

A large field of solar panels stretching towards a line of trees under a blue sky with light clouds. The panels are arranged in neat rows and are tilted slightly towards the viewer.

SECOND QUARTER EARNINGS REVIEW AND BUSINESS UPDATE

AUG. 2, 2018

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/.



BUILDING A **SMARTER** ENERGY FUTURESM

BUSINESS UPDATE

Lynn Good, Chairman, President & CEO

- Execution on 2018 commitments
- Update on North Carolina regulatory activity
- Progress on strategic investments

FINANCIAL UPDATE

Steve Young, Executive VP & CFO

- Second quarter 2018 earnings drivers
- Economic conditions and load growth trends
- Status of tax reform proceedings
- Update on financing plan
- Key investor considerations

CAROLINAS RATE CASES



- ✓ Constructive outcomes in DEP-NC and DEC-NC rate cases

TAX REFORM



- ✓ Constructive outcomes in Florida, Carolinas and Kentucky
- ✓ Settlement pending in Indiana

BALANCE SHEET STRENGTH



- ✓ Moody's affirms ratings and stable outlook at HoldCo
- ✓ FFO/Debt of 15-16% by 2019

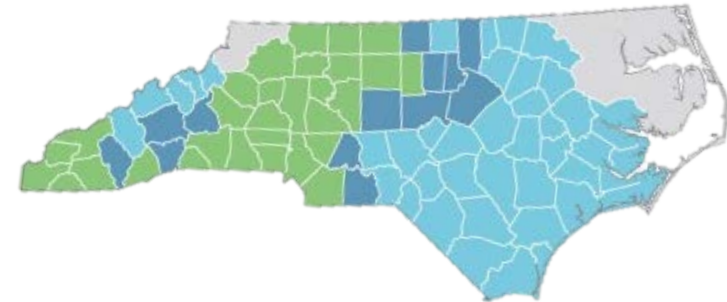
...AS WE REMAIN ON TRACK TO ACHIEVE OUR FINANCIAL OBJECTIVES

- ✓ 2Q18 reported diluted EPS of \$0.71; adjusted diluted EPS of \$0.93
- ✓ On track to achieve 2018 EPS guidance range of \$4.55 - \$4.85 and long-term growth of 4-6%⁽¹⁾
- ✓ Increased dividend 4.2%

(1) Based on adjusted diluted EPS and off of the \$4.60 midpoint of the original 2017 guidance range

MAJOR COMPONENTS OF DEC ORDER

- Approved 9.9% ROE on 52% equity component of the capital structure
- Deferred coal ash costs amortized over 5 years, with full debt and equity return
- Ongoing coal ash costs to be deferred with a full return⁽¹⁾ for consideration in a future rate case
- Approved Lee Nuclear project cancellation with recovery of development costs over 12 years
- Timing of return of federal EDIT to be considered in three years or next rate case, whichever is sooner
- Approved smart meter cost recovery and Customer Connect deferral; provided considerations for potential deferral of other grid costs
- Rates effective Aug. 1, 2018



■ Overlapping service territories

Continuing to build support for grid investment that drives customer benefits in N.C.

(1) For GAAP purposes only recognize debt return during deferral period. Equity return recognized as customers are billed in the future



ELECTRIC UTILITIES & INFRASTRUCTURE

- Citrus County CCGT on track for 2018 CODs (DEF)
- Western Carolinas Modernization Project on track for 2019 COD (DEP)
- Launched HB 589 RFP in N.C. July 10 (DEC & DEP)
 - First tranche is 680 MW
 - Bids due Sept. 11
 - Projects to be placed in service by Jan. 1, 2021
- Filed for Solar BRA increases for first two projects at DEF (149 MW total)

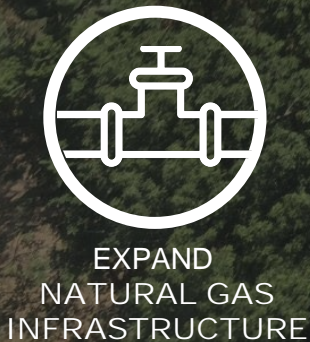
COMMERCIAL RENEWABLES

- Achieved COD for 25 MW Shoreham solar project July 1 – including tax equity financing

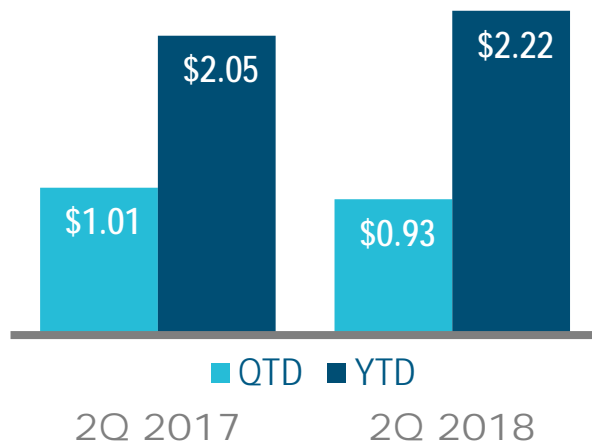


GAS UTILITIES & INFRASTRUCTURE

- Atlantic Coast Pipeline (ACP)
 - Received FERC approval for construction on mainline in W.Va. and N.C. – construction underway
 - Construction on compressor and metering & regulating stations in W.Va. and N.C. underway
 - Awaiting Erosion and Sedimentation plan approval in Va.
 - Targeting Q4 2019 in service date
- Robeson County LNG announced in North Carolina
 - \$250 million investment at Piedmont Natural Gas
 - Construction to begin in 2019 with 2021 in service expected



ADJUSTED DILUTED EARNINGS PER SHARE



ON TRACK

TO ACHIEVE 2018 EPS GUIDANCE RANGE OF \$4.55 - \$4.85 ⁽²⁾

SEGMENT RESULTS VS. PRIOR YEAR QUARTER ⁽¹⁾

Electric Utilities & Infrastructure, -\$18 M (-\$0.03 per share)

- ▼ Higher depreciation and amortization, primarily due to a growing asset base
- ▼ Higher O&M, primarily due to higher storm costs
- ▼ Resolution of FERC accounting matters
- ▼ Lower AFUDC equity
- ▲ Weather
- ▲ Higher rider revenues
- ▲ Contribution from the DEP rate case

Gas Utilities & Infrastructure, +\$1 M (flat)

Commercial Renewables, +\$12 M (+\$0.02 per share)

- ▲ Favorable settlement on contractual agreement

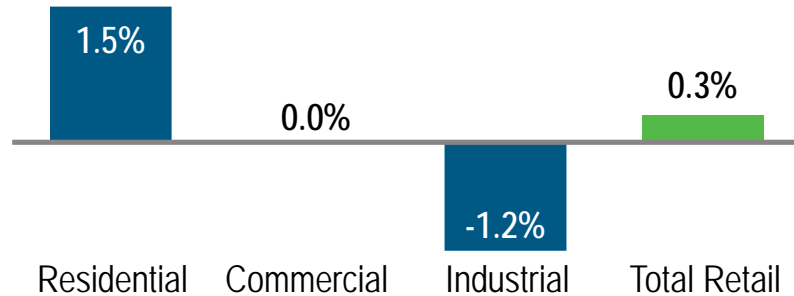
Other, -\$46 M (-\$0.07 per share)

- ▼ Lower tax shield on holding company interest as a result of the Tax Act
- ▼ Higher interest expense

⁽¹⁾ Detailed drivers of adjusted segment income (loss) are available in the 2Q 2018 earnings release located on our Investor Relations website at www.duke-energy.com/investors/

⁽²⁾ Based on adjusted diluted EPS

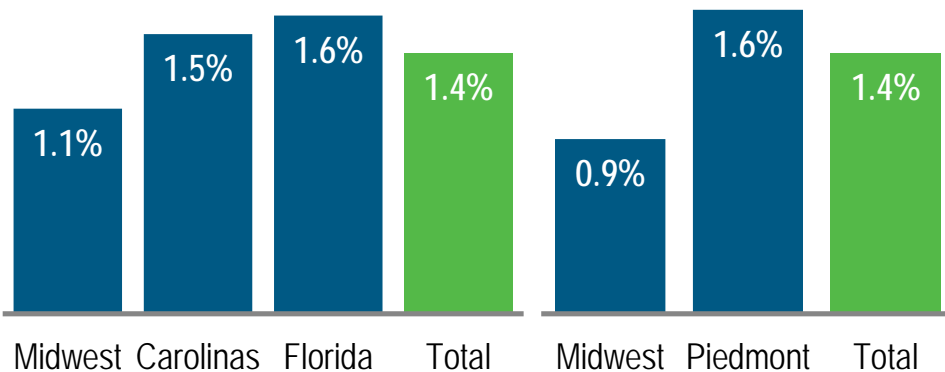
Rolling 12-Month Retail Electric Volume Growth



Annual Growth in Number of Residential Customers

Electric Utilities

Gas Utilities



RESIDENTIAL

- Increase in average number of customers drives volume growth for electric and gas utilities
 - Positive electric usage per customer in several jurisdictions

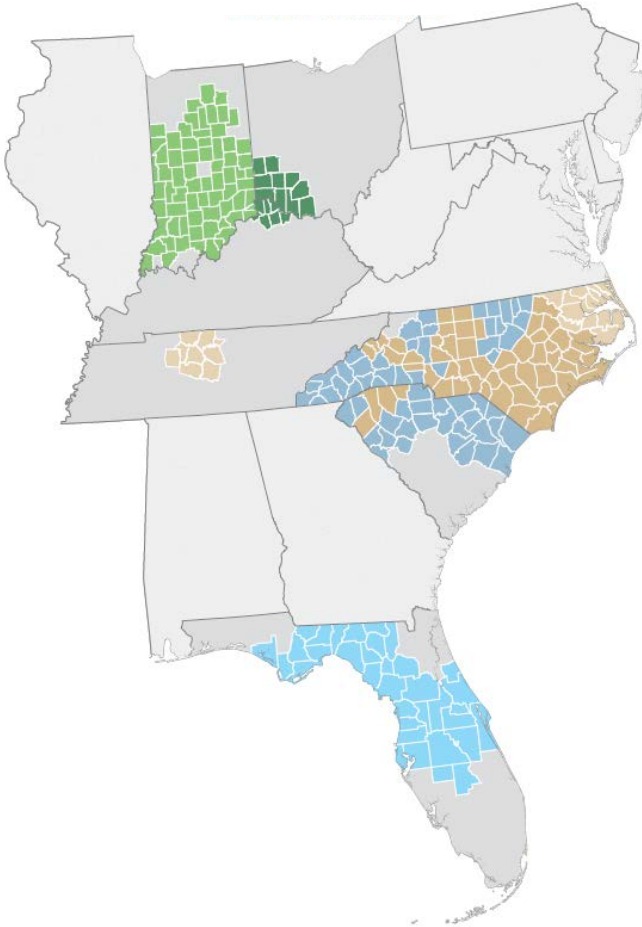
COMMERCIAL

- Strength in leisure and hospitality continues to offset weakness in big box retail stores
- Small business confidence is holding up well, and remains among the highest levels this business cycle

INDUSTRIAL

- Results impacted by the timing of production declines and temporary outage activities
- As curtailments roll off, expect growth within the sector to rebound in second half of the year

ELECTRIC & GAS UTILITIES SERVICE TERRITORIES



MIDWEST

Indiana
(Electric)

- ✓ Riders incorporate lower tax rate as they are filed
- ✓ Settlement filed June 27; awaiting Commission approval

Ohio
(Electric & Gas)

- ✓ Riders incorporate lower tax rate as they are filed
- Requested new rider to flow back remaining impacts (electric); awaiting Commission approval
- Remaining impacts to be determined in separate docket (gas)

Kentucky
(Electric & Gas)

- ✓ Electric resolved in rate case order April 13
- Gas to be determined in separate docket

SOUTHEAST

North Carolina
(Electric & Gas)

- ✓ Riders incorporate lower tax rate as they are filed
- ✓ DEC addressed in rate case order June 22
- DEP and Piedmont proposed deferring remaining impacts until next rate case

South Carolina
(Electric & Gas)

- ✓ S.C. utilities to address in next rate case (electric) or RSA filing (gas) per Commission order

Florida
(Electric)

- ✓ Utilizing tax change to recover Hurricane Irma costs, replenish storm reserve and accelerate depreciation of coal plants

Tennessee
(Gas)

- ✓ Riders incorporate lower tax rate as they are filed
- Proposed deferring remaining impacts until next rate case

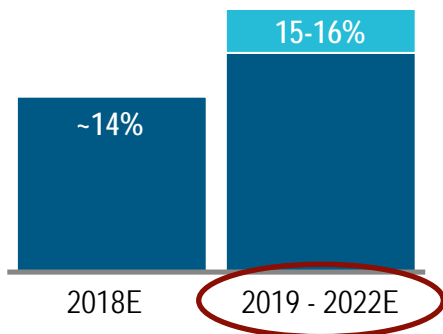
Tax reform largely addressed across our jurisdictions

CREDIT UPDATES

- Increased clarity from DEC and DEP orders and regulatory treatment of tax reform drive improved credit metric forecast
- Moody's affirmed ratings and stable outlook at HoldCo on Aug. 1

UPDATED FFO/DEBT CREDIT METRIC

Target: 15 - 16%



SUCCESSFULLY PRICED NEARLY ALL OF \$2 BILLION EQUITY TARGET FOR 2018

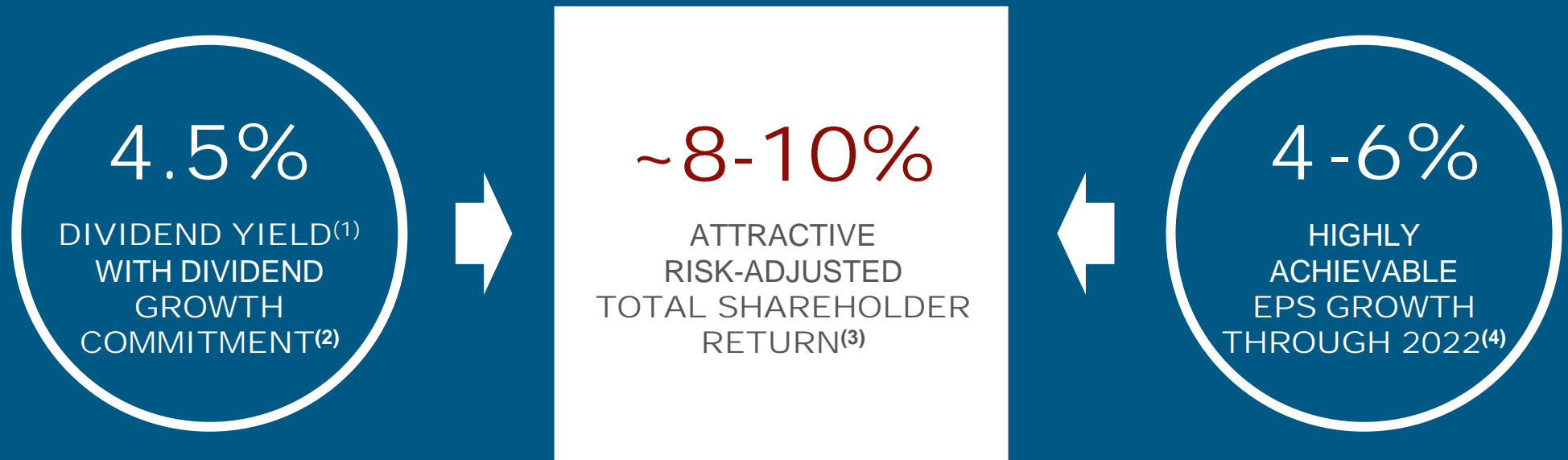
Equity issuance	Priced YTD	Equity Forward?	Issued YTD
March offering	\$1.6 B	Yes	\$800 M (June)
ATM	\$200 M	Yes	--
DRIP	\$90 M	No	\$90 M
Total	\$1.9 B		\$890 M

- Expect remaining forwards to be settled in Q4
- Continuing \$350 million DRIP/ATM equity per year 2019-2022
- No additional equity needs expected beyond the \$350 million annual DRIP/ATM programs

Moody's raised outlook and affirmed current ratings; now at stable outlook at both Moody's and S&P

DUK
L**I****S****T**
NYSE

A SOLID LONG-TERM HOLDING



CONSTRUCTIVE JURISDICTIONS, LOW-RISK REGULATED INVESTMENTS AND BALANCE SHEET STRENGTH

(1) As of July 31, 2018

(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 original 2017 guidance range of \$4.50-\$4.70

Item	Slide(s)
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Update on key 2018 assumptions

Key 2018 adjusted earnings guidance assumptions



(\$ in millions)	Original 2018 Assumptions ⁽¹⁾	2018 YTD (thru 6/30/2018)
Adjusted segment income/(loss) ⁽²⁾:		
Electric Utilities & Infrastructure	\$3,304	\$1,527
Gas Utilities & Infrastructure	\$319	\$186
Commercial Renewables	\$117	\$58
Other	(\$383)	(\$216)
Duke Energy Consolidated	\$3,357	\$1,555
Additional consolidated information:		
Interest expense	\$2,067	\$1,033
Adjusted effective tax rate	15-16%	16.8%
Debt AFUDC and capitalized interest	\$152	\$78
AFUDC equity	\$220	\$107
Capital expenditures ⁽³⁾⁽⁴⁾	\$10,950	\$4,623
Weighted-average shares outstanding	~714 million	~704 million

(1) Full year amounts for 2018, as disclosed on Feb. 20, 2018

(2) Adjusted net income for 2018 assumptions is based upon the midpoint of the adjusted diluted EPS guidance range of \$4.55 to \$4.85

(3) Includes debt AFUDC and capitalized interest

(4) 2018 YTD (thru 6/30/2018) includes ~\$230 million of coal ash closure spend. 2018 assumptions include ~\$700 million of projected coal ash closure spend

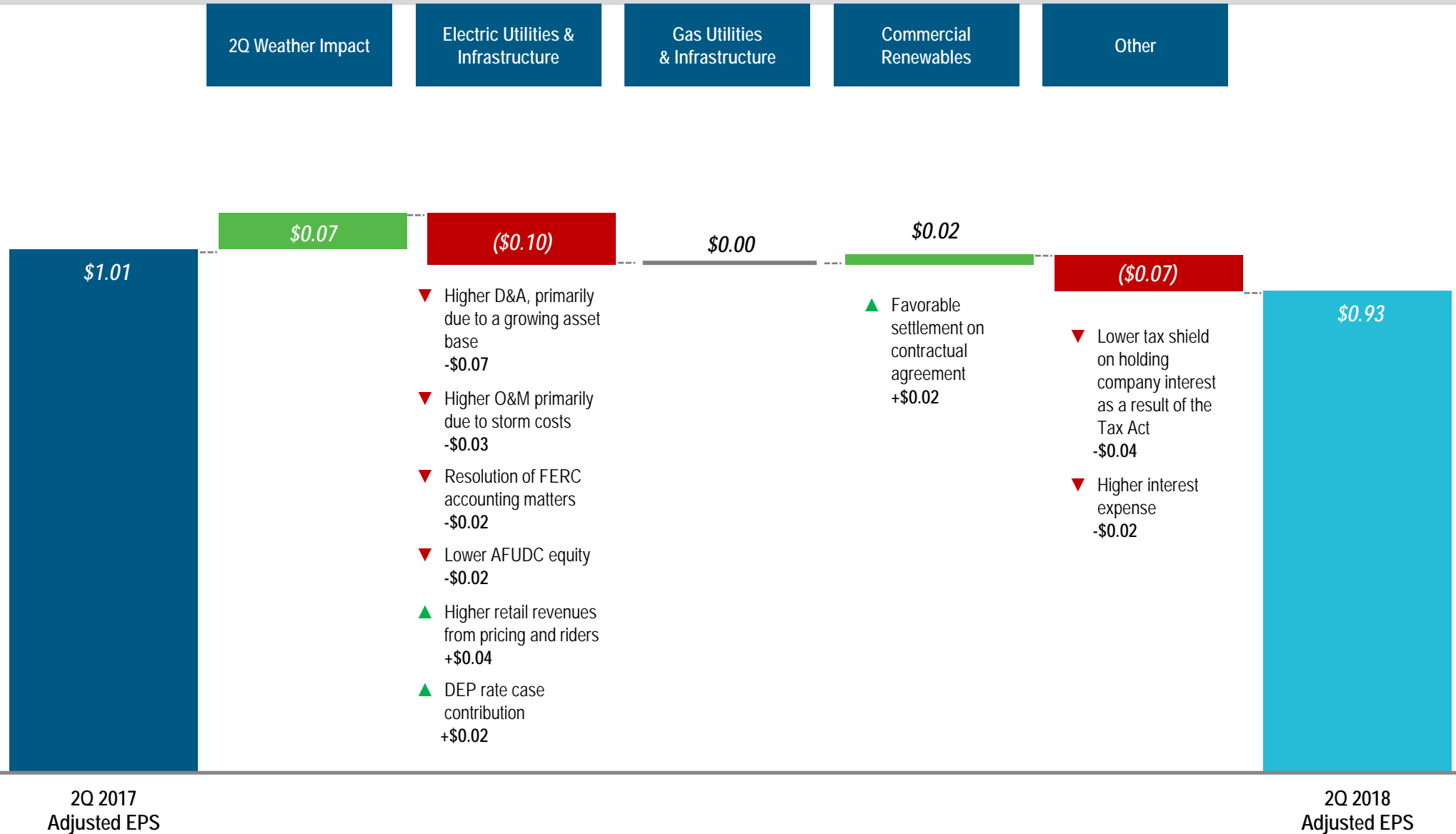
Driver		EPS Impact
Electric Utilities & Infrastructure	1% change in earned return on equity	+/- \$0.45
	\$1 billion change in rate base	+/- \$0.07
	1% change in Electric Utilities volumes	+/- \$0.12
Gas Utilities & Infrastructure	1% change in earned return on equity	+/- \$0.05
	\$200 million change in rate base	+/- \$0.01
	1% change in number of new customers	+/- \$0.01
Consolidated	1% change in interest rates ⁽¹⁾	+/- \$0.07

Note: EPS amounts based on forecasted 2018 share count of ~714 million shares

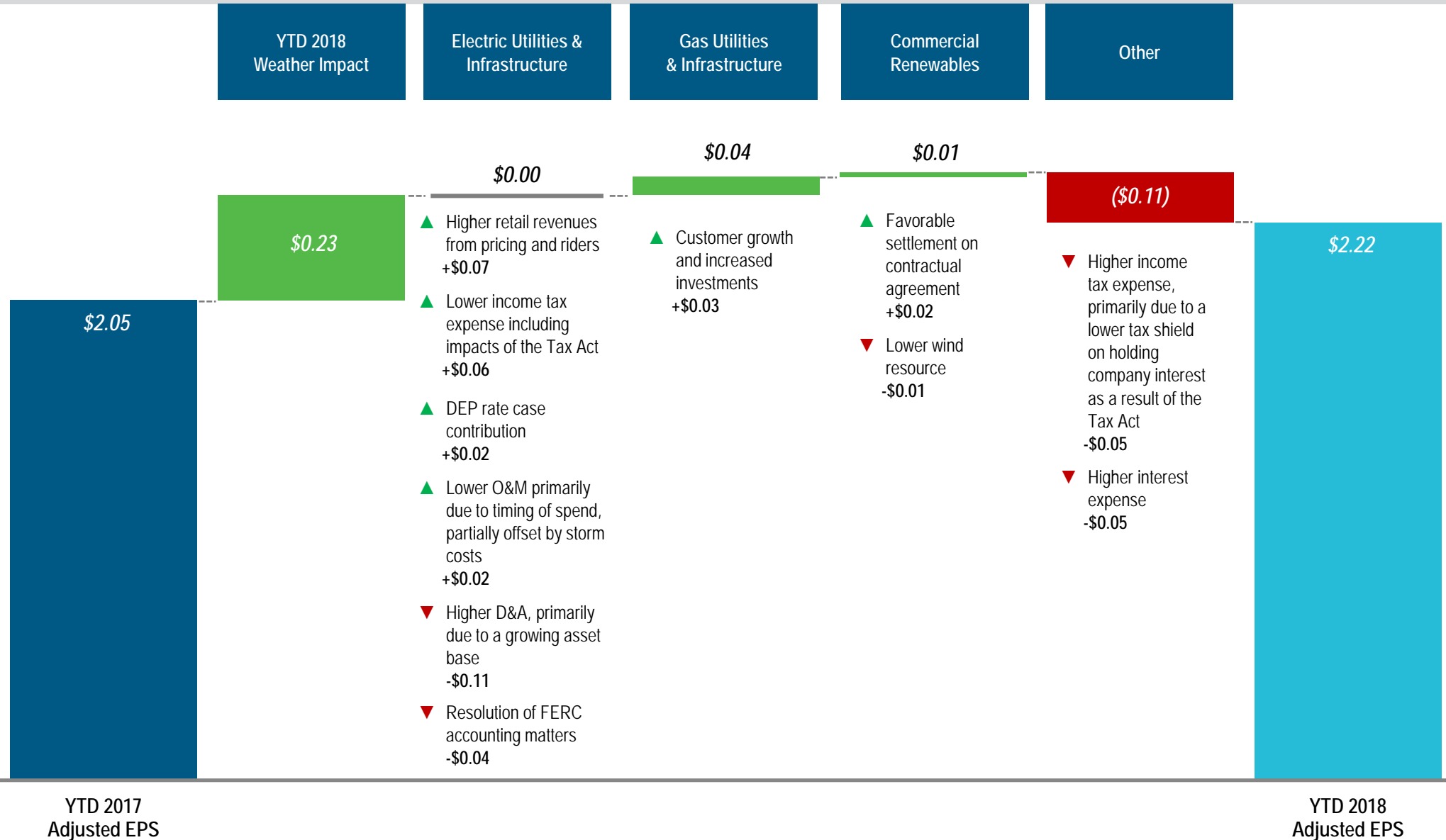
(1) Based on average variable-rate debt outstanding throughout the year

2Q 2018 supplemental data

2Q 2017 - 2Q 2018 adjusted diluted EPS waterfall



YTD 2017 - YTD 2018 adjusted diluted EPS waterfall



Electric utilities quarterly weather impacts



Weather segment income to normal:	2018			2017		
	Pretax impact	Weighted avg. diluted shares	EPS impact ⁽¹⁾ favorable / (unfavorable)	Pretax impact	Weighted avg. shares	EPS impact ⁽¹⁾ favorable / (unfavorable)
First Quarter	\$10	701	\$0.01	(\$175)	700	(\$0.15)
Second Quarter	\$90	704	\$0.10	(\$5)	700	(\$0.01)
Third Quarter				\$20 ⁽²⁾	700	\$0.02
Fourth Quarter				\$20	700	\$0.02
Year-to-Date ⁽³⁾	\$100	702	\$0.11	(\$140)	700	(\$0.12)

2Q 2018	Duke Energy Carolinas		Duke Energy Progress		Duke Energy Florida		Duke Energy Indiana		Duke Energy Ohio/KY	
Heating degree days / Variance from normal	208	(5.8%)	191	1.1%	2	(81.9%)	547	11.0%	497	9.9%
Cooling degree days / Variance from normal	638	30.0%	696	30.3%	1,052	1.2%	557	68.9%	539	64.2%
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) 2018 EPS impacts are based on the current year consolidated statutory tax rate. 2017 EPS impacts are based on the prior year consolidated statutory tax rate.

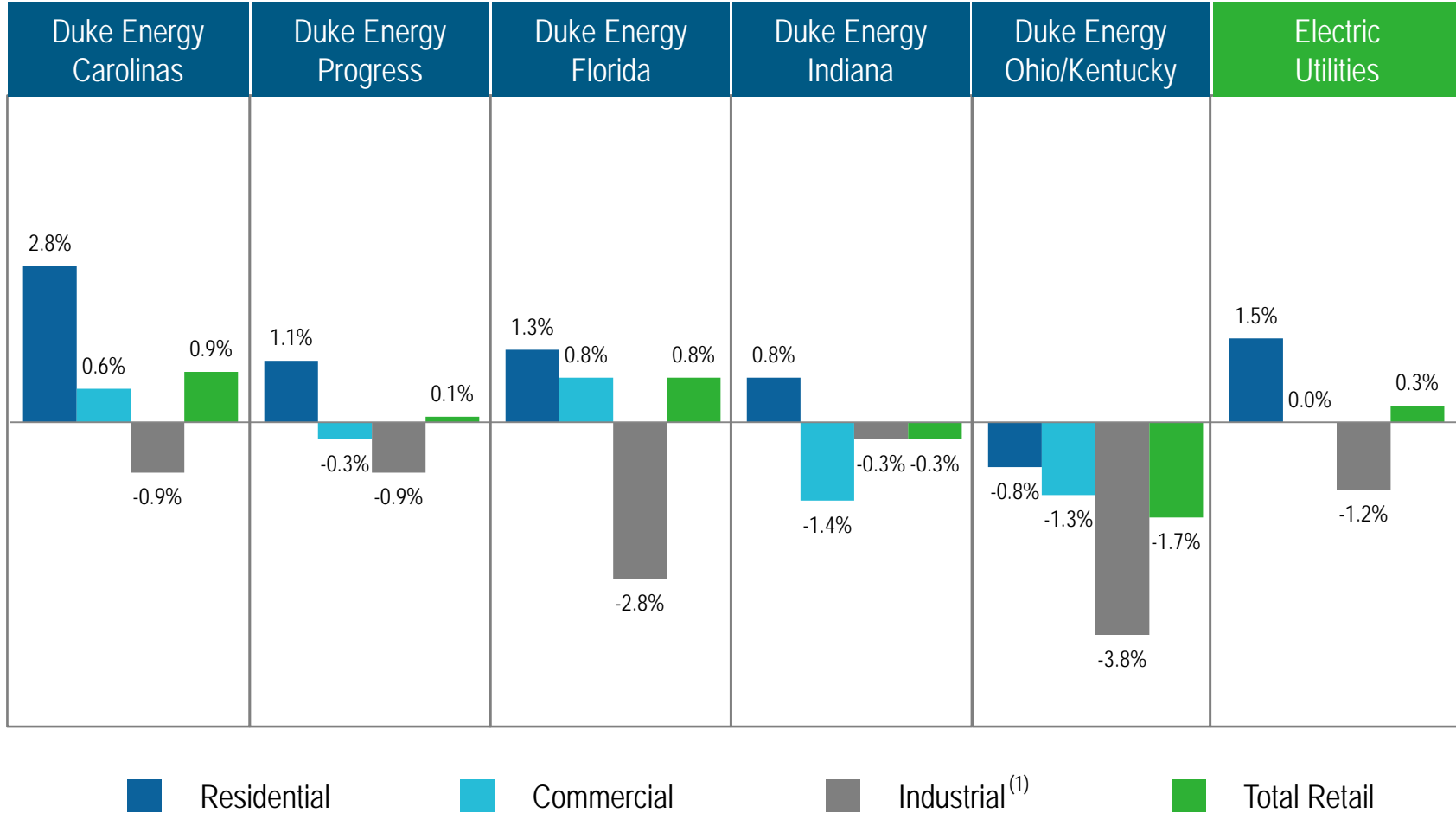
(2) Includes an unfavorable ~\$20 million or \$0.02/share impact from Hurricane Irma.

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

Weather normalized volume trends, by electric jurisdiction



Rolling Twelve Months, as of Jun. 30, 2018



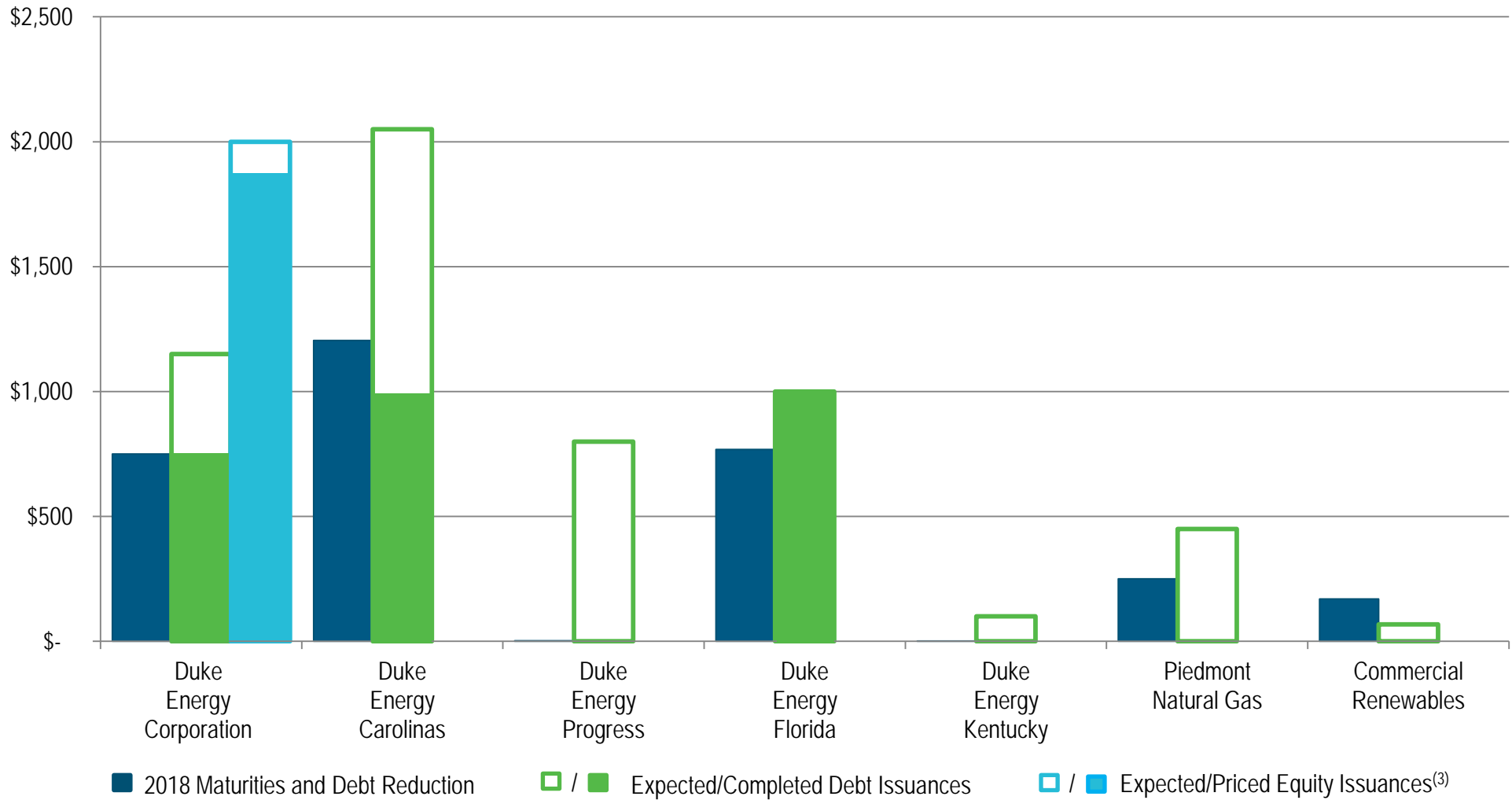
(1) Electric Utilities industrial results impacted by production declines at a couple of large customers, temporary outage activities and some large phosphate customers at Duke Energy Florida who have been impacted by mine closures in the face of weakness in the agriculture industry

Financial supplement

2018 financing plan as of June 30, 2018 ⁽¹⁾⁽²⁾



(\$ in millions)



■ 2018 Maturities and Debt Reduction
 □ / ■ Expected/Completed Debt Issuances
 □ / ■ Expected/Priced Equity Issuances⁽³⁾

⁽¹⁾ Represents expected long-term debt and common equity capital raising during 2018
⁽²⁾ There are no debt maturities or expected financings at Duke Energy Indiana or Duke Energy Ohio in 2018
⁽³⁾ \$1.9 billion of equity priced through June 30, 2018, including \$890 million issued. Expect remaining forwards to be settled in Q4 2018.

2018 long-term debt financing activity as of June 30, 2018



Amount (\$ in millions)	Entity	Date Issued	Credit Ratings (M/S&P/F, unless otherwise noted)	Term	Type	Rate
\$500	DE Carolinas	March 2018	Aa2/A	5-Year	First Mortgage Bond	Fixed – 3.05%
\$500	DE Carolinas	March 2018	Aa2/A	30-Year	First Mortgage Bond	Fixed – 3.95%
\$250	DE Corp.	March 2018	N/A ⁽¹⁾	7-Year	Senior Notes	Fixed – 3.95%
\$500	DE Corp.	May 2018	Baa1/BBB+/BBB+	3-Year	Senior Notes	Floating
\$600	DE Florida	June 2018	A1/A	10-year	First Mortgage Bond	Fixed – 3.80%
\$400	DE Florida	June 2018	A1/A	30-year	First Mortgage Bond	Fixed – 4.20%

(1) Issuance privately placed

Liquidity summary as of June 30, 2018



(\$ in millions)

	Duke Energy Corp.	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⁾	\$ 2,650	\$ 1,750	\$ 1,250	\$ 800	\$ 600	\$ 300	\$ 150	\$ 500	\$ 8,000
Less: Notes payable and commercial paper ⁽²⁾	(1,087)	(856)	(556)	-	(316)	(108)	(81)	-	(3,004)
Coal Ash Set-Aside	-	(250)	(250)	-	-	-	-	-	(500)
Outstanding letters of credit (LOCs)	(49)	(4)	(2)	-	-	-	-	(2)	(57)
Tax-exempt bonds	-	-	-	-	(81)	-	-	-	(81)
Available capacity	\$ 1,514	\$ 640	\$ 442	\$ 800	\$ 203	\$ 192	\$ 69	\$ 498	\$ 4,358
Other Credit Facilities ⁽³⁾	\$ 1,000								\$ 1,000
Less: Borrowings Under Credit Facilities	(500)								(500)
Available capacity	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Cash & short-term investments ⁽⁴⁾									222
Total available liquidity									\$ 5,080

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

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

(3) Duke Energy Corporation's 3-year \$1 billion revolving credit facility

(4) Represents cash available to meet funding needs

Regulatory overview

STATUS UPDATE

KEY OUTCOMES



DUKE ENERGY
PROGRESS
NORTH CAROLINA

✓ Complete

- Resolved coal ash recovery
 - Deferred coal ash costs amortized over 5 years, with full debt and equity return
 - Ongoing coal ash costs deferred with a full return⁽¹⁾ for consideration in future rate case
- 9.9% ROE on 52% equity layer



DUKE ENERGY
CAROLINAS
NORTH CAROLINA

✓ Complete

- Resolved coal ash recovery (same as above)
- Tax reform implemented
- Recovery of Lee Nuclear development costs
- 9.9% ROE on 52% equity layer



DUKE ENERGY
KENTUCKY
(ELECTRIC)

✓ Complete

- Resolved coal ash recovery
 - Rider Environmental Surcharge Mechanism (ESM)
- Tax reform implemented
- 9.725% ROE on 49% equity layer



DUKE ENERGY
OHIO
(ELECTRIC)

▪ Order expected Q4 2018

- Settlement⁽²⁾ establishes regulatory model for the next seven years (including Rider DCI until 2025)
- Renewal of 14 existing riders and two new riders
- Capital-related riders will reflect the lower federal tax rate

(1) For GAAP purposes only recognize debt return during deferral period. Equity return recognized as customers are billed in the future

(2) Settlement is subject to the review and approval of the PUCO

Current electric rate information by jurisdiction



	North Carolina	South Carolina	Florida	Indiana	Ohio (Electric)	Kentucky (Electric)
Retail Rate Base	\$13.5 B ⁽¹⁾ (DEC) \$8.2 B ⁽¹⁾ (DEP)	\$4.2 B ⁽¹⁾ (DEC) \$1.3 B ⁽¹⁾ (DEP)	\$11.5B ⁽²⁾	\$7.0 B ⁽³⁾	\$1.3 B ⁽⁴⁾	\$650 M ⁽⁵⁾
Wholesale Rate Base	\$1.7 B (DEC) 1Q 2018 \$3.1 B (DEP) 1Q 2018		\$1.4 B ⁽²⁾	\$550 M	\$0.5 B (trans. only)	\$0
Allowed ROE	9.9% (DEC & DEP)	10.20% (DEC) 10.10% (DEP)	10.50% ⁽⁶⁾	10.50%	9.84% - Dist 11.38% - Trans	9.725%
Allowed Equity	52.0% (DEC & DEP)	53.0% (DEC & DEP)	40.23% ⁽⁷⁾	44.44% ⁽⁸⁾	50.8% ⁽⁴⁾	49.3%
Effective Date of Most Recent Rates	8/1/18 (DEC) 3/16/18 (DEP)	9/17/13 (DEC) 1/1/17 (DEP)	1/1/18	5/24/04	Distr: 5/5/13 Trans 6/1/18 ESP: 6/1/15	4/13/18
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	Monthly
Nuclear Clause/Rider Updated	N/A	Not currently active (DEC and DEP)	Annually	N/A	N/A	N/A

(1) DEC NC's rate base as of August 2018. DEC SC's as of September 2013. DEP NC's rate base as of March 2018. DEP SC's as of December 2016.

(2) Thirteen-month average as of December 2017. Retail rate base includes amounts recovered in base rates of \$11B and amounts recovered in trackers of \$0.5B.

(3) As of Dec. 31, 2017; includes amounts being recovered in base rates of \$3.7B, amounts being recovered in environmental trackers of \$1.0B, and amounts being recovered in IGCC trackers of \$2.3B

(4) Per the pending application, as of June 30, 2016.

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

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

(7) Florida's capital structure includes accumulated deferred income taxes (ADIT), customer deposits and investment tax credits (ITC) and is as of Dec. 31, 2018. Excluding these items, the capital structure approximates 53% equity

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

Tax reform summary

Tax reform: regulatory activity and timeline



Riders in all jurisdictions include the lower federal income tax rate as they are updated/filed

	Status	Proposed/Approved Treatment of:		Amortization period for Unprotected EDIT	Docket
		Lower tax rate	EDIT		
FL	✓	Utilizing tax reform to offset Hurricane Irma costs, replenish storm reserve and accelerate depreciation of coal plants		10 years	20180047-EI
NC (DEC)	✓	Reflected in base rates effective Aug. 2018	EDIT treatment to be considered in 3 years or next rate case, whichever is sooner	TBD	E-7, Sub 1146 M-100, Sub 148
NC (DEP)	TBD in generic docket	Proposed addressing in next rate case or decrement rider in generic docket; Proposed offsetting revenue reduction with accelerated cost recovery		Proposed PP&E-related over 20 years, rest over 5 years	M-100, Sub 148
NC (gas)	TBD in generic docket	Proposed addressing in next rate case		TBD	M-100, Sub 148
SC (all)	✓	Deferred until next rate case or other proceeding (electric utilities) or RSA filing (gas utilities) per Commission order		TBD	2017-381-A
IN	Settlement with OUCC and other intervenors filed June 27, subject to IURC approval	Settlement includes update in base rates effective Sept. 2018; (approximately half of impact for DEI incorporated through riders)	Settlement includes return of protected beginning Jan. 2020; unprotected beginning Sept. 2018	10 years per settlement: \$7 million/year (yrs. 1-5) \$35 million/year (yrs. 6-10)	45032 S2
OH (electric)	Requested new rider, subject to PUCO approval	Most of the impact incorporated through existing riders; new rider would incorporate impact on base rates	Request includes return of EDIT through the new rider beginning Oct. 2018	10 years per request	18-1186-EL-ATA
OH (gas)	TBD in separate docket	TBD in separate docket		TBD	18-47-AU-COI
KY (elec)	✓	Incorporated in rate case order effective May 2018		10 years	2017-321
KY (gas)	Settlement with KIUC filed March 2, subject to KPSC approval	Settlement includes no adjustment as DEK is under-earning	Settlement includes returning through a new rider until next base rate case	15 years per settlement	2018-36
TN	TBD in generic docket	Proposed addressing in next rate case		TBD	18-00040

Other information

Event	Date
3Q 2018 earnings call (tentative)	November 2, 2018
EEI Financial Conference	November 11-13, 2018

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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 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 natural 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 natural 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 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, compliance with debt covenants and conditions and general market and economic conditions; Credit ratings of the Duke Energy Registrants may be different from what is expected; 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 the Duke Energy Registrants' 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; The impact of new U.S. tax legislation to our financial condition, results of operations or cash flows and our credit ratings; The impacts from potential impairments of goodwill or equity method investment carrying values; and The ability to implement our business strategy.

Additional risks and uncertainties are identified and discussed in the Duke Energy Registrants' 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 and the Duke Energy Registrants expressly disclaim 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 2, 2018

Adjusted Diluted Earnings per Share (EPS)

The materials for Duke Energy Corporation's (Duke Energy) Second Quarter Earnings Review and Business Update on August 2, 2018, include a discussion of adjusted diluted EPS for the quarters and year-to-date periods ended June 30, 2018 and 2017.

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

Management believes the presentation of adjusted diluted EPS provides useful information to investors, as it provides them with an additional relevant comparison of Duke Energy's performance across periods. Management uses this non-GAAP financial measure for planning and forecasting and for reporting financial results to the Duke Energy Board of Directors (Board of Directors), employees, stockholders, analysts and investors. Adjusted diluted EPS is also used as a basis for employee incentive bonuses. The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS attributable to Duke Energy Corporation common stockholders. Reconciliations of adjusted diluted EPS for the quarters and year-to-date periods ended June 30, 2018 and 2017, to the most directly comparable GAAP measures are included herein.

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

- Costs to Achieve Piedmont Merger represent charges that result from the Piedmont acquisition.
- Regulatory and Legislative Impacts represent charges related to rate case orders, settlements or other actions of regulators or legislative bodies.
- Sale of Retired Plant represents the loss associated with selling Beckjord Generating Station, a nonregulated generating facility in Ohio.
- Impairment of Equity Method Investment represents an other-than-temporary impairment of an investment in Constitution Pipeline Company, LLC.
- Impacts of the Tax Act represents an alternative minimum tax valuation allowance recognized related to the Tax Cuts and Jobs Act (the Tax Act).

Adjusted Diluted EPS Guidance

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 2, 2018, include a reference to the original 2017 adjusted diluted EPS guidance range of \$4.50 - \$4.70 per share with a midpoint of \$4.60 per share and the forecasted 2018 adjusted diluted EPS guidance range of \$4.55 - \$4.85 per share. The materials also reference the long-term range of annual growth of 4% - 6% through 2022 in adjusted diluted EPS (on a compound annual growth rate (CAGR) basis). Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations attributable to Duke Energy Corporation shareholders, adjusted for the per share impact of special items (as discussed above under Adjusted Diluted EPS). Due to the forward-looking nature of this non-GAAP financial measure for future periods, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items for future periods, such as legal settlements, the impact of regulatory orders or asset impairments.

Adjusted Segment Income and Adjusted Other Net Loss

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 2, 2018, include a discussion of adjusted segment income and adjusted other net loss for the quarters and year-to-date periods ended June 30, 2018 and 2017 and a discussion of 2018 forecasted adjusted segment income and forecasted adjusted other net loss.

Adjusted segment income and adjusted other net loss are non-GAAP financial measures, as they represent reported segment income and other net loss adjusted for special items (as discussed above under Adjusted Diluted EPS). Management believes the presentation of adjusted segment income and adjusted other net loss provides useful information to investors, as it provides an additional relevant comparison of a segment's or Other's performance across periods. When an EPS amount is provided for a segment income driver, the per share impact is derived by taking the pretax amount of the item less income taxes based on the prior year consolidated statutory tax rate of 38 percent, except for Duke Energy Renewables, which uses an effective tax rate, divided by the Duke Energy weighted-average diluted shares outstanding for the period. The prior year consolidated statutory tax rate was used for comparability across periods presented, rather than the current year consolidated statutory tax rate which has reduced substantially as a result of the Tax Act. The most directly comparable GAAP measures for adjusted segment income and adjusted other net loss are reported segment income and other net loss, which represents segment income and other net loss from continuing operations, including any special items. A reconciliation of adjusted segment income and adjusted other net loss for the quarters and year-to-date periods ended June 30, 2018 and 2017, to the most directly comparable GAAP measures is included herein. Due to the forward-looking nature of any forecasted adjusted segment income and forecasted other net loss and any related growth rates for future periods, information to reconcile these non-GAAP financial measures to the most directly comparable GAAP financial measures are not available at this time, as the company is unable to forecast all special items, as discussed above under Adjusted Diluted EPS Guidance.

Adjusted Effective Tax Rate (ETR)

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 2, 2018 include a discussion of the adjusted ETR for the quarters and year-to-date periods ended June 30, 2018 and 2017. The materials also include a discussion of the 2018 forecasted adjusted ETR. Adjusted ETR is a non-GAAP financial measure as the rate is calculated using a pretax earnings and income tax expense, both adjusted for the impact of special items, as discussed above under Adjusted Diluted EPS. The most directly comparable GAAP measure for adjusted ETR is reported effective tax rate. A reconciliation of the adjusted ETR for the quarters and year-to-date periods ended June 30, 2018 and 2017 to the most directly comparable GAAP measure is included herein. Due to the forward-looking nature of the 2018 forecasted adjusted ETR, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items, as discussed above under Adjusted Diluted EPS Guidance.

Funds From Operations ("FFO") Ratios

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 2, 2018 include a reference to expected FFO to Total Debt ratios. These ratios reflect non-GAAP financial measures. The numerator of the FFO to Total Debt ratio is calculated principally by using net cash provided by operating activities on a GAAP basis, adjusted for changes in working capital, ARO spend and reduced for capitalized interest (including any AFUDC interest). The denominator for the FFO to Total Debt ratio is calculated principally by using the balance of long-term debt (excluding purchase accounting adjustments and long-term debt associated with the CR3 Securitization), including current maturities, plus notes payable and commercial paper outstanding.

Available Liquidity

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 2, 2018 include a discussion of Duke Energy's available liquidity balance. The available liquidity balance presented is a non-GAAP financial measure as it represents Cash and cash equivalents, excluding certain amounts held in foreign jurisdictions and cash otherwise unavailable for operations, and remaining availability under Duke Energy's available credit facilities, including the master credit facility. The most directly comparable GAAP financial measure for available liquidity is Cash and cash equivalents. A reconciliation of available liquidity as of June 30, 2018 to the most directly comparable GAAP measure is included herein.

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

	Reported Earnings	Special Items			Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger	Regulatory and Legislative Impacts	Discontinued Operations		
SEGMENT INCOME						
Electric Utilities and Infrastructure	\$ 575	\$ —	\$ 136 B	\$ —	\$ 136	\$ 711
Gas Utilities and Infrastructure	28	—	—	—	—	28
Commercial Renewables	38	—	—	—	—	38
Total Reportable Segment Income	641	—	136	—	136	777
Other	(136)	15 A	—	—	15	(121)
Discontinued Operations	(5)	—	—	5 C	5	—
Net Income Attributable to Duke Energy Corporation	\$ 500	\$ 15	\$ 136	\$ 5	\$ 156	\$ 656
EPS ATTRIBUTABLE TO DUKE ENERGY CORP, DILUTED	\$ 0.71	\$ 0.02	\$ 0.19	\$ 0.01	\$ 0.22	\$ 0.93

A - Net of \$5 million tax benefit. \$20 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B - Net of \$43 million tax benefit at Duke Energy Carolinas. \$175 million recorded within Impairment Charges and \$4 million recorded within Operations, maintenance and other on the Duke Energy Carolinas Condensed Consolidated Statements of Operations.

C - Recorded in Loss from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

Weighted Average Shares, Diluted (reported and adjusted) - 704 million

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

	Reported Earnings	Special Items					Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger	Regulatory and Legislative Impacts	Sale of Retired Plant	Impairment of Equity Method Investment	Impacts of the Tax Act			
SEGMENT INCOME									
Electric Utilities and Infrastructure	\$ 1,325	\$ —	\$ 202 B	\$ —	\$ —	\$ —	\$ —	\$ 202	\$ 1,527
Gas Utilities and Infrastructure	144	—	—	—	42 D	—	—	42	186
Commercial Renewables	58	—	—	—	—	—	—	—	58
Total Reportable Segment Income	1,527	—	202	—	42	—	—	244	1,771
Other	(402)	28 A	—	82 C	—	76 E	—	186	(216)
Discontinued Operations	(5)	—	—	—	—	—	5 F	5	—
Net Income Attributable to Duke Energy Corporation	\$ 1,120	\$ 28	\$ 202	\$ 82	\$ 42	\$ 76	\$ 5	\$ 435	\$ 1,555
EPS ATTRIBUTABLE TO DUKE ENERGY CORP, DILUTED	\$ 1.59	\$ 0.04	\$ 0.29	\$ 0.12	\$ 0.06	\$ 0.11	\$ 0.01	\$ 0.63	\$ 2.22

A - Net of \$9 million tax benefit. \$37 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

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

- On the Duke Energy Progress Condensed Consolidated Statement of Operations, \$32 million is recorded within Impairment charges, \$31 million within Operations, maintenance and other, \$6 million within Interest Expense and \$(1) million within Depreciation and amortization.
- On the Duke Energy Carolinas Condensed Consolidated Statement of Operations, \$188 million is recorded within Impairment charges, \$8 million within Operations, maintenance and other, and \$1 million within Depreciation and amortization.

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

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

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

F - Recorded in Loss from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

Weighted Average Shares, Diluted (reported and adjusted) - 702 million

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

	Reported Earnings	Special Items		Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger	Discontinued Operations		
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 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 from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

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

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

	Three Months Ended June 30, 2018		Six Months Ended June 30, 2018	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
Reported Income From Continuing Operations Before Income Taxes	\$ 607		\$ 1,410	
Costs to Achieve Piedmont Merger	20		37	
Regulatory and Legislative Impacts	179		265	
Sale of Retired Plant	—		107	
Impairment of Equity Method Investment	—		55	
Noncontrolling Interests	(2)		(4)	
Adjusted Pretax Income	\$ 804		\$ 1,870	
Reported Income Tax Expense From Continuing Operations	\$ 100	16.5%	\$ 281	19.9%
Costs to Achieve Piedmont Merger	5		9	
Regulatory and Legislative Impacts	43		63	
Sale of Retired Plant	—		25	
Impairment of Equity Method Investment	—		13	
Impacts of the Tax Act	—		(76)	
Adjusted Tax Expense	\$ 148	18.4% *	\$ 315	16.8% *

	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	\$ 1,045		\$ 2,121	
Reported Income Tax Expense From Continuing Operations	\$ 327	32.1%	\$ 671	32.3%
Costs to Achieve Piedmont Merger	11		17	
Adjusted Tax Expense	\$ 338	32.3% *	\$ 688	32.4% *

*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, 2018
(In millions)

Cash and Cash Equivalents	\$ 304	
Less: Certain Amounts Held in Foreign Jurisdictions	(6)	
Less: Unavailable Domestic Cash	<u>(76)</u>	
	222	
Plus: Remaining Availability under Master Credit Facilities and other facilities	<u>4,858</u>	
Total Available Liquidity (a)	<u>\$ 5,080</u>	approximately 5.1 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.