



SECOND QUARTER EARNINGS REVIEW AND BUSINESS UPDATE



Aug. 3, 2017

PRESENTED BY:
LYNN GOOD | CHAIRMAN, PRESIDENT 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.

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/.



INVESTING IN **INFRASTRUCTURE**
OUR **CUSTOMERS** VALUE.

DELIVERING SUSTAINABLE
GROWTH.

BUSINESS UPDATE

Lynn Good, Chairman, President & CEO

- Second quarter 2017 update
- Advancing regulatory modernization
- Focusing on the customer experience
- Making progress on strategic investments

FINANCIAL UPDATE

Steve Young, Executive VP & CFO

- Second quarter 2017 earnings drivers
- Economic conditions and load growth trends
- North Carolina rate cases
- Key investor considerations

\$0.98

REPORTED DILUTED EPS
FOR 2Q 2017
COMPARED TO
\$0.74 IN 2Q 2016

\$1.01

ADJUSTED DILUTED EPS
FOR 2Q 2017
COMPARED TO
\$1.07 IN 2Q 2016

91ST

CONSECUTIVE YEAR OF
PAYING A CASH DIVIDEND

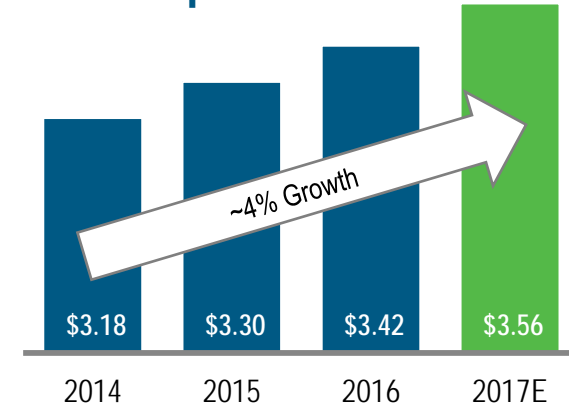
ON TRACK

TO ACHIEVE 2017 EPS
GUIDANCE RANGE
OF \$4.50 - \$4.70 ⁽¹⁾

SECOND QUARTER FINANCIAL HIGHLIGHTS

- Growth in the utilities and infrastructure segments driven by ongoing investment and higher retail volumes
- Flexible cost management efforts continue to mitigate year-to-date weather impacts
- Board of Directors approved quarterly dividend of \$0.89 per share, a 4.1% increase

DUK annualized dividend per share⁽²⁾



SECOND QUARTER OPERATIONAL HIGHLIGHTS

- Shortest refueling outage ever at McGuire Nuclear Station Unit 2 at 23.7 days
- Catawba Nuclear Station Unit 1 outage at 24.2 days, 17% better than plan
- Edwardsport gasifier availability over 85% year-to-date
- Duke Energy earns Excellence Award for Supplier Diversity from EEI
- Piedmont named America's second-most-trusted utility brand in residential customer survey



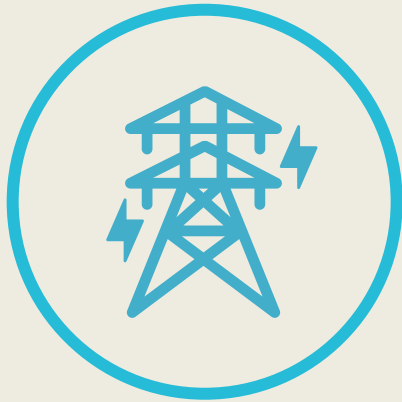
Catawba Nuclear Station

⁽¹⁾ Based on adjusted diluted EPS

⁽²⁾ Reflects annualized Q3 dividend per share for each year



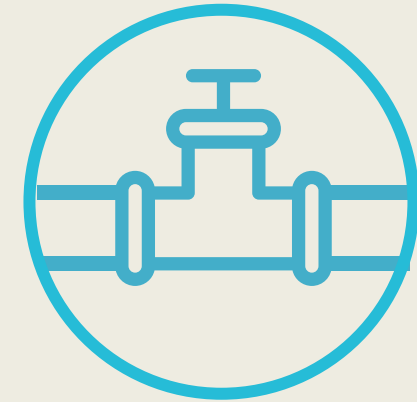
TRANSFORM THE
CUSTOMER EXPERIENCE



MODERNIZE THE
ENERGY GRID



GENERATE
CLEANER ENERGY



EXPAND NATURAL GAS
INFRASTRUCTURE



ENGAGE
STAKEHOLDERS



ENGAGE
STAKEHOLDERS



GENERATE
CLEANER ENERGY

~\$850 MILLION

CUSTOMER COST
SAVINGS
OVER THE NEXT 10 YEARS

H.B. 589 – COMPETITIVE ENERGY SOLUTIONS FOR NC

- Pursued in parallel to Avoided Cost docket at N.C. Utilities Commission
- Reforms the Public Utility Regulatory Policy Act (PURPA) process in North Carolina, setting a clear path for more reliable and affordable renewable energy
 - **Fuel clause recovery** of standard contracts for Qualified Facilities, capped at 2.5% of annual sales
- Approximately 2,600 MW of utility-scale renewable energy projects to be procured via competitive bidding process over 45 months
 - **Rider recovery**, subject to cap of 1% of annual sales
 - Duke Energy can participate up to 30% cap; however additional facilities acquired from third parties are not subject to cap





TRANSFORM THE
CUSTOMER
EXPERIENCE

**REDUCED
BY HALF**

THE GAP TO TOP
QUARTILE IN CUSTOMER
SATISFACTION OVER THE
LAST TWO YEARS⁽¹⁾

⁽¹⁾ Based on JD Power 2017 Electric Utility Residential Customer Satisfaction Study

ENHANCED CUSTOMER SOLUTIONS AVAILABLE OR IN DEVELOPMENT



Pick Your Due Date
Currently available in DEC, DEK, DEO, DEI



Duke Energy Prepaid Advantage
Currently available in DEC-SC (Pilot)



Usage Alerts
Currently available in DEC, DEI, DEK



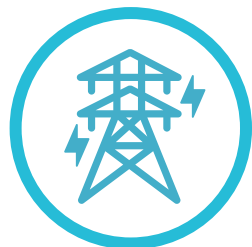
Outage Awareness
Coming soon

ADVANCING OUR DIGITAL TRANSFORMATION



- New Duke Energy customer mobile app in development
- To be deployed early 2018

STATUS UPDATE



MODERNIZE THE
ENERGY GRID

- Kentucky PSC approved AMI at DEK
- Over 2.2 million AMI meters deployed to date
- Grid modernization in the Midwest continues (TDSIC rider in Indiana, T&D riders in Ohio)

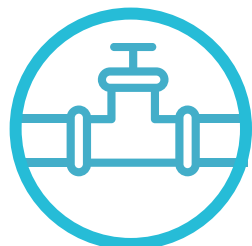


ENGAGE
STAKEHOLDERS



GENERATE
CLEANER ENERGY

- W.S. Lee CCGT, Citrus County CCGT and Western Carolinas Modernization Project on track
- Continuing to progress other generation opportunities (solar, Lincoln CTs, CHP, etc.)
- Evaluating additional solar investments under new North Carolina legislation (H.B. 589)



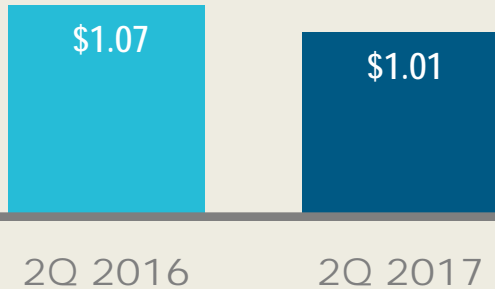
EXPAND NATURAL GAS
INFRASTRUCTURE

- ACP received Final Environmental Impact Statement July 21
- Sabal Trail mainline in-service
- Gas infrastructure for W.S. Lee (Piedmont) and Citrus County (Sabal Trail) on track
- Constitution permitting still pending; in-service expected as early as 1H 2019

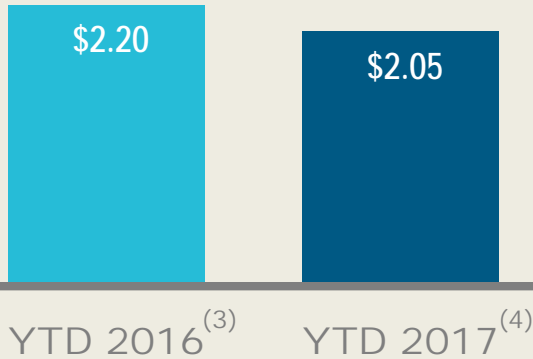


TRANSFORM THE
CUSTOMER
EXPERIENCE

ADJUSTED DILUTED EARNINGS PER SHARE



ADJUSTED DILUTED EARNINGS PER SHARE



ON TRACK
TO ACHIEVE 2017 EPS
GUIDANCE RANGE
OF \$4.50 - \$4.70 ⁽⁵⁾

SEGMENT RESULTS VS. PRIOR YEAR QUARTER ⁽¹⁾⁽²⁾

Electric Utilities & Infrastructure, +\$25 M (+\$0.03 per share)

- ▲ Higher retail revenues from increased pricing and riders
- ▲ Increased retail volumes
- ▼ Less favorable weather (-\$0.05)

Gas Utilities & Infrastructure, +\$11 M (+\$0.02 per share)

- ▲ Increased investments in Atlantic Coast and Sabal Trail pipelines

Commercial Renewables, +\$15 M (+\$0.02 per share)

- ▲ Higher earnings from increased wind resources and new projects brought on-line in 2016
- ▼ Lower solar ITCs in the current year

Other, -\$52 M (-\$0.07 per share)

- ▼ Higher income tax expense primarily due to a prior year favorable tax resolution
- ▼ Higher interest expense related to Piedmont financing

Share Dilution (-\$0.01 per share)

PREVIOUSLY DISPOSED BUSINESS

International Energy, -\$31 M (-\$0.05 per share)

(1) Detailed drivers of adjusted segment income (expense) are available in the 2Q 2017 earnings release located on our Investor Relations website at www.duke-energy.com/investors/

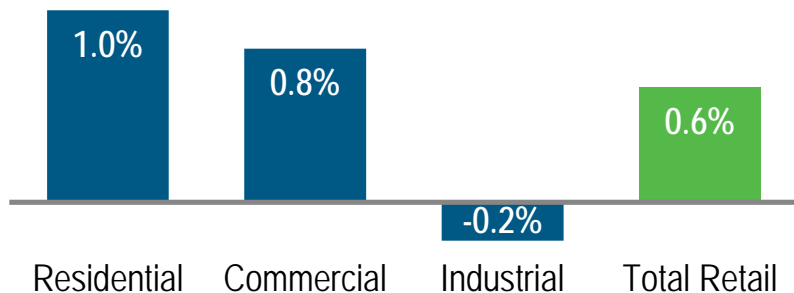
(2) Prior year segment income recast to conform to the new segment structure

(3) Includes \$0.03 favorable weather to normal in Electric Utilities and Infrastructure and \$0.21 contribution from International Energy, sold in 2016

(4) Includes \$0.15 unfavorable weather to normal in Electric Utilities and Infrastructure, \$0.01 unfavorable weather to normal in Gas Utilities and Infrastructure related to Midwest LDCs and contribution of \$0.07 from Piedmont Natural Gas net of acquisition financing costs

(5) Based on adjusted diluted EPS

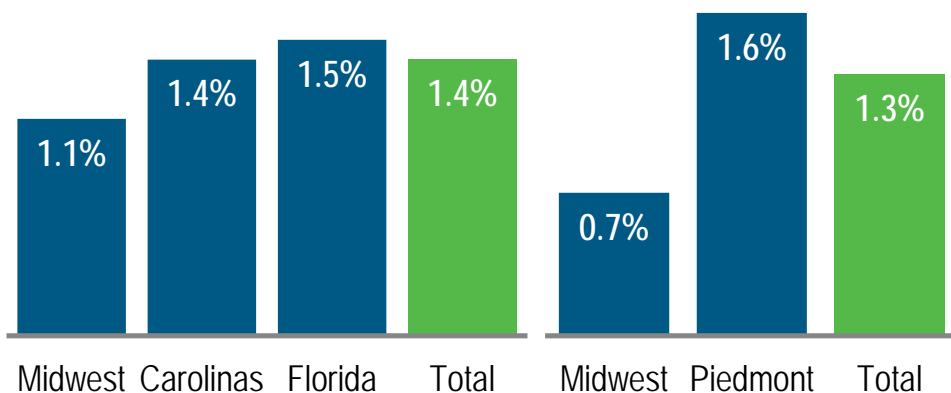
Rolling 12 Month Retail Electric Volume Growth



Annual Growth in Number of Residential Customers

Electric Utilities

Gas Utilities



RESIDENTIAL

- Continued increase in average number of customers drives growth for electric and gas utilities
 - Partially offset by lower energy usage per customer in electric utilities
- Continued strong growth in single family building permits with all jurisdictions ranked in the top 15 nationally; single family starts continue to outperform multi-family starts

COMMERCIAL

- Office vacancies continue to decline even as new office space is being added
- With ongoing growth in the residential customer class, we continue to see growth across most general service categories

INDUSTRIAL

- Industries supporting sales to U.S. consumers (construction, home furnishings) are showing resilience as the job market and incomes continue to improve

Excluding the impact of the leap day in the prior year, rolling 12 month retail electric volumes were up 0.9%



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**RATE CASE
FILED**
JUNE 1, 2017
DUKE ENERGY
PROGRESS
NORTH CAROLINA



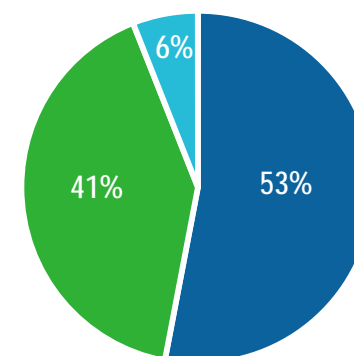
**30-DAY NOTICE
FILED**
JULY 25, 2017
DUKE ENERGY
CAROLINAS
NORTH CAROLINA

DUKE ENERGY PROGRESS RATE CASE OVERVIEW

Retail revenue increase requested	\$477 M (+14.9%)
Return on equity requested	10.75%
Equity component of capital structure	53%
Proposed rate base ⁽¹⁾	~\$8.1 B
Hearing begins	Nov. 20, 2017
Rates expected to be in effect, if approved	Feb. 1, 2018

- Significant plant additions and changes (\$253 million)
- Coal ash basin closure costs ⁽²⁾ (\$195 million)
- All other changes to rate base, operating costs, and operating revenues, including 2016 storm deferral (\$29 million)

DEP-NC Rate Case Drivers



(1) As of Dec. 31, 2016 and adjusted for known and measurable changes through Aug. 31, 2017

(2) Coal ash basin closure costs include \$67 million to recover previously incurred expenses over a five year period, and \$129 million for ongoing expenses (based on actual 2016 expenses)

DUK
LISTED
NYSE

A SOLID LONG-TERM HOLDING



SUPPORTED BY THE STRENGTH OF OUR BALANCE SHEET

(1) As of Aug. 1, 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.



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Update on Key 2017 Assumptions

Key 2017 adjusted earnings guidance assumptions

(\$ in millions)	Original 2017 assumptions ⁽¹⁾	2017 YTD (thru 6/30/2017)
Adjusted segment income/(expense) ⁽²⁾:		
Electric Utilities & Infrastructure	\$3,109	\$1,364
Gas Utilities & Infrastructure	\$282	\$160
Commercial Renewables	\$99	\$51
Other	(\$268)	(\$142)
Duke Energy Consolidated	\$3,222	\$1,433
Additional consolidated information:		
Interest expense	\$1,974	\$977
Adjusted effective tax rate	32-33%	32.4%
Debt AFUDC and capitalized interest	\$124	\$68
AFUDC equity	\$278	\$125
Capital expenditures ⁽³⁾⁽⁴⁾	\$9,425	\$4,463
Weighted-average shares outstanding	~700 million	~700 million

(1) As disclosed on Feb. 16, 2017

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

(3) Includes debt AFUDC and capitalized interest. Original 2017 assumption includes ~\$650 million of 2017 projected coal ash closure spend

(4) Includes coal ash closure spend of \$245 million in 2017 YTD that was included in operating cash flows

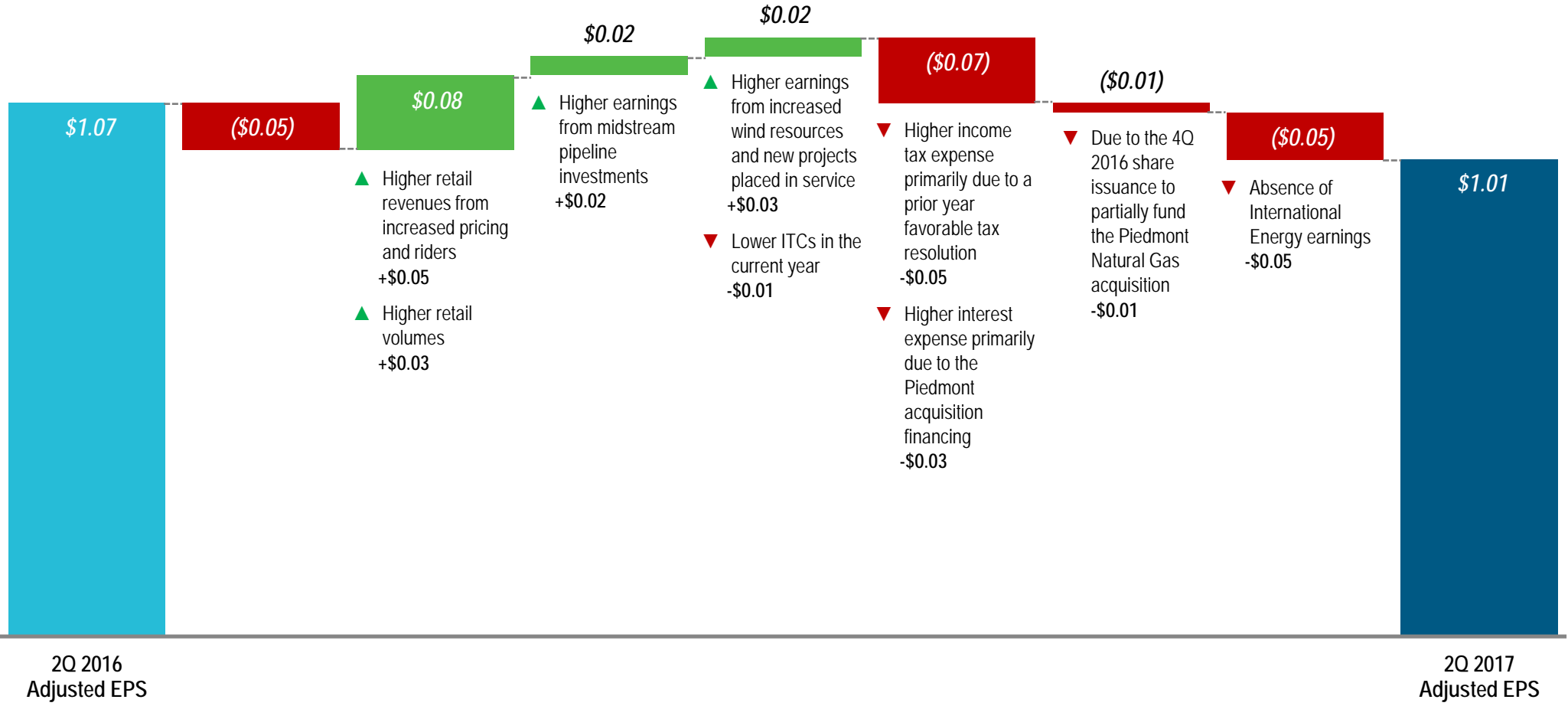
Driver		EPS Impact
Electric Utilities & Infrastructure	1% change in earned return on equity	+/- \$0.40
	\$1 billion change in rate base	+/- \$0.08
	1% change in Electric Utilities volumes	+/- \$0.10
Gas Utilities & Infrastructure	1% change in earned return on equity	+/- \$0.04
	\$200 million change in rate base	+/- \$0.01
	1% change in number of new customers	+/- \$0.01
Consolidated	1% change in interest rates ⁽¹⁾	+/- \$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

2Q 2017 Supplemental Data

2Q 2016 – 2Q 2017 adjusted diluted EPS waterfall

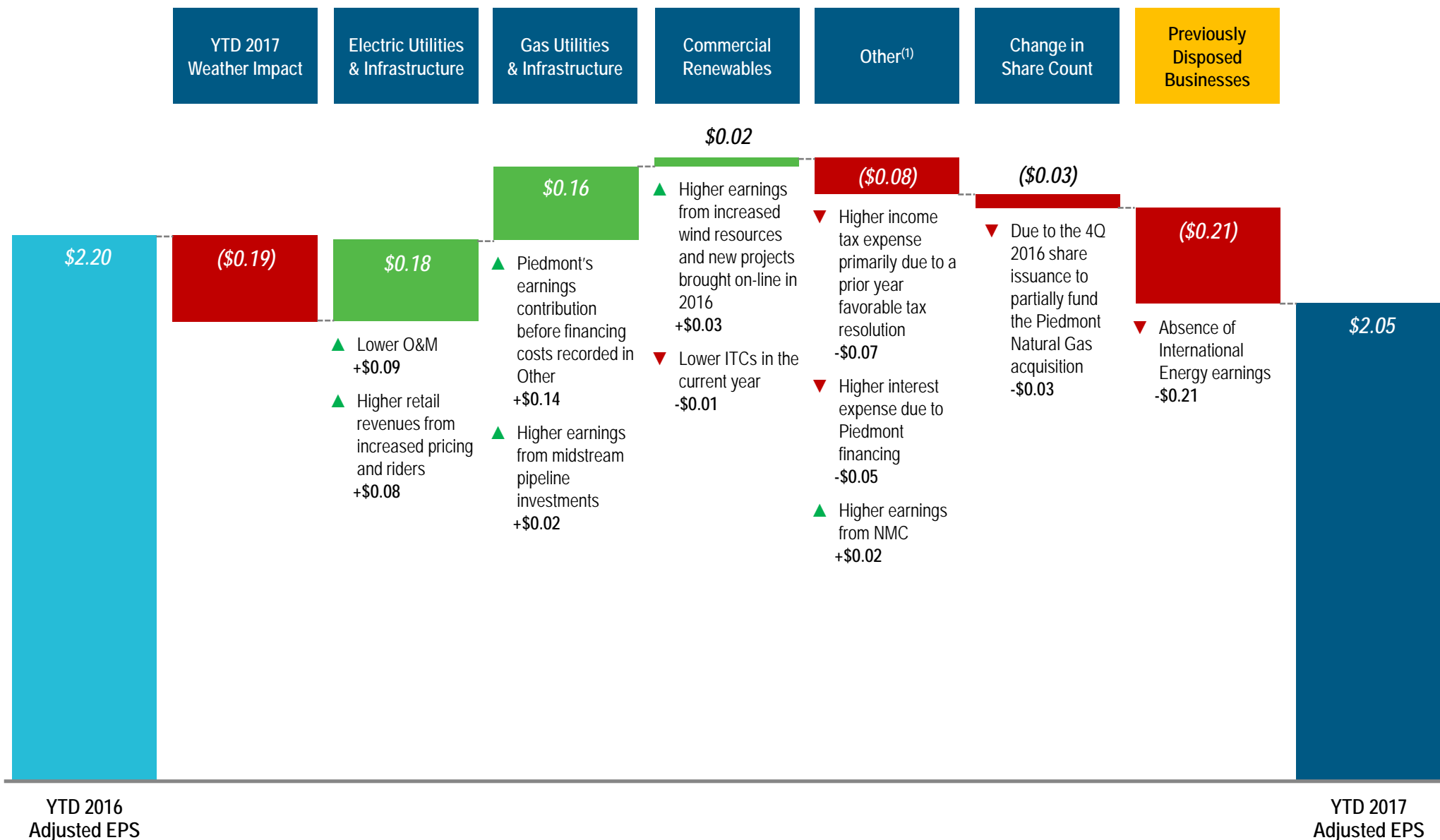


2Q 2016 Adjusted EPS

2Q 2017 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

YTD 2016 – YTD 2017 adjusted diluted EPS waterfall



YTD 2016
Adjusted EPS

YTD 2017
Adjusted EPS

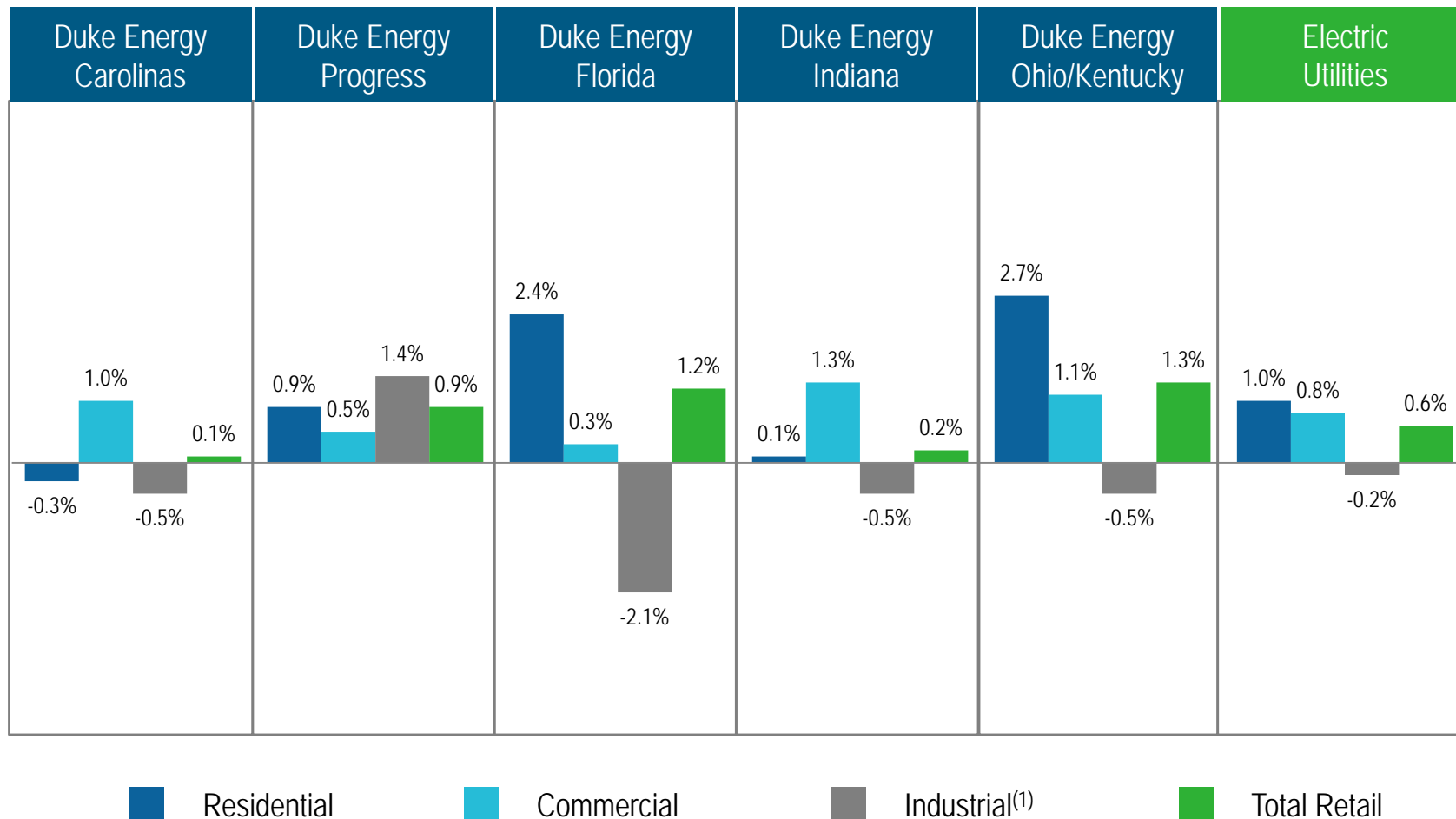
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Weather segment income to normal:	2017			2016		
	Pretax impact	Weighted avg. diluted shares	EPS impact – favorable / (unfavorable)	Pretax impact	Weighted avg. shares	EPS impact – favorable / (unfavorable)
First Quarter	(\$175)	700	(\$0.15)	(\$10)	689	(\$0.01)
Second Quarter	(\$5)	700	(\$0.01)	\$40	690	\$0.04
Third Quarter				\$190	691	\$0.17
Fourth Quarter				(\$70)	699	(\$0.06)
Year-to-Date ⁽¹⁾	(\$180)	700	(\$0.16)	\$150	691	\$0.14

2Q 2016	Duke Energy Carolinas		Duke Energy Progress		Duke Energy Florida		Duke Energy Indiana		Duke Energy Ohio/KY	
Heating degree days / Variance from normal	200	(9.5%)	179	(5.3%)	--	(100.0%)	522	6.1%	475	5.8%
Cooling degree days / Variance from normal	570	17.3%	576	8.7%	1,112	8.0%	376	14.6%	372	14.5%
2Q 2017	Duke Energy Carolinas		Duke Energy Progress		Duke Energy Florida		Duke Energy Indiana		Duke Energy Ohio/KY	
Heating degree days / Variance from normal	131	(40.5%)	83	(55.7%)	1	(94.1%)	372	(24.6%)	313	(30.4%)
Cooling degree days / Variance from normal	524	6.3%	647	21.1%	1,079	4.5%	323	(2.2%)	332	1.2%

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

Rolling Twelve Months, as of June 30, 2017



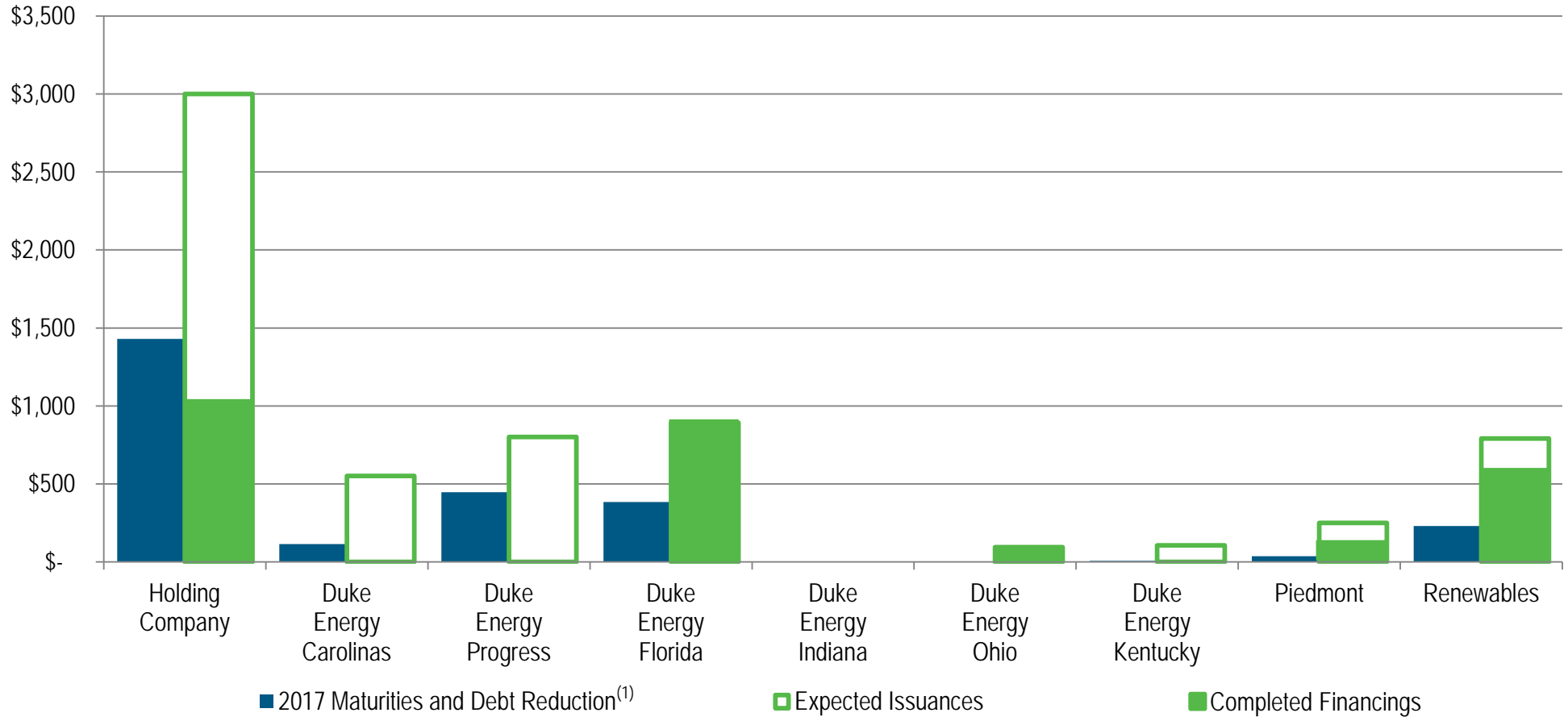
(1) Industrial weakness primarily related to several large phosphate customers at Duke Energy Florida who have been impacted by mine closures in the face of weakness in the agriculture industry

	Pre-Filing Notice	Filed Rate Case	Intervenor Testimony	Duke Rebuttal Testimony	Evidentiary Hearings Begin	Notes
DEP NC	May 2, 2017	June 1, 2017	Oct. 20, 2017	Nov. 6, 2017	Nov. 20, 2017	<ul style="list-style-type: none"> • Docket: E-2 Sub 1142 • Base rate case • Rates effective Feb. 1, 2018, if approved
DEC NC	July 25, 2017	---	---	---	---	<ul style="list-style-type: none"> • Docket: E-7 Sub 1146 • Base rate Case
DEO	Jan. 31, 2017	March 2, 2017	---	---	---	<ul style="list-style-type: none"> • Docket: Case No. 17-32-EL-AIR • Distribution rate case • Procedural schedule not yet issued • The filing will consolidate recovery from certain existing capital riders into base rates
DEK	Aug. 1, 2017	Sept. 1, 2017 est.	---	---	---	<ul style="list-style-type: none"> • Docket: Case No. 2017-00321 • Base rate Case

Financial Supplement

2017 financing plan (as of June 30, 2017)

(\$ in millions)



■ 2017 Maturities and Debt Reduction⁽¹⁾ □ Expected Issuances ■ Completed Financings

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

Amount (\$ in millions)	Entity	Date Issued	Credit Ratings (M/S&P, unless otherwise noted)	Term	Type	Rate
\$650	DE Florida	January 2017	A1/A	10 Year	First Mortgage Bond	Fixed – 3.200%
\$250	DE Florida	January 2017	A1/A	3 Year	First Mortgage Bond	Fixed – 1.850%
\$100	DE Ohio	March 2017	A2/A	29.2 Year ⁽¹⁾	First Mortgage Bond	Fixed – 3.70%
\$587	Texoma Wind	February 2017	BBB- ⁽²⁾	17.4 Year ⁽³⁾	Secured	Fixed – 4.12%
\$420	Holdco ⁽⁴⁾	April 2017	N/A	8 Year	Senior Notes	Fixed – 3.364%
\$330	Holdco ⁽⁴⁾	June 2017	Baa1/BBB+	3 Year	Senior Notes	Fixed – 2.100%
\$270 ⁽⁵⁾	Holdco	June 2017	N/A	3 Year	Revolving Credit Facility	Floating
\$125 ⁽⁶⁾	Piedmont	June 2017	N/A	1.5 Year	Term Loan	Floating

(1) Re-opener of \$250 million 3.70% first mortgage bonds originally issued in June 2016 and due 2046

(2) As rated by Kroll Bond Rating Agency, Inc.

(3) Notes are amortizing, represents final year of maturity

(4) Issuance privately placed

(5) Amount drawn on a \$1 billion revolving credit facility

(6) Amount drawn on a \$250 million term loan

Liquidity summary (as of June 30, 2017)



(\$ 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 ⁽¹⁾	\$ 3,150	\$ 1,350	\$ 1,250	\$ 700	\$ 600	\$ 300	\$ 150	\$ 500	\$ 8,000
Less: Notes payable and commercial paper ⁽²⁾	(1,392)	(732)	(661)	-	(150)	-	(45)	(135)	(3,115)
Coal Ash Set-Aside	-	(250)	(250)	-	-	-	-	-	(500)
Outstanding letters of credit (LOCs)	(59)	(4)	(2)	(1)	-	-	-	(2)	(68)
Tax-exempt bonds	-	-	-	-	(81)	-	-	-	(81)
Available capacity	\$ 1,699	\$ 364	\$ 337	\$ 699	\$ 369	\$ 300	\$ 105	\$ 363	\$ 4,236
Other Credit Facilities ⁽³⁾	\$ 1,000							\$ 250	\$ 1,250
Less: Borrowings Under Credit Facilities	(270)							(125)	(395)
Available capacity	\$ 730	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125	\$ 855
Cash & short-term investments ⁽⁴⁾									194
Total available liquidity									\$ 5,285

(1) Master Credit Facility supports tax-exempt put bonds, LOCs and the Duke Energy commercial paper program of \$4.85 billion

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

(3) Duke Energy's 3-year funded revolver of \$1 billion and Piedmont's 18-month term loan of \$250 million

(4) Represents cash available to meet funding needs

Other Information

Event	Date
3Q 2017 earnings call (tentative)	November 3, 2017
EEI Financial Conference	November 5-7, 2017

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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, including those related to 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 rate case proceedings and 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; 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 sustained downturns of the economy and the economic health of our service territories or variations in customer usage patterns, including energy efficiency efforts and use of alternative energy sources, such as 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 private solar and battery storage, in Duke Energy's 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, including the financial stability of third party service providers; the timing and extent of changes in commodity prices and interest 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; the ability to successfully integrate the natural gas businesses following the acquisition of Piedmont Natural Gas Company, Inc. and realize anticipated benefits; and the ability to implement our business strategy.

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. 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

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

Adjusted Diluted Earnings per Share (EPS)

The materials for Duke Energy Corporation's (Duke Energy) Second Quarter Earnings Review and Business Update on August 3, 2017, include a discussion of adjusted diluted EPS for the quarters and year-to-date periods ended June 30, 2017 and 2016.

The non-GAAP financial measure, adjusted diluted EPS, represents diluted EPS from continuing operations attributable to Duke Energy Corporation common stockholders, adjusted for the per share impact of special items. As discussed below, special items represent certain charges and credits, which management believes are not indicative of Duke Energy's ongoing performance.

Management believes the presentation of adjusted diluted EPS provides useful information to investors, as it provides them with an additional relevant comparison of Duke Energy's performance across periods. Management uses this non-GAAP financial measure for planning and forecasting and for reporting financial results to the Duke Energy Board of Directors (Board of Directors), employees, stockholders, analysts and investors. Adjusted diluted EPS is also used as a basis for employee incentive bonuses. The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS attributable to Duke Energy Corporation common stockholders. Reconciliations of adjusted diluted EPS for the quarters and year-to-date periods ended June 30, 2017 and 2016, to the most directly comparable GAAP measures are included herein.

Special items included in the periods presented include the following items, which management believes do not reflect ongoing costs:

- Costs to Achieve Mergers represent charges resulting from strategic acquisitions.
- Cost Savings Initiatives represent severance charges related to company-wide initiatives, excluding merger integration, to standardize processes and systems, leverage technology and workforce optimization.

Adjusted diluted EPS also include operating results of the Latin American generation business (International Disposal Group), which have been classified as discontinued operations. Management believes inclusion of the operating results of the Disposal Group within adjusted diluted EPS results in a better reflection of Duke Energy's financial performance during the period.

Adjusted Diluted EPS Guidance

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 3, 2017, include a reference to the forecasted 2017 adjusted diluted EPS guidance 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 Second Quarter Earnings Review and Business Update on August 3, 2017, include a discussion of adjusted segment income and adjusted other net expense for the quarter and year-to-date periods ended June 30, 2017 and a discussion of forecasted adjusted segment income and forecasted adjusted net expense.

Adjusted segment income and adjusted other net expense are non-GAAP financial measures, as they represent reported segment income and other net expense adjusted for special items (as discussed above under Adjusted Diluted EPS). Management believes the presentation of adjusted segment income and adjusted other net expense provides useful information to investors, as it provides an additional relevant comparison of a segment's or Other's performance across periods. When an EPS amount is provided for a segment income driver, the per share impact is derived by taking the pretax amount of the item less income taxes based on the consolidated statutory tax rate of 38 percent, except for Duke Energy Renewables, which uses an effective tax rate, divided by the Duke Energy weighted-average diluted shares outstanding for the period. The most directly comparable GAAP measures for adjusted segment income and adjusted other net expense are reported segment income and other net expense, which represents segment income and other net expense from continuing operations, including any special items. A reconciliation of adjusted segment income and adjusted other net expense for the quarter and year-to-date periods ended June 30, 2017, to the most directly comparable GAAP measures is included herein. Due to the forward-looking nature of any forecasted adjusted segment income and forecasted other net expense and any related growth rates for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures are not available at this time, as the company is unable to forecast all special items, as discussed above under Adjusted Diluted EPS Outlook.

Adjusted Effective Tax Rate (ETR)

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 3, 2017 include a discussion of the adjusted ETR for the quarter and year-to-date periods ended June 30, 2017. The materials also include a discussion of the 2017 forecasted adjusted ETR. Adjusted ETR is a non-GAAP financial measure as the rate is calculated using a pretax earnings and income tax expense, both adjusted for the impact of special items, as discussed above under Adjusted Diluted EPS. The most directly comparable GAAP measure for adjusted ETR is reported effective tax rate. A reconciliation of the adjusted ETR for the quarter and year-to-date periods ended June 30, 2017 to the most directly comparable GAAP measure is included herein. Due to the forward-looking nature of the 2017 forecasted adjusted ETR, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items, as discussed above under Adjusted Diluted EPS Outlook.

Available Liquidity

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 3, 2017 include a discussion of Duke Energy's available liquidity balance. The available liquidity balance presented is a non-GAAP financial measure as it represents Cash and cash equivalents, excluding amounts unavailable for operations, and remaining availability under the master credit and other facilities. The most directly comparable GAAP financial measure for available liquidity is Cash and cash equivalents. A reconciliation of available liquidity as of June 30, 2017 to the most directly comparable GAAP measure is included herein.

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

	Reported Earnings	Special Item Costs to Achieve Piedmont Merger	Discontinued Operations	Total Adjustments	Adjusted Earnings
SEGMENT INCOME					
Electric Utilities and Infrastructure	\$ 729	\$ —	\$ —	\$ —	\$ 729
Gas Utilities and Infrastructure	27	—	—	—	27
Commercial Renewables	26	—	—	—	26
Total Reportable Segment Income	782	—	—	—	782
Other	(94)	19 A	—	19	(75)
Discontinued Operations	(2)	—	2 B	2	—
Net Income Attributable to Duke Energy Corporation	\$ 686	\$ 19	\$ 2	\$ 21	\$ 707
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 0.98	\$ 0.03	\$ —	\$ 0.03	\$ 1.01

A - Net of \$11 million tax benefit. \$30 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

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

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

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

	Reported Earnings	Special Item Costs to Achieve Piedmont Merger	Discontinued Operations	Total Adjustments	Adjusted Earnings
SEGMENT INCOME					
Electric Utilities and Infrastructure	\$ 1,364	\$ —	\$ —	\$ —	\$ 1,364
Gas Utilities and Infrastructure	160	—	—	—	160
Commercial Renewables	51	—	—	—	51
Total Reportable Segment Income	1,575	—	—	—	1,575
Other	(171)	29 A	—	29	(142)
Discontinued Operations	(2)	—	2 B	2	—
Net Income Attributable to Duke Energy Corporation	\$ 1,402	\$ 29	\$ 2	\$ 31	\$ 1,433
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 2.00	\$ 0.05	\$ —	\$ 0.05	\$ 2.05

A - Net of \$17 million tax benefit. \$45 million recorded within Operating Expenses and \$1 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations.

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

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

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

	<u>Special Items</u>						Total Adjustments	Adjusted Earnings
	Reported Earnings	Costs to Achieve Mergers	Cost Savings Initiatives	International Energy Operations	Discontinued Operations			
SEGMENT INCOME								
Electric Utilities and Infrastructure	\$ 704	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 704
Gas Utilities and Infrastructure	16	—	—	—	—	—	—	16
Commercial Renewables	11	—	—	—	—	—	—	11
Total Reportable Segment Income	731	—	—	—	—	—	—	731
International Energy	—	—	—	31 C	—	—	31	31
Other	(107)	69 A	15 B	—	—	—	84	(23)
Discontinued Operations	(115)	—	—	(31) C	146 D	—	115	—
Net Income Attributable to Duke Energy Corporation	\$ 509	\$ 69	\$ 15	\$ —	\$ 146	\$ —	\$ 230	\$ 739
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 0.74	\$ 0.10	\$ 0.02	\$ —	\$ 0.21	\$ —	\$ 0.33	\$ 1.07

A - Net of \$42 million tax benefit. Includes \$28 million recorded within Operating Expenses and \$83 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations. The interest expense primarily relates to losses on forward-starting interest rate swaps associated with the Piedmont acquisition financing.

B - Net of \$9 million tax benefit. Consists of severance costs recorded within Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

C - Net of \$35 million tax expense. Operating results of the International Disposal Group, which exclude the impairment described below, recorded within Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

D - Recorded in (Loss) Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations. Includes an impairment charge related to certain assets in Central America.

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

DUKE ENERGY CORPORATION
REPORTED TO ADJUSTED EARNINGS RECONCILIATION
Six Months Ended June 30, 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			
SEGMENT INCOME							
Electric Utilities and Infrastructure	\$ 1,368	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,368
Gas Utilities and Infrastructure	48	—	—	—	—	—	48
Commercial Renewables	37	—	—	—	—	—	37
Total Reportable Segment Income	1,453	—	—	—	—	—	1,453
International Energy	—	—	—	148 C	—	148	148
Other	(255)	143 A	27 B	—	—	170	(85)
Discontinued Operations	5	—	—	(148) C	143 D	(5)	—
Net Income Attributable to Duke Energy Corporation	\$ 1,203	\$ 143	\$ 27	\$ —	\$ 143	\$ 313	\$ 1,516
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 1.74	\$ 0.21	\$ 0.04	\$ —	\$ 0.21	\$ 0.46	\$ 2.20

A - Net of \$88 million tax benefit. Includes \$1 million recorded within Operating Revenues, \$47 million recorded within Operating Expenses and \$183 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations. The interest expense primarily relates to losses on forward-starting interest rate swaps associated with the Piedmont acquisition financing.

B - Net of \$17 million tax benefit. Consists of severance costs recorded within Operation, maintenance and other on the Condensed Consolidated Statements of Operations.

C - Includes \$4 million tax benefit. Operating results of the International Disposal Group, which exclude the impairment described below, recorded within Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

D - Recorded in (Loss) Income from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations. Includes an impairment charge related to certain assets in Central America.

Weighted Average Shares Outstanding, Diluted (reported and adjusted) - 689 million

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

	Three Months Ended June 30, 2017		Six Months Ended June 30, 2017	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
Reported Income From Continuing Operations Before Income Taxes	\$ 1,018		\$ 2,079	
Costs to Achieve Piedmont Merger	30		46	
Noncontrolling Interests	(3)		(4)	
Adjusted Pretax Income	<u>\$ 1,045</u>		<u>\$ 2,121</u>	
Reported Income Tax Expense From Continuing Operations	\$ 327	32.1%	\$ 671	32.3%
Costs to Achieve Piedmont Merger	11		17	
Adjusted Tax Expense	<u>\$ 338</u>	32.3% *	<u>\$ 688</u>	32.4% *

	Three Months Ended June 30, 2016		Six Months Ended June 30, 2016	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
Reported Income From Continuing Operations Before Income Taxes	\$ 877		\$ 1,706	
Costs to Achieve Mergers	111		231	
Cost Savings Initiatives	24		44	
International Energy Operations	66		144	
Noncontrolling Interests	—		(3)	
Adjusted Pretax Income	<u>\$ 1,078</u>		<u>\$ 2,122</u>	
Reported Income Tax Expense From Continuing Operations	\$ 253	28.8%	\$ 505	29.6%
Costs to Achieve Mergers	42		88	
Cost Savings Initiatives	9		17	
International Energy Operations	35		(4)	
Adjusted Tax Expense	<u>\$ 339</u>	31.4% *	<u>\$ 606</u>	28.6% *

*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 June 30, 2017
(In millions)

Cash and Cash Equivalents	\$ 298	
Less: Certain Amounts Held in Foreign Jurisdictions	(65)	
Less: Unavailable Domestic Cash	<u>(39)</u>	
	194	
Plus: Remaining Availability under Master Credit Facilities and other facilities	<u>5,091</u>	
Total Available Liquidity (a)	<u><u>\$ 5,285</u></u>	(approximately 5.3 billion)

(a) The available liquidity balance presented is a non-GAAP financial measure as it represents Cash and cash equivalents, excluding certain amounts held in foreign jurisdictions and cash otherwise unavailable for operations, and remaining availability under Duke Energy's available credit facilities, including the master credit facility. The most directly comparable GAAP financial measure for available liquidity is Cash and cash equivalents.