date periods ended December 31, 2018, 2017, 2016, and 2015, as well as the forecasted year-to-date period ended December 31, 2019, to the most directly comparable GAAP measure are included here-in. 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, as discussed above under Adjusted Diluted EPS Guidance.

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

	Special Items										Adjusted Earnings
	Reported Earnings	Costs to Achieve Piedmont Merger	Regulatory and Legislative Impacts	Sale of Retired Plant	Impairment Charges	Impacts of the Tax Act	Severance	Discontinued Operations	Total Adjustments		
<b>SEGMENT INCOME</b>											
Electric Utilities and Infrastructure	\$ 3,058	\$ —	\$ 202 B	\$ —	\$ 46 D	\$ 24	\$ —	\$ —	\$ 272	\$ 3,330	
Gas Utilities and Infrastructure	274	—	—	—	42 E	1	—	—	43	317	
Commercial Renewables	9	—	—	—	91 F	(3)	—	—	88	97	
<b>Total Reportable Segment Income</b>	<b>3,341</b>	<b>—</b>	<b>202</b>	<b>—</b>	<b>179</b>	<b>22</b>	<b>—</b>	<b>—</b>	<b>403</b>	<b>3,744</b>	
Other	(694)	65 A	—	82 C	—	(2)	144 H	—	289	(405)	
Discontinued Operations	19	—	—	—	—	—	—	(19) I	(19)	—	
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 2,666</b>	<b>\$ 65</b>	<b>\$ 202</b>	<b>\$ 82</b>	<b>\$ 179</b>	<b>\$ 20 G</b>	<b>\$ 144</b>	<b>\$ (19)</b>	<b>\$ 673</b>	<b>\$ 3,339</b>	
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORP, DILUTED</b>	<b>\$ 3.76</b>	<b>\$ 0.09</b>	<b>\$ 0.29</b>	<b>\$ 0.12</b>	<b>\$ 0.25</b>	<b>\$ 0.03</b>	<b>\$ 0.21</b>	<b>\$ (0.03)</b>	<b>\$ 0.96</b>	<b>\$ 4.72</b>	

A - Net of \$19 million tax benefit. \$84 million recorded within Operating Expenses on the 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 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 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 Consolidated Statement of Operations.

D - Net of \$14 million tax benefit. \$60 million recorded within Impairment charges on the Consolidated Statements of Operations

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

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

G - \$20 million true up of prior year Tax Act estimates recorded within Income Tax Expense from Continuing Operations on the Consolidated Statements of Operations.

H - Net of \$43 million tax benefit. \$187 million recorded with Operations, maintenance and other on the Consolidated Statements of Operations.

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

**Weighted Average Shares, Diluted (reported and adjusted) - 708 million**

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

	<u>Special Items</u>							<u>Total Adjustments</u>	<u>Adjusted Earnings</u>
	<u>Reported Earnings</u>	<u>Costs to Achieve Piedmont Merger</u>	<u>Regulatory Settlements</u>	<u>Commercial Renewables Impairments</u>	<u>Impacts of the Tax Act</u>	<u>Discontinued Operations</u>			
<b>SEGMENT INCOME</b>									
Electric Utilities and Infrastructure	\$ 3,210	\$ —	\$ 98 <b>B</b>	\$ —	\$ (231)	\$ —	\$ (133)	\$ 3,077	
Gas Utilities and Infrastructure	319	—	—	—	(26) <b>D</b>	—	(26)	293	
Commercial Renewables	441	—	—	74 <b>C</b>	(442)	—	(368)	73	
<b>Total Reportable Segment Income</b>	<b>3,970</b>	<b>—</b>	<b>98</b>	<b>74</b>	<b>(699)</b>	<b>—</b>	<b>(527)</b>	<b>3,443</b>	
Other	(905)	64 <b>A</b>	—	—	597	—	661	(244)	
Discontinued Operations	(6)	—	—	—	—	6 <b>E</b>	6	—	
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 3,059</b>	<b>\$ 64</b>	<b>\$ 98</b>	<b>\$ 74</b>	<b>\$ (102) <b>D</b></b>	<b>\$ 6</b>	<b>\$ 140</b>	<b>\$ 3,199</b>	
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORP, DILUTED</b>	<b>\$ 4.36</b>	<b>\$ 0.09</b>	<b>\$ 0.14</b>	<b>\$ 0.11</b>	<b>\$ (0.14)</b>	<b>\$ 0.01</b>	<b>\$ 0.21</b>	<b>\$ 4.57</b>	

**A** - Net of \$39 million tax benefit. \$102 million recorded within Operating Expenses and \$1 million recorded within Interest Expense on the Consolidated Statements of Operations.

**B** - Net of \$60 million tax benefit. \$154 million recorded within Impairment charges and \$4 million recorded within Other Income and Expenses on the Consolidated Statements of Operations.

**C** - Net of \$28 million tax benefit. \$92 million recorded within Impairment charges and \$10 million recorded within Other Income and Expenses on the Consolidated Statements of Operations.

**D** - \$118 million benefit recorded with Income Tax Expense from Continuing Operations, offset by \$16 million expense recorded within Gas Utilities and Infrastructure's Equity in Earnings of Unconsolidated Affiliates on the Consolidated Statements of Operations.

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

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

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
December 2018  
(Dollars in millions)

	<u>Three Months Ended December 31, 2018</u>		<u>Year Ended December 31, 2018</u>	
	<u>Balance</u>	<u>Effective Tax Rate</u>	<u>Balance</u>	<u>Effective Tax Rate</u>
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 433		\$ 3,073	
Costs to Achieve Piedmont Merger	31		84	
Regulatory and Legislative Impacts	—		265	
Sale of Retired Plant	—		107	
Impairment Charges	60		206	
Severance	187		187	
Noncontrolling Interests	10		22	
<b>Adjusted Pretax Income</b>	<u>\$ 721</u>		<u>\$ 3,944</u>	
<b>Reported Income Tax (Benefit) Expense From Continuing Operations</b>	\$ (1)	(0.2)%	\$ 448	14.6%
Costs to Achieve Piedmont Merger	7		19	
Regulatory and Legislative Impacts	—		63	
Sale of Retired Plant	—		25	
Impairment Charges	14		27	
Severance	43		43	
Impacts of the Tax Act	53		(20)	
<b>Adjusted Tax Expense</b>	<u>\$ 116</u>	16.1% <sup>(a)</sup>	<u>\$ 605</u>	15.3% <sup>(a)</sup>

	<u>Three Months Ended December 31, 2017</u>		<u>Year Ended December 31, 2017</u>	
	<u>Balance</u>	<u>Effective Tax Rate</u>	<u>Balance</u>	<u>Effective Tax Rate</u>
<b>Reported Income From Continuing Operations Before Income Taxes</b>	\$ 866		\$ 4,266	
Costs to Achieve Piedmont Merger	34		103	
Regulatory Settlements	23		158	
Commercial Renewables Impairments	18		102	
Impacts of the Tax Act	16		16	
Noncontrolling Interests	—		(5)	
<b>Adjusted Pretax Income</b>	<u>\$ 957</u>		<u>\$ 4,640</u>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 161	18.6%	\$ 1,196	28.0%
Costs to Achieve Piedmont Merger	13		39	
Regulatory Settlements	9		60	
Commercial Renewables Impairments	—		28	
Impacts of the Tax Act	118		118	
<b>Adjusted Tax Expense</b>	<u>\$ 301</u>	31.5% <sup>(a)</sup>	<u>\$ 1,441</u>	31.1% <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 December 31, 2018**  
**(In millions)**

Cash and Cash Equivalents	\$ 442	
Less: Certain Amounts Held in Foreign Jurisdictions	(7)	
Less: Unavailable Domestic Cash	<u>(67)</u>	
	368	
Plus: Remaining Availability under Master Credit Facilities and other facilities	<u>5,494</u>	
Total Available Liquidity (a)	<u>\$ 5,862</u>	approximately 5.9 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 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.

**Duke Energy Corporation**  
**Operations, Maintenance and Other Expense**  
(In millions)

	Actual December 31, 2015	Actual December 31, 2016	Actual December 31, 2017	Actual December 31, 2018	Forecast December 31, 2019
<b>Operation, maintenance and other<sup>(a)</sup></b>	<b>\$5,539</b>	<b>\$6,223</b>	<b>\$5,944</b>	<b>\$6,463</b>	<b>\$6,035</b>
Impact of the Adoption of New Accounting Standards <sup>(b)</sup>	103	-	-	-	-
Adjustments:					
Costs to Achieve, Mergers <sup>(c)</sup>	(69)	(238)	(94)	(83)	-
Severance <sup>(c)</sup>	(142)	(92)	-	(187)	-
Litigation Reserve <sup>(c)</sup>	-	-	-	-	-
Ash Basin Settlement and Penalties <sup>(c)</sup>	(14)	-	-	-	-
Regulatory settlement <sup>(c)</sup>	-	-	(5)	(40)	-
Reagents Recoverable <sup>(d)</sup>	(111)	(93)	(90)	(112)	(100)
Energy Efficiency Recoverable <sup>(d)</sup>	(287)	(417)	(485)	(446)	(433)
Other Deferrals and Recoverable <sup>(d)</sup>	(93)	(233)	(246)	(477)	(452)
Margin based O&M for Commercial Businesses	(48)	(185)	(94)	(113)	(213)
Short-term incentive payments (over)/under budget	(19)	(90)	(22)	(30)	-
<b>Non-Rider Recoverable operation, maintenance and other</b>	<b>\$ 4,859</b>	<b>\$ 4,875</b>	<b>\$ 4,908</b>	<b>\$ 4,974</b>	<b>\$ 4,837</b>
<i>YoY change</i>	3%	0%	1%	1%	-3%

(a) As reported in the Consolidated Statements of Operations.

(b) Beginning January 1, 2018, Duke Energy adopted new accounting guidance for the presentation of net periodic costs related to benefit plans. Prior to this guidance, Duke Energy presented the total non-capitalized net periodic costs within Operation, maintenance and other expense. Retrospective application of this guidance required Duke Energy to reclassify the presentation of non-service cost (benefit) components of net periodic costs to Other income and expenses. In accordance with the transition guidance for the new accounting rules, Operations, maintenance and other expense has been recast for the years ended December 31, 2017 and 2016 and periods prior to January 1, 2016 have not required recasting. This adjustment reflects the historical impact of adopting the new accounting standard to the earliest periods presented (December 31, 2015).

(c) Presented as a special item for the purpose of calculating adjusted earnings and adjusted diluted earnings per share.

(d) Primarily represents expenses to be deferred or recovered through rate riders.

DUKE ENERGY CORPORATION  
ADJUSTED BOOK RETURN ON EQUITY (ROEs)  
For the period ended December 31, 2018  
dollars in millions

	Duke Energy Carolinas	Duke Energy Progress	Total Carolinas	Duke Energy Florida	Duke Energy Indiana	Duke Energy Ohio Reportable Segments	Piedmont
Reported Net Income 2018	\$ 1,071	\$ 667	\$ 1,738	\$ 553	\$ 393	\$ 279 (2)	\$ 124 (4)
Special Items (1)	234	118	352	63	8	-	40
Adjusted Net Income 2018	1,305	785	2,090	616	401	279	164
<b>2018</b>							
Equity	11,683	8,441	20,124	6,095	4,339	3,449 (3)	2,047 (5)
Goodwill	-	-	-	-	-	920	49
Equity less Goodwill	11,683	8,441	20,124	6,095	4,339	2,529	1,998
<b>2017</b>							
Equity	11,361	7,949	19,310	5,618	4,121	3,166 (3)	1,616 (5)
Goodwill	-	-	-	-	-	920	49
Equity less Goodwill	11,361	7,949	19,310	5,618	4,121	2,246	1,567
Average Equity less Goodwill			19,717	5,857	4,230	2,388	1,783
Adjusted Book ROEs			10.6%	10.5%	9.5%	11.7%	9.2%

(1) Costs to Achieve (CTA) Mergers net of tax, Severance, Regulatory and Legislative Impacts and Tax Reform.

(2) Net Income for 2018 equals Duke Energy Ohio reportable segments segment income, which already excludes CTA and cost savings initiatives, Severance and Sale of Retired Plant.

(3) Reconciliation of Duke Energy Ohio Equity to Equity of the reportable segments:

	2018	2017
Reported Equity for Duke Energy Ohio	3,445	3,163
Less: Non-Reg & Other	(4)	(3)
Duke Energy Ohio Reportable Segments Equity	3,449	3,166

(4) Piedmont Natural Gas Net Income excludes \$5 million of income related to Investments in Gas Transmission Infrastructure.

(5) Reconciliation of Piedmont Natural Gas Equity to reported equity:

	2018	2017
Reported Equity for Piedmont Natural Gas	2,091	1,662
Less: Investments in Gas Transmission Infrastructure	44	46
Piedmont Natural Gas Adjusted Equity	2,047	1,616

DUKE ENERGY CORPORATION  
ADJUSTED BOOK RETURN ON EQUITY (ROEs)  
For the period ended December 31, 2017  
dollars in millions

	Duke Energy Carolinas	Duke Energy Progress	Total Carolinas	Duke Energy Florida	Duke Energy Indiana	Duke Energy Ohio Reportable Segments	Piedmont
Reported Net Income 2017	\$ 1,214	\$ 715	\$ 1,929	\$ 712	\$ 354	\$ 223 (2)	\$ 133 (4)
Special Items (1)	28	(17)	11	(136)	58	(20)	25
Adjusted Net Income 2017	1,242	698	1,940	576	412	203	158
<b>2017</b>							
Equity	11,361	7,949	19,310	5,618	4,121	3,166 (3)	1,616 (5)
Goodwill	-	-	-	-	-	920	49
Equity less Goodwill	11,361	7,949	19,310	5,618	4,121	2,246	1,567
<b>2016</b>							
Equity	10,772	7,358	18,130	4,900	4,067	3,027 (3)	1,569 (5)
Goodwill	-	-	-	-	-	920	49
Equity less Goodwill	10,772	7,358	18,130	4,900	4,067	2,107	1,520
Average Equity less Goodwill			18,720	5,259	4,094	2,177	1,544
Adjusted Book ROEs			10.4%	11.0%	10.1%	9.3%	10.2%

(1) Costs to Achieve (CTA), Mergers net of tax, Regulatory Settlements, and Tax Reform.

(2) Net Income for 2017 equals Duke Energy Ohio reportable segments segment income, which already excludes CTA and cost savings initiatives.

(3) Reconciliation of Duke Energy Ohio Equity to Equity of the reportable segments:

	2017	2016
Reported Equity for Duke Energy Ohio	3,163	2,996
Less: Non-Reg & Other	(3)	(31)
Duke Energy Ohio Reportable Segments Equity	3,166	3,027

(4) Piedmont Natural Gas Net Income excludes \$6 million of income related to Investments in Gas Transmission Infrastructure.

(5) Reconciliation of Piedmont Natural Gas Equity to reported equity:

	2017	2016
Reported Equity for Piedmont Natural Gas	1,662	1,672
Less: Investments in Gas Transmission Infrastructure	46	103
Piedmont Natural Gas Adjusted Equity	1,616	1,569

DUKE ENERGY CORPORATION  
ADJUSTED BOOK RETURN ON EQUITY (ROEs)  
For the period ended December 31, 2016  
dollars in millions

	Duke Energy Carolinas	Duke Energy Progress	Total Carolinas	Duke Energy Florida	Duke Energy Indiana	Duke Energy Ohio Reportable Segments	Piedmont Natural Gas (4)
Reported Net Income 2016	\$ 1,166	\$ 599	\$ 1,765	\$ 551	\$ 381	\$ 231 (2)	\$ 187 (5)
Special Items (1)	91	50	141	19	10	-	(40) (6)
Adjusted Net Income 2016	1,257	649	1,906	570	391	231	147
<b>2016</b>							
Equity	10,772	7,358	18,130	4,900	4,067	3,027 (3)	1,487 (7)
Goodwill	-	-	-	-	-	920	49
Equity less Goodwill	10,772	7,358	18,130	4,900	4,067	2,107	1,438
<b>2015</b>							
Equity	11,606	7,059	18,665	5,121	3,836	2,855 (3)	1,299 (7)
Goodwill	-	-	-	-	-	920	49
Equity less Goodwill	11,606	7,059	18,665	5,121	3,836	1,935	1,250
Average Equity less Goodwill			18,398	5,011	3,952	2,021	1,344
Adjusted Book ROEs			10.4%	11.4%	9.9%	11.4%	10.9%

(1) Costs to Achieve (CTA), Mergers net of tax and Cost Savings Initiatives.

(2) Net Income for 2016 equals Duke Energy Ohio reportable segments segment income, which already excludes CTA and cost savings initiatives.

(3) Reconciliation of Duke Energy Ohio Equity to Equity of the reportable segments:

	2016	2015
Reported Equity for Duke Energy Ohio	2,996	2,784
Less: Non-Reg & Other	(31)	(71)
Duke Energy Ohio Reportable Segments	3,027	2,855

(4) Piedmont Natural Gas ROE is for the twelve months ended October 31, 2016.

(5) Piedmont Natural Gas Net Income excludes \$6 million of income related to Investments in Gas Transmission Infrastructure.

(6) Piedmont special items include:

Gain on sale of SouthStar equity method investment, net of tax	(81)
CTA	41
	(40)

(7) Reconciliation of Piedmont Natural Gas Equity to reported equity:

	October 31, 2016	October 31, 2015
Reported Equity for Piedmont Natural Gas	1,645	1,426
Less: Investments in Gas Transmission Infrastructure	158	127
Piedmont Natural Gas Adjusted Equity	1,487	1,299

Duke Energy Corporation  
2019 Forecasted Cash Flow Reconciliation, Required by SEC Regulation G  
February 14, 2019  
(\$ in millions)

		Forecast 2019
<b>Primary Sources:</b>		
Adjusted net income (1)	(a)	\$3,645
Depreciation & amortization	(a)	4,970
Deferred and accrued taxes	(a)	1,260
Other sources / (uses), net	(a)	(340)
Total Sources		<u>9,535</u>
<b>Primary Uses:</b>		
Capital expenditures (including discretionary)	(b)	(11,100)
Dividends	(c)	(2,750)
Total Uses		<u>(13,850)</u>
<b>Uses in Excess of Sources</b>		<u>(4,315)</u>
<b>Net Change in Financing</b>		
Debt issuances	(c)	7,485
Debt maturities	(c)	(3,890)
Net Change in Debt		<u>3,595</u>
Common stock issuances	(c)	500
Net Change in Cash		<u>(\$220)</u>
<b>Reconciliations to forecasted U.S. GAAP reporting amounts:</b>		
Operating cash flow components, sum of (a) from above		\$9,535
Reconciling items to GAAP cash flows from operating activities	(2)	(1,525)
Net cash provided by operating activities per GAAP Consolidated Statement of Cash Flows		<u>\$8,010</u>
Investing cash flow components, (b) from above		(\$11,100)
Reconciling items to GAAP cash flows from investing activities	(2)	910
Net cash used in investing activities per GAAP Consolidated Statement of Cash Flows		<u>(\$10,190)</u>
Financing cash flow components, sum of (c) from above		\$1,345
Reconciling items to GAAP cash flows from financing activities	(2)	615
Net cash used in financing activities per GAAP Consolidated Statement of Cash Flows		<u>\$1,960</u>
<i>Debt maturities [(d) from above] includes "Notes payable and commercial paper" which is separately presented per GAAP Consolidated Statements of Cash Flows</i>		
Net decrease in cash and cash equivalents per forecasted GAAP Consolidated Statements of Cash Flows		<u>(\$220)</u>

**Notes:**

(1) The forecasted adjusted net income of \$3,645 million for 2019 is an illustrative amount based on the midpoint of Duke Energy's adjusted diluted EPS outlook range of \$4.80-\$5.20 per share. The EPS measure used for employee incentive compensation is primarily based on adjusted diluted EPS. Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations attributable to Duke Energy Corporation shareholders and adjusted for the per-share impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis, although it is reasonably possible such charges and credits could recur. The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS from continuing operations attributable to Duke Energy Corporation common shareholders, which includes the impact of special items. 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.

(2) Amount consists primarily of an adjustment for operating cashflow items (principally payments for asset retirement obligations) included in the "Capital expenditures (including discretionary)", which are combined for the GAAP reconciliation in Investing activities; an adjustment for investing cash flow items (principally proceeds from sales and maturities of available-for-sale securities and Other) included in the "Other sources/(uses), net", which are combined for the GAAP reconciliation in Operating activities, and ; an adjustment for financing cash flow items (principally proceeds from Noncontrolling Interests initial investments and payments for interest on preferred debt/equity content securities) included in the "Other sources/(uses), net" and "Capital expenditures (including discretionary)", which are combined for the GAAP reconciliation in Operating activities and Investing activities.

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

	<b>Years Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
Cash From Operations	\$ 7,186	\$ 6,624
Working capital adjustment (1)	138	752
ARO spend	533	571
Capitalized Interest	(161)	(128)
CR3 securitization adjustment	(52)	(53)
Lease imputed adjustments	196	176
Other	6	4
<b>Funds From Operations</b>	<b>7,846</b>	<b>7,946</b>
Notes payable and commercial paper	\$ 3,410	\$ 2,163
Current maturities of long-term debt	3,406	3,244
Long-term debt	51,123	49,035
Purchase accounting adjustments	(2,171)	(2,416)
CR3 securitization	(1,164)	(1,217)
ACP construction loan	677	317
Hybrid debt adjustment	(250)	(125)
Lease imputed debt (2)	1,608	1,446
<b>Total Debt</b>	<b>\$ 56,639</b>	<b>\$ 52,447</b>
<b>FFO / Debt</b>	<b>14%</b>	<b>15%</b>

(1) Working capital detail, excluding mark-to-market

Receivables	\$ (345)	\$ (83)
Inventory	156	268
Other current assets	(721)	(400)
Accounts payable	479	(204)
Taxes accrued	23	149
Other current liabilities	270	(482)
	\$ (138)	\$ (752)

(2) Lease imputed debt for Duke Energy Corporation is calculated as six times annual rent expense for the period ended December 31, 2018.

**FFO to Debt Calculation****Duke Energy Carolinas**

(in millions)

	<b>Years Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
Cash From Operations	\$ 2,530	\$ 2,634
Working capital adjustment (1)	96	(54)
ARO spend	230	271
Capitalized Interest	(35)	(45)
Lease imputed adjustments	40	36
<b>Funds From Operations</b>	<b>2,861</b>	<b>2,842</b>
Current maturities of long-term debt	\$ 6	\$ 1,205
Long-term debt	10,633	8,598
Long-term debt payable to affiliated companies	300	300
Notes payable to affiliated companies	439	104
Lease imputed debt (2)	196	176
<b>Total Debt</b>	<b>\$ 11,574</b>	<b>\$ 10,383</b>
<b>FFO / Debt</b>	<b>25%</b>	<b>27%</b>

(1) Working capital detail, excluding mark-to-market

Receivables	\$ (86)	\$ (9)
Receivables from affiliated companies	(87)	68
Inventory	25	78
Other current assets	(161)	7
Accounts payable	168	23
Accounts payable to affiliated companies	21	(38)
Taxes accrued	(65)	86
Other current liabilities	89	(161)
	\$ (96)	\$ 54

(2) Lease imputed debt for Duke Energy Carolinas is calculated as four times annual rent expense for the period ended December 31, 2018.

**FFO to Debt Calculation****Duke Energy Progress**

(in millions)

	<b>Years Ended December 31,</b>	
	<b>2018</b>	<b>2017</b>
	<b>Actual</b>	<b>Actual</b>
Cash From Operations	\$ 1,628	\$ 1,195
Working capital adjustment (1)	(88)	520
ARO spend	195	192
Capitalized Interest	(26)	(21)
Lease imputed adjustments	62	62
<b>Funds From Operations</b>	<b>1,771</b>	<b>1,948</b>
Notes payable to affiliated companies	\$ 294	\$ 240
Current maturities of long-term debt	603	3
Long-term debt	7,451	7,204
Long-term debt payable to affiliated companies	150	150
Lease imputed debt (2)	300	300
<b>Total Debt</b>	<b>\$ 8,798</b>	<b>\$ 7,897</b>
<b>FFO / Debt</b>	<b>20%</b>	<b>25%</b>

(1) Working capital detail, excluding mark-to-market

Receivables	\$ (107)	\$ (58)
Receivables from affiliated companies	(20)	2
Inventory	63	59
Other current assets	(201)	(75)
Accounts payable	219	(230)
Accounts payable to affiliated companies	99	(48)
Taxes accrued	(11)	(39)
Other current liabilities	46	(131)
	\$ 88	\$ (520)

(2) Lease imputed debt for Duke Energy Progress is calculated as four times annual rent expense for the period ended December 31, 2018.

**FFO to Debt Calculation****Duke Energy Florida**

(in millions)

	Years Ended December 31,	
	2018	2017
	Actual	Actual
Cash From Operations	\$ 1,109	\$ 1,015
Working capital adjustment (1)	(129)	229
ARO spend	35	56
Capitalized Interest	(25)	(24)
CR3 securitization adjustment	(52)	(53)
Lease imputed adjustments	56	45
<b>Funds From Operations</b>	<b>994</b>	<b>1,268</b>
Notes payable to affiliated companies	\$ 108	\$ -
Current maturities of long-term debt	270	768
Long-term debt	7,051	6,327
CR3 securitization	(1,164)	(1,217)
Lease imputed debt (2)	272	220
<b>Total Debt</b>	<b>\$ 6,537</b>	<b>\$ 6,098</b>
<b>FFO / Debt</b>	<b>15%</b>	<b>21%</b>

(1) Working capital detail, excluding mark-to-market

Receivables	\$ (100)	\$ (38)
Receivables from affiliated companies	(26)	-
Inventory	58	66
Other current assets	59	(138)
Accounts payable	(1)	(32)
Accounts payable to affiliated companies	17	(51)
Taxes accrued	40	1
Other current liabilities	82	(37)
	\$ 129	\$ (229)

(2) Lease imputed debt for Duke Energy Florida is calculated as four times annual rent expense for the period ended December 31, 2018.

**FFO to Debt Calculation****Duke Energy Indiana**

(in millions)

	Years Ended December 31,	
	2018	2017
	Actual	Actual
Cash From Operations	\$ 1,006	\$ 969
Working capital adjustment (1)	(17)	(102)
ARO spend	69	45
Capitalized Interest	(27)	(9)
Lease imputed adjustments	17	19
<b>Funds From Operations</b>	<b>1,048</b>	<b>922</b>
Notes payable to affiliated companies	\$ 167	\$ 161
Current maturities of long-term debt	63	3
Long-term debt	3,569	3,630
Long-term debt payable to affiliated companies	150	150
CRC allocated balance	174	174
Lease imputed debt (2)	84	92
<b>Total Debt</b>	<b>\$ 4,207</b>	<b>\$ 4,210</b>
<b>FFO / Debt</b>	<b>25%</b>	<b>22%</b>

(1) Working capital detail, excluding mark-to-market

Receivables	\$ 7	\$ 59
Receivables from affiliated companies	3	(11)
Inventory	28	54
Other current assets	(25)	28
Accounts payable	37	(86)
Accounts payable to affiliated companies	5	4
Taxes accrued	(52)	64
Other current liabilities	14	(10)
	\$ 17	\$ 102

(2) Lease imputed debt for Duke Energy Indiana is calculated as four times annual rent expense for the period ended December 31, 2018.

**FFO to Debt Calculation****Duke Energy Ohio**

(in millions)

	Years Ended December 31,	
	2018	2017
	Actual	Actual
Cash From Operations	\$ 570	\$ 479
Working capital adjustment (1)	(32)	15
ARO spend	3	7
Capitalized Interest	(17)	(10)
Lease imputed adjustments	11	12
<b>Funds From Operations</b>	<b>535</b>	<b>503</b>
Notes payable to affiliated companies	\$ 274	\$ 29
Current maturities of long-term debt	551	3
Long-term debt	1,589	2,039
Long-term debt payable to affiliated companies	25	25
CRC allocated balance	151	151
Lease imputed debt (2)	52	60
<b>Total Debt</b>	<b>\$ 2,642</b>	<b>\$ 2,307</b>
<b>FFO / Debt</b>	<b>20%</b>	<b>22%</b>

(1) Working capital detail, excluding mark-to-market

Receivables	\$ (33)	\$ 2
Receivables from affiliated companies	19	(4)
Inventory	7	6
Other current assets	16	(22)
Accounts payable	(19)	12
Accounts payable to affiliated companies	16	(1)
Taxes accrued	12	11
Other current liabilities	14	(19)
	\$ 32	\$ (15)

(2) Lease imputed debt for Duke Energy Ohio is calculated as four times annual rent expense for the period ended December 31, 2018.

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

(in millions)

	Years Ended December 31,	
	2018	2017
	Actual	Actual
Cash From Operations	\$ 478	\$ 349
Working capital adjustment (1)	(185)	125
Capitalized Interest	17	12
Lease imputed adjustments	9	6
<b>Funds From Operations</b>	<b>319</b>	<b>492</b>
Notes payable	\$ 198	\$ 364
Current maturities of long-term debt	350	250
Long-term debt	1,788	1,787
Lease imputed debt (2)	44	28
<b>Total Debt</b>	<b>\$ 2,380</b>	<b>\$ 2,429</b>
<b>FFO / Debt</b>	<b>13%</b>	<b>20%</b>

(1) Working capital detail, excluding mark-to-market

Receivables	\$ 7	\$ (40)
Receivables from affiliated companies	(15)	-
Inventory	(4)	-
Other current assets	71	(20)
Accounts payable	15	(13)
Accounts payable to affiliated companies	25	5
Taxes accrued	65	(48)
Other current liabilities	21	(9)
	\$ 185	\$ (125)

(2) Lease imputed debt for Piedmont Natural Gas is calculated as four times annual rent expense for the period ended December 31, 2018.