



# FOURTH QUARTER EARNINGS REVIEW AND **BUSINESS UPDATE**



*FEB. 16, 2017*

PRESENTED BY:  
**LYNN GOOD** | PRESIDENT, CHAIRMAN AND CEO  
**STEVE YOUNG** | EXECUTIVE VP AND CFO

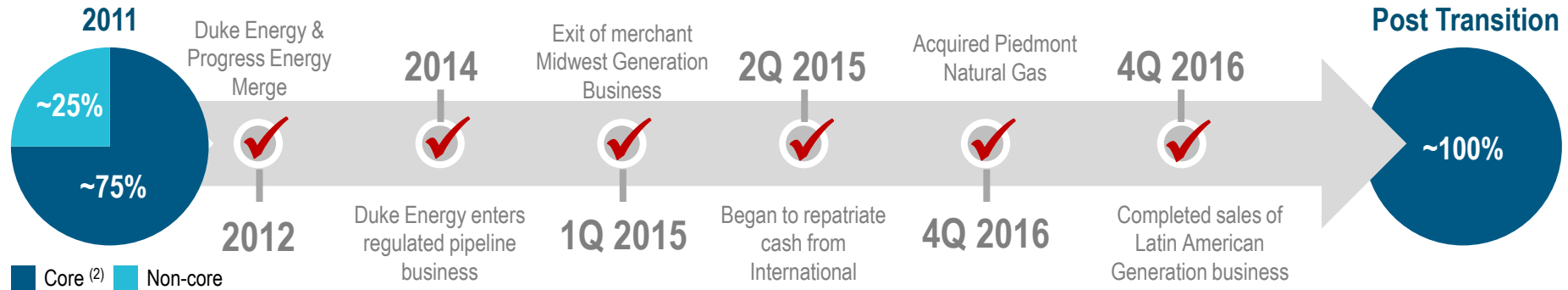
## Safe Harbor statement

This presentation includes forward-looking statements within the meaning of the federal securities laws. Actual results could differ materially from such forward-looking statements. The factors that could cause actual results to differ are discussed in the Appendix herein and in Duke Energy's SEC filings, available at [www.sec.gov](http://www.sec.gov).

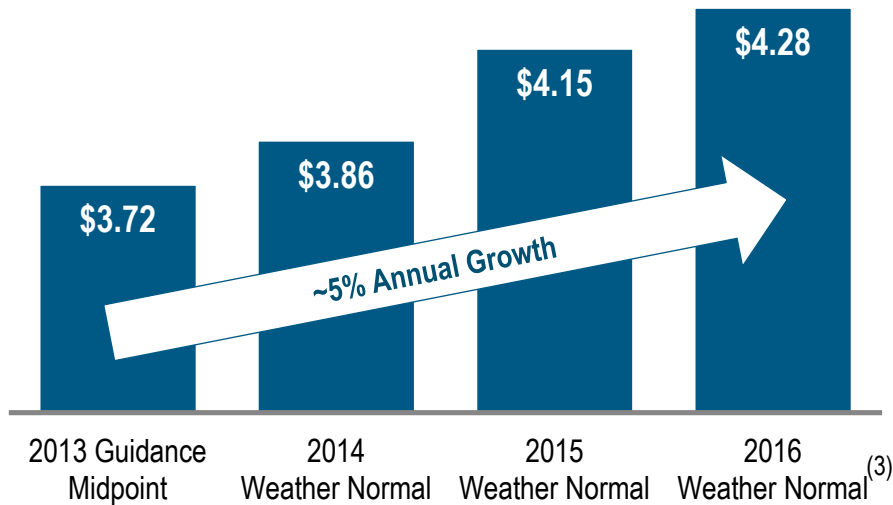
## Regulation G disclosure

In addition, today's discussion includes certain non-GAAP financial measures as defined under SEC Regulation G. A reconciliation of those measures to the most directly comparable GAAP measures is available in the Appendix herein and on our Investor Relations website at [www.duke-energy.com/investors/](http://www.duke-energy.com/investors/).

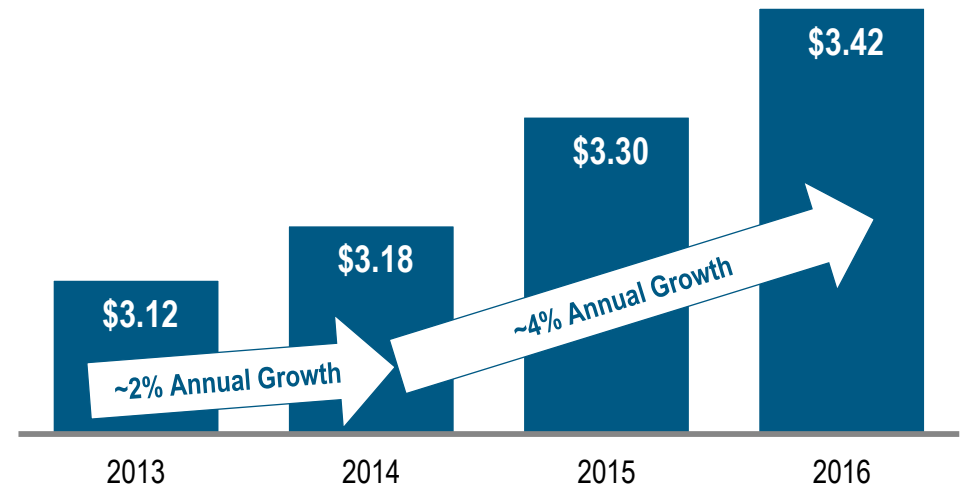
## COMPLETED THE **PORTFOLIO TRANSITION...**



### ...WHILE CONTINUING TO GROW EARNINGS IN THE **CORE BUSINESSES**<sup>(1)(2)</sup>



### ...AND **INCREASE GROWTH IN THE DIVIDEND**

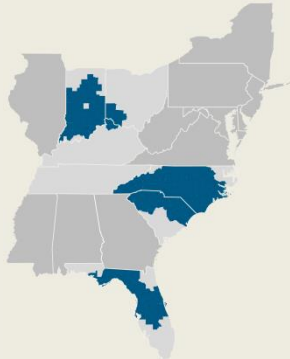


(1) Based on adjusted diluted EPS

(2) Core businesses are all Duke Energy businesses except International Energy

(3) Adjusted for abnormal storm and O&M re-planning expenses

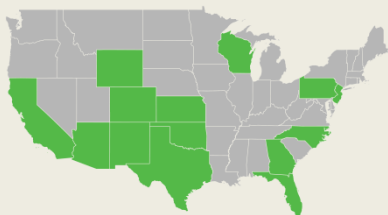
## ELECTRIC UTILITIES & INFRASTRUCTURE



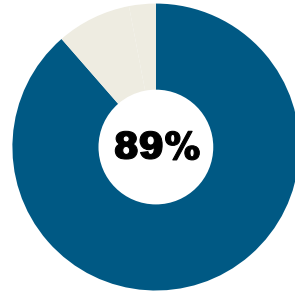
## GAS UTILITIES & INFRASTRUCTURE



## COMMERCIAL RENEWABLES

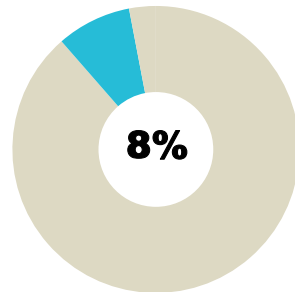


### 2017 ADJUSTED EPS CONTRIBUTION

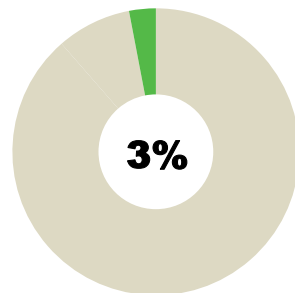


### 2017-2021 GROWTH CAPITAL

**\$30 B**



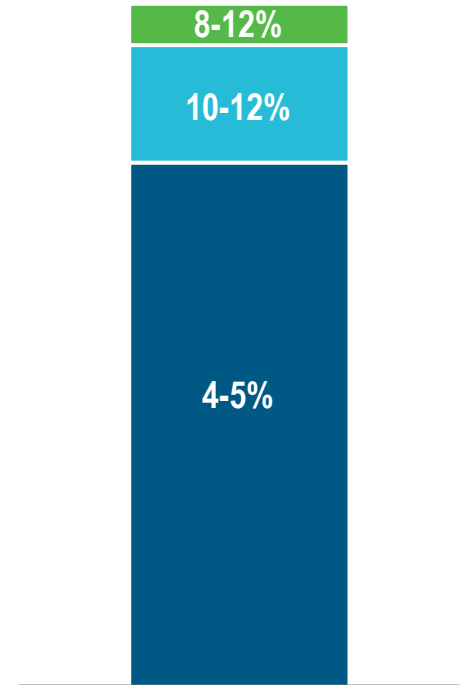
**\$6 B**



**\$1 B**

### 2017 – 2021 ADJUSTED EPS CAGR<sup>(1)</sup>

## Consolidated 4-6%



- Electric Utilities & Infrastructure
- Gas Utilities & Infrastructure
- Commercial Renewables

(1) Based on adjusted diluted EPS; Consolidated growth rate includes the impact of Other

**DUK**  
**LISTED**  
**NYSE**

## A SOLID LONG-TERM HOLDING



## SUPPORTED BY THE STRENGTH OF OUR BALANCE SHEET

(1) As of Feb. 15, 2017

(2) 4-6% dividend growth subject to approval by the Board of Directors.

(3) Total shareholder return proposition at a constant P/E ratio

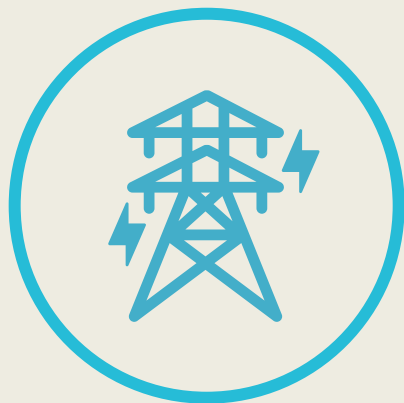
(4) Based on adjusted diluted EPS off the midpoint of the 2017 guidance range of \$4.50-\$4.70

INVESTING IN **INFRASTRUCTURE** OUR **CUSTOMERS** VALUE.  
**DELIVERING** SUSTAINABLE **GROWTH.**





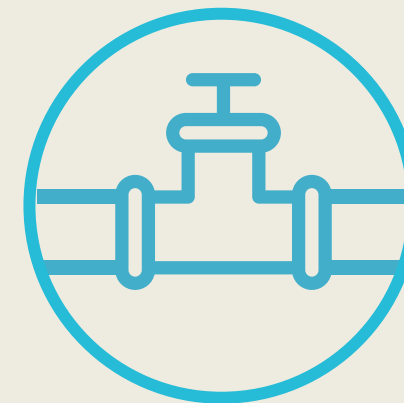
TRANSFORM THE  
**CUSTOMER EXPERIENCE**



MODERNIZE THE  
**ENERGY GRID**



GENERATE  
**CLEANER ENERGY**

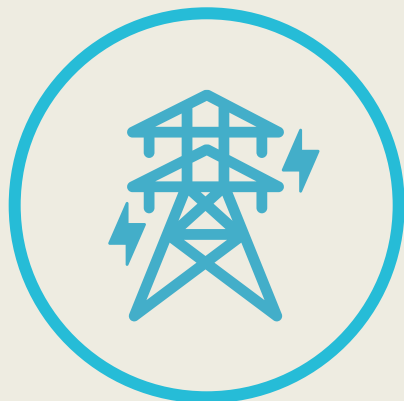


EXPAND **NATURAL GAS**  
**INFRASTRUCTURE**



**STAKEHOLDER**  
ENGAGEMENT

ACHIEVE  
**TOP QUARTILE**  
CUSTOMER SATISFACTION



MODERNIZE THE  
**ENERGY GRID**

**\$25 B**

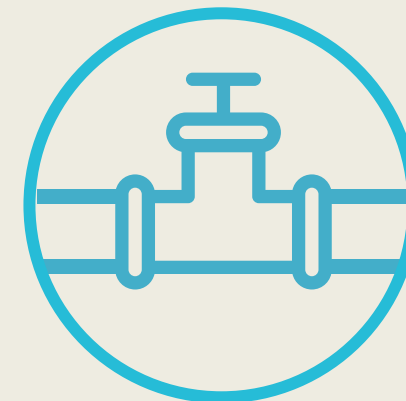
INVESTMENTS IN  
GRID MODERNIZATION  
OVER 10 YEARS



GENERATE  
**CLEANER ENERGY**

**\$11 B**

INVESTMENTS IN  
CLEANER GENERATION  
OVER 10 YEARS<sup>(1)</sup>



EXPAND **NATURAL GAS**  
**INFRASTRUCTURE**

**15%**

PROPORTION OF OUR  
BUSINESS MIX FROM GAS  
IN 10 YEARS FROM 8% TODAY<sup>(2)</sup>

**ALL**  
**JURISDICTIONS**

REVENUES RECOVERED VIA  
**MODERN REGULATORY MECHANISMS**  
WITHIN 10 YEARS

(1) Includes natural gas and renewables generation. Excludes nuclear relicensing and new nuclear projects

(2) Based on adjusted diluted EPS



MODERNIZE THE  
**ENERGY GRID**

**\$25 B**

OF **GRID INVESTMENTS**  
OVER 10 YEARS

**#1**

**DUKE'S T&D SYSTEM IS**  
LARGEST IN THE U.S.  
WITH **295K LINE MILES**

**50%** ↓

REDUCTION IN **OUTAGE**  
**FREQUENCY AND DURATION**  
OVER NEXT 10 YEARS

## GRID MODERNIZATION PROGRAMS

### More Reliable System



Storm Hardening

Targeted  
Undergrounding

Resiliency

Advanced Metering

Advanced Systems  
& Communication

Self Optimizing  
Grid

### Smarter Grid



## CUSTOMER BENEFITS

**DECREASE  
OUTAGES AND  
ENABLE FASTER,  
MORE AUTOMATED  
RESTORATION**

**PROVIDE NEW  
DATA AND  
INFORMATION  
OUR CUSTOMERS  
VALUE**

**ENABLE HIGHER  
LEVELS OF  
RENEWABLE  
ENERGY  
RESOURCES**

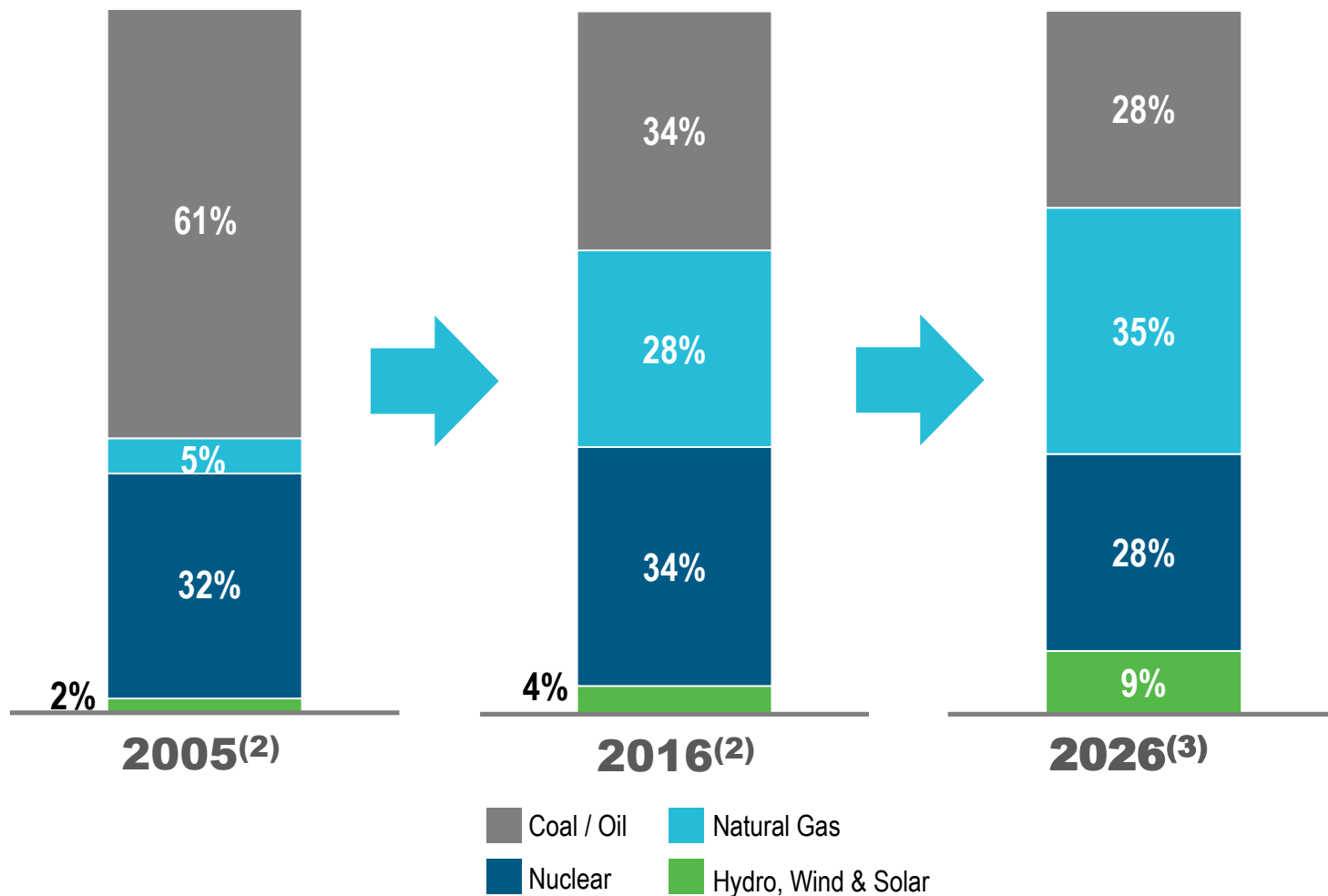


GENERATE  
**CLEANER ENERGY**

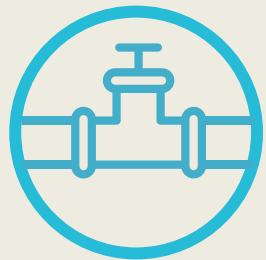
**\$11 B**  
INVESTMENTS IN  
**CLEANER GENERATION**  
OVER 10 YEARS<sup>(1)</sup>

**35%**  
**CO<sub>2</sub> REDUCTION**  
BY 2026<sup>(4)</sup>  
FROM 2005 LEVELS

## FUEL DIVERSITY (MWh OUTPUT)



(1) Excludes any spend related to nuclear relicensing and new nuclear projects  
 (2) 2005 and 2016 data based on Duke's ownership share of U.S. generation assets as of Dec. 31, 2016  
 (3) 2026 estimate does not reflect the EPA Clean Power Plan  
 (4) 2026 carbon reduction will be influenced by customer demand, generation mix, weather, fuel availability and prices



EXPAND **NATURAL GAS INFRASTRUCTURE**

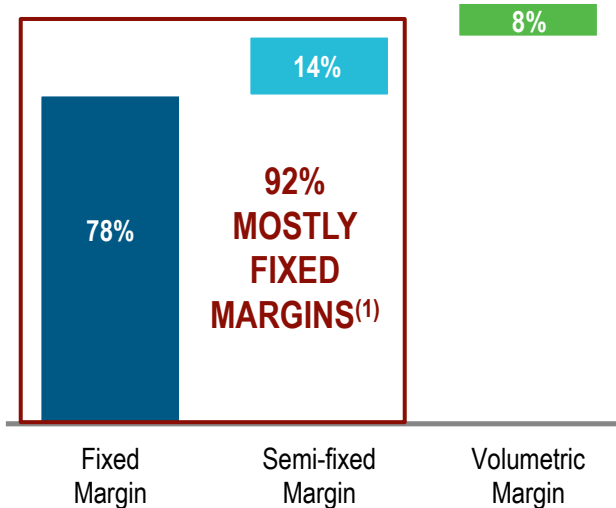
**#2**

DUKE'S **USE OF NATURAL GAS** ACROSS ITS **LDC AND ELECTRIC** BUSINESSES RANKS SECOND IN THE U.S.

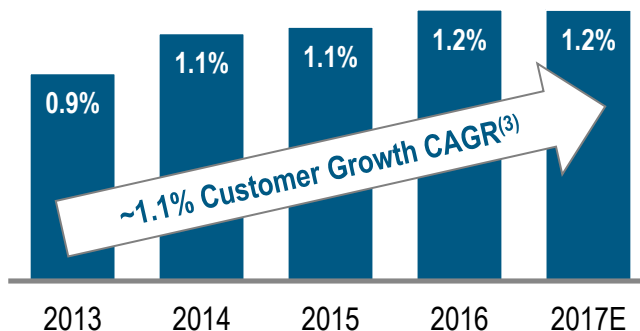
**15%**

**GAS SEGMENT EARNINGS IN 10 YEARS** FROM 8% IN 2017<sup>(2)</sup>

LOW VOLUMETRIC EXPOSURE DUE TO **MOSTLY FIXED MARGINS...**



...WITH EARNINGS DRIVEN BY **INVESTMENT AND STRONG CUSTOMER GROWTH**



Map credit: SNL

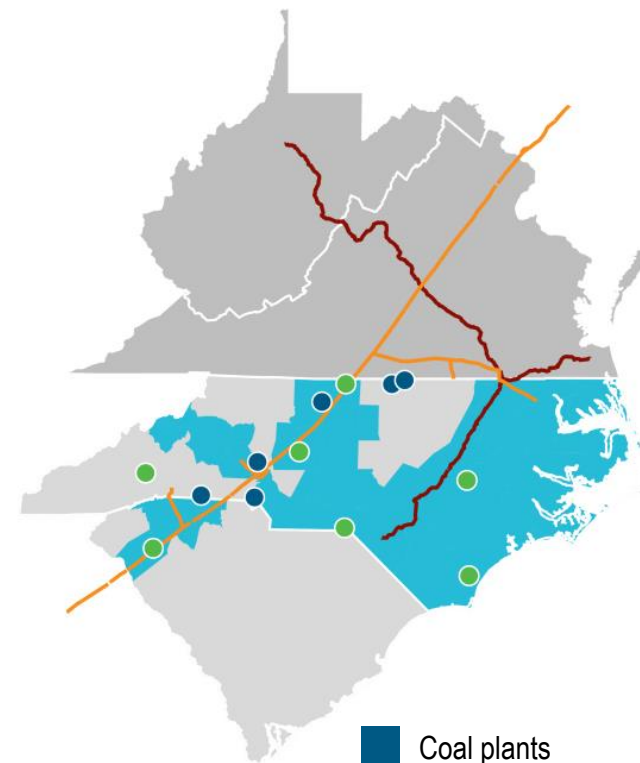
(1) As of Oct. 31, 2016

(2) Investment level will depend upon how the project and Duke investments are financed, based on adjusted diluted EPS

(3) Piedmont CAGR: 1.5%, Midwest LDC CAGR: 0.5%

**ATLANTIC COAST PIPELINE TO BRING SIGNIFICANT GAS SUPPLY TO UNDERSERVED EASTERN CAROLINAS**

- Additional power generation potential
- LDC expansion for Piedmont Natural Gas



- Coal plants
- Combined cycle gas plants
- ACP
- Transco Pipeline

# OUR TAX POLICY OBJECTIVES

**RETAINING THE DEDUCTIBILITY OF INTEREST EXPENSE**

**SECURING FAIR AND EFFECTIVE TRANSITION RULES, INCLUDING THE NORMALIZATION OF DEFERRED AND EXCESS DEFERRED TAXES**

**BALANCING THE INTERESTS OF CUSTOMERS AND INVESTORS**

## TAX REFORM OVERVIEW

	Administration Plan	House GOP Blueprint
Planning Assumptions	<ul style="list-style-type: none"> <li>20% tax rate<sup>(1)</sup></li> <li>Retention of interest expense deductibility</li> <li>Straight-line depreciation</li> </ul>	<ul style="list-style-type: none"> <li>20% tax rate</li> <li>No interest expense deduction on new debt</li> <li>Immediate expensing of capital expenditures</li> </ul>
Financial Impact	Neutral to slightly accretive	~5% dilutive by 2021

*(1) We simplified our assumptions for modeling purposes and assumed a federal income tax rate of 20% for both plans*

**~5%**

**GROWTH IN CORE  
BUSINESSES  
SINCE 2013<sup>(1)</sup>**

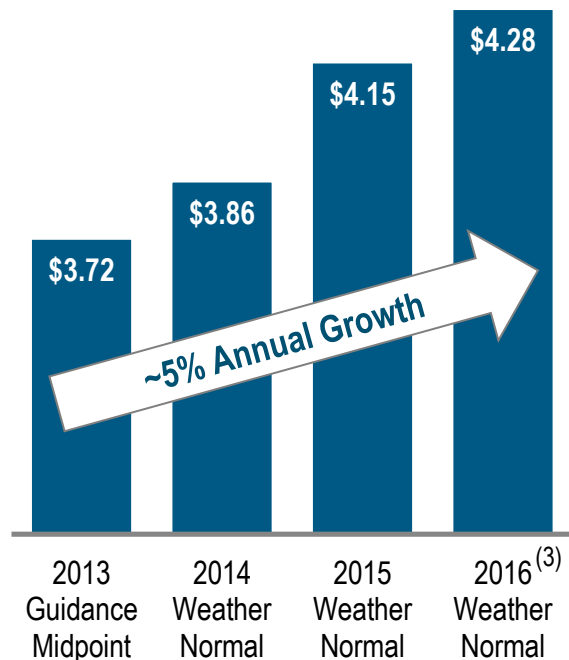
**\$4.50 - \$4.70**

**EPS<sup>(2)</sup> GUIDANCE  
RANGE FOR 2017**

**4 - 6%**

**GROWTH IN EPS<sup>(2)</sup>  
THROUGH 2021  
OFF 2017 GUIDANCE  
MIDPOINT OF \$4.60**

**HISTORICAL GROWTH  
IN CORE BUSINESSES<sup>(1)(2)</sup>**



**KEY 2017  
DRIVERS**

**Electric Utilities & Infrastructure**

- ↑ Base rate increases
- ↑ Investment riders
- ↑ Major capital projects
- ↑ Retail & wholesale load growth
- ↓ Regulatory Lag

**Gas Utilities & Infrastructure**

- ↑ Customer growth
- ↑ Integrity management investment
- ↑ Midstream investments

**Other Drivers**

- ↓ Interest Expense
- ↓ International (sold in 2016)

**2017  
GUIDANCE  
RANGE**

**\$4.70**

**\$4.50**

(1) Core businesses are all Duke Energy businesses except International Energy

(2) Based on adjusted diluted EPS

(3) Adjusted for abnormal storm and O&M re-planning expenses

## 4 - 6%

GROWTH IN EPS<sup>(1)</sup>  
**THROUGH 2021**  
**OFF 2017 GUIDANCE**  
**MIDPOINT OF \$4.60**

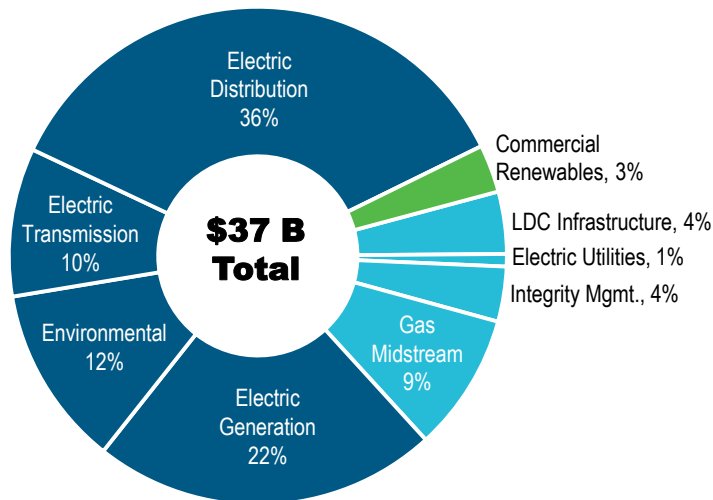
## \$37 B

**GROWTH CAPITAL PLAN**  
 OVER 5 YEARS DRIVES  
 ROBUST EARNINGS GROWTH

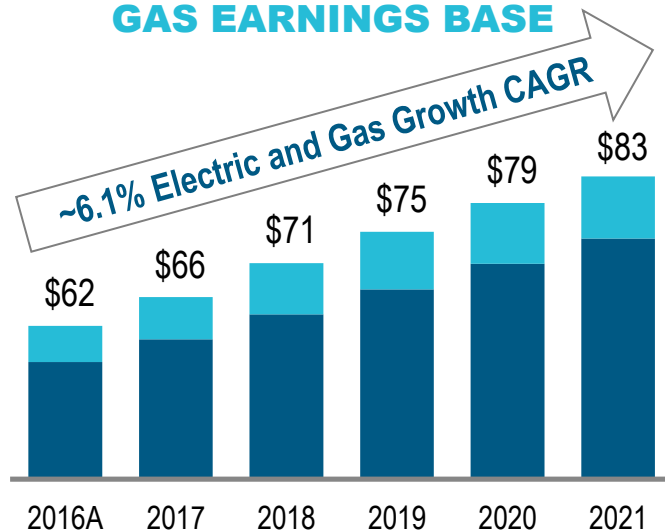
## 23% INCREASE

IN GROWTH CAPITAL PLAN  
 VERSUS YEAR AGO, DRIVEN  
 BY **GRID MODERNIZATION**  
**IN THE CAROLINAS AND**  
**NATURAL GAS**  
**INFRASTRUCTURE**

### 2017 - 2021 BALANCED GROWTH CAPITAL PLAN

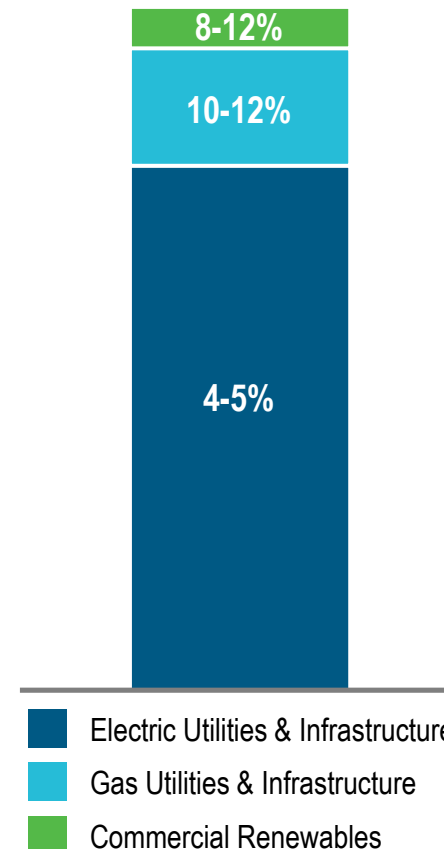


### 2017 - 2021<sup>(2)</sup> REGULATED ELECTRIC AND GAS EARNINGS BASE



### 2017 - 2021 ADJUSTED EPS CAGR<sup>(1)</sup>

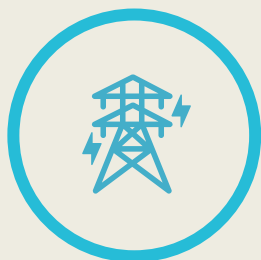
## Consolidated 4-6%



(1) Based on adjusted diluted EPS; consolidated growth rate includes the impact of Other  
 (2) Illustrative earnings base for presentation purposes only and includes retail and wholesale; amounts as of the end of each year shown; projected earnings base = prior period earnings base + capex - D&A - deferred taxes



GENERATE  
**CLEANER ENERGY**

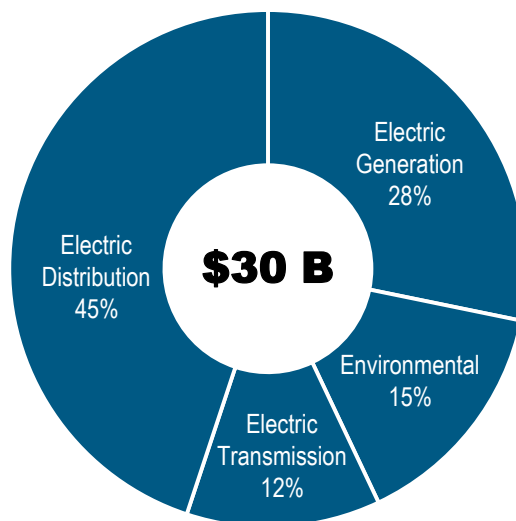


MODERNIZE THE  
**ENERGY GRID**

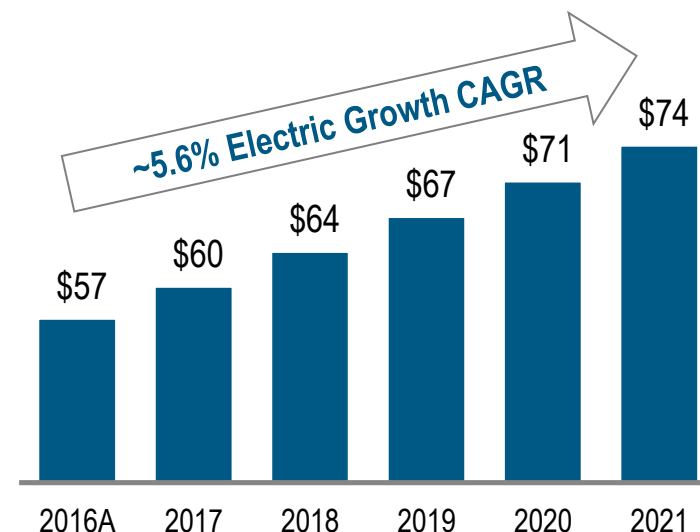
**\$30 B**

**GROWTH CAPITAL PLAN**  
FOR ELECTRIC UTILITIES  
AND INFRASTRUCTURE  
OVER 5 YEARS

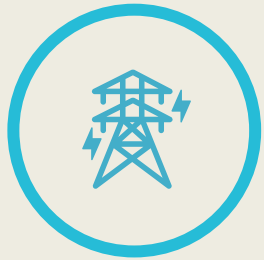
2017 - 2021  
**ELECTRIC UTILITIES &  
INFRASTRUCTURE  
GROWTH CAPITAL PLAN**



2017 - 2021  
**REGULATED ELECTRIC  
EARNINGS BASE<sup>(1)</sup>**



(1) Illustrative earnings base for presentation purposes only and includes retail and wholesale; Amounts as of the end of each year shown; Projected earnings base = prior period earnings base + capex - D&A - deferred taxes

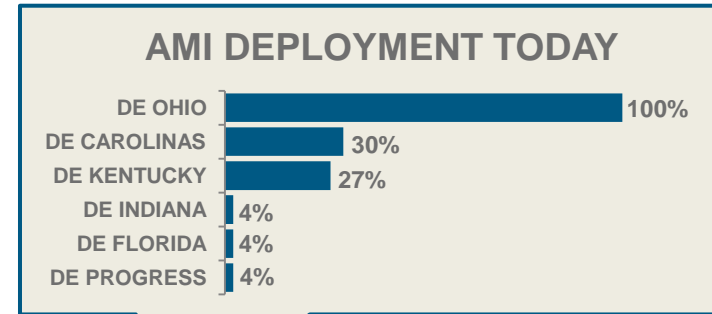
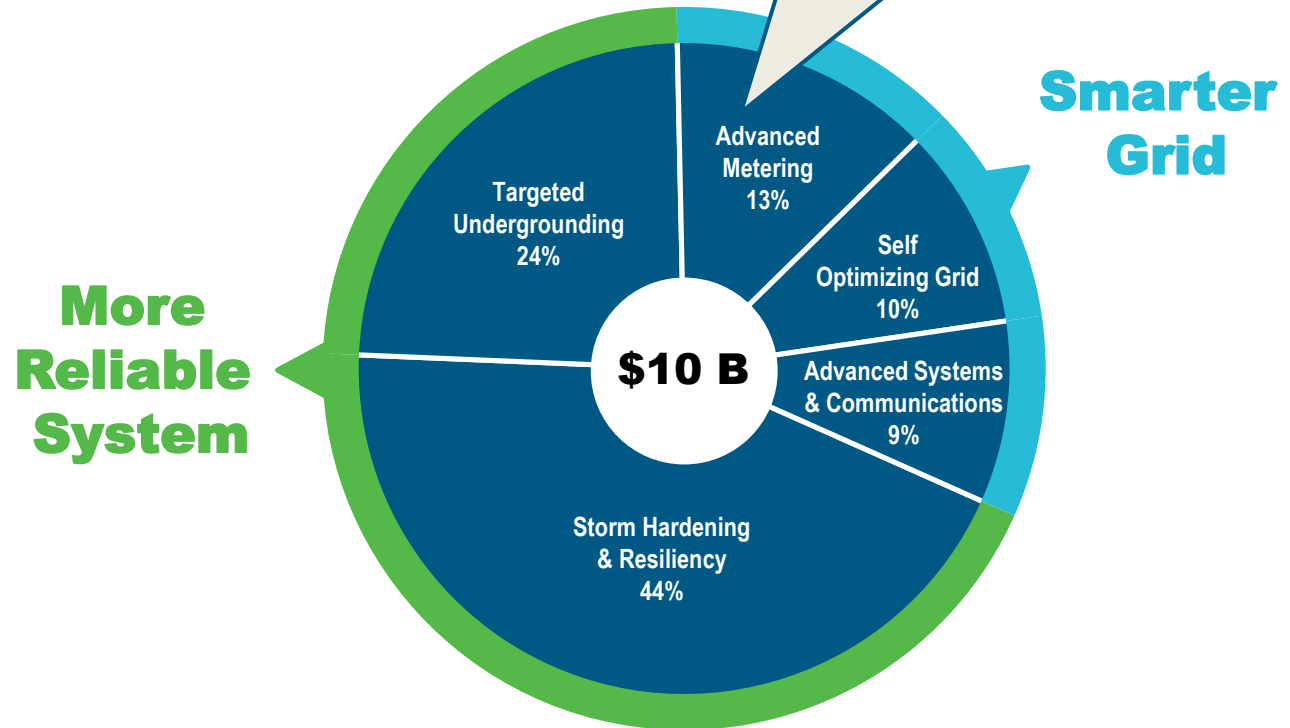


MODERNIZE THE **ENERGY GRID**

**\$10 B**  
OF **GRID INVESTMENTS**  
OVER NEXT **5 YEARS**

**60%**  
OF TOTAL TO BE INVESTED  
IN THE **CAROLINAS**

2017 - 2021  
**SPEND BY CATEGORY**





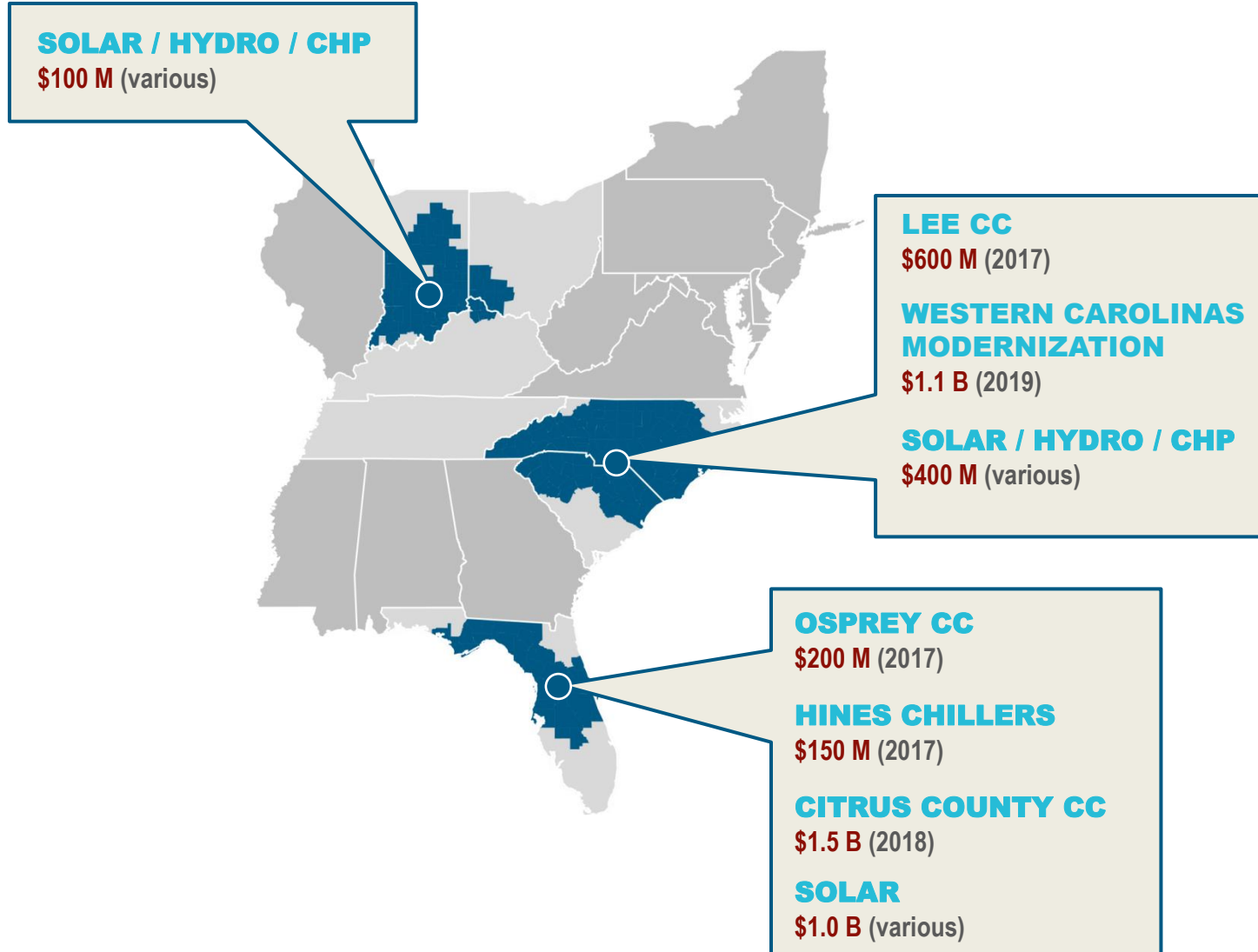
GENERATE  
**CLEANER ENERGY**

**\$3.3 B**

TO BE INVESTED IN  
REGULATED  
**NATURAL GAS-FIRED**  
GENERATION OVER 5  
YEARS<sup>(1)</sup>

**\$1.3 B**

INVESTMENTS IN REGULATED  
**CARBON-FREE**  
GENERATION OVER 5 YEARS



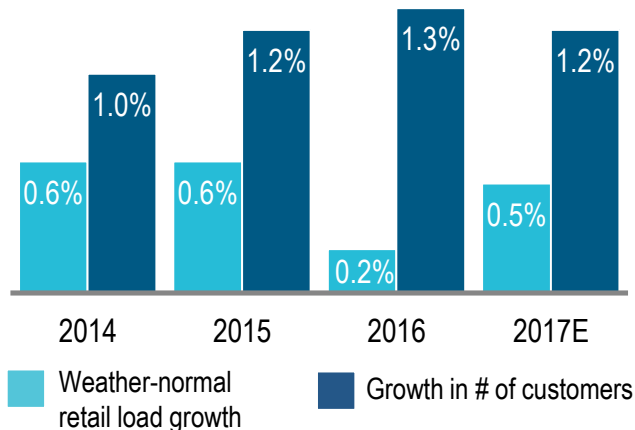
Map credit: SNL

(1) Investment amount includes projects that will reach commercial operations within the 5-year period, as well as capital investments in new generation projects achieving commercial operation after the 5-year period. Project amounts above represent total project costs, including amounts spent prior to 2017.

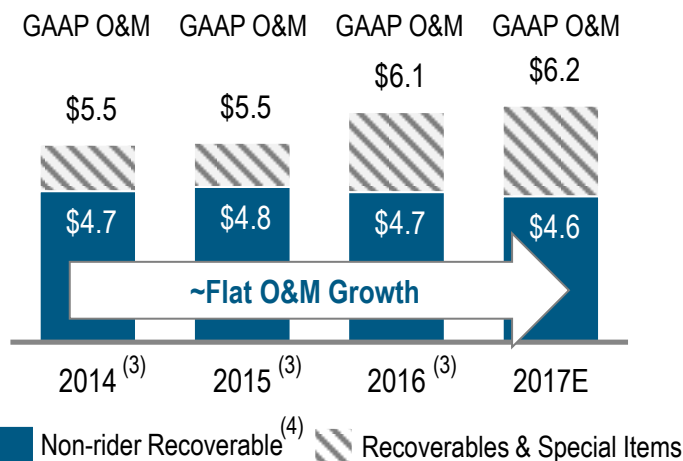
**EARNING ALLOWED ROEs**  
WITH NO SIGNIFICANT RATE CASES SINCE 2013

**REGULATORY LAG MITIGATED**  
BY CUSTOMER GROWTH, FOCUSED COST MANAGEMENT EFFORTS AND WHOLESALE EXPANSION

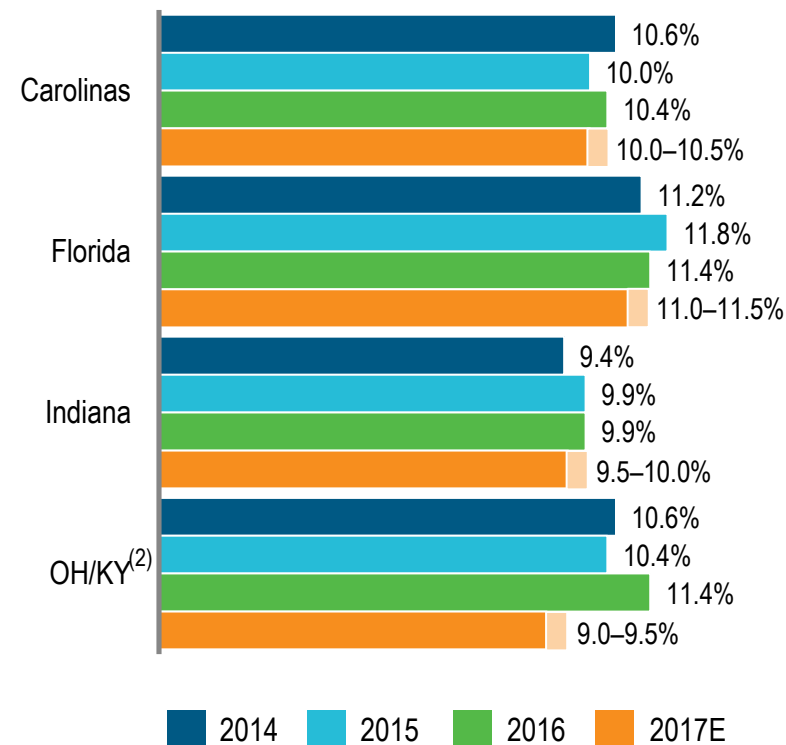
## CUSTOMER GROWTH AND VOLUME TRENDS



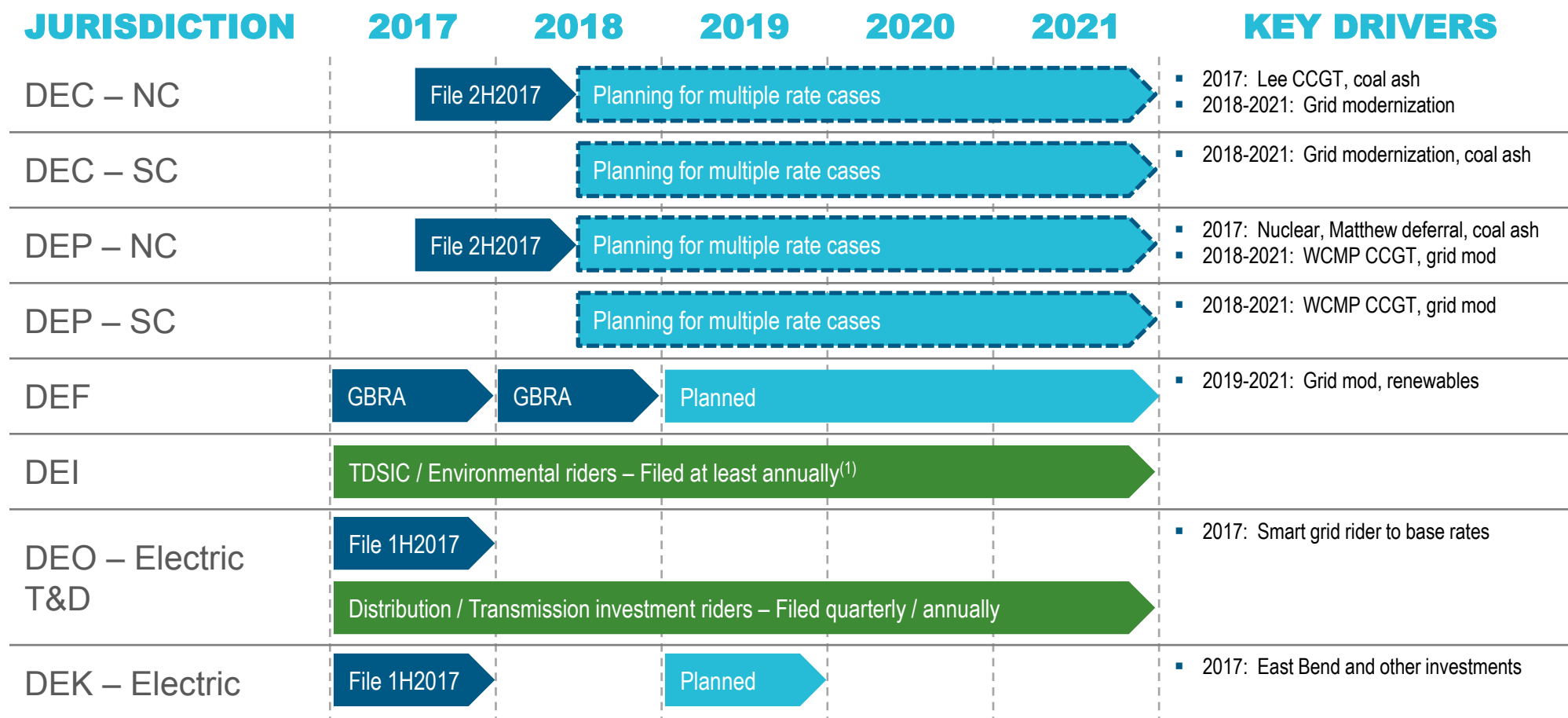
## O&M COST MANAGEMENT (\$ IN BILLIONS)



## ADJUSTED BOOK ROEs<sup>(1)</sup>

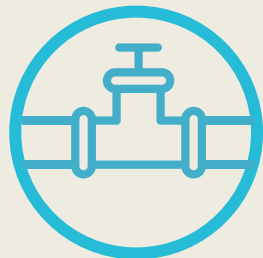


(1) Adjusted book ROEs exclude special items and are based on average book equity less Goodwill. Adjusted ROEs also include wholesale and are not adjusted for the impacts of weather. Regulatory ROEs will differ from Adjusted Book ROEs  
 (2) Combined electric and gas utilities  
 (3) Excludes Midwest Generation Business O&M (sold in April 2015), Latin American Generation Business (sold in December 2016)  
 (4) Excludes Piedmont Natural Gas, added beginning October 2016, to show trend



We will monitor our regulated ROEs and file rate cases as frequently as necessary and pursue alternative recovery mechanisms

(1) We are evaluating a range of scenarios prior to a required rate case by the end of 2022 (TDSIC conclusion) which could include cost management, capital optimization, or a general rate case filing



EXPAND **NATURAL GAS INFRASTRUCTURE**

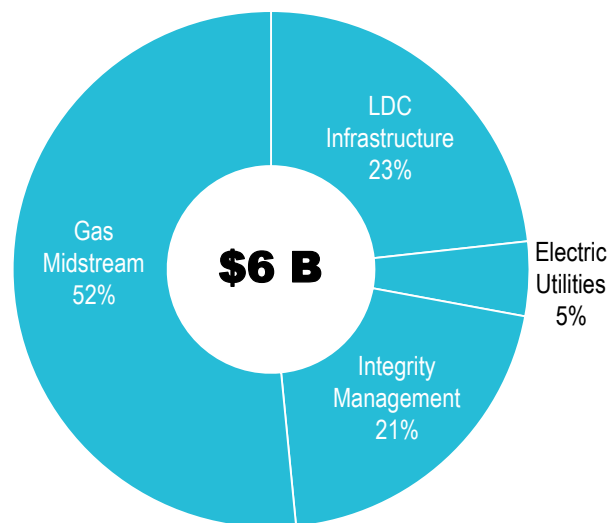
**\$6 B**

**GROWTH CAPITAL PLAN FOR GAS UTILITIES AND INFRASTRUCTURE OVER 5 YEARS**

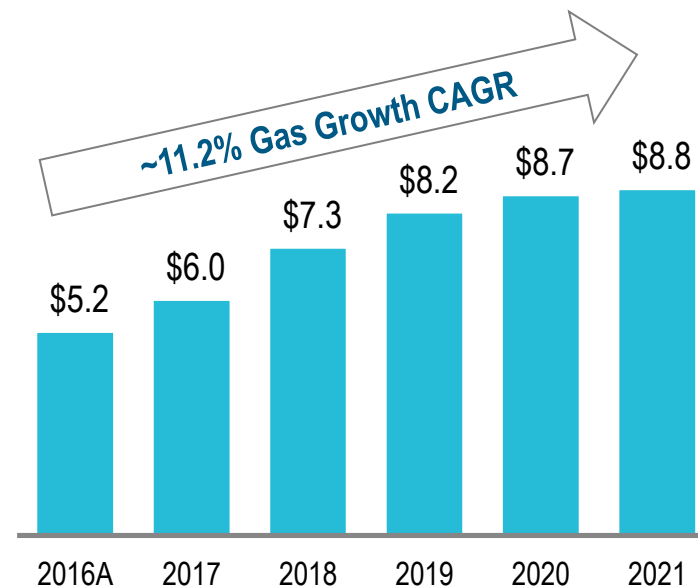
**50/50**

**GROWTH CAPITAL PLAN DIVIDED BETWEEN THE LDC AND MIDSTREAM PIPELINES**

## 2017 - 2021 GROWTH CAPITAL PLAN



## 2017 - 2021 REGULATED GAS EARNINGS BASE<sup>(1)</sup>



(1) Illustrative earnings base for presentation purposes only and includes retail and wholesale; Amounts as of the end of each year shown; Projected earnings base = prior period earnings base + capex - D&A - deferred taxes



GENERATE  
**CLEANER ENERGY**

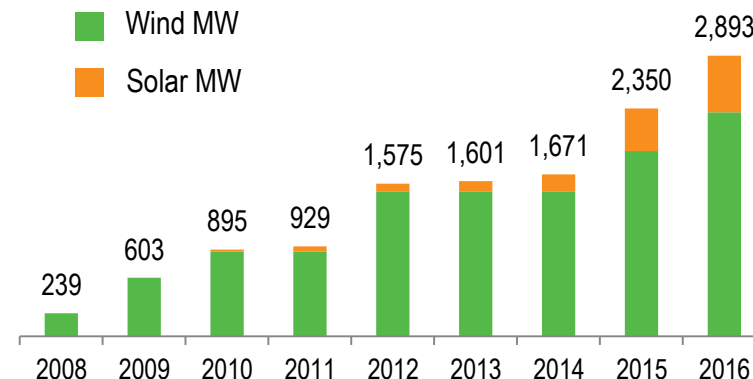
**\$1 B**

**COMMERCIAL  
RENEWABLES**  
INVESTMENTS OVER  
5 YEARS

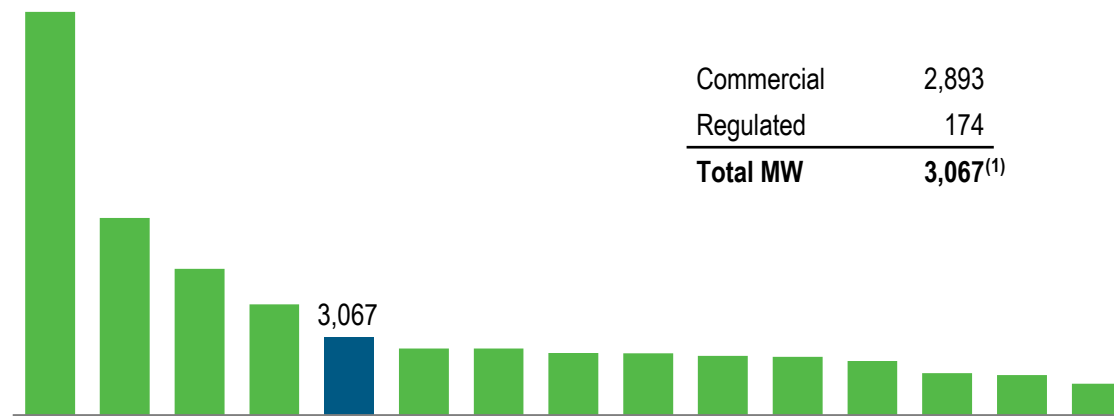
**1,000 MW**  
OF **WIND PROJECTS**  
**PTC QUALIFIED** FOR  
FUTURE INVESTMENT

## BUILDING SCALE SINCE ENTERING COMMERCIAL RENEWABLES SPACE IN 2007...

- Invested more than \$5 billion over the past 10 years
- Long-term power purchase agreements with creditworthy counterparties
- Emerging focus in our regulated electric utilities



## ...TO BECOME A TOP FIVE RENEWABLES COMPANY IN THE U.S. (2)



(1) In service as of Dec. 31, 2016

(2) Source: SNL Energy; top 15 owners by MW capacity

## KEY MESSAGES

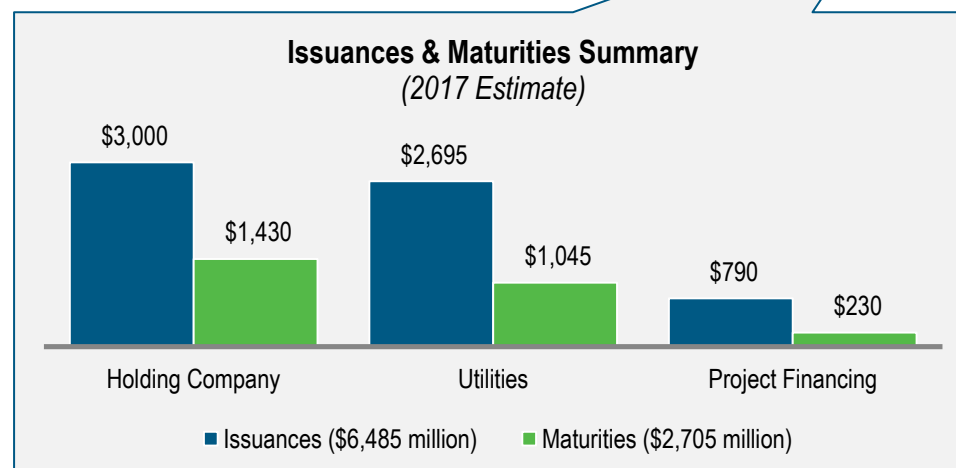
- Committed to maintaining strong credit quality, including investment-grade ratings
  - In January S&P affirmed DUK ratings and revised outlook from negative to stable
- Base plan assumes \$350 million of DRIP equity issuances per year 2018 – 2021
- Credit metrics strengthen over the planning horizon

## PRIMARY CREDIT METRICS

Metric	Target	2017E	2021E
FFO / Debt	> 16%	~14%	~17%
Holdco Debt Percentage	Low 30%'s	~35%	~34%

## FORECASTED 2017 SUMMARY CASH FLOWS (1)

Adjusted net income (based on midpoint of 2017 guidance range)	\$ 3,225
Depreciation & amortization	4,100
Deferred and accrued taxes	1,450
Other sources / (uses), net <sup>(2)</sup>	(940)
<b>Primary sources</b>	<b>7,835</b>
Capital expenditures	(9,425)
Dividends (subject to Board of Directors discretion)	(2,450)
<b>Primary uses</b>	<b>(11,875)</b>
Uses in excess of sources	(4,040)
Net Change in debt	3,780
<b>Net Change in Cash</b>	<b>(260)</b>



(1) Financing plan is subject to change, based on circumstances encountered throughout the year

(2) Includes changes in working capital, AFUDC equity, and pension contributions

**70 - 75%**

**EXPECTED  
PAYOUT RATIO  
THROUGH 2021<sup>(1)</sup>**

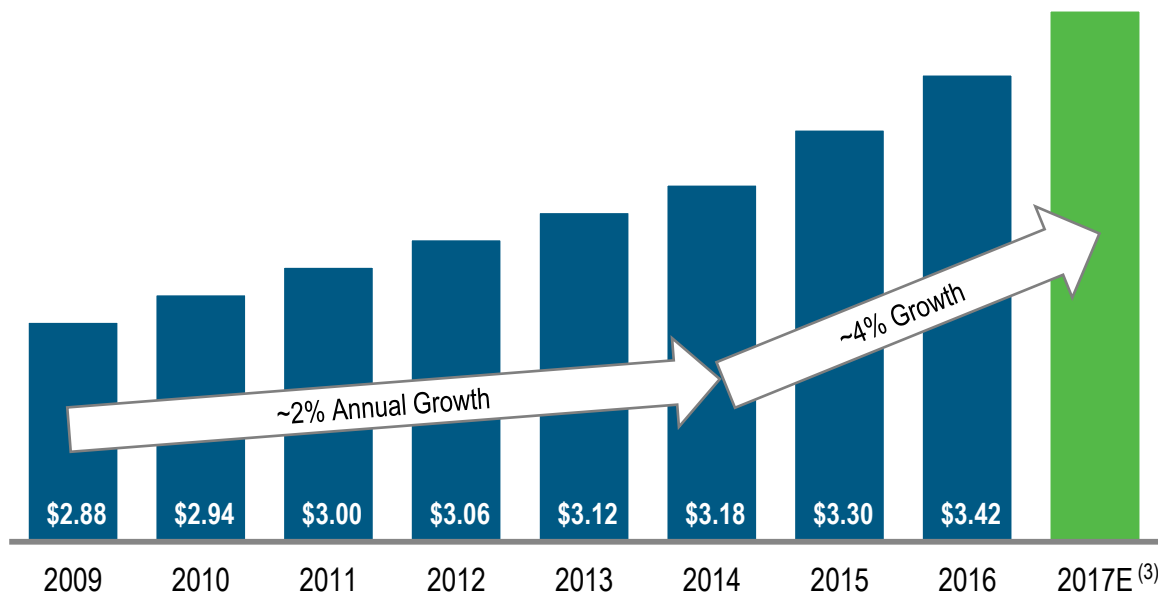
**4 - 6%**

**ANNUAL DIVIDEND  
GROWTH**

**~75%**

**OF TSR ACHIEVED  
THROUGH  
DIVIDEND REINVESTMENT  
OVER LAST 20 YEARS**

**DUK ANNUALIZED  
DIVIDEND PER SHARE<sup>(2)</sup>**



(1) Based on adjusted diluted EPS

(2) Reflects annualized Q4 dividend per share for each year and have been adjusted for the 1-for-3 reverse stock split

(3) Subject to approval by the Board of Directors.



Large-scale U.S. electric and gas utility creating a cleaner energy future



Constructive regulatory jurisdictions in desirable communities

INVESTING IN **INFRASTRUCTURE** OUR **CUSTOMERS** VALUE.  
**DELIVERING** SUSTAINABLE **GROWTH.**



Proven track record of delivering our commitments



Solid long-term investment, with attractive risk-adjusted total shareholder return

**DUK**  
**LISTED**  
**NYSE**

## A SOLID LONG-TERM HOLDING



## SUPPORTED BY THE STRENGTH OF OUR BALANCE SHEET

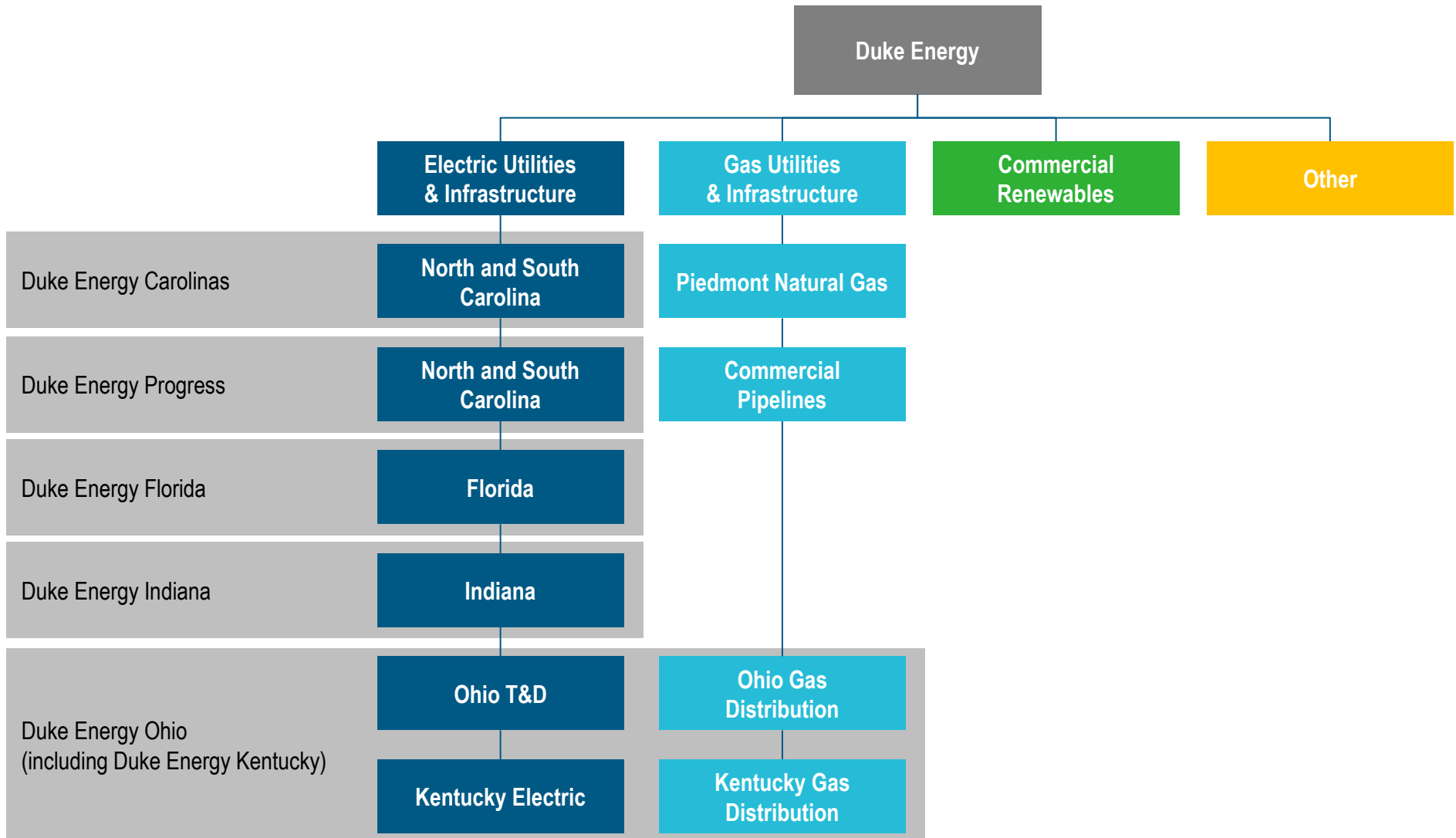
(1) As of Feb. 15, 2017

(2) 4-6% dividend growth subject to approval by the Board of Directors.

(3) Total shareholder return proposition at a constant P/E ratio

(4) Based on adjusted diluted EPS off the midpoint of the 2017 guidance range of \$4.50-\$4.70

Item	Slide(s)
Duke Energy business segment structure	27
2016 performance against guidance assumptions	28-34
2017 guidance support	35-48
Financing assumptions	49-55
Regulatory overview	56-60
Electric Utilities & Infrastructure supplement	61-62
Gas Utilities & Infrastructure supplement	63-66
Commercial Renewables supplement	67-68
Upcoming events & other	69-73



**2016 performance against guidance assumptions**

## WE COMMIT...

**Piedmont  
acquisition**

**International  
monetization**

**Operational  
excellence**

**Financial  
performance**

## ... AND WE DELIVER

- Closed ahead of schedule
- Accretive to adjusted EPS in 2016 and 2017
- Financed at 2.9% LT debt
- Successful integration of operations

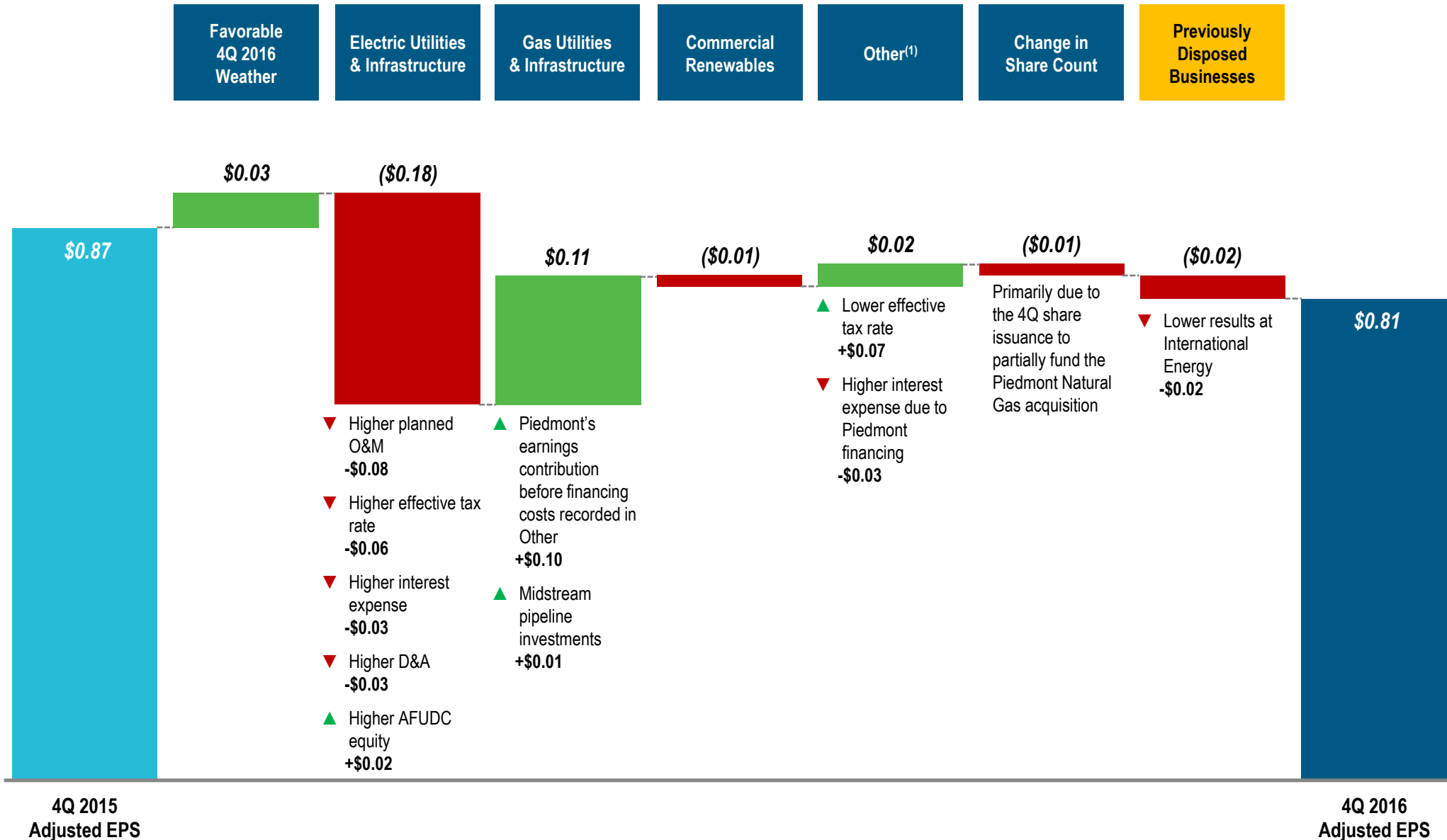
- Closed transactions ahead of schedule with \$1.9 B proceeds at high end of the range
- Repatriated ~\$3.6 B in cash since 2014 in a tax efficient manner (<8% ETR)

- Restored 2.6 million customers in 2016 storms
- Became industry leader in safety
- Achieved nuclear capacity factor records for last 4 years

- Delivered earnings<sup>(1)</sup> at high end of the range despite historic storms and re-planning of O&M activities
- Grew the dividend ~4%
- S&P affirmed credit ratings and changed outlook to stable

(1) Based on adjusted diluted EPS

# 4Q 2015 – 4Q 2016 adjusted diluted EPS waterfall

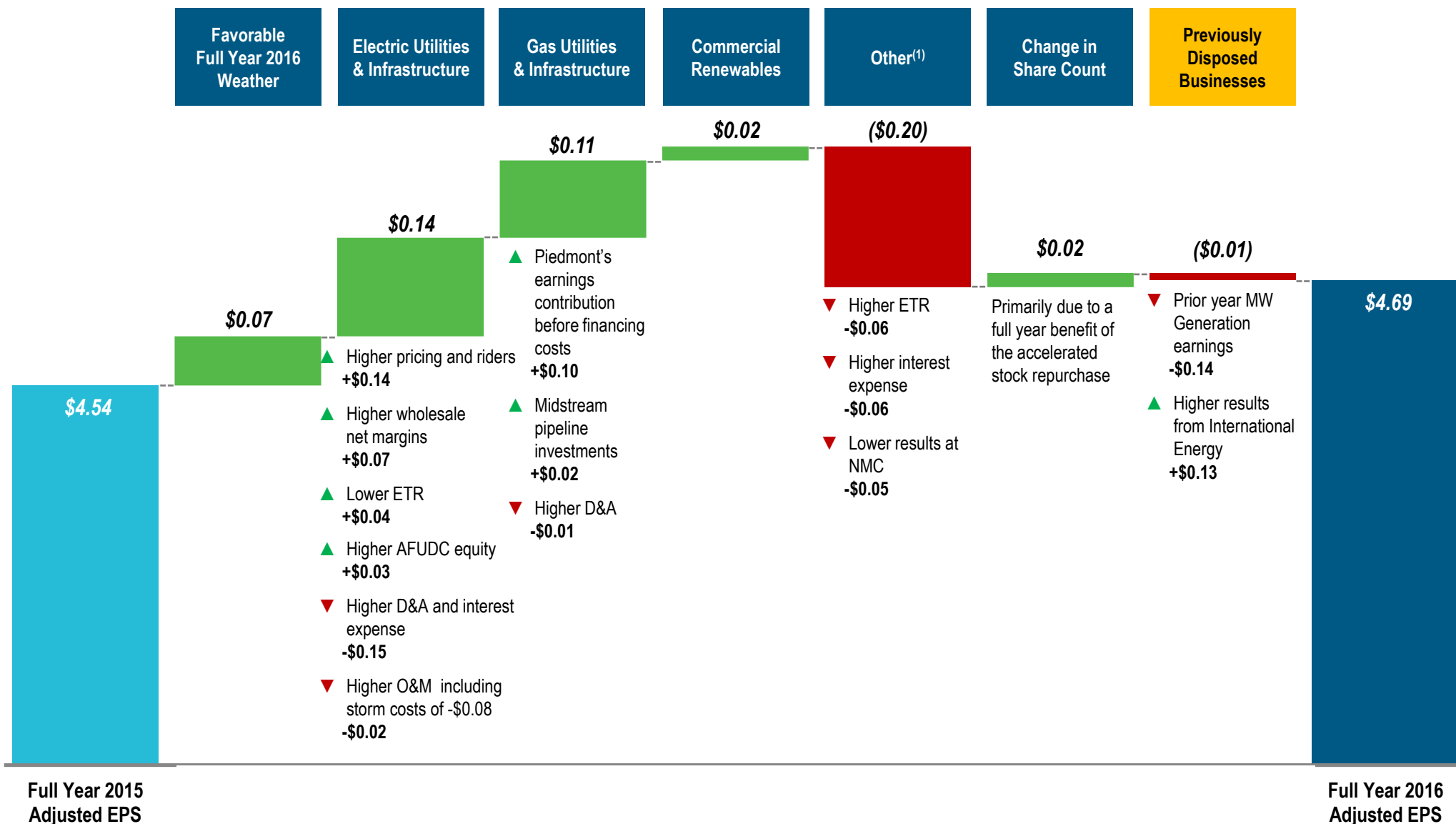


4Q 2015  
Adjusted EPS

4Q 2016  
Adjusted EPS

(1) Due to the Piedmont acquisition and the sale of International Energy in the fourth quarter of 2016, Duke Energy's segment structure has been realigned. The Other segment now includes the results of National Methanol Company (NMC), which were previously included in the International Energy segment

# Full year 2015 – full year 2016 adjusted diluted EPS waterfall



Full Year 2015 Adjusted EPS

Full Year 2016 Adjusted EPS

(1) Due to the Piedmont acquisition and the sale of International Energy in the fourth quarter of 2016, Duke Energy's segment structure has been realigned. The Other segment now includes the results of National Methanol Company (NMC), which were previously included in the International Energy segment.

# Key 2016 adjusted earnings guidance assumptions

(\$ in millions)	Original 2016 assumptions <sup>(1)</sup>	2016 Actual
<b>Adjusted segment income / (expense)<sup>(2):</sup></b>		
Electric Utilities & Infrastructure	\$3,006	\$3,040
Gas Utilities & Infrastructure	\$93	\$152
Commercial Renewables	\$130	\$68
International Energy	\$173	\$243
Other	(\$227)	(\$259)
Duke Energy Consolidated	\$3,175	\$3,244
<b>Additional consolidated information:</b>		
Interest expense (adjusted)	\$1,780	\$1,682
Adjusted effective tax rate	32 – 33%	31%
Debt AFUDC and capitalized interest	\$115	\$100
AFUDC equity	\$230	\$200
Capital expenditures <sup>(3)(4)</sup>	\$9,225	\$8,768
Weighted-average shares outstanding	~690 million	~691 million

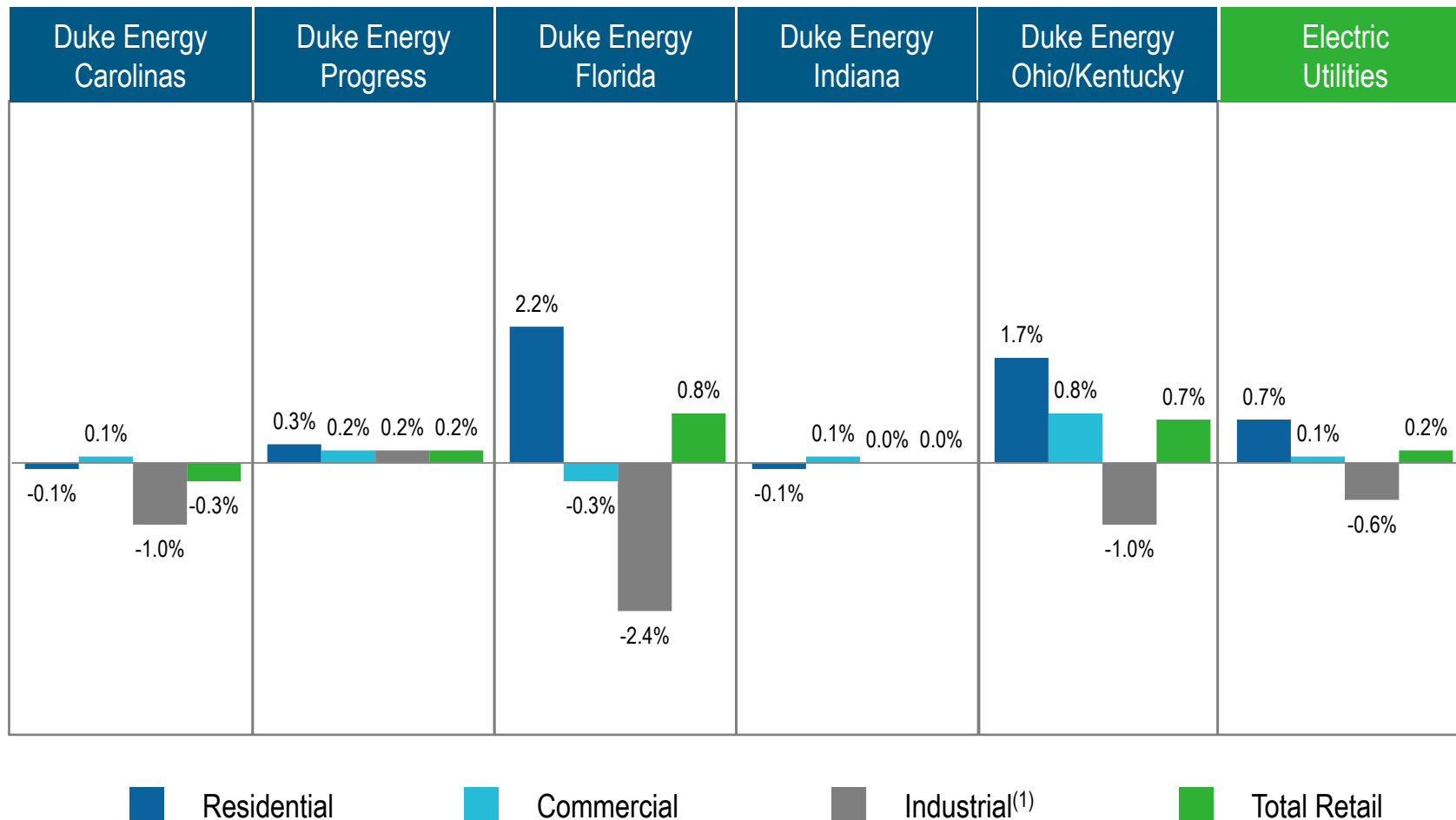
(1) As disclosed, in total, on Feb. 18, 2016. Due to the Piedmont acquisition and the sale of International Energy in the fourth quarter of 2016, Duke Energy's segment structure has been realigned and the adjusted segment income has been recast to reflect the change in segment structure.

(2) 2016 adjusted net income assumptions were based upon the midpoint of original adjusted diluted EPS guidance range of \$4.50 to \$4.70

(3) Includes debt AFUDC and capitalized interest

(4) 2016 actual amounts include ~\$550 million in coal ash closure spending that was included in operating cash flows

Rolling Twelve Months, as of Dec. 31, 2016



(1) Industrial weakness primarily related to a large customer at Duke Energy Carolinas who is progressing through a bankruptcy process, and several large phosphate customers at Duke Energy Florida who have been impacted by mine closures in the face of weakness in the agriculture industry. These impacts are considered temporary.

Weather segment income to normal:	2016			2015 <sup>(2)</sup>		
	Pretax impact	Weighted avg. diluted shares	EPS impact – favorable / (unfavorable)	Pretax impact	Weighted avg. shares	EPS impact – favorable / (unfavorable)
First Quarter	(\$10)	689	(\$0.01)	\$110	708	\$0.10
Second Quarter	\$40	690	\$0.04	\$65	692	\$0.06
Third Quarter	\$190	691	\$0.17	\$0	688	-
Fourth Quarter	(\$70)	699	(\$0.06)	(\$110)	688	(\$0.10)
Year-to-Date <sup>(1)</sup>	\$150	691	\$0.14	\$65	694	\$0.06

4Q 2016	Duke Energy Carolinas		Duke Energy Progress		Duke Energy Florida		Duke Energy Indiana		Duke Energy Ohio/KY	
Heating degree days / Variance from normal	1,047	(18.1%)	1,013	(11.7%)	81	(60.0%)	1,782	(10.9%)	1,635	(12.6%)
Cooling degree days / Variance from normal	60	71.4%	78	39.3%	572	22.3%	40	166.7%	55	223.5%
YTD 2016	Duke Energy Carolinas		Duke Energy Progress		Duke Energy Florida		Duke Energy Indiana		Duke Energy Ohio/KY	
Heating degree days / Variance from normal	2,908	(11.4%)	2,706	(9.0%)	482	(19.8%)	4,846	(9.3%)	4,483	(9.9%)
Cooling degree days / Variance from normal	1,950	29.9%	2,033	23.9%	3,481	10.1%	1,348	24.5%	1,400	28.0%

(1) Year-to-date amounts may not foot due to differences in weighted average shares outstanding and/or rounding

(2) Prior year amounts have been restated to reflect a change in allocation methodology

## **2017 guidance support**

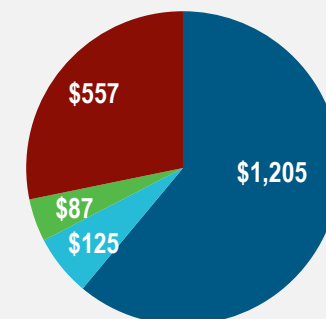
- Normal weather
- ~0.5% electric retail load growth
- Wholesale growth (~0.5% EPS growth)
- Lower Electric Utilities O&M; ~5% below 2016
- Normal wind conditions for Commercial Renewables
- Effective tax rate of ~32-33%
- Average Brent crude oil of \$58/barrel (impacting NMC's profitability)

*Note: EPS amounts based on forecasted 2017 share count of ~700 million shares*

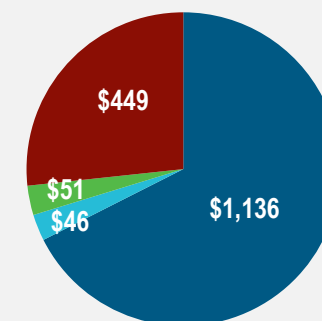
# Key 2017 adjusted earnings guidance assumptions

(\$ in millions)	2016 Actual	2017 Assumptions
<b>Adjusted segment income/(expense) <sup>(1)</sup>:</b>		
Electric Utilities & Infrastructure	\$3,040	\$3,109
Gas Utilities & Infrastructure	\$152	\$282
Commercial Renewables	\$68	\$99
Other	(\$259)	(\$268)
International Energy <sup>(2)</sup>	\$243	\$0
Duke Energy Consolidated	\$3,244	\$3,222
<b>Additional consolidated information:</b>		
Interest expense (adjusted)	\$1,682	\$1,974
Adjusted effective tax rate	31%	32-33%
Debt AFUDC and capitalized interest	\$100	\$124
AFUDC equity	\$200	\$278
Capital expenditures <sup>(3)(4)</sup>	\$8,757	\$9,425
Weighted-average shares outstanding	~691 million	~700 million

**2017 Interest Expense Assumption**  
(Consolidated Total \$1,974)



**2016 Adjusted Interest Expense**  
(Consolidated Total - \$1,682)



- Electric Utilities
- Gas Utilities
- Commercial Renewables
- Other

(1) Adjusted net income for 2017 assumptions is based upon midpoint of adjusted diluted EPS guidance range of \$4.50 to \$4.70

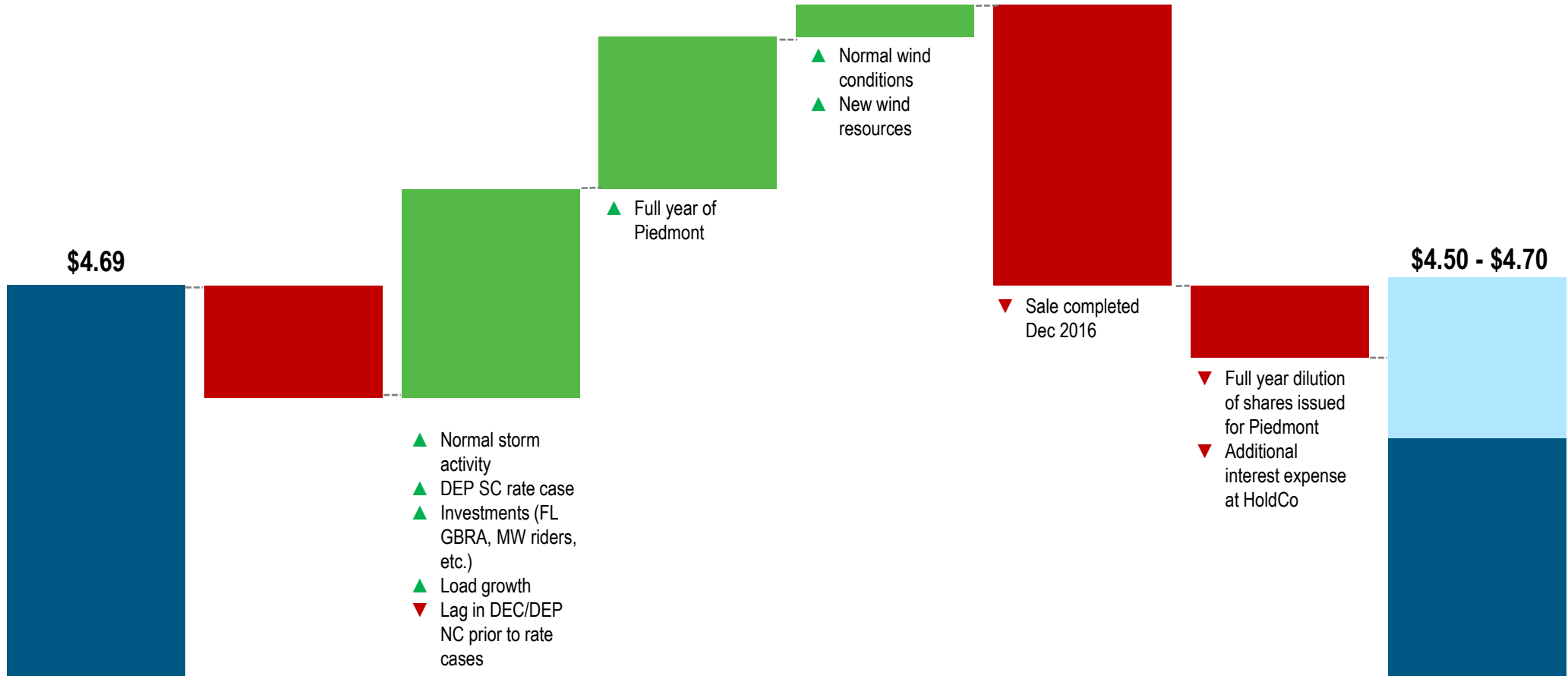
(2) The International Energy segment was sold in Dec. 2016, excluding National Methanol Company (NMC). NMC, which was previously reported in International Energy, is now reported in the Other segment.

(3) Includes debt AFUDC and capitalized interest

(4) 2016 actual amounts includes ~\$550 million in coal ash closure spending that was included in operating cash flows and ~\$650 of 2017 projected coal ash closure spend

# 2016 – 2017 adjusted diluted EPS waterfall

2016 Weather (\$0.14)	Electric Utilities & Infrastructure \$0.26	Gas Utilities & Infrastructure \$0.19	Commercial Renewables \$0.04	International (\$0.35)	Share dilution & Other (\$0.09)
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2016 Actual Adjusted EPS

2017 EPS Guidance Range

Driver		EPS Impact
Electric Utilities & Infrastructure	100 bps change in earned return on equity	+/- \$0.40
	\$1 billion change in rate base	+/- \$0.08
	1% change in Electric Utilities volumes	+/- \$0.10
Gas Utilities & Infrastructure	1% change in earned return on equity	+/- \$0.04
	\$200 million change in rate base	+/- \$0.01
	1% change in number of new customers	+/- \$0.01
Consolidated	1% change in interest rates <sup>(1)</sup>	+/- \$0.08
Other	\$10/barrel change in Brent crude oil prices	+/- \$0.01 - 0.02

Note: EPS amounts based on forecasted 2017 share count of ~700 million shares

(1) Based on average variable-rate debt outstanding throughout the year.

- Duke Energy’s pension funding policy:
  - The company is committed to funding its pension obligations and has consistently contributed above legal minimum requirements
  - In September 2013, Duke Energy adopted a de-risking investment strategy for its pension plan assets
  - The company’s plan is to fund its pension service costs and continue to de-risk plan assets as funded status improves to better manage its pension liability and reduce funded status volatility
  - Duke plans have a targeted allocation of 63% fixed-income assets and 37% return-seeking assets
  - Piedmont’s plan currently targets 40% fixed income and 60% return-seeking assets – working to integrate Piedmont into Duke’s framework in 2017
  
- Duke Energy and Piedmont Natural Gas pension plans are fully funded as of 12/31/2016 on a PBO basis
  
- Key 2017 assumptions (as of Dec. 31, 2016):
  - Discount rate: 4.1% for 2017 (vs. 4.4% for 2016)
  - Expected long-term return on plan assets: between 6.50% for Duke plans and 6.75% for Piedmont’s plan

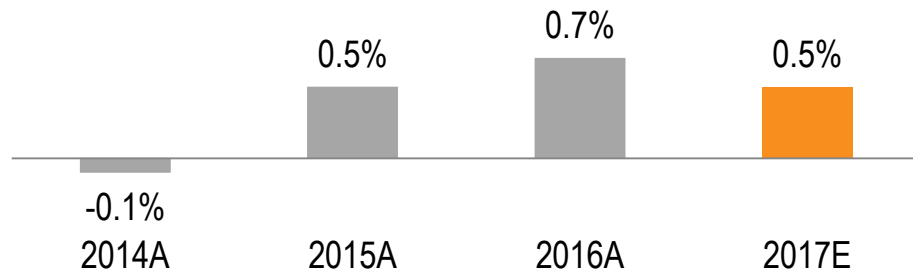
Pension Costs (\$ in millions)	2015A	2016A	2017E
All plans	\$135	\$99	\$79

Pension Contributions (\$ in millions)	2015A <sup>(1)</sup>	2016A	2017E
All plans	\$302	\$155	\$168

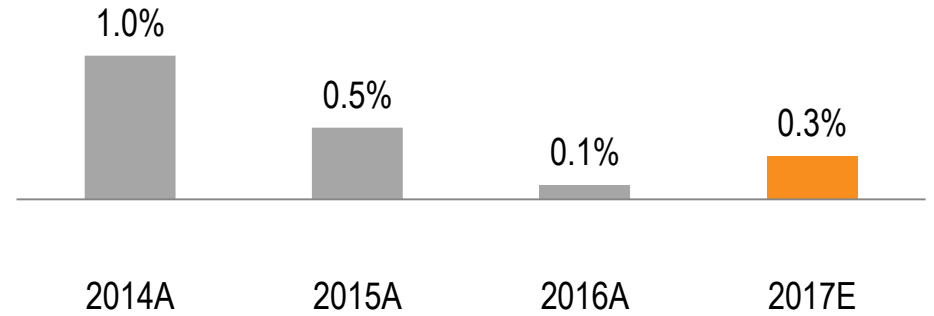
(1) Deferred 2014 pension contributions to 2015

(in % change since prior year)

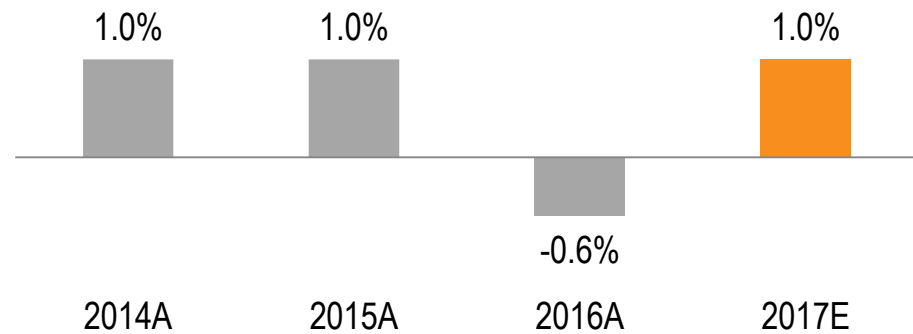
## Residential



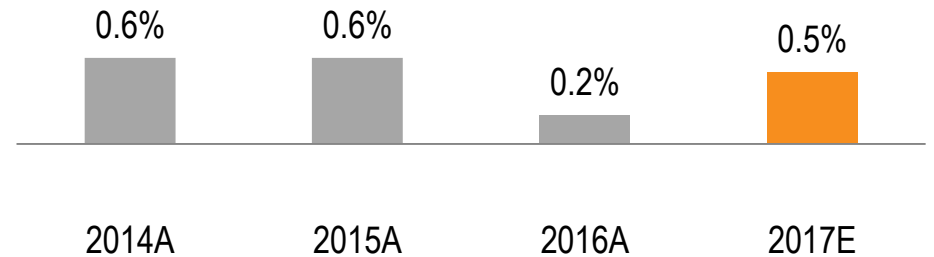
## Commercial



## Industrial



## Electric Utilities Total



## Electric Utilities Earnings Base

(\$ in billions)	2016A	2017E	2018E	2019E	2020E	2021E
Duke Energy Carolinas	\$20.8	\$21.8	\$23.0	\$24.2	\$25.6	\$27.1
Duke Energy Progress	14.5	15.3	16.7	17.9	19.0	19.9
Duke Energy Florida	11.4	12.4	12.9	13.6	14.3	15.4
Duke Indiana	7.5	7.6	7.8	8.0	8.1	8.1
Duke Ohio – Electric	2.0	2.2	2.4	2.6	2.8	3.0
Duke Kentucky – Electric	0.6	0.7	0.8	0.8	0.9	0.9
<b>Electric Utilities Total<sup>(2)</sup></b>	<b>\$56.7</b>	<b>\$60.0</b>	<b>\$63.5</b>	<b>\$67.1</b>	<b>\$70.7</b>	<b>\$74.4</b>

## Gas Utilities Earnings Base

(\$ in billions)	2016A	2017E	2018E	2019E	2020E	2021E
Piedmont	\$3.2	\$3.5	\$3.7	\$3.8	\$4.0	\$4.1
Duke Energy Ohio – Gas	1.2	1.2	1.3	1.3	1.3	1.3
Duke Energy Kentucky - Gas	0.3	0.3	0.3	0.3	0.3	0.3
Natural Gas Transmission	0.6	1.0	2.0	2.7	3.0	3.1
<b>Gas Utilities Total<sup>(2)</sup></b>	<b>\$5.2</b>	<b>\$6.0</b>	<b>\$7.3</b>	<b>\$8.2</b>	<b>\$8.7</b>	<b>\$8.8</b>

(1) Illustrative earnings base for presentation purposes only and includes retail and wholesale; Amounts as of the end of each year shown; Projected earnings base = prior period earnings base + capex – D&A – deferred taxes

(2) Totals may not foot due to rounding

# Major capital projects timeline and recovery mechanisms

	Spent (Inception – 2016)	2017	2018	2019	2020	2021	Recovery Mechanism
<b>Grid Modernization</b>							
Indiana - TDSIC	\$ 100 M	\$1.2 billion					Rider Recovery
Ohio	Ongoing	\$1.5 billion					Rider Recovery
All jurisdictions	Ongoing	\$ 7 billion					Base Rate Case <sup>(1)</sup>
<b>Environmental</b>							
Carolinas	Ongoing	\$3.4 billion					Base Rate Case
Indiana	Ongoing	\$750 million					Rider Recovery/ Base Rate Case
<b>New Generation</b>							
Carolinas – Lee CC	\$465 M	\$100 million (earns AFUDC)					Base Rate Case
Florida – Citrus County CC	\$800 M	\$675 million (earns AFUDC)					New Generation Rider
Carolinas – CHP	\$ 0	\$275 million (earns AFUDC)					Base Rate Case
Carolinas – WCMP <sup>(2)</sup>	\$100 M	\$775 million (earns AFUDC)					Base Rate Case
Carolinas – Future CC	\$ 0			\$575 million (earns AFUDC)			Base Rate Case
Carolinas – Future CC	\$ 0			\$550 million (earns AFUDC)			Base Rate Case
Florida – Regulated Solar	\$ 0			\$1 billion			Base Rate Case <sup>(1)</sup>
Nuclear Fuel & Projects	Ongoing	\$3 billion (earns AFUDC)					Base Rates / Fuel Clause
Commercial Renewables	\$5.0 B	\$1 billion					Long-Term PPAs
<b>Gas Infrastructure</b>							
Gas Pipelines	\$475 M	\$3.3 billion (earns AFUDC) <sup>(3)</sup>					FERC Regulated Contracts

(1) Base rate case items contribute to regulatory lag until next base rate case. We will pursue recovery mechanisms suited to grid infrastructure investment through the regulatory and legislative process such as multi year rate cases and rider mechanisms

(2) Western Carolinas Modernization Project

(3) Investment level will depend on how the project and Duke investment are financed

# Capital expenditures profile<sup>(1)</sup>



(\$ in millions)

Electric Utilities & Infrastructure	2016A	2017E	2018E	2019E	2020E	2021E	2017 - 2021
Electric Generation <sup>(2)</sup>	\$ 1,766	\$ 1,725	\$ 1,550	\$ 1,700	\$ 1,600	\$ 1,750	\$ 8,325
Electric Transmission	641	725	725	700	750	675	3,575
Electric Distribution	1,106	1,750	2,825	2,950	2,875	2,850	13,250
Environmental <sup>(3)</sup>	904	1,300	1,150	700	550	650	4,350
<b>Electric Utilities &amp; Infrastructure Growth Capital</b>	<b>\$ 4,417</b>	<b>\$ 5,500</b>	<b>\$ 6,250</b>	<b>\$ 6,050</b>	<b>\$ 5,775</b>	<b>\$ 5,925</b>	<b>\$ 29,500</b>
Maintenance	2,775	2,125	1,800	1,950	1,975	1,875	9,725
<b>Total Electric Utilities &amp; Infrastructure Capital</b>	<b>\$ 7,192</b>	<b>\$ 7,625</b>	<b>\$ 8,050</b>	<b>\$ 8,000</b>	<b>\$ 7,750</b>	<b>\$ 7,800</b>	<b>\$ 39,225</b>
Commercial Renewables	\$ 857	\$ 175	\$ 275	\$ 375	\$ 325	\$ -	\$ 1,150
<b>Total Commercial Renewables Capital</b>	<b>\$ 857</b>	<b>\$ 175</b>	<b>\$ 275</b>	<b>\$ 375</b>	<b>\$ 325</b>	<b>\$ -</b>	<b>\$ 1,150</b>
Midstream Pipelines <sup>(4)</sup>	261	475	1,125	1,200	400	125	3,325
LDC - Non-Rider	129	325	550	425	300	200	1,800
LDC - Rider	75	325	300	225	300	175	1,325
<b>Gas Utilities &amp; Infrastructure Growth Capital</b>	<b>\$ 465</b>	<b>\$ 1,125</b>	<b>\$ 1,975</b>	<b>\$ 1,850</b>	<b>\$ 1,000</b>	<b>\$ 500</b>	<b>\$ 6,450</b>
Maintenance	75	175	200	175	150	175	875
<b>Total Gas Utilities &amp; Infrastructure Capital</b>	<b>\$ 540</b>	<b>\$ 1,300</b>	<b>\$ 2,175</b>	<b>\$ 2,025</b>	<b>\$ 1,150</b>	<b>\$ 675</b>	<b>\$ 7,325</b>
Other <sup>(5)</sup>	168	325	275	325	250	275	1,450
<b>Total Duke Energy</b>	<b>\$ 8,757</b>	<b>\$ 9,425</b>	<b>\$ 10,775</b>	<b>\$ 10,725</b>	<b>\$ 9,475</b>	<b>\$ 8,750</b>	<b>\$ 49,150</b>

(1) Amounts include AFUDC debt or capitalized interest

(2) Amount includes nuclear fuel of \$2B from 2017-2021

(3) 2016 actual amounts include ~\$550 million in coal ash closure spending that was included in operating cash flows

(4) Investment level will depend upon how the project and Duke investment are financed

(5) Primarily IT and real estate related costs

# Capital expenditures by utility<sup>(1)</sup>



(\$ in millions)

Duke Energy Carolinas	2016A	2017E	2018E	2019E	2020E	2021E	2017 - 2021
Electric Generation	\$663	\$500	\$450	\$675	\$675	\$825	\$3,125
Electric Transmission	214	75	75	75	50	50	\$325
Electric Distribution	392	700	1,250	1,225	1,150	1,225	\$5,550
Environmental <sup>(2)</sup>	374	600	550	225	125	175	\$1,675
<b>Duke Energy Carolinas Growth Capital</b>	<b>\$ 1,643</b>	<b>\$ 1,875</b>	<b>\$ 2,325</b>	<b>\$ 2,200</b>	<b>\$ 2,000</b>	<b>\$ 2,275</b>	<b>\$ 10,675</b>
Maintenance	861	850	650	675	725	675	3,575
<b>Total Duke Energy Carolinas Capital</b>	<b>\$ 2,504</b>	<b>\$ 2,725</b>	<b>\$ 2,975</b>	<b>\$ 2,875</b>	<b>\$ 2,725</b>	<b>\$ 2,950</b>	<b>\$ 14,250</b>

Duke Energy Progress	2016A	2017E	2018E	2019E	2020E	2021E	2017 - 2021
Electric Generation	\$389	\$575	\$700	\$625	\$550	\$400	\$2,850
Electric Transmission	42	25	75	75	75	100	\$350
Electric Distribution	253	350	825	825	775	725	\$3,500
Environmental <sup>(3)</sup>	261	400	375	300	275	325	\$1,675
<b>Duke Energy Progress Growth Capital</b>	<b>\$ 945</b>	<b>\$ 1,350</b>	<b>\$ 1,975</b>	<b>\$ 1,825</b>	<b>\$ 1,675</b>	<b>\$ 1,550</b>	<b>\$ 8,375</b>
Maintenance	1,002	600	500	600	600	600	2,900
<b>Total Duke Energy Progress Capital</b>	<b>\$ 1,947</b>	<b>\$ 1,950</b>	<b>\$ 2,475</b>	<b>\$ 2,425</b>	<b>\$ 2,275</b>	<b>\$ 2,150</b>	<b>\$ 11,275</b>

(1) Amounts include AFUDC debt

(2) 2016 actual amounts include \$287 million in coal ash closure spending that was included in operating cash flows

(3) 2016 actual amounts include \$213 million in coal ash closure spending that was included in operating cash flows

# Capital expenditures by utility (continued)<sup>(1)</sup>



(\$ in millions)

Duke Energy Florida	2016A	2017E	2018E	2019E	2020E	2021E	2017 - 2021
Electric Generation	\$660	\$550	\$250	\$300	\$250	\$475	\$1,825
Electric Transmission	183	250	225	275	300	200	\$1,250
Electric Distribution	166	250	275	400	450	475	\$1,850
Environmental	3	25	25	25	-	-	\$75
<b>Duke Energy Florida Growth Capital</b>	<b>\$ 1,012</b>	<b>\$ 1,075</b>	<b>\$ 775</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 1,150</b>	<b>\$ 5,000</b>
Maintenance	572	350	375	425	450	450	2,050
<b>Total Duke Energy Florida Capital</b>	<b>\$ 1,584</b>	<b>\$ 1,425</b>	<b>\$ 1,150</b>	<b>\$ 1,425</b>	<b>\$ 1,450</b>	<b>\$ 1,600</b>	<b>\$ 7,050</b>

Duke Energy Indiana	2016A	2017E	2018E	2019E	2020E	2021E	2017 - 2021
Electric Generation	\$55	\$75	\$125	\$125	\$75	\$50	\$450
Electric Transmission	94	150	150	150	175	175	\$800
Electric Distribution	126	225	250	250	225	200	\$1,150
Environmental <sup>(2)</sup>	238	250	125	125	125	125	\$750
<b>Duke Energy Indiana Growth Capital</b>	<b>\$ 513</b>	<b>\$ 700</b>	<b>\$ 650</b>	<b>\$ 650</b>	<b>\$ 600</b>	<b>\$ 550</b>	<b>\$ 3,150</b>
Maintenance	283	150	125	200	150	125	750
<b>Total Duke Energy Indiana Capital</b>	<b>\$ 796</b>	<b>\$ 850</b>	<b>\$ 775</b>	<b>\$ 850</b>	<b>\$ 750</b>	<b>\$ 675</b>	<b>\$ 3,900</b>

(1) Amounts include AFUDC debt

(2) 2016 actual amounts include \$45 million in coal ash closure spending that was included in operating cash flows

# Capital expenditures by utility (continued)<sup>(1)</sup>



(\$ in millions)

Duke Energy OH/KY Electric	2016A	2017E	2018E	2019E	2020E	2021E	2017 - 2021
Electric Generation	\$0	\$25	\$25	\$25	\$0	\$0	\$75
Electric Transmission	75	125	150	100	125	100	600
Electric Distribution	168	225	225	250	250	250	1,200
Environmental <sup>(2)</sup>	29	50	75	50	-	-	175
<b>Duke Energy OH/KY Growth Capital</b>	<b>\$272</b>	<b>\$425</b>	<b>\$475</b>	<b>\$425</b>	<b>\$375</b>	<b>\$350</b>	<b>\$2,050</b>
Maintenance	58	100	125	75	100	50	450
<b>Total Duke Energy OH/KY Electric Capital</b>	<b>\$330</b>	<b>\$525</b>	<b>\$600</b>	<b>\$500</b>	<b>\$475</b>	<b>\$400</b>	<b>\$2,500</b>

Duke Energy OH/KY Gas	2016A	2017E	2018E	2019E	2020E	2021E	2017 - 2021
LDC - Non-Rider	\$86	\$75	\$100	\$50	\$50	\$50	\$325
LDC - Rider	15	-	-	-	-	-	-
<b>Duke Energy OH/KY Gas Growth Capital</b>	<b>\$101</b>	<b>\$75</b>	<b>\$100</b>	<b>\$50</b>	<b>\$50</b>	<b>\$50</b>	<b>325</b>
Maintenance	83	75	75	75	75	75	375
<b>Total Duke Energy OH/KY Gas Capital</b>	<b>\$184</b>	<b>\$150</b>	<b>\$175</b>	<b>\$125</b>	<b>\$125</b>	<b>\$125</b>	<b>\$700</b>

Piedmont	2016A	2017E	2018E	2019E	2020E	2021E	2017 - 2021
LDC - Non-Rider	\$36	\$250	\$450	\$375	\$250	\$150	\$1,475
LDC - Rider	60	325	300	225	300	175	1,325
<b>Piedmont Growth Capital</b>	<b>\$96</b>	<b>\$575</b>	<b>\$750</b>	<b>\$600</b>	<b>\$550</b>	<b>\$325</b>	<b>2,800</b>
Maintenance	19	100	125	100	75	100	500
<b>Total Piedmont Capital</b>	<b>\$115</b>	<b>\$675</b>	<b>\$875</b>	<b>\$700</b>	<b>\$625</b>	<b>\$425</b>	<b>\$3,300</b>

(1) Amounts include AFUDC debt

(2) 2016 actual amounts include \$5 million in coal ash closure spending that was included in operating cash flows

(\$ in millions)

Category	2017 – 2021
Air (MATS)	\$110
Water (316b)	\$320
Waste (conversions) <sup>(1)</sup>	\$770
Waste (closure)	\$3,150
<b>Total</b>	<b>\$4,350</b>

Coal Ash Closure Costs	Total Project Costs	Spend To Date <sup>(2)</sup>	2017 – 2021 Plan
Duke Energy Carolinas	\$2,620	\$460	\$1,140
Duke Energy Progress	\$2,550	\$310	\$1,420
Duke Energy Indiana	\$960	\$60	\$510
Duke Energy Florida	\$40	-	\$40
Duke Energy Kentucky	\$50	\$10	\$40
<b>Total</b>	<b>\$6,220</b>	<b>\$840</b>	<b>\$3,150</b>

Expenditures for waste conversion to dry ash handling by jurisdiction:

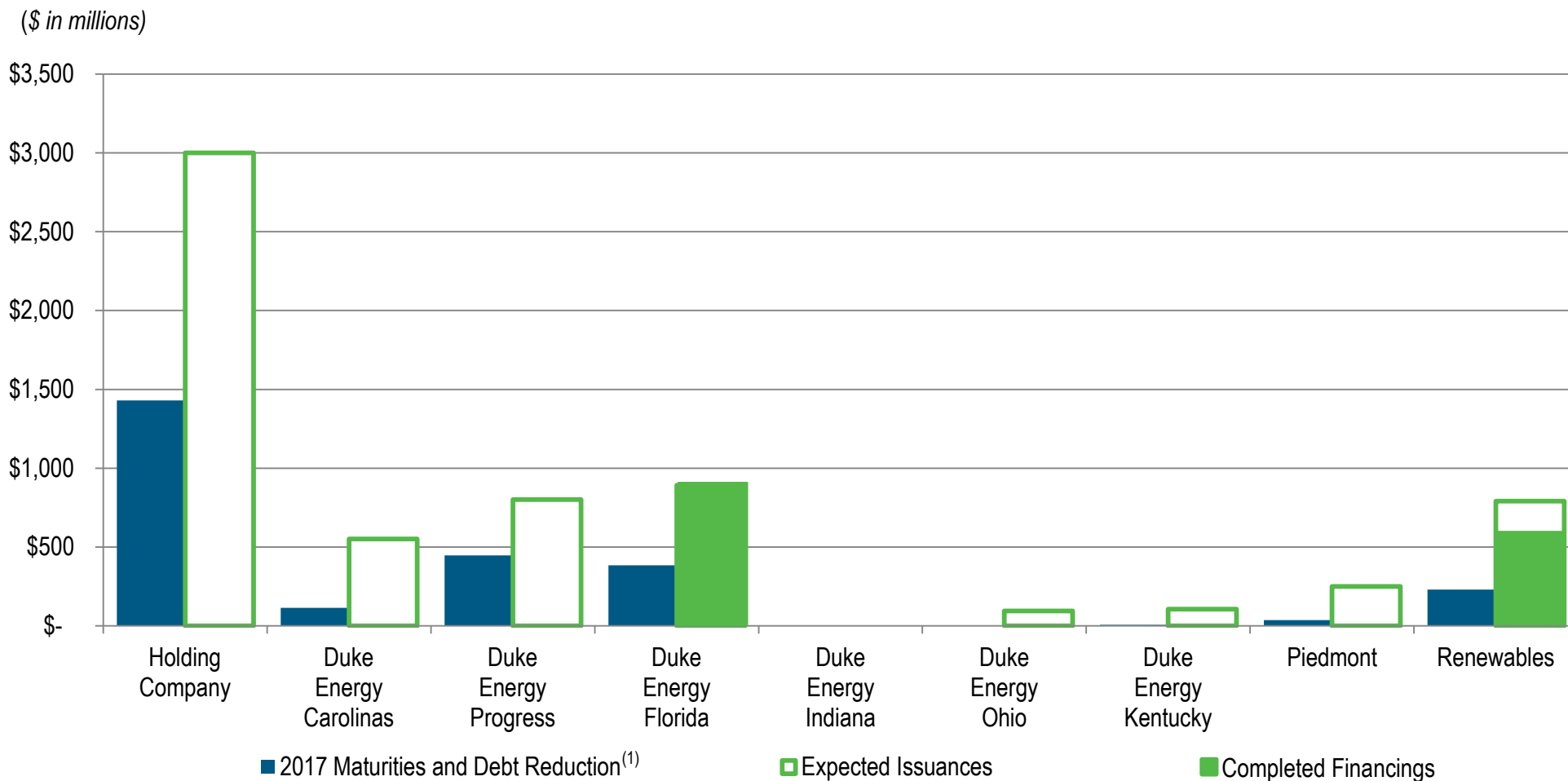
- Carolinas: ~\$525 million
- Midwest: ~\$245 million

(1) Includes estimated wastewater treatment compliance expenditures associated with Steam Effluent Limitation Guidelines (ELG)

(2) As of Dec. 31, 2016

## **Financing assumptions**

# 2017 financing plan (as of Feb. 16, 2017)



(1) Debt maturities and debt reduction includes net changes in commercial paper and notes payable

# Liquidity summary (as of Dec. 31, 2016)



(\$ in millions)

	Duke Energy	Duke Energy Carolinas	Duke Energy Progress	Duke Energy Florida	Duke Energy Indiana	Duke Energy Ohio	Duke Energy Kentucky	Piedmont Natural Gas	Total
Master Credit Facility <sup>(1)</sup>	\$ 3,400	\$ 1,100	\$ 1,000	\$ 950	\$ 600	\$ 300	\$ 150	\$ -	\$ 7,500
Piedmont Credit Facility <sup>(2)</sup>	-	-	-	-	-	-	-	850	850
Less: Notes payable and commercial paper <sup>(3)</sup>	(978)	(300)	(150)	(84)	(150)	-	(31)	(330)	(2,022)
Coal Ash Set-Aside	-	(250)	(250)	-	-	-	-	-	(500)
Outstanding letters of credit (LOCs)	(69)	(4)	(2)	(1)	-	-	-	(2)	(78)
Tax-exempt bonds	-	(35)	-	-	(81)	-	-	-	(116)
Available capacity	\$ 2,354	\$ 511	\$ 598	\$ 865	\$ 369	\$ 300	\$ 119		\$ 5,634
Cash & short-term investments <sup>(4)</sup>									297
<b>Total available liquidity</b>									<b>\$ 5,931</b>

(1) Master Credit Facility supports tax-exempt put bonds, LOCs and the Duke Energy commercial paper program of \$4 billion

(2) Piedmont's \$850 million credit facility supports the Piedmont commercial paper program and is not available for borrowing by other Duke Energy affiliates

(3) Includes permanent layer of commercial paper of \$625 million, which is classified as long-term debt

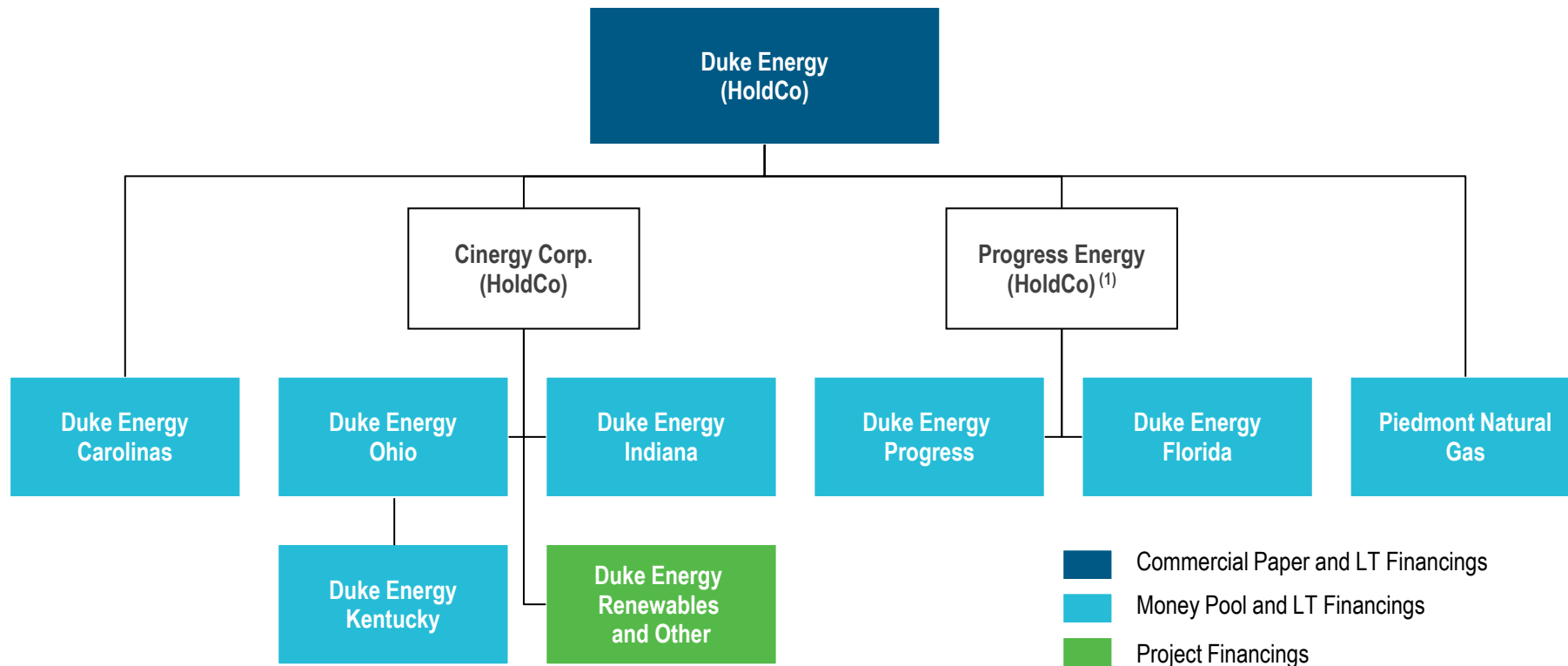
(4) Represents domestic & international cash available to meet funding needs

## Holding Companies

	Fitch	Moody's	S&P
<b>DUKE ENERGY</b>	Negative	Negative	Stable
Senior Unsecured Debt	BBB+	Baa1	BBB+
Commercial Paper	F-2	P-2	A-2
<b>PROGRESS ENERGY</b>	Stable	Stable	Stable
Senior Unsecured Debt	BBB	Baa2	BBB+

## Operating Companies

	Fitch	Moody's	S&P
<b>DUKE ENERGY CAROLINAS</b>	Stable	Stable	Stable
Senior Secured Debt	AA-	Aa2	A
Senior Unsecured Debt	A +	A1	A-
<b>DUKE ENERGY PROGRESS</b>	Stable	Stable	Stable
Senior Secured Debt	A+	Aa3	A
<b>DUKE ENERGY FLORIDA</b>	Stable	Stable	Stable
Senior Secured Debt	A	A1	A
Senior Unsecured Debt	A-	A3	A-
<b>DUKE ENERGY INDIANA</b>	Positive	Stable	Stable
Senior Secured Debt	A	Aa3	A
Senior Unsecured Debt	A-	A2	A-
<b>DUKE ENERGY OHIO</b>	Stable	Stable	Stable
Senior Secured Debt	A	A2	A
Senior Unsecured Debt	A-	Baa1	A-
<b>DUKE ENERGY KENTUCKY</b>	Stable	Stable	Stable
Senior Unsecured Debt	A-	Baa1	A-
<b>PIEDMONT NATURAL GAS</b>		Stable	Stable
Senior Unsecured Debt	N/A	A2	A-
Commercial Paper	N/A	P-1	A-2

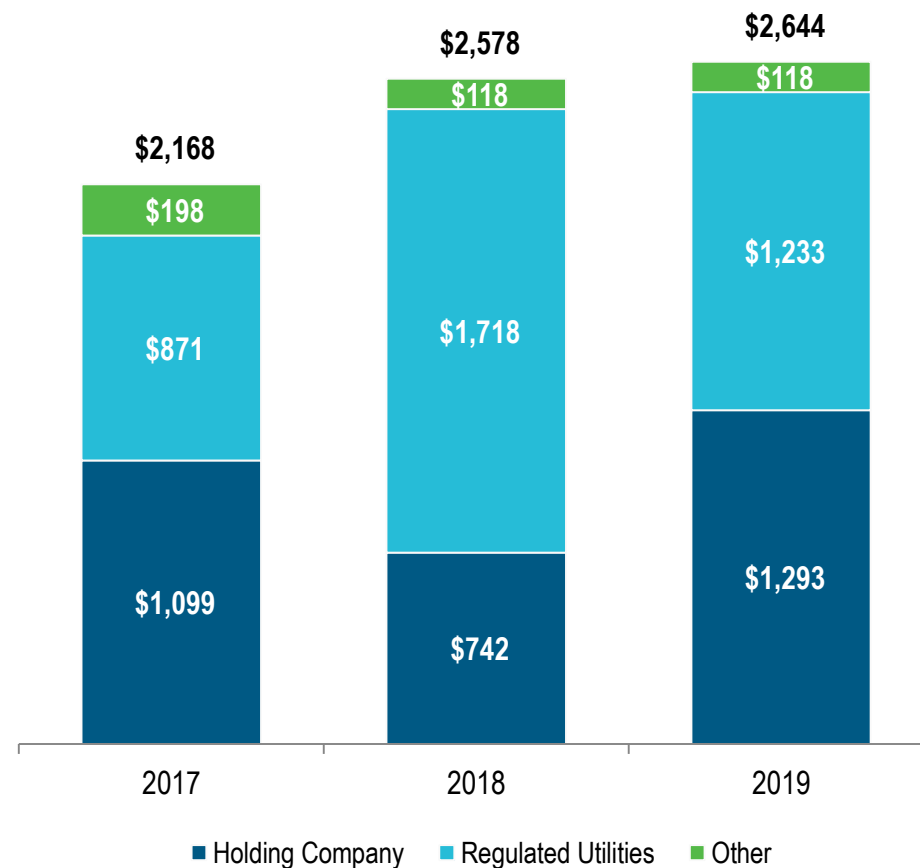


(1) Progress Energy HoldCo has long-term debt outstanding, but no future issuance is planned at this financing entity

## Regulated Utilities Maturities Detail

(\$ in millions)

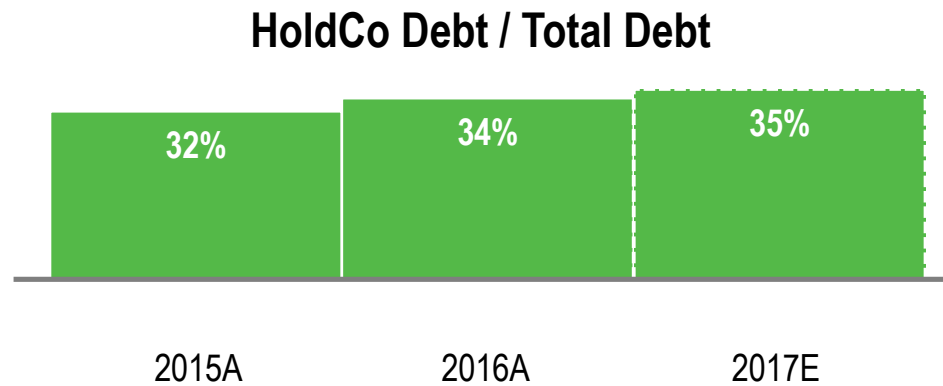
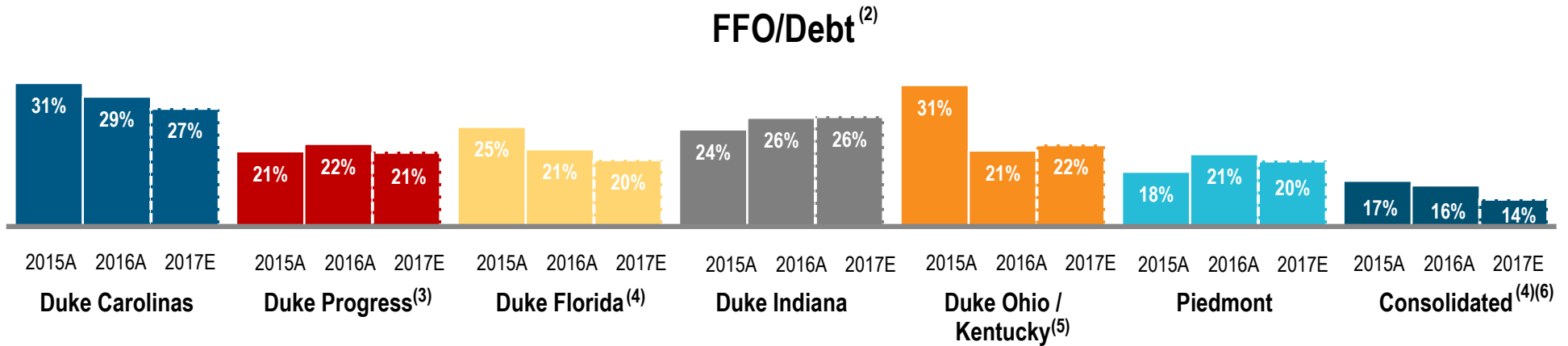
	2017	2018	2019
Duke Energy Carolinas <sup>(2)</sup>	\$ 116	\$ 1,204	\$ 5
Duke Energy Progress <sup>(2)</sup>	452	0	602
Duke Energy Florida <sup>(2)(3)</sup>	263	508	13
Duke Energy Indiana	3	3	62
Duke Energy Ohio	1	2	451
Duke Energy Kentucky	1	1	100
Piedmont Natural Gas	35	0	0
<b>Regulated Utilities</b>	<b>\$ 871</b>	<b>\$ 1,718</b>	<b>\$ 1,233</b>



(1) Schedule for long-term debt outstanding at Dec. 31, 2016. Excludes amortization of noncash purchase accounting adjustments

(2) Excludes securitized receivables credit facilities maturing in 2018 and 2019 which are expected to be renewed

(3) Excludes amortization of CR3 securitization



(1) Amounts are not to scale and do not include all adjustments that may be made by the rating agencies  
 (2) FFO excludes asset retirement obligation costs (after tax amount calculated using a 38% tax rate as a simplifying assumption)  
 (3) 2015 impacted by July purchase of NCEMPA's ownership interest in certain generating assets  
 (4) Assumes CR-3 securitization treated as off credit  
 (5) 2015 includes partial year of Midwest Generation cash flows  
 (6) Consolidated metrics exclude increases to debt associated with purchase accounting

## **Regulatory overview**

# Overview of state commissions by jurisdiction

	North Carolina	South Carolina	Florida	Indiana	Ohio	Kentucky	Tennessee
Number of Commissioners	7	7	5	5	5	3	5
Term	8-year terms	4-year terms	4-year terms	4-year terms	5-year terms	4-year terms	6-year terms
Appointed/ Elected	Appointed by Governor	Elected by the General Assembly	Appointed by Governor	Appointed by Governor	Appointed by Governor	Appointed by Governor	Appointed by Governor and Legislature
Chair	Ed Finley	Swain Whitfield	Julie Imanual Brown	Jim Atterholt	Asim Haque	Michael Schmitt	David Jones
Term Expires	June 2017	June 2020	January 2019	January 2020	April 2021	June 2019	October 2018
Other Commissioners	<ul style="list-style-type: none"> <li>▪ Bryan Beatty</li> <li>▪ ToNola Brown-Bland</li> <li>▪ Don Bailey</li> <li>▪ Jerry Dockham</li> <li>▪ James Patterson</li> <li>▪ Lyons Gray</li> </ul>	<ul style="list-style-type: none"> <li>▪ Nikki Hall</li> <li>▪ Butch Howard</li> <li>▪ Comer Randall</li> <li>▪ Lib Fleming</li> <li>▪ Elliott Elam</li> <li>▪ G. O' Neal Hamilton</li> </ul>	<ul style="list-style-type: none"> <li>▪ Art Graham</li> <li>▪ Jimmy Patronis</li> <li>▪ Ronald Brise</li> <li>▪ Donald Polmann</li> </ul>	<ul style="list-style-type: none"> <li>▪ Sarah Freeman</li> <li>▪ Jim Huston</li> <li>▪ Angela Weber</li> <li>▪ David Ziegner</li> </ul>	<ul style="list-style-type: none"> <li>▪ Lynn Slaby</li> <li>▪ Beth Trombold</li> <li>▪ Thomas Johnson</li> <li>▪ Open</li> </ul>	<ul style="list-style-type: none"> <li>▪ Robert Cicero</li> <li>▪ Daniel Logsdon</li> </ul>	<ul style="list-style-type: none"> <li>▪ Robin Morrison</li> <li>▪ Kenneth Hill</li> <li>▪ Herbert Hilliard</li> </ul>

# Current electric rate information by jurisdiction

	North Carolina	South Carolina	Florida	Indiana	Ohio (Electric)	Kentucky (Electric)
Retail Rate Base	\$15.7 B <sup>(1)</sup> (DEC) \$8.0 B <sup>(1)</sup> (DEP)		\$10.0 B <sup>(2)</sup>	\$7.1 B <sup>(3)</sup>	\$1.1 B	\$600 M <sup>(4)</sup>
Wholesale Rate Base	\$1.5 B (DEC) 3Q 2016 \$2.9 B (DEP) 3Q 2016		\$1.1 B <sup>(2)</sup>	\$600 M	\$0.4 M (trans. only)	\$0
Allowed ROE	10.20% (DEC & DEP)	10.20% (DEC) 10.10% (DEP)	10.50% <sup>(5)</sup>	10.50%	9.84% - Dist 11.38% - Trans	N/A per settlement
Allowed Equity	53.0% (DEC & DEP)	53.0% (DEC & DEP)	47.34% <sup>(6)</sup>	44.44% <sup>(7)</sup>	53.3%	51.0%
Effective Date of Most Recent Rates	9/24/13 (DEC) 6/1/13 (DEP)	9/17/13 (DEC) 1/1/2017 (DEP)	1/1/13	5/24/04	Distr: 5/5/13 Trans 6/1/16 ESP: 6/1/15	1/1/07
Fuel Clause Updated	Annually (DEC and DEP)	Annually (DEC and DEP)	Annually	Quarterly	Annually for Non-Shoppers	Monthly
Environmental Clause Updated	N/A	N/A	Annually	Semi-Annually	Quarterly	N/A
Nuclear Clause/Rider Updated	N/A	Not currently active (DEC and DEP)	Annually	N/A	N/A	N/A

(1) DEC's rate base as of September 2013. DEP NC's rate base as of May 2013. DEP SC as of December 2016.

(2) Thirteen-month average as of December 2016. Retail rate base includes amounts recovered in base rates of \$9.5B and amounts recovered in trackers of \$.5B.

(3) As of Dec. 31, 2016; includes amounts being recovered in base rates of \$3.7B, amounts being recovered in environmental trackers of \$1.1B, and amounts being recovered in IGCC trackers of \$2.3B

(4) Kentucky allows recovery on total capitalization instead of rate base

(5) Represents the mid-point of an authorized range from 9.5% to 11.5%

(6) Florida's capital structure includes accumulated deferred income taxes (ADIT), customer deposits and investment tax credits (ITC) and is as of Dec. 31, 2012. Excluding these items, the capital structure approximates 53% equity

(7) Indiana's capital structure includes ADIT. When ADIT is excluded, resulting cap structure approximates 53% equity

## General Rate Case Provisions

	North Carolina	South Carolina	Florida	Indiana	Ohio (Electric)	Kentucky (Electric)
Notice of Intent Required?	Yes	Yes	Yes	Yes <sup>(1)</sup>	Yes	Yes
Notice Period	30 Days	30 Days	60 Days	Varies	30 Days	28 Days
Test Year	Historical Adjusted for Known and Measureable Changes	Historical Adjusted for Known and Measureable Changes	Projected	Optional <sup>(2)</sup>	Partially Projected	Forecast Optional
Time Limitation Between Cases	No	12 months <sup>(3)</sup>	No	15 Months	No	No
Rates Effective Subject to Refund	7 Months After Filing	6 Months After Filing <sup>(4)</sup>	8 Months After Filing	10 Months After Filing <sup>(5)</sup>	9 Months After Filing	6 Months After Filing <sup>(6)</sup>

(1) IURC recommended procedure. Not a statutory requirement

(2) Utilities may elect to a historical test period, a forward-looking test period, or a hybrid test year in the context of a general rate case

(3) Our current settlement from the 2016 rate case in DEP SC precludes implementing new rates until 2019

(4) If the South Carolina Commission fails to rule on a rate case filing within 6 months, the new rates can be implemented and are not subject to refund. There is a grace period here. The Company would have to notify the Commission that it planned to put rates in and the Commission would then have 10 additional days to issue an order

(5) The utility may implement interim rates, subject to refund, if the IURC has not rendered a decision within 10 months of filing (can be extended 60 days by IURC). The interim rates are not to exceed 50% of the original request

(6) The effective date is 7 months after filing for a forecasted test year

# Current gas rate information by jurisdiction

	North Carolina	South Carolina	Tennessee	Ohio (Gas)	Kentucky (Gas)
Rate Base (\$M)	\$1,822	\$224	\$349	\$900 <sup>(1)</sup>	\$200 <sup>(2)</sup>
Allowed ROE	10.0%	10.2%	10.2%	9.84%	10.38%
Allowed Equity	50.7%	53.0%	52.7%	53.3%	50.8%
Effective Date of Most Recent Rates	1/1/14	11/1/16 <sup>(3)</sup>	3/1/12	12/1/13	1/1/10
Significant Rider Mechanisms	Margin Decoupling Tariff Integrity Management Fuel Clause	Rate Stabilization Adj. Weather Normalization Adj. Fuel Clause	Weather Normalization Adj. Integrity Management Fuel Clause	AMRP Fuel Clause	ASRP <sup>(4)</sup> Fuel Clause

(1) Excludes all rate base related to capital recovery that is being tracked (e.g., AMRP and AU after 3/31/2012)

(2) Reflects only the investment subject to KPSC jurisdiction

(3) Rates refreshed annually under the South Carolina Rate Stabilization Act (RSA) if earned ROE is outside a band of 50 bps around the previously authorized ROE

(4) Recovers incremental costs for the Accelerated Service Line Replacement (ASRP) Program

## **Electric Utilities & Infrastructure supplement**

**EIGHT UTILITIES IN HIGH-QUALITY REGIONS OF THE U.S.**

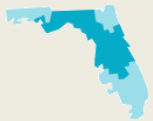
**CAROLINAS**



Duke Energy Carolinas (NC/SC)

Duke Energy Progress (NC/SC)

**FLORIDA**



Duke Energy Florida

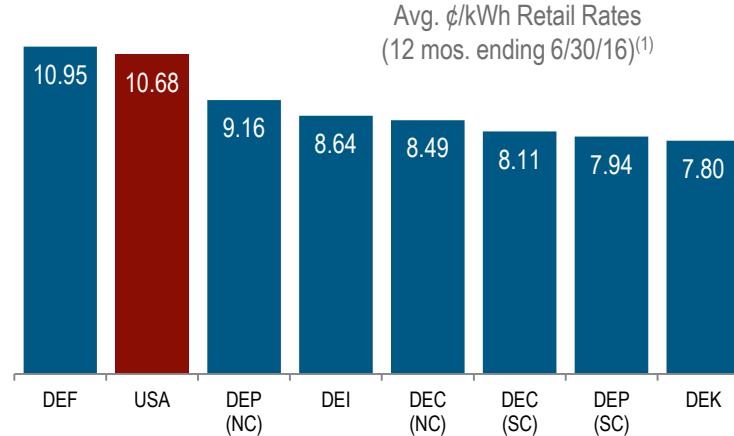
**MIDWEST**



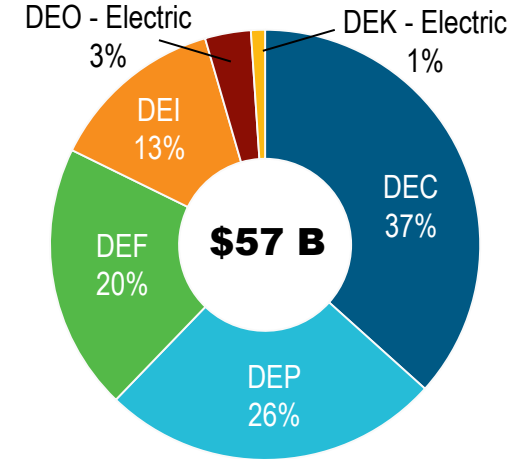
Duke Energy Indiana

Duke Energy Ohio / Kentucky

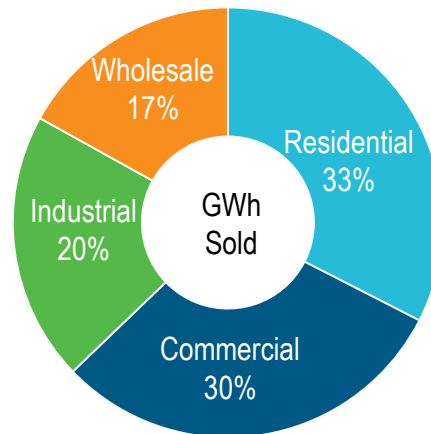
**COMPETITIVE CUSTOMER RATES**



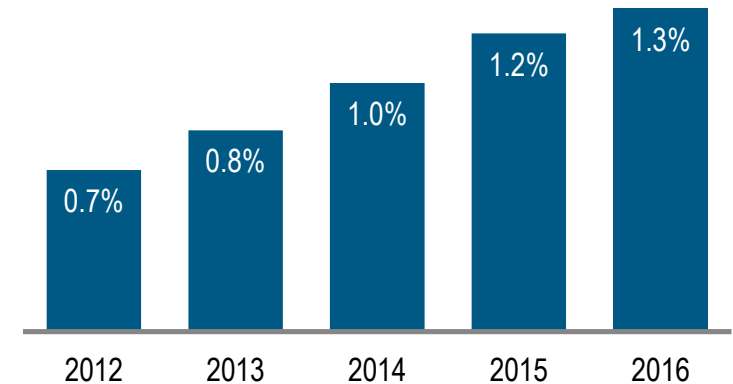
**REGULATED ELECTRIC 2016 EARNINGS BASE**



**BALANCED CUSTOMER MIX**



**STRONG CUSTOMER GROWTH**



(1) Vertically integrated utilities only. Source: EEI Typical Bills and Avg. Rates Report Summer 2016

## **Gas Utilities and Infrastructure Supplement**

## LDC Business Overview

- Five state local distribution company
- Serving over 1.5 million customers
  - 90% residential; 9% commercial; 1% industrial/other
- Approximately 36,000 miles of distribution pipeline
- Approximately 3,000 miles of transmission pipeline
- Strong earnings trajectory driven by customer growth, system integrity improvements, and continued expansion of natural gas infrastructure
- Exceptional customer service



## Joint Ventures<sup>(1)</sup>

- Atlantic Coast Pipeline – 47%
  - ~600 mile, 1.5 Bcf/day, interstate pipeline in WV, VA, and NC
  - Projected investment of \$2.4 - 2.6 billion<sup>(2)</sup>
  - Expected in-service second half 2019
- Sabal Trail Pipeline – 7.5%
  - ~515 mile, 1.1 Bcf/day, interstate pipeline in AL, GA, and FL
  - Projected investment of \$225 million
  - Under construction, in-service mid-2017
- Constitution Pipeline – 24%
  - ~125 mile, 650 Mdt/day interstate pipeline connecting gathering systems in Susquehanna County, PA to Iroquois Pipeline in NY
  - Projected investment of ~\$225 million
  - Expected in-service late 2018
- Cardinal Pipeline Company, LLC – 21.5%
  - 104 mile, 469 Mdt/day, intrastate pipeline in North Carolina
- Pine Needle LNG Company, LLC – 45%
  - 4.1 MMdt interstate LNG storage facility located in Guilford County, North Carolina
- Hardy Storage Company, LLC – 50%
  - 12.4 MMdt underground natural gas storage facility located in Hardy and Hampshire counties, West Virginia

(1) Ownership interests as of Dec. 31, 2016

(2) Based on latest total project cost estimate of \$5.0 - 5.5 billion

## North Carolina Regulatory Highlights

- Allows revenue decoupling mechanisms
- Integrity Management Rider (IMR) allows for recovery of capital expenditures to comply with federal pipeline safety and integrity requirements outside of a general rate case
- Rate Case History:
  - Dec 2013: 10% ROE; 50.7% Equity Ratio; \$1.8 B Rate Base
  - Oct 2008: 10.6% ROE; 51% Equity Ratio; \$1.3 B Rate Base
  - Nov 2005: 9% ROE; \$1 B Rate Base



## North Carolina IMR

- On September 4, 2015, Piedmont reached an IMR settlement with the NC Public Staff
- Settlement seeks to create regulatory certainty, balance interests of Piedmont shareholders and customers, and recognize ancillary operational benefits of system integrity expenditures
- Biannual rate adjustments each December 1 and June 1 based on system integrity investments closed to plant at September 30 and March 31
- Extension of the IMR tariff from Oct. 31, 2017 to Oct. 31, 2019
- Established procedural timeline for Public Staff's annual review of the IMR filings
- Fixed percentages of various classes of system integrity expenditures to be recovered through IMR with remaining to be recovered through future rate case:
  - Transmission Integrity: 85% IMR / 15% rate case
  - Distribution Integrity: 90% IMR / 10% rate case
  - Right-of-way clearing for integrity projects: 15% IMR / 85% rate case
  - Work and asset management system: 68% IMR / 32% rate case
- Tax-related adjustments
- Effective Nov. 1, 2015

## South Carolina Regulatory Highlights

- Gas utilities are permitted to adjust rates annually under the Rate Stabilization Act (RSA) if earned ROE is outside a band of  $\pm 50$  basis points around the previously authorized ROE
- Weather normalization mechanisms

## Tennessee Regulatory Highlights

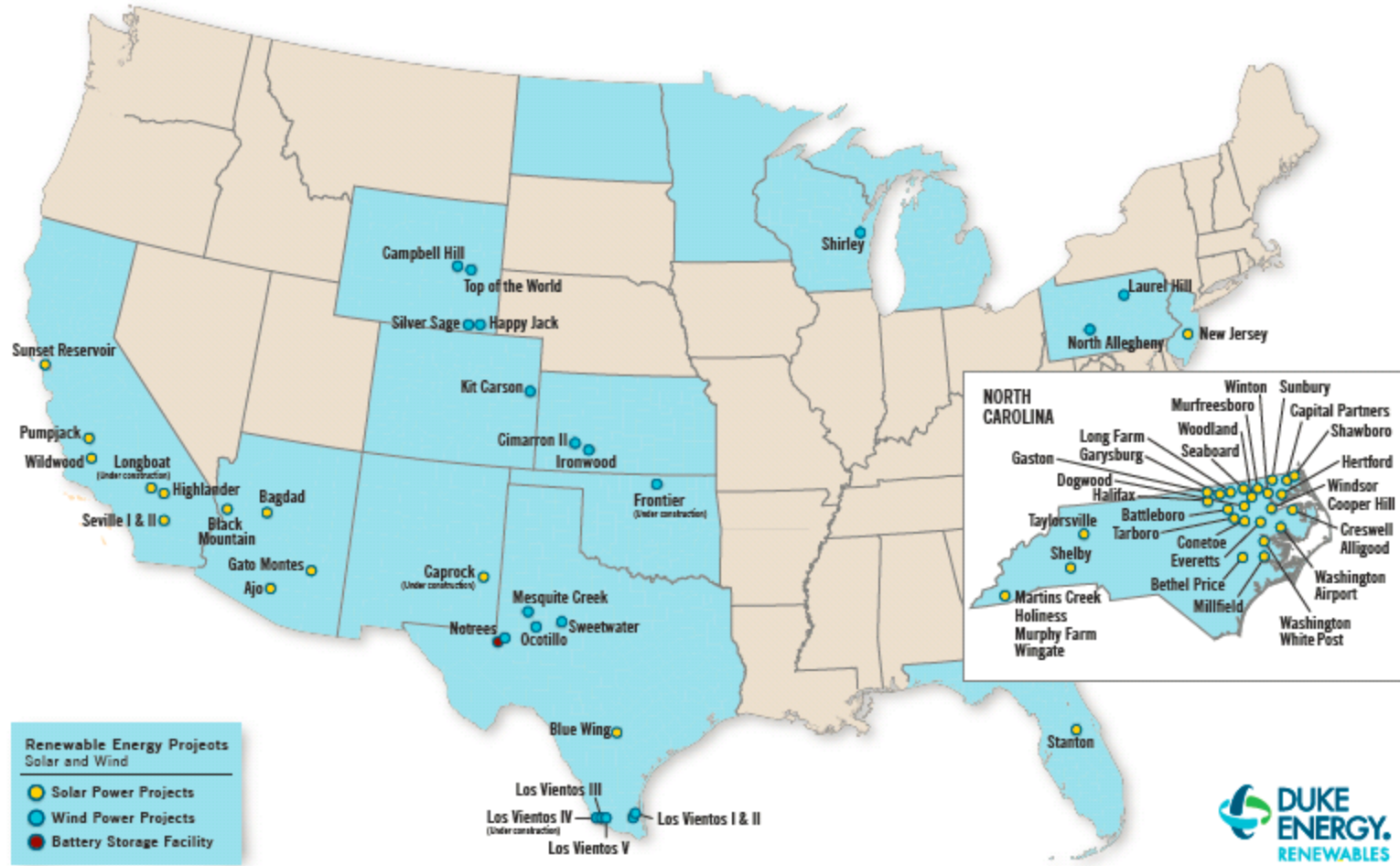
- Gas utilities can recover commodity costs through automatic adjustment clauses
- Purchased gas adjustment clauses
- Weather normalization clauses
- Incentive mechanisms related to gas procurement, capacity release, and off-system sales
- IMR allows recovery of costs associated with system integrity projects outside of base rate proceedings
- Rate Case History:
  - Jan 2012: 10.4% ROE; 53% Equity Ratio; \$349 M Rate Base
  - Sept 2003: 8.4% ROE; \$260 M Rate Base

## Margin Stabilizing Mechanisms

1. Purchased Gas Adjustment	All States
2. Recovery of Negotiated Industrial Rates	All States
3. Uncollectible Recovery – Gas Costs	All States
4. Secondary Marketing Programs	All States
6. Margin Decoupling Tariff	North Carolina
7. Rate Stabilization Tariff	South Carolina
8. Weather Normalization Adjustment	South Carolina & Tennessee
9. Integrity Management Riders	North Carolina & Tennessee

## **Commercial Renewables Supplement**

## Duke Energy Renewables U.S. Portfolio

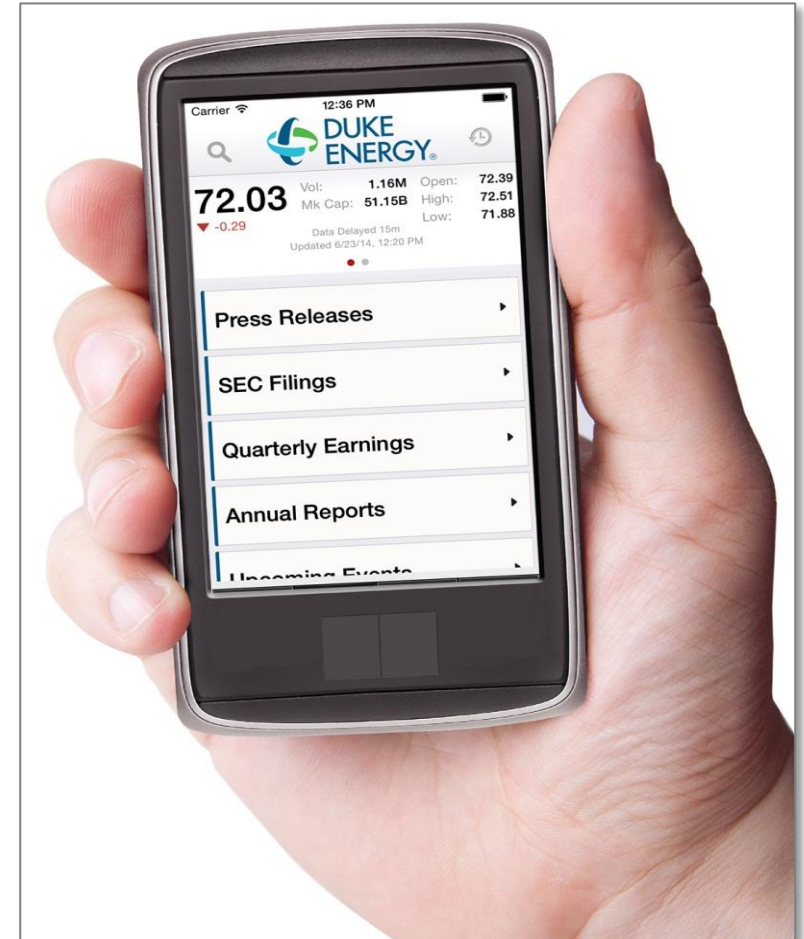


(1) A full list of generation facilities can be found at [https://www.duke-energy.com//\\_media/pdfs/our-company/renewables-n-america-facilities.pdf](https://www.duke-energy.com//_media/pdfs/our-company/renewables-n-america-facilities.pdf)

## **Upcoming Events & Other**

Event	Date
1Q 2017 earnings call (tentative)	May 9, 2017
2Q 2017 earnings call (tentative)	August 3, 2017
3Q 2017 earnings call (tentative)	November 3, 2017

- Free mobile app for Investor Relations materials now available for iPhone, iPad, and Android mobile devices
- The Duke Energy app provides mobile access to commonly used IR materials, including:
  - SEC Filings
  - Earnings Materials
  - Company Presentations
  - Press Releases
- Search for “Duke Energy Investor Relations” in the app store or scan the QR Code



### Mike Callahan, Vice President Investor Relations

- [Michael.Callahan@duke-energy.com](mailto:Michael.Callahan@duke-energy.com)
- (704) 382-1603

### Mike Switzer, Director Investor Relations

- [Mike.Switzer@duke-energy.com](mailto:Mike.Switzer@duke-energy.com)
- (704) 382-2516

### Chris Bauer, Manager Investor Relations

- [Chris.Bauer@duke-energy.com](mailto:Chris.Bauer@duke-energy.com)
- (704) 382-5826

## Safe Harbor statement

This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are based on management's beliefs and assumptions and can often be identified by terms and phrases that include "anticipate," "believe," "intend," "estimate," "expect," "continue," "should," "could," "may," "plan," "project," "predict," "will," "potential," "forecast," "target," "guidance," "outlook" or other similar terminology. Various factors may cause actual results to be materially different than the suggested outcomes within forward-looking statements; accordingly, there is no assurance that such results will be realized. These factors include, but are not limited to: state, federal and foreign legislative and regulatory initiatives, including costs of compliance with existing and future environmental requirements or climate change, as well as rulings that affect cost and investment recovery or have an impact on rate structures or market prices; the extent and timing of costs and liabilities to comply with federal and state laws, regulations and legal requirements related to coal ash remediation, including amounts for required closure of certain ash impoundments, are uncertain and difficult to estimate; the ability to recover eligible costs, including amounts associated with coal ash impoundment retirement obligations and costs related to significant weather events, and to earn an adequate return on investment through the regulatory process; the costs of decommissioning Crystal River Unit 3 and other nuclear facilities could prove to be more extensive than amounts estimated and all costs may not be fully recoverable through the regulatory process; credit ratings of the company or its subsidiaries may be different from what is expected; costs and effects of legal and administrative proceedings, settlements, investigations and claims; industrial, commercial and residential growth or decline in service territories or customer bases resulting from variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, including self-generation and distributed generation technologies; federal and state regulations, laws and other efforts designed to promote and expand the use of energy efficiency measures and distributed generation technologies, such as rooftop solar and battery storage, in our service territories could result in customers leaving the electric distribution system, excess generation resources as well as stranded costs; advancements in technology; additional competition in electric and gas markets and continued industry consolidation; the influence of weather and other natural phenomena on operations, including the economic, operational and other effects of severe storms, hurricanes, droughts, earthquakes and tornadoes, including extreme weather associated with climate change; the ability to successfully operate electric generating facilities and deliver electricity to customers including direct or indirect effects to the company resulting from an incident that affects the U.S. electric grid or generating resources; the ability to complete necessary or desirable pipeline expansion or infrastructure projects in our natural gas business; operational interruptions to our gas distribution and transmission activities; the availability of adequate interstate pipeline transportation capacity and natural gas supply; the impact on facilities and business from a terrorist attack, cybersecurity threats, data security breaches, and other catastrophic events such as fires, explosions, pandemic health events or other similar occurrences; the inherent risks associated with the operation and potential construction of nuclear facilities, including environmental, health, safety, regulatory and financial risks; the timing and extent of changes in commodity prices, interest rates and foreign currency exchange rates and the ability to recover such costs through the regulatory process, where appropriate, and their impact on liquidity positions and the value of underlying assets; the results of financing efforts, including the ability to obtain financing on favorable terms, which can be affected by various factors, including credit ratings, interest rate fluctuations and general economic conditions; the credit ratings may be different from what the company and its subsidiaries expect; declines in the market prices of equity and fixed income securities and resultant cash funding requirements for defined benefit pension plans, other post-retirement benefit plans, and nuclear decommissioning trust funds; construction and development risks associated with the completion of Duke Energy and its subsidiaries' capital investment projects, including risks related to financing, obtaining and complying with terms of permits, meeting construction budgets and schedules, and satisfying operating and environmental performance standards, as well as the ability to recover costs from customers in a timely manner or at all; changes in rules for regional transmission organizations, including changes in rate designs and new and evolving capacity markets, and risks related to obligations created by the default of other participants; the ability to control operation and maintenance costs; the level of creditworthiness of counterparties to transactions; employee workforce factors, including the potential inability to attract and retain key personnel; the ability of subsidiaries to pay dividends or distributions to Duke Energy Corporation holding company (the Parent); the performance of projects undertaken by our nonregulated businesses and the success of efforts to invest in and develop new opportunities; the effect of accounting pronouncements issued periodically by accounting standard-setting bodies; substantial revision to the U.S. tax code, such as changes to the corporate tax rate or a material change in the deductibility of interest; the impact of potential goodwill impairments; the ability to successfully complete future merger, acquisition or divestiture plans; and the ability to successfully integrate the natural gas businesses following the acquisition of Piedmont Natural Gas Company, Inc. and realize anticipated benefits.

Additional risks and uncertainties are identified and discussed in Duke Energy's and its subsidiaries' reports filed with the SEC and available at the SEC's website at [www.sec.gov](http://www.sec.gov). In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements might not occur or might occur to a different extent or at a different time than described. Forward-looking statements speak only as of the date they are made; Duke Energy expressly disclaims an obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



For additional information on Duke Energy, please visit: [www.duke-energy.com/investors](http://www.duke-energy.com/investors)

**Duke Energy Corporation**  
**Non-GAAP Reconciliations**  
**Fourth Quarter Earnings Review & Business Update**  
**February 16, 2017**

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

The materials for Duke Energy Corporation's (Duke Energy) Fourth Quarter Earnings Review and Business Update on February 16, 2017, include a discussion of adjusted diluted EPS for the quarters and year-to-date periods ended December 31, 2016 and 2015.

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 include 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 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, 2016 and 2015, to the most directly comparable GAAP measures are included here-in.

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 that result from potential or completed strategic acquisitions.
- Cost savings initiatives represents severance charges related to company-wide initiatives to standardize processes and systems, leverage technology and workforce optimization.
- Commercial renewables impairment and asset impairment represent other-than-temporary impairments.
- Edwardsport settlement and ash basin settlement and penalties represent charges related to plea agreements and settlement agreements with regulators and other governmental entities.

Adjusted earnings also include operating results for Midwest generation operations and International Energy Operations represent the operating results of the nonregulated Midwest generation business and Duke Energy Retail Sales (collectively, the Midwest Generation Disposal Group) and 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 groups within adjusted diluted EPS results in a better reflection of Duke Energy's financial performance during the period.

**Adjusted Diluted EPS Outlook**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017, include a reference to the midpoint of the original forecasted 2013 adjusted diluted EPS guidance range of \$4.20 - \$4.45 per share including the International Disposal Group's approximate expected contribution to this guidance of \$0.60 per share and the forecasted 2016 and 2017 adjusted diluted EPS outlook range of \$4.50 - \$4.70 per share. The materials also reference the long-term range of annual growth of 4% - 6% through 2021 in adjusted diluted EPS (on a compound annual growth rate (CAGR) basis).

Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations attributable to Duke Energy Corporation shareholders, adjusted for the per-share impact of special items (as discussed above under Adjusted Diluted EPS). Due to the forward-looking nature of this non-GAAP financial measure for future periods, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items for future periods, such as legal settlements, the impact of regulatory orders or asset impairments.

### **Adjusted Segment Income and Adjusted Other Net Expense, and Forecasted Adjusted Segment Income and Forecasted Adjusted Other Net Expense**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017, include a discussion of adjusted segment income and adjusted other net expense for the year-to-date period ended December 31, 2016 and a discussion of forecasted 2016 and 2017 adjusted segment income and forecasted adjusted net expense. The materials also reference the long-term range of annual growth by segment in adjusted diluted EPS (on a CAGR basis).

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 that the presentation of adjusted segment income and adjusted other net expense provides useful information to investors, as it provides them 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 measure for adjusted segment income and adjusted other net expense is 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, 2016, to the most directly comparable GAAP measures is included here-in. Due to the forward-looking nature of any forecasted adjusted segment income and forecasted other net expense and any related growth rates for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures are not available at this time, as the company is unable to forecast all special items, as discussed above under Adjusted Diluted EPS Outlook.

### **Adjusted Effective Tax Rate (ETR)**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017 include a discussion of the adjusted ETR for the year-to-date period ended December 31, 2016. The materials also include a discussion of the 2016 and 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 December 31, 2016 to the most directly comparable GAAP measure is included here-in. Due to the forward-looking nature of the 2016 and 2017 forecasted adjusted ETR, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items, as discussed above under Adjusted Diluted EPS Outlook.

## **Dividend Payout Ratio**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017 include a discussion of Duke Energy's forecasted dividend payout ratio of 70% - 75% through 2021 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 Outlook.

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

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017 include a reference to the 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.

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

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017 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, and reduced for capitalized interest (including any AFUDC interest). The denominator for the FFO to Total Debt ratio 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. The calculation of FFO to Total Debt ratio is included here-in.

## **Holdco Debt Percentage**

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017 include a reference to a targeted 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 Fourth Quarter Earnings Review and Business Update on February 16, 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 facility. The most directly comparable GAAP financial measure for available liquidity is Cash and cash equivalents. A reconciliation of available liquidity as of December 31, 2016 to the most directly comparable GAAP measure is included here-in.

## Non-Rider Recoverable O&M

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017 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, 2016, 2015 and 2014, as well as the forecasted year-to-date period ended December 31, 2017. Non-rider recoverable O&M expenses are non-GAAP financial measures, as they represent reported O&M expenses adjusted for special items and expenses that 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 non-recoverable O&M expenses for the year-to-date periods ended December 31, 2016, 2015 and 2014, as well as the forecasted year-to-date period ended December 31, 2017, to the most directly comparable GAAP measure are included here-in.

## Adjusted Interest Expense

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017, include a discussion of Duke Energy's adjusted interest expense for the period ended December 31, 2016, as well as the forecasted year-to-date period ended December 31, 2017. Adjusted interest expense is a non-GAAP financial measure, as it represents reported interest expense adjusted for special items (as discussed above under Adjusted Diluted EPS). Management believes the presentation of adjusted interest expense provides useful information to investors, as it provides a meaningful comparison of financial performance across periods. The most directly comparable GAAP financial measure for adjusted interest expense is reported interest expense. A reconciliation of adjusted interest expense for the period ended December 31, 2016, is included below. Due to the forward-looking nature of year-to-date adjusted interest expense for the year-to-date period ended December 31, 2017, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items (as discussed above under Adjusted Diluted EPS Outlook).

### (in millions)

Reported interest expense	\$1,916
Costs to achieve mergers <sup>(a)</sup>	<u>(234)</u>
Adjusted interest expense	<u>\$1,682</u>

- (a) Costs to achieve mergers includes financing costs related to financings of the acquisition of Piedmont Natural Gas and mark-to-market of forward starting interest rate swaps used by Duke Energy to manage interest rate exposure for the financing of the Piedmont acquisition, both of which are included within reported interest expense.

## Weather Normal

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 16, 2017, include a discussion of Duke Energy's adjusted diluted EPS on a weather normal basis for the year-to-date periods ended December 31, 2016, 2015, and 2014. Adjusted diluted EPS is a non-GAAP measure as discussed above. Weather normal removes the impact of weather on adjusted diluted EPS. The impact of weather is calculated as the earnings impact resulting from changes in weather temperatures from historical averages. In addition, for 2016, weather normal adjusted diluted EPS was adjusted for the amount by which the costs of storm remediation efforts exceed budget amounts based on historical averages and the decision to either accelerate or defer discretionary spending based on the favorable weather. Management believes this presentation provides useful information to investors, as it provides a meaningful comparison of financial performance across periods. Forecasted amounts are necessarily weather normal as forecasted amounts are based on the historical impacts of weather on Duke Energy's operations. The calculation of the impact of weather for the year-to-date periods ended December 31, 2016, 2015 and 2014 are included below.

(in dollars per share)	2016	2015	2014
<b>Adjusted diluted EPS</b>	<b>\$4.69</b>	<b>\$4.54</b>	<b>\$4.55</b>
International operations	0.35	0.22	0.43
National Methanol Company	0.05	0.11	0.18
<b>Adjusted diluted EPS of the core business</b>	<b>\$4.29</b>	<b>\$4.21</b>	<b>\$3.94</b>
Impact of weather	(0.14)	(0.06)	(0.08)
<b>Weather normal adjusted diluted EPS</b>	<b>\$4.15</b>	<b>\$4.15</b>	<b>\$3.86</b>
Storm costs in excess of budget	0.08	--	--
O&M re-planning	0.05	--	--
<b>Total</b>	<b>\$4.28</b>	<b>\$4.15</b>	<b>\$3.86</b>

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
Three Months Ended December 31, 2016  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items			Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Mergers	Cost Savings Initiatives	International Energy Operations			
<b>SEGMENT INCOME</b>							
Electric Utilities and Infrastructure	\$ 483	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 483
Gas Utilities and Infrastructure	89	—	—	—	—	—	89
Commercial Renewables	10	—	—	—	—	—	10
<b>Total Reportable Segment Income</b>	<b>582</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>582</b>
International Energy	—	—	—	40 C	—	40	40
Other	(209)	134 A	18 B	—	—	152	(57)
Intercompany Eliminations	1	—	—	—	(1)	(1)	—
Discontinued Operations	(601)	—	—	(40) C	641 D	601	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ (227)</b>	<b>\$ 134</b>	<b>\$ 18</b>	<b>\$ —</b>	<b>\$ 640</b>	<b>\$ 792</b>	<b>\$ 565</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ (0.33)</b>	<b>\$ 0.19</b>	<b>\$ 0.03</b>	<b>\$ —</b>	<b>\$ 0.92</b>	<b>\$ 1.14</b>	<b>\$ 0.81</b>

**A** - Net of \$74 million tax benefit. \$10 million recorded within Operating Revenues, \$198 million recorded within Operating Expenses on the Consolidated Statements of Operations.

**B** - Net of \$11 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.

**C** - Net of \$26 million tax expense. Operating results of the International Disposal Group, which exclude the loss and transaction-related costs described below, recorded within (Loss) Income from Discontinued Operations, net of tax on the Consolidated Statements of Operations.

**D** - Recorded within (Loss) Income From Discontinued Operations, net of tax on the Consolidated Statements of Operations. Includes a loss on the sale of the International Disposal Group and other transaction-related costs.

**Weighted Average Shares, Diluted (reported and adjusted) - 699 million**

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Twelve Months Ended December 31, 2016**  
(Dollars in millions, except per-share amounts)

	Special Items							Adjusted Earnings
	Reported Earnings	Costs to Achieve Mergers	Cost Savings Initiatives	Commercial Renewables Impairment	International Energy Operations	Discontinued Operations	Total Adjustments	
<b>SEGMENT INCOME</b>								
Electric Utilities and Infrastructure	\$ 3,040	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,040
Gas Utilities and Infrastructure	152	—	—	—	—	—	—	152
Commercial Renewables	23	—	—	45 C	—	—	45	68
Total Reportable Segment Income	3,215	—	—	45	—	—	45	3,260
International Energy	—	—	—	—	243 D	—	243	243
Other	(645)	329 A	57 B	—	—	—	386	(259)
Intercompany Eliminations	1	—	—	—	—	(1)	(1)	—
Discontinued Operations	(419)	—	—	—	(243) D	662 E	419	—
Net Income Attributable to Duke Energy Corporation	\$ 2,152	\$ 329	\$ 57	\$ 45	\$ —	\$ 661	\$ 1,092	\$ 3,244
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 3.11</b>	<b>\$ 0.48</b>	<b>\$ 0.08</b>	<b>\$ 0.07</b>	<b>\$ —</b>	<b>\$ 0.95</b>	<b>\$ 1.58</b>	<b>\$ 4.69</b>

A - Net of \$194 million tax benefit. Includes \$11 million recorded within Operating Revenues, \$278 million recorded within Operating Expenses and \$234 million recorded within Interest Expense on the 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 \$35 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the 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 Consolidated Statements of Operations.

D - Net of \$27 million tax expense. Operating results of the International Disposal Group, which exclude the loss and impairment described below and other miscellaneous transaction-related costs, recorded within (Loss) Income from Discontinued Operations, net of tax on the Consolidated Statements of Operations.

E - Recorded within (Loss) Income From Discontinued Operations, net of tax on the Consolidated Statements of Operations. Includes a loss on the sale of the International Disposal Group, an impairment charge related to certain assets in Central America, and a tax benefit related to previously sold businesses.

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

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Three Months Ended December 31, 2015**  
**(Dollars in millions, except per-share amounts)**

	Special Items									Total Adjustments	Adjusted Earnings
	Reported Earnings	Costs to Achieve Mergers	Edwardsport Settlement	Ash Basin Settlement and Penalties	Cost Savings Initiatives	International Energy Operations	Economic Hedges (Mark-to-Market)	Discontinued Operations			
<b>SEGMENT INCOME</b>											
Electric Utilities and Infrastructure	\$ 569	\$ —	\$ 2 B	\$ 7 C	\$ 10 D	\$ —	\$ —	\$ —	\$ 19	\$ 588	
Gas Utilities and Infrastructure	14	—	—	—	—	—	—	—	—	14	
Commercial Renewables	17	—	—	—	1 E	—	1 H	—	2	19	
<b>Total Reportable Segment Income</b>	<b>600</b>	<b>—</b>	<b>2</b>	<b>7</b>	<b>11</b>	<b>—</b>	<b>1</b>	<b>—</b>	<b>21</b>	<b>621</b>	
International Energy	—	—	—	—	—	56 G	—	—	56	56	
Other	(170)	18 A	—	—	77 F	—	—	—	95	(75)	
Discontinued Operations	47	—	—	—	—	(56) G	—	9 I	(47)	—	
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 477</b>	<b>\$ 18</b>	<b>\$ 2</b>	<b>\$ 7</b>	<b>\$ 88</b>	<b>\$ —</b>	<b>\$ 1</b>	<b>\$ 9</b>	<b>\$ 125</b>	<b>\$ 602</b>	
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 0.69</b>	<b>\$ 0.03</b>	<b>\$ —</b>	<b>\$ 0.01</b>	<b>\$ 0.13</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 0.01</b>	<b>\$ 0.18</b>	<b>\$ 0.87</b>	

A - Net of \$12 million tax benefit. Recorded within Operating Expenses on the Consolidated Statements of Operations.

B - Net of \$1 million tax benefit. \$3 million recorded within Impairment charges on the Duke Energy Indiana Consolidated Statements of Operations.

C - Recorded within Operation, maintenance and other on the Duke Energy Carolinas Consolidated Statements of Operations.

D - Net of \$6 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations. Includes \$7 million at Duke Energy Carolinas, \$4 million at Duke Energy Progress, \$2 million at Duke Energy Florida, \$1 million at Duke Energy Ohio and \$2 million at Duke Energy Indiana.

E - Net of \$1 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.

F - Net of \$47 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.

G - Net of \$29 million tax expense. Operating results of the International Disposal Group classified as discontinued operations.

H - Recorded within Operating Revenues 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 Outstanding, Diluted (reported and adjusted) - 688 million**

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Twelve Months Ended December 31, 2015**  
**(Dollars in millions, except per-share amounts)**

	Special Items										Adjusted Earnings			
	Reported Earnings	Costs to Achieve Mergers	Edwardsport Settlement	Midwest Generation Operations	Ash Basin Settlement and Penalties	Cost Savings Initiatives	International Energy Operations	Discontinued Operations	Total Adjustments					
<b>SEGMENT INCOME</b>														
Electric Utilities and Infrastructure	\$ 2,819	\$ —	\$ 58	B \$ —	\$ 11	D \$ 10	E \$ —	\$ —	\$ 79	\$ 2,898				
Gas Utilities and Infrastructure	73	—	—	—	—	—	—	—	—	73				
Commercial Renewables	52	—	—	—	—	1	F	—	1	53				
<b>Total Reportable Segment Income</b>	<b>2,944</b>	<b>—</b>	<b>58</b>	<b>—</b>	<b>11</b>	<b>11</b>	<b>—</b>	<b>—</b>	<b>80</b>	<b>3,024</b>				
International Energy	—	—	—	—	—	—	151	H	151	151				
Other	(299)	60	A	—	98	C	—	77	G	—	41	I	276	(23)
Discontinued Operations	171	—	—	(98)	C	—	—	(151)	H	78	J	(171)	—	
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 2,816</b>	<b>\$ 60</b>	<b>\$ 58</b>	<b>\$ —</b>	<b>\$ 11</b>	<b>\$ 88</b>	<b>\$ —</b>	<b>\$ 119</b>	<b>\$ 336</b>	<b>\$ 3,152</b>				
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 4.05</b>	<b>\$ 0.09</b>	<b>\$ 0.08</b>	<b>\$ —</b>	<b>\$ 0.02</b>	<b>\$ 0.13</b>	<b>\$ —</b>	<b>\$ 0.17</b>	<b>\$ 0.49</b>	<b>\$ 4.54</b>				

A - Net of \$37 million tax benefit. \$95 million recorded within Operating Expenses and \$2 million recorded within Interest Expense on the Consolidated Statements of Operations.

B - Net of \$35 million tax benefit. \$88 million recorded within Impairment charges and \$5 million recorded within Other income and expenses, net on the Duke Energy Indiana Consolidated Statements of Operations.

C - Net of \$53 million tax expense. Operating results of the nonregulated Midwest generation business classified as discontinued operations, which exclude special items and economic hedges.

D - Net of \$3 million tax benefit. Recorded within Operation, maintenance and other on the Consolidated Statements of Operations. Includes \$8 million and \$6 million at Duke Energy Carolinas and Duke Energy Progress, respectively.

E - Net of \$6 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations. Includes \$7 million at Duke Energy Carolinas, \$4 million at Duke Energy Progress, \$2 million at Duke Energy Florida, \$1 million at Duke Energy Ohio and \$2 million at Duke Energy Indiana.

F - Net of \$1 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.

G - Net of \$47 million tax benefit. Primarily consists of severance costs recorded within Operation, maintenance and other on the Consolidated Statements of Operations.

H - Net of \$70 million tax expense. Operating results of the International Disposal Group classified as discontinued operations.

I - State tax expense resulting from the completion of the sale of the nonregulated Midwest generation business.

J - Recorded in Income (Loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations, and includes the impact of a litigation reserve related to the nonregulated Midwest generation business.

**Weighted Average Shares Outstanding, Diluted (reported and adjusted) - 694 million**

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
**Twelve Months Ended December 31, 2014**  
**(Dollars in millions, except per-share amounts)**

	Special Items										
	Reported Earnings	Costs to Achieve, Progress Merger	Asset Impairment	Midwest Generation Operations	Litigation Reserve	Asset Sales	International Energy Operations	Economic Hedges (Mark-to-Market) *	Discontinued Operations	Total Adjustments	Adjusted Earnings
<b>SEGMENT INCOME</b>											
Electric Utilities and Infrastructure	\$ 2,714	\$ —	\$ —	\$ —	\$ 102 D	\$ —	\$ —	\$ —	\$ —	\$ 102	\$ 2,816
Gas Utilities and Infrastructure	80	—	—	—	—	—	—	—	—	—	80
Commercial Renewables	53	—	—	—	—	—	—	—	—	—	53
<b>Total Reportable Segment Income</b>	<b>2,847</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>102</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>102</b>	<b>2,949</b>
International Energy Operations	—	—	—	—	—	—	310 F	—	—	310	310
Other	(332)	127 A	59 B	123 C	—	(9) E	—	6 G	(15) H	291	(41)
Intercompany Eliminations	18	—	—	—	—	—	—	—	(18) I	(18)	—
Discontinued Operations	(650)	—	—	(123) C	—	—	(310) F	—	1,083 J	650	—
<b>Net Income Attributable to Duke Energy Corporation</b>	<b>\$ 1,883</b>	<b>\$ 127</b>	<b>\$ 59</b>	<b>\$ —</b>	<b>\$ 102</b>	<b>\$ (9)</b>	<b>\$ —</b>	<b>\$ 6</b>	<b>\$ 1,050</b>	<b>\$ 1,335</b>	<b>\$ 3,218</b>
<b>EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED</b>	<b>\$ 2.66</b>	<b>\$ 0.18</b>	<b>\$ 0.08</b>	<b>\$ —</b>	<b>\$ 0.14</b>	<b>\$ (0.01)</b>	<b>\$ —</b>	<b>\$ 0.01</b>	<b>\$ 1.49</b>	<b>\$ 1.89</b>	<b>\$ 4.55</b>

A - Net of \$78 million tax benefit. \$5 million recorded as a decrease in Operating Revenues, \$198 million recorded within Operating Expenses and \$2 million recorded within Interest Expense on the Consolidated Statements of Operations.

B - Net of \$35 million tax benefit. Recorded in impairment charges on the Consolidated Statements of Operations.

C - Operating results of the nonregulated Midwest generation business that had been classified from discontinued operations after adjustment for special items and economic hedges (net of \$71 million tax benefit).

D - Recorded within Operating, maintenance and other (Operating Expenses) on the Consolidated Statements of Operations.

E - Net of \$5 million tax expense. Recorded in Other Income and Expenses on the Consolidated Statements of Operations.

F - Net of \$70 million tax expense. Operating results of the International Disposal Group classified as discontinued operations.

G - Net of \$3 million tax benefit. Recorded within Operating Revenues on the Consolidated Statements of Operations.

H - State tax benefit resulting from the planned disposition of the nonregulated Midwest generation business.

I - Reverses the impact on eliminations of classifying the International Disposal Group as discontinued operations.

J - Recorded in Income (loss) From Discontinued Operations, net of tax on the Consolidated Statements of Operations. Includes the impairment of the nonregulated Midwest generation business, the mark-to-market of economic hedges of the nonregulated Midwest generation business, certain costs associated with a contract settlement and deferred tax impact resulting from the decision to repatriate International Energy's historic undistributed foreign earnings.

**Weighted Average Shares Outstanding, Diluted (reported and adjusted) - 707 million**

\* Mark-to-market adjustments reflect the impact of derivative contracts, which are used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Portfolio segment and also relate to existing derivative positions that may have tenors beyond the planned disposal date of the nonregulated Midwest generation business. The mark-to-market impact of derivative contracts is recognized in GAAP earnings immediately as such derivative contracts do not qualify for hedge accounting or regulatory treatment. The economic value of generation assets is subject to fluctuations in fair value due to market price volatility of input and output commodities (e.g. coal, electricity, natural gas). Economic hedging involves both purchases and sales of those input and output commodities related to generation assets. Operations of the generation assets are accounted for under the accrual method. Management believes excluding impacts of mark-to-market changes of the derivative contracts from adjusted earnings until settlement better matches the financial impacts of the derivative contract with the portion of economic value of the underlying hedged asset. However, due to the divestiture of the nonregulated Midwest generation business as mentioned above, certain derivative positions have tenors beyond the planned disposal date of these assets. As such, management has excluded settlements of these derivative positions from adjusted diluted EPS as these realized gains and losses more closely relate to the loss on disposal of these assets. Management believes that the presentation of adjusted diluted EPS Attributable to Duke Energy Corporation provides useful information to investors, as it provides them an additional relevant comparison of Duke Energy Corporation's performance across periods.

**DUKE ENERGY CORPORATION**  
**ADJUSTED EFFECTIVE TAX RECONCILIATION**  
**Three Months and Year Ended December 31, 2016**  
(Dollars in Millions)

	<u>Three Months Ended December 31, 2016</u>		<u>Year Ended December 31, 2016</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>	\$ 512		\$ 3,734	
Costs to Achieve Mergers	208		523	
Cost Savings Initiatives	29		92	
Commercial Renewables Impairment	—		71	
International Energy Operations	66		270	
Noncontrolling Interests	(2)		(7)	
Intercompany Eliminations	(1)		(1)	
<b>Adjusted Pretax Income</b>	<u>\$ 812</u>		<u>\$ 4,682</u>	
<b>Reported Income Tax Expense From Continuing Operations</b>	\$ 136	26.6%	\$ 1,156	31.0%
Costs to Achieve Mergers	74		194	
Cost Savings Initiatives	11		35	
Commercial Renewables Impairment	—		26	
International Energy Operations	26		27	
<b>Adjusted Tax Expense</b>	<u>\$ 247</u>	30.4% *	<u>\$ 1,438</u>	30.7% *

\*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, 2016**  
**(In millions)**

Cash and Cash Equivalents	\$ 392	
Less: Certain Amounts Held in Foreign Jurisdictions	(63)	
Less: Unavailable Domestic Cash	<u>(32)</u>	
	297	
Plus: Remaining Availability under Master Credit Facility (a)	<u>5,634</u>	
Total Available Liquidity (b)	<u>\$ 5,931</u>	(approximately 5.9 billion)

(a) Includes Piedmont's Master Credit Facility of \$850 million.

(b) 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 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)

	<u>Actual</u> <u>December 31, 2014</u>	<u>Actual</u> <u>December 31, 2015</u>	<u>Actual</u> <u>December 31, 2016</u>	<u>Forecast</u> <u>December 31, 2017</u>
<b>Operation, maintenance and other<sup>(a)</sup></b>	<b>\$5,506</b>	<b>\$5,539</b>	<b>\$6,085</b>	<b>\$6,201</b>
Adjustments:				
Costs to Achieve, Mergers <sup>(b)</sup>	(178)	(69)	(238)	(118)
Severance <sup>(b)</sup>	-	(142)	(92)	-
Litigation Reserve <sup>(b)</sup>	(102)	-	-	-
Ash Basin Settlement and Penalties <sup>(b)</sup>	-	(14)	-	-
Reagents Recoverable <sup>(c)</sup>	(140)	(111)	(93)	(248)
Energy Efficiency Recoverable <sup>(c)</sup>	(298)	(287)	(417)	(434)
Other Deferrals and Recoverable <sup>(c)</sup>	(100)	(93)	(233)	(256)
Margin based O&M for Commercial Businesses	-	(48)	(185)	(256)
Short-term incentive payments (over)/under target	(6)	(19)	(90)	-
Piedmont O&M	-	-	(69)	(296)
<b>Non-Rider Recoverable operation, maintenance and other before Piedmont</b>	<b><u>\$ 4,682</u></b>	<b><u>\$ 4,756</u></b>	<b><u>\$ 4,667</u></b>	<b><u>\$ 4,593</u></b>
Piedmont O&M	-	-	69	296
<b>Non-Rider Recoverable operation, maintenance and other</b>	<b><u>\$ 4,682</u></b>	<b><u>\$ 4,756</u></b>	<b><u>\$ 4,736</u></b>	<b><u>\$ 4,889</u></b>

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

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

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

Duke Energy Corporation  
2017 Forecasted Cash Flow Reconciliation, Required by SEC Regulation G  
2017 Analyst Meeting  
February 16, 2017  
(\$ in millions)

		<u>Forecast</u> <u>2017</u>
<b>Primary Sources:</b>		
Adjusted net income (1)	(a)	\$ 3,225
Depreciation & amortization	(a)	4,100
Deferred and accrued taxes	(a)	1,450
Other sources / (uses), net	(a)	(940)
Total Sources		<u>7,835</u>
<b>Primary Uses:</b>		
Capital expenditures (including discretionary)	(b)	(9,425)
Dividends	(c)	(2,450)
Total Uses		<u>(11,875)</u>
<b>Uses in Excess of Sources</b>		<u>(4,040)</u>
<b>Net Change in Financing</b>		
Debt issuances	(c)	6,485
Debt maturities	(c,d)	(2,705)
Net Change in Debt		<u>3,780</u>
Net Change in Cash		<u>\$ (260)</u>
<b>Reconciliations to forecasted U.S. GAAP reporting amounts:</b>		
Operating cash flow components, sum of (a) from above		\$ 7,835
Reconciling items to GAAP cash flows from operating activities	(2)	(1,100)
Net cash provided by operating activities per GAAP Consolidated Statement of Cash Flows		<u>\$ 6,735</u>
Investing cash flow components, (b) from above		\$ (9,425)
Reconciling items to GAAP cash flows from investing activities	(2)	1,100
Net cash used in investing activities per GAAP Consolidated Statement of Cash Flows		<u>\$ (8,325)</u>
Financing cash flow components, sum of (c) from above		\$ 1,330
Reconciling items to GAAP cash flows from financing activities		-
Net cash used in financing activities per GAAP Consolidated Statement of Cash Flows		<u>\$ 1,330</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>\$ (260)</u>

**Notes:**

(1) The forecasted adjusted net income of \$3,225 million for 2017 is an illustrative amount based on the midpoint of Duke Energy's adjusted diluted EPS outlook range of \$4.50-\$4.70 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, adjusted for the per-share impact of special items and the mark-to-market impacts of economic hedges in the Commercial segment. 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; and an adjustment for investing cash flow items (principally distributions from equity investments and Other) included in the "Other sources/(uses), net", which are combined for the GAAP reconciliation in Operating activities.

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
Reported Net Income 2016	\$ 1,166	\$ 599	\$ 1,765	\$ 551	\$ 381	\$ 231 (2)
Special Items (1)	91	50	141	19	10	-
Adjusted Net Income 2016	1,257	649	1,906	570	391	231
2016						
Equity	10,772	7,358	18,130	4,900	4,067	3,027 (3)
Goodwill	-	-	-	-	-	920
Equity less Goodwill	10,772	7,358	18,130	4,900	4,067	2,107
2015						
Equity	11,606	7,059	18,665	5,121	3,836	2,855 (3)
Goodwill	-	-	-	-	-	920
Equity less Goodwill	11,606	7,059	18,665	5,121	3,836	1,935
Average Equity less Goodwill			18,398	5,011	3,952	2,021
Adjusted Book ROEs			10.4%	11.4%	9.9%	11.4%

(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

DUKE ENERGY CORPORATION  
ADJUSTED BOOK RETURN ON EQUITY (ROEs)  
For the period ended December 31, 2015  
*dollars in millions*

	Duke Energy Carolinas	Duke Energy Progress	Total Carolinas	Duke Energy Florida	Duke Energy Indiana	Duke Energy Ohio Reportable Segments
Reported Net Income 2015	\$ 1,081	\$ 566	\$ 1,647	\$ 599	\$ 316	\$ 191 (2)
Special Items (1)	94	34	128	12	66	3
Adjusted Net Income 2015	1,175	600	1,775	611	382	194
2015						
Equity	11,606	7,059	18,665	5,121	3,836	2,855 (3)
Goodwill	-	-	-	-	-	920
Equity less Goodwill	11,606	7,059	18,665	5,121	3,836	1,935
2014						
Equity	10,924	5,867	16,791	5,222	3,848	2,702 (3)
Goodwill	-	-	-	-	-	920
Equity less Goodwill	10,924	5,867	16,791	5,222	3,848	1,782
Average Equity less Goodwill			17,728	5,172	3,842	1,859
Adjusted Book ROEs			10.0%	11.8%	9.9%	10.4%

(1) Costs to Achieve (CTA), Mergers net of tax, Edwardsport Settlement, Cost Savings Initiatives and Ash Basin Settlements and Penalties.

(2) Net Income for 2015 equals Duke Energy Ohio reportable segments segment income, which already excludes CTA.

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

	2015	2014
Reported Equity for Duke Energy Ohio	2,784	4,674
Less: Non-Reg & Other	(71)	1,972
Duke Energy Ohio Reportable Segments	2,855	2,702

DUKE ENERGY CORPORATION  
ADJUSTED BOOK RETURN ON EQUITY (ROEs)  
For the period ended December 31, 2014  
*dollars in millions*

	Duke Energy Carolinas	Duke Energy Progress	Total Carolinas	Duke Energy Florida	Duke Energy Indiana	Duke Energy Ohio Reportable Segments
Reported Net Income 2014	\$ 1,072	\$ 467	\$ 1,539	\$ 548	\$ 359	\$ 202 (2)
Special Items (1)	139	56	195	14	7	-
Adjusted Net Income 2014	1,211	523	1,734	562	366	202
2014						
Equity	10,924	5,867	16,791	5,222	3,848	2,702 (3)
Goodwill	-	-	-	-	-	920
Equity less Goodwill	10,924	5,867	16,791	5,222	3,848	1,782
2013						
Equity	10,350	5,625	15,975	4,797	3,939	2,953 (3)
Goodwill	-	-	-	-	-	920
Equity less Goodwill	10,350	5,625	15,975	4,797	3,939	2,033
Average Equity less Goodwill			16,383	5,010	3,894	1,908
Adjusted Book ROEs			10.6%	11.2%	9.4%	10.6%

(1) Costs to Achieve (CTA), Mergers net of tax and Litigation Reserve.

(2) Net Income for 2014 equals Duke Energy Ohio reportable segments segment income, which already excludes CTA.

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

	2014	2013
Reported Equity for Duke Energy Ohio	4,674	5,269
Less: Non-Reg & Other	1,972	2,316
Duke Energy Ohio Reportable Segments	2,702	2,953

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

	Years Ended December 31,		
	2017 Forecast	2016 Actual	2015 Actual
Cash From Operations	\$ 6,734	\$ 6,798	\$ 6,676
Working capital adjustment (1)	184	345	(181)
Capitalized Interest	(124)	(100)	(98)
CR3 securitization adjustment	(55)	(35)	-
Other	18	19	18
<b>Funds From Operations</b>	<b>6,757</b>	<b>7,027</b>	<b>6,415</b>
ARO spend	-	608	346
ARO spend, net of tax at 38%	348	377	215
<b>FFO exc. coal ash spend (net of tax)</b>	<b>\$ 7,105</b>	<b>\$ 7,404</b>	<b>\$ 6,630</b>
Notes payable and commercial paper	\$ -	\$ 2,487	\$ 3,633
Current maturities of long-term debt	-	2,319	2,026
Long-term debt	-	45,576	36,842
Purchase accounting adjustments	-	(2,671)	(2,702)
CR3 securitization	-	(1,279)	-
Other	-	(125)	(142)
<b>Total Debt</b>	<b>\$ 50,802</b>	<b>\$ 46,307</b>	<b>\$ 39,657</b>
<b>FFO / Debt</b>	<b>14%</b>	<b>16%</b>	<b>17%</b>

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

Receivables	\$ (184)	\$ (391)	\$ 359
Inventory	158	272	(237)
Other current assets	(152)	(910)	(65)
Accounts payable	(16)	266	(6)
Taxes accrued	38	236	(38)
Other current liabilities	(28)	182	168
	<b>\$ (184)</b>	<b>\$ (345)</b>	<b>\$ 181</b>

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

(in millions)

	Years Ended December 31,		
	2017 Forecast	2016 Actual	2015 Actual
Cash From Operations	\$ 2,556	\$ 2,976	\$ 2,373
Working capital adjustment (1)	88	(333)	128
Capitalized Interest	(46)	(38)	(38)
<b>Funds From Operations</b>	<b>2,598</b>	<b>2,605</b>	<b>2,463</b>
ARO spend	-	287	167
ARO spend, net of tax at 38%	145	178	104
<b>FFO exc. coal ash spend (net of tax)</b>	<b>\$ 2,743</b>	<b>\$ 2,783</b>	<b>\$ 2,567</b>
Current maturities of long-term debt	\$ -	\$ 116	\$ 356
Long-term debt	-	9,187	7,711
Long-term debt payable to affiliated companies	-	300	300
<b>Total Debt</b>	<b>\$ 10,047</b>	<b>\$ 9,603</b>	<b>\$ 8,367</b>
<b>FFO / Debt</b>	<b>27%</b>	<b>29%</b>	<b>31%</b>
(1) Working capital detail, excluding mark-to-market			
Receivables	\$ (33)	\$ (76)	\$ 42
Receivables from affiliated companies	-	(56)	(32)
Inventory	20	215	(157)
Other current assets	(126)	67	(51)
Accounts payable	23	(85)	(4)
Accounts payable to affiliated companies	-	18	75
Taxes accrued	(6)	187	(128)
Other current liabilities	34	63	127
	\$ (88)	\$ 333	\$ (128)

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

(in millions)

	Years Ended December 31,		
	2017 Forecast	2016 Actual	2015 Actual
Cash From Operations	\$ 1,305	\$ 1,932	\$ 1,594
Working capital adjustment (1)	106	(502)	(219)
Capitalized Interest	(22)	(17)	(20)
Other	3	2	2
<b>Funds From Operations</b>	<b>1,392</b>	<b>1,415</b>	<b>1,357</b>
ARO spend	-	212	109
ARO spend, net of tax at 38%	148	131	68
<b>FFO exc. coal ash spend (net of tax)</b>	<b>\$ 1,540</b>	<b>\$ 1,546</b>	<b>\$ 1,425</b>
Notes payable to affiliated companies	\$ -	\$ -	\$ 209
Current maturities of long-term debt	-	452	2
Long-term debt	-	6,409	6,366
Long-term debt payable to affiliated companies	-	150	150
<b>Total Debt</b>	<b>\$ 7,366</b>	<b>\$ 7,011</b>	<b>\$ 6,727</b>
<b>FFO / Debt</b>	<b>21%</b>	<b>22%</b>	<b>21%</b>

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

Receivables	\$ (38)	\$ (17)	\$ 43
Receivables from affiliated companies	-	11	(6)
Inventory	45	12	(50)
Other current assets	(40)	84	185
Accounts payable	13	171	(65)
Accounts payable to affiliated companies	-	37	70
Taxes accrued	(80)	90	(34)
Other current liabilities	(6)	114	76
	\$ (106)	\$ 502	\$ 219

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

(in millions)

	Years Ended December 31,		
	2017 Forecast	2016 Actual	2015 Actual
Cash From Operations	\$ 1,155	\$ 844	\$ 1,373
Working capital adjustment (1)	3	252	(159)
Capitalized Interest	(27)	(14)	(4)
CR3 securitization adjustment	(55)	(35)	-
Other	14	13	12
<b>Funds From Operations</b>	<b>1,090</b>	<b>1,060</b>	<b>1,222</b>
ARO spend	-	58	47
ARO spend, net of tax at 38%	-	36	29
<b>FFO exc. coal ash spend (net of tax)</b>	<b>\$ 1,090</b>	<b>\$ 1,096</b>	<b>\$ 1,251</b>
Notes payable to affiliated companies	\$ -	\$ 297	\$ 813
Current maturities of long-term debt	-	326	13
Long-term debt	-	5,799	4,253
CR3 securitization	-	(1,279)	-
<b>Total Debt</b>	<b>\$ 5,493</b>	<b>\$ 5,143</b>	<b>\$ 5,079</b>
<b>FFO / Debt</b>	<b>20%</b>	<b>21%</b>	<b>25%</b>

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

Receivables	\$ (19)	\$ 23	\$ 61
Receivables from affiliated companies	-	21	(44)
Inventory	-	23	(17)
Other current assets	14	(133)	116
Accounts payable	(15)	71	(127)
Accounts payable to affiliated companies	-	9	46
Taxes accrued	18	(117)	67
Other current liabilities	(1)	(149)	57
	\$ (3)	\$ (252)	\$ 159

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

(in millions)

	Years Ended December 31,		
	2017 Forecast	2016 Actual	2015 Actual
Cash From Operations	\$ 1,065	\$ 871	\$ 1,176
Working capital adjustment (1)	(78)	132	(225)
Capitalized Interest	(15)	(7)	(6)
<b>Funds From Operations</b>	<b>972</b>	<b>996</b>	<b>945</b>
ARO spend	-	46	19
ARO spend, net of tax at 38%	47	29	12
<b>FFO exc. coal ash spend (net of tax)</b>	<b>\$ 1,019</b>	<b>\$ 1,025</b>	<b>\$ 957</b>
Current maturities of long-term debt	\$ -	\$ 3	\$ 547
Long-term debt	-	3,633	3,071
Long-term debt payable to affiliated companies	-	150	150
CRC allocated balance	-	174	174
<b>Total Debt</b>	<b>\$ 3,908</b>	<b>\$ 3,960</b>	<b>\$ 3,942</b>
<b>FFO / Debt</b>	<b>26%</b>	<b>26%</b>	<b>24%</b>
(1) Working capital detail, excluding mark-to-market			
Receivables	\$ (25)	\$ (2)	\$ (7)
Receivables from affiliated companies	-	(43)	44
Inventory	92	66	(21)
Other current assets	-	(67)	90
Accounts payable	22	8	33
Accounts payable to affiliated companies	-	(9)	25
Taxes accrued	(5)	(4)	35
Other current liabilities	(6)	(81)	26
	\$ 78	\$ (132)	\$ 225

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

(in millions)

	Years Ended December 31,		
	2017 Forecast	2016 Actual	2015 Actual
Cash From Operations	\$ 425	\$ 425	\$ 667
Working capital adjustment (1)	73	15	(91)
Capitalized Interest	(9)	(8)	(10)
<b>Funds From Operations</b>	<b>489</b>	<b>432</b>	<b>566</b>
ARO spend	-	5	4
ARO spend, net of tax at 38%	8	3	2
<b>FFO exc. coal ash spend (net of tax)</b>	<b>\$ 497</b>	<b>\$ 435</b>	<b>\$ 568</b>
Notes payable to affiliated companies	\$ -	\$ 16	\$ 103
Current maturities of long-term debt	-	1	106
Long-term debt	-	1,858	1,467
Long-term debt payable to affiliated companies	-	25	25
CRC allocated balance	-	151	151
<b>Total Debt</b>	<b>\$ 2,250</b>	<b>\$ 2,051</b>	<b>\$ 1,852</b>
<b>FFO / Debt</b>	<b>22%</b>	<b>21%</b>	<b>31%</b>

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

Receivables	\$ (62)	\$ (4)	\$ 23
Receivables from affiliated companies	-	(36)	23
Inventory	-	(32)	-
Other current assets	-	79	-
Accounts payable	(5)	19	(1)
Accounts payable to affiliated companies	-	10	(21)
Taxes accrued	(6)	3	(21)
Other current liabilities	-	(54)	88
	<b>\$ (73)</b>	<b>\$ (15)</b>	<b>\$ 91</b>

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

(in millions)

	Years Ended		
	December 31,	October 31,	
	2017 Forecast	2016 Actual	2015 Actual
Cash From Operations	\$ 405	\$ 308	\$ 372
Working capital adjustment (1)	94	101	(37)
Funds From Operations	499	409	335
ARO spend	-	6	6
ARO spend, net of tax at 38%	-	4	4
<b>FFO exc. coal ash spend (net of tax)</b>	<b>\$ 499</b>	<b>\$ 413</b>	<b>\$ 339</b>
Notes payable	\$ -	\$ 145	\$ 340
Current maturities of long-term debt	-	35	40
Long-term debt	-	1,786	1,524
<b>Total Debt</b>	<b>\$ 2,548</b>	<b>\$ 1,966</b>	<b>\$ 1,904</b>
<b>FFO / Debt</b>	<b>20%</b>	<b>21%</b>	<b>18%</b>

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

Receivables	\$ -	\$ 7	\$ (3)
Receivables from affiliated companies	-	(7)	-
Inventory	-	14	16
Other current assets	-	(99)	46
Accounts payable	(3)	6	(5)
Accounts payable to affiliated companies	-	6	-
Taxes accrued	(87)	(14)	4
Other current liabilities	(4)	(14)	(21)
	\$ (94)	\$ (101)	\$ 37