



THIRD QUARTER EARNINGS REVIEW AND
BUSINESS UPDATE

NOV. 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

- Third quarter 2018 update
- Update on hurricane response
- Progress on strategic initiatives

FINANCIAL UPDATE

Steve Young, Executive VP & CFO

- Third quarter 2018 earnings drivers
- Economic conditions and load growth trends
- Long-term earnings guidance
- Key investor considerations

\$1.51

REPORTED DILUTED EPS
FOR 3Q 2018
COMPARED TO
\$1.36 IN 3Q 2017

\$1.65

ADJUSTED DILUTED EPS
FOR 3Q 2018
COMPARED TO
\$1.59 IN 3Q 2017

\$4.65-\$4.85

NARROWING 2018 EPS
GUIDANCE RANGE⁽¹⁾

FINANCIAL HIGHLIGHTS

- Raising the midpoint of 2018 EPS guidance range on strong year-to-date results
- Reaffirming 4-6% long-term growth CAGR through 2022
 - Including expectations for low end of the range in 2019 and mid-to-high end of the range in 2020 and beyond⁽¹⁾⁽²⁾

RECENT RECOGNITIONS

- Dow Jones Sustainability Index for 13th consecutive year
- Site Selection magazine's list of "Top Utilities in Economic Development" for 14th consecutive year
- Forbes 2018 Global Best Employers
- EEI 2018 Award for Outstanding National Key Accounts Customer Service

⁽¹⁾ Based on adjusted diluted EPS

⁽²⁾ Based off midpoint of original 2017 guidance range (\$4.60)



HURRICANE FLORENCE (Q3)

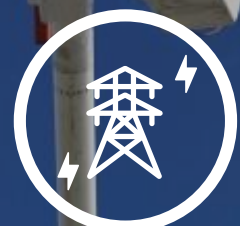
- Staged over 20,000 personnel in advance of the storm – largest ever restoration force in the Carolinas
- Over 1.8 million outages in the Carolinas
 - 93% restored within 5 days
- No significant environmental impact from flooding

HURRICANE MICHAEL (Q4)

- Over 1 million outages in the Carolinas and 70,000 outages in Florida
 - 90% restored within 3 days
- Complete system rebuild required along Florida coast

Recognized benefits from grid improvement investments

**1.2 MILLION
SMART METERS**
INSTALLED YTD IN 2018



MODERNIZE THE
ENERGY GRID

IMPROVING THE GRID

- Received accounting order from S.C. Commission to defer grid investments at DEP and DEC
- Investing \$500 million in battery storage in our Carolinas service territories per IRP filings
- Investing \$1.1 billion 2019 through 2021 at DEF
- Continued investment under DEI and DEO rider programs

PROMOTING EV ADOPTION

- Initiated DEF Park and Plug pilot program to install up to 530 EV charging stations through 2019
- Proposed three-year EV charging program in S.C.



ELECTRIC UTILITIES & INFRASTRUCTURE

- Citrus County CCGT Unit 1 in service and Unit 2 on track for Dec. 2018 COD (DEF)
- Western Carolinas Modernization Project on track for late 2019 COD (DEP)
- Rogers dual-fuel project nearing completion
- First H.B. 589 RFP (680 MW) bids received Oct. 9

COMMERCIAL RENEWABLES

- Initiated process to recycle capital from existing portfolio
- Approximately 300 MW of wind and solar projects in late stage development with 2019 CODs

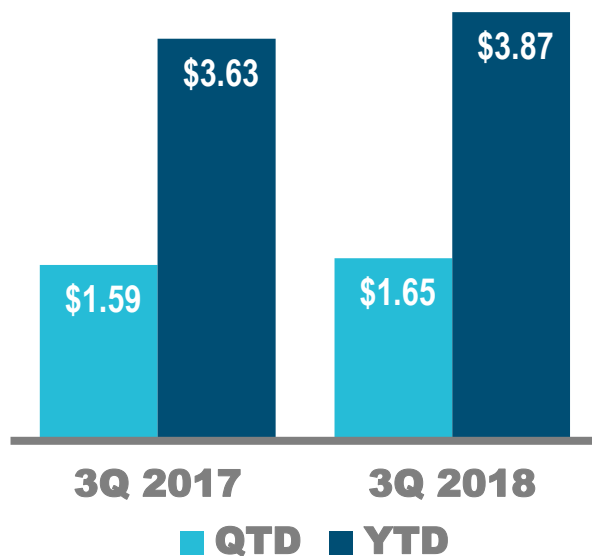


ATLANTIC COAST PIPELINE UPDATE

- Progressing on pipeline construction
 - Mainline and compressor stations in W.Va. and N.C.
 - Felling trees in W.Va., Va. and N.C.
- Erosion and Sediment control plan approved in Va.
 - Requested FERC approval for full construction on mainline in Va.
- Pursuing phased in-service with customers
 - Key portions of pipeline and all station facilities by year-end 2019
 - Remaining mileage in mid 2020
- Estimated cost has increased to \$6.5 to 7.0 billion

SEGMENT RESULTS VS. PRIOR YEAR QUARTER ⁽¹⁾

ADJUSTED DILUTED EARNINGS PER SHARE



\$4.65-\$4.85

NARROWING 2018 EPS GUIDANCE RANGE⁽²⁾

Electric Utilities & Infrastructure, +\$71 M (+\$0.10 per share)

- ▲ Volumes and weather
- ▲ Higher rider revenues
- ▲ Contribution from the DEP and DEC rate cases
- ▲ Lower income tax expense, including impacts of the Tax Act
- ▼ Higher depreciation and amortization, primarily due to a growing asset base
- ▼ Edwardsport settlement charge
- ▼ Higher O&M, including storm costs

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

- ▲ Increased investments in midstream pipelines
- ▼ Higher O&M

Commercial Renewables, +\$19 M (+\$0.03 per share)

- ▲ New solar project placed in service

Other, -\$20 M (-\$0.04 per share)

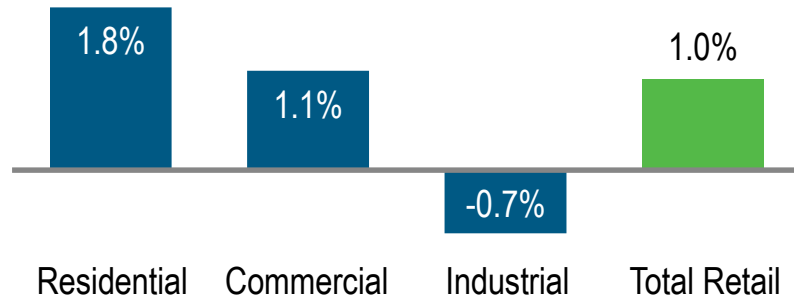
- ▼ Higher income tax expense, including impacts of the Tax Act
- ▼ Prior year favorable litigation settlement

Share Dilution (-\$0.03 per share)

(1) Detailed drivers of adjusted segment income (loss) are available in the 3Q 2018 earnings release located on our Investor Relations website at www.duke-energy.com/investors/

(2) Based on adjusted diluted EPS

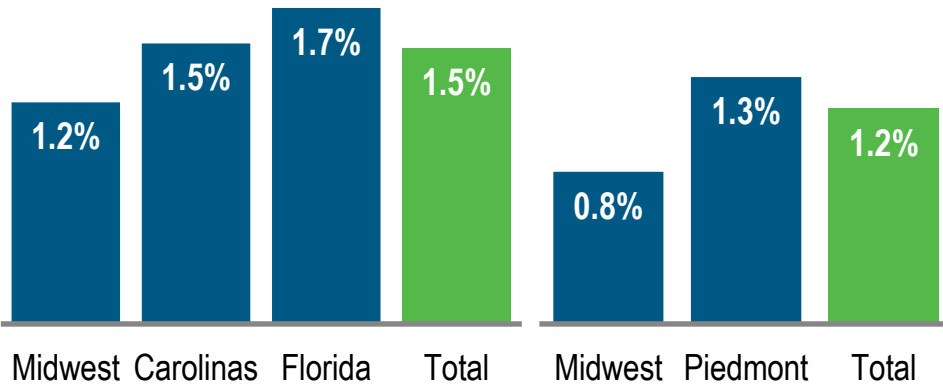
Rolling 12-Month Retail Electric Volume Growth



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 certain jurisdictions

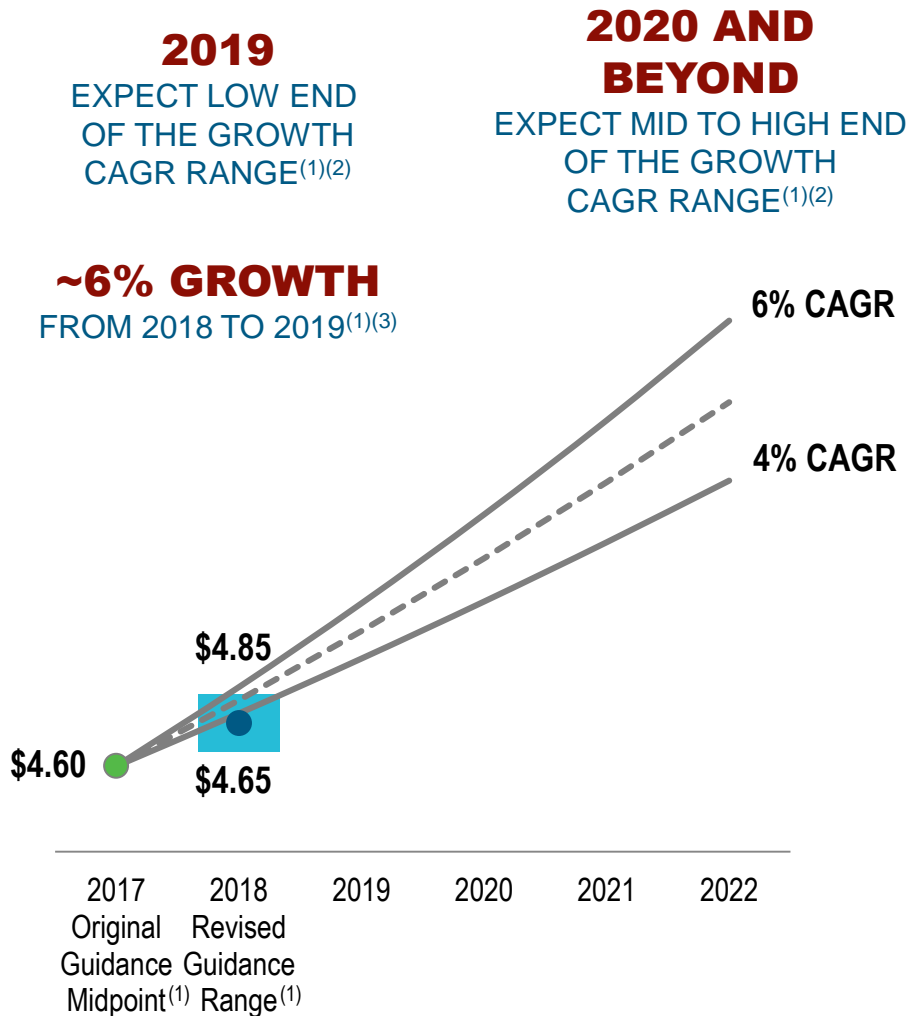
COMMERCIAL

- Continued expansion of data centers
- Strength in services businesses offsets weakness in big box retail stores

INDUSTRIAL

- Quarterly strength led by manufacturing
- Sector continues to recover from the timing of production declines and temporary outage activities in the prior year
- As curtailments continue to roll off, expect growth within the sector to continue to rebound

REAFFIRMING LONG TERM GROWTH CAGR OF 4-6% THROUGH 2022⁽¹⁾⁽²⁾



2019 PRIMARY INVESTMENT GROWTH DRIVERS

Electric Utilities & Infrastructure

- Carolinas
 - NC rates effective mid-2018, SC filed late 2018
 - Western Carolinas Modernization Project (DEP)
- Florida
 - Citrus County GBRA
 - Multi-year rate plan beginning 2019
 - Solar BRA projects
- Midwest grid investment riders (DEI/DEO)

Gas Utilities & Infrastructure

- Atlantic Coast Pipeline
- Gas distribution investments

Commercial Renewables

- New projects in service

(1) Based on adjusted diluted EPS
 (2) Based off midpoint of original 2017 guidance range (\$4.60)
 (3) Based off midpoint of original 2018 guidance range (\$4.70)

DUK
LISTED
NYSE

A SOLID LONG-TERM HOLDING



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

(1) As of Nov. 1, 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 (\$4.60)

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Update on key 2018 assumptions

Key 2018 adjusted earnings guidance assumptions



(\$ in millions)	Original 2018 Assumptions ⁽¹⁾	2018 YTD (thru 9/30/2018)
Adjusted segment income/(loss) ⁽²⁾:		
Electric Utilities & Infrastructure	\$3,304	\$2,702
Gas Utilities & Infrastructure	\$319	\$204
Commercial Renewables	\$117	\$84
Other	(\$383)	(\$256)
Duke Energy Consolidated	\$3,357	\$2,734
Additional consolidated information:		
Interest expense	\$2,067	\$1,550
Adjusted effective tax rate	15-16%	15.2%
Debt AFUDC and capitalized interest	\$152	\$121
AFUDC equity	\$220	\$175
Capital expenditures ⁽³⁾⁽⁴⁾	\$10,950	\$7,445
Weighted-average shares outstanding	~714 million	~706 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 original adjusted diluted EPS guidance range of \$4.55 to \$4.85

(3) Includes debt AFUDC and capitalized interest

(4) 2018 YTD (thru 9/30/2018) includes ~\$400 million of coal ash closure spend that was included in operating cash flows and excludes ~\$100 million return of capital from Sabal Trail. 2018 assumptions include ~\$700 million of projected coal ash closure spend

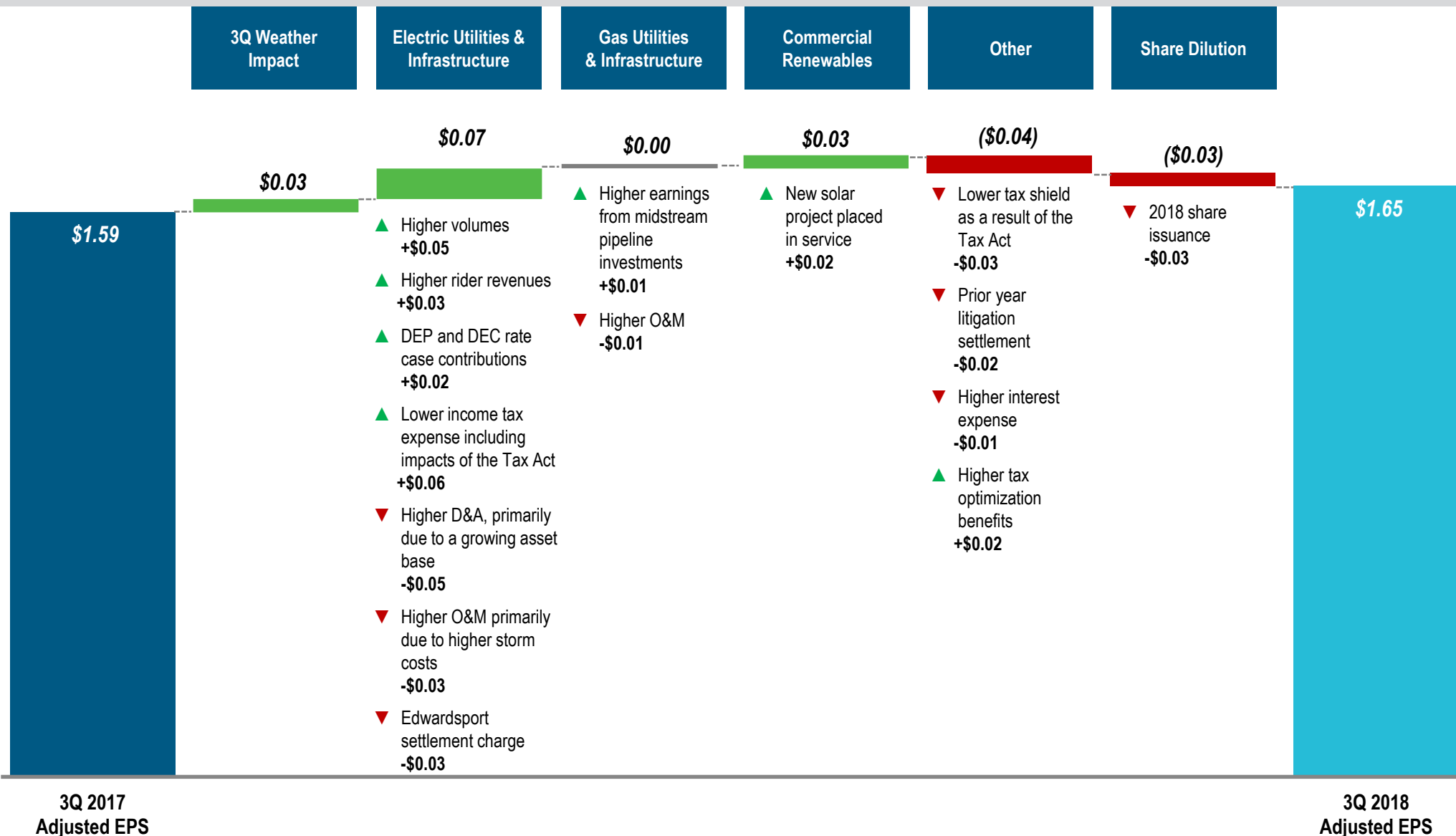
Driver		EPS Impact
Electric Utilities & Infrastructure	1% change in earned return on equity	+/- \$0.45
	\$1 billion change in rate base	+/- \$0.07
	1% change in Electric Utilities volumes	+/- \$0.12
Gas Utilities & Infrastructure	1% change in earned return on equity	+/- \$0.05
	\$200 million change in 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 original forecasted 2018 share count of ~714 million shares

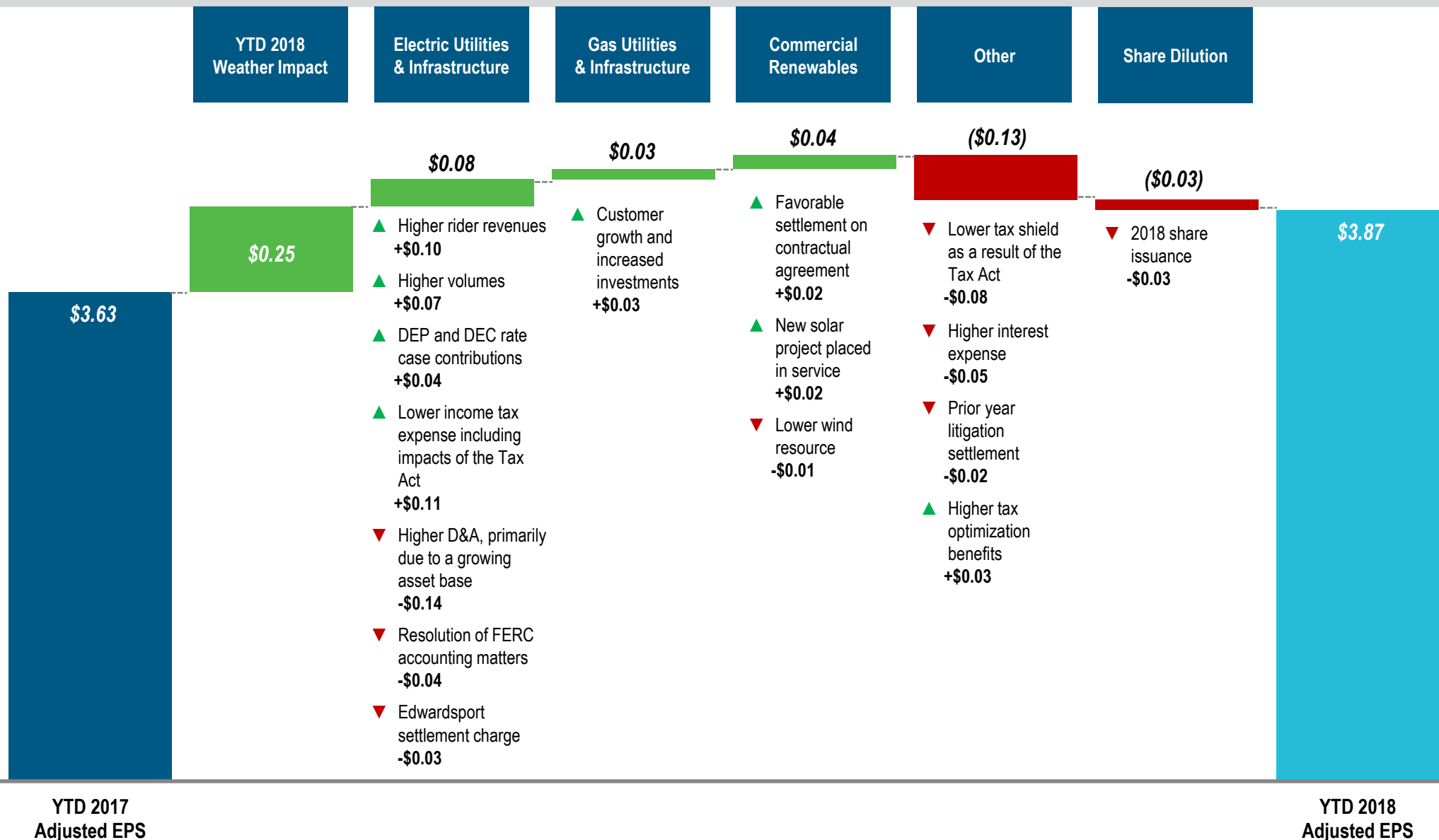
(1) Based on average variable-rate debt outstanding throughout the year

3Q 2018 supplemental data

3Q 2017 - 3Q 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 ⁽²⁾	\$55	714	\$0.05	\$20	700	\$0.02
Fourth Quarter				\$20	700	\$0.02
Year-to-Date ⁽²⁾⁽³⁾	\$155	706	\$0.16	(\$140)	700	(\$0.12)

3Q 2018	Duke Energy Carolinas		Duke Energy Progress		Duke Energy Florida		Duke Energy Indiana		Duke Energy Ohio/KY	
Heating degree days / Variance from normal	--	(100.0%)	--	(100.0%)	--	--%	37	(43.5%)	29	(48.0%)
Cooling degree days / Variance from normal	1,136	14.5%	1,217	15.6%	1,517	2.1%	896	20.0%	910	20.4%
3Q 2017	Duke Energy Carolinas		Duke Energy Progress		Duke Energy Florida		Duke Energy Indiana		Duke Energy Ohio/KY	
Heating degree days / Variance from normal	11	(29.9%)	2	(80.1%)	--	--%	39	(41.4%)	46	(19.4%)
Cooling degree days / Variance from normal	1,012	2.9%	1,124	6.7%	1,552	4.8%	733	(1.0%)	700	(6.6%)

(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.

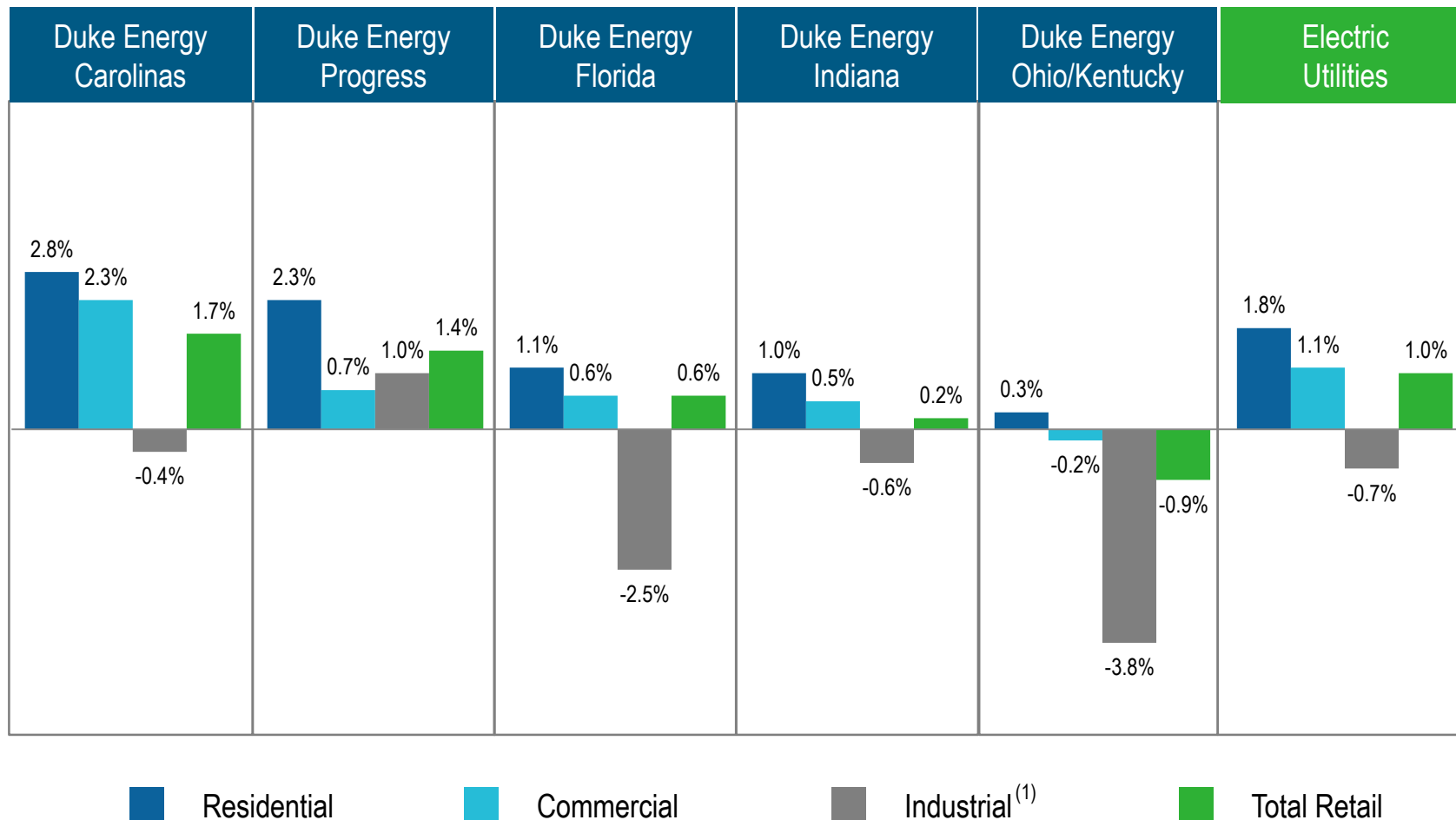
(2) 2017 includes an unfavorable ~\$20 million or \$0.02/share impact from Hurricane Irma. 2018 includes an unfavorable ~\$15 million or \$0.01/share impact from Hurricane Florence.

(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 Sept. 30, 2018



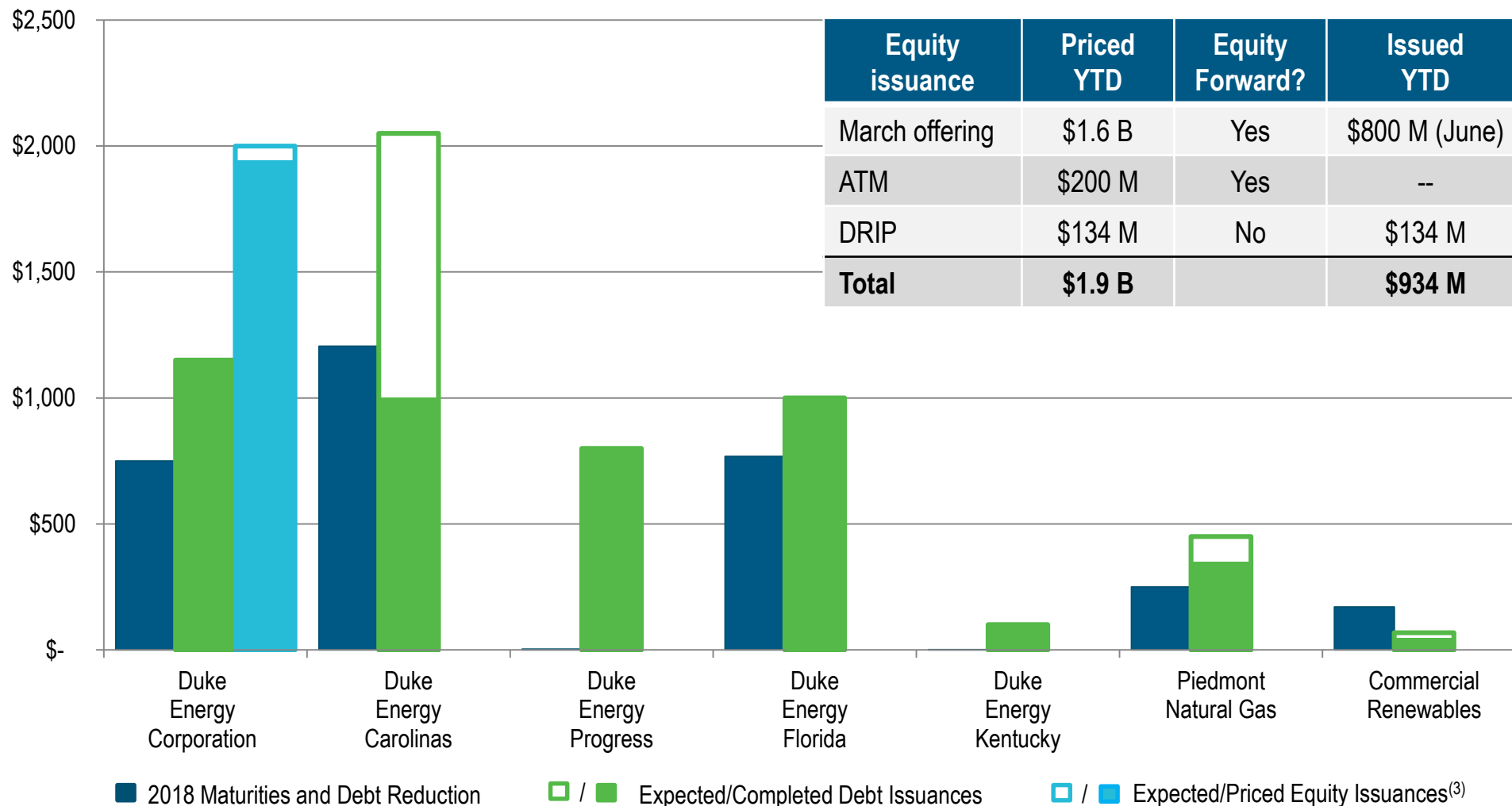
(1) Electric Utilities industrial results impacted by production declines at a couple of large customers, temporary outage activities and some large phosphate customers at Duke Energy Florida who have been impacted by mine closures in the face of weakness in the agriculture industry

Financial supplement

2018 financing plan as of Sept. 30, 2018 ⁽¹⁾⁽²⁾



(\$ in millions)



(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) Approximately \$1.93 billion of equity priced through Sept. 30, 2018, including \$934 million issued. Expect remaining forwards to be settled in Q4 2018

2018 long-term debt financing activity as of Sept. 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%
\$300	DE Progress	August 2018	Aa3/A	3-year	First Mortgage Bond	Fixed – 3.375%
\$500	DE Progress	August 2018	Aa3/A	10-year	First Mortgage Bond	Fixed – 3.70%
\$500	DE Corp.	September 2018	Baa2/BBB/BBB-	60-year	Junior Subordinated Notes	Fixed – 5.625%
\$25	DE Kentucky	September 2018	N/A ⁽¹⁾	5-year	Debentures	Fixed – 4.01%
\$40	DE Kentucky	September 2018	N/A ⁽¹⁾	10-year	Debentures	Fixed – 4.18%
\$35	DE Kentucky	September 2018	N/A ⁽¹⁾	30-year	Debentures	Fixed – 4.62%

(1) Issuance privately placed

Liquidity summary as of Sept. 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	\$ 1,400	\$ 650	\$ 600	\$ 300	\$ 150	\$ 500	\$ 8,000
Less: Notes payable and commercial paper ⁽²⁾	(988)	(872)	(150)	-	(293)	(118)	(98)	-	(2,519)
Coal Ash Set-Aside	-	(250)	(250)	-	-	-	-	-	(500)
Outstanding letters of credit (LOCs)	(47)	(4)	(2)	-	-	-	-	(2)	(55)
Tax-exempt bonds	-	-	-	-	(81)	-	-	-	(81)
Available capacity	\$ 1,615	\$ 624	\$ 998	\$ 650	\$ 226	\$ 182	\$ 52	\$ 498	\$ 4,845
Other Credit Facilities ⁽³⁾	\$ 1,000								\$ 1,000
Less: Borrowings Under Credit Facilities	(500)								(500)
Available capacity	\$ 500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500
Cash & short-term investments ⁽⁴⁾									214
Total available liquidity									\$ 5,559

(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

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 and gas)	✓	To be reflected in base rates upon Commission approval, per NCUC order	EDIT treatment to be considered in 3 years or next rate case, whichever is sooner	TBD	M-100, Sub 148
SC (gas)	✓	Reflected in rates effective Nov. 1 per RSA filing		PP&E-related over 20 years, rest over 5 years	2017-381-A
SC (electric)	✓	To be addressed in next rate case or other proceeding (electric utilities)		TBD	2017-381-A
IN	✓	Reflected in base rates effective Sept. 2018; (approximately half of impact for DEI incorporated through riders)	Return of protected EDIT beginning Jan. 2020; unprotected EDIT 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	TBD in separate docket		TBD	18-47-AU-COI
KY (elec)	✓	Reflected in base rates effective May 2018		10 years	2017-321
KY (gas)	✓	Reflected in base rates effective Nov. 1 per KPSC order		10 years	2018-36
TN	TBD	Proposed addressing in next rate case		TBD	18-00040

Other information

Event	Date
EEI Financial Conference	Nov. 11-13, 2018
4Q 2018 earnings call (tentative)	Feb. 14, 2019

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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 obtain the necessary permits and approvals and 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
Third Quarter Earnings Review & Business Update
November 2, 2018

Adjusted Diluted Earnings per Share (EPS)

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

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

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

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

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

Adjusted Diluted EPS Guidance

The materials for Duke Energy's Third Quarter Earnings Review and Business Update on November 2, 2018, include a reference to the original 2017 adjusted diluted EPS guidance range of \$4.50 - \$4.70 per share with a midpoint of \$4.60 per share and the forecasted 2018 adjusted diluted EPS guidance range of \$4.65 - \$4.85 per share, narrowed from \$4.55 - \$4.85 per share during the third quarter of 2018. The materials also reference the long-term range of annual growth of 4% - 6% through 2022 in adjusted diluted EPS (on a compound annual growth rate (CAGR) basis). Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations attributable to Duke Energy Corporation shareholders, adjusted for the per share impact of special items (as discussed above under Adjusted Diluted EPS). Due to the forward-looking nature of this non-GAAP financial measure for future periods, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items for future periods, such as legal settlements, the impact of regulatory orders or asset impairments.

Adjusted Segment Income and Adjusted Other Net Loss

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

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

Adjusted Effective Tax Rate (ETR)

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

Available Liquidity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Reported Earnings	Special Items			Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger	Florida Settlement	Commercial Renewables Impairments			
SEGMENT INCOME (LOSS)							
Electric Utilities and Infrastructure	\$ 1,020	\$ —	\$ 84	B \$ —	\$ —	\$ 84	\$ 1,104
Gas Utilities and Infrastructure	19	—	—	—	—	—	19
Commercial Renewables	(49)	—	—	56	C —	56	7
Total Reportable Segment Income	990	—	84	56	—	140	1,130
Other	(34)	14	A —	—	—	14	(20)
Discontinued Operations	(2)	—	—	—	2	D 2	—
Net Income Attributable to Duke Energy Corporation	\$ 954	\$ 14	\$ 84	\$ 56	\$ 2	\$ 156	\$ 1,110
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 1.36	\$ 0.03	\$ 0.12	\$ 0.08	\$ —	\$ 0.23	\$ 1.59

A - Net of \$9 million tax benefit. \$23 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B - Net of \$51 million tax benefit. \$135 million recorded within Impairment charges on the Condensed Consolidated Statements of Operations.

C - Net of \$28 million tax benefit. \$74 million recorded within Impairment charges and \$10 million recorded within Other Income and Expenses on the Condensed Consolidated Statements of Operations.

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

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

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

	Reported Earnings	Special Items			Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger	Florida Settlement	Commercial Renewables Impairments			
SEGMENT INCOME							
Electric Utilities and Infrastructure	\$ 2,384	\$ —	\$ 84 B	\$ —	\$ —	\$ 84	\$ 2,468
Gas Utilities and Infrastructure	179	—	—	—	—	—	179
Commercial Renewables	2	—	—	56 C	—	56	58
Total Reportable Segment Income	2,565	—	84	56	—	140	2,705
Other	(205)	43 A	—	—	—	43	(162)
Discontinued Operations	(4)	—	—	—	4 D	4	—
Net Income Attributable to Duke Energy Corporation	\$ 2,356	\$ 43	\$ 84	\$ 56	\$ 4	\$ 187	\$ 2,543
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 3.36	\$ 0.06	\$ 0.12	\$ 0.08	\$ 0.01	\$ 0.27	\$ 3.63

A - Net of \$26 million tax benefit. \$68 million recorded within Operating Expenses and \$1 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations.

B - Net of \$51 million tax benefit. \$135 million recorded within Impairment charges on the Condensed Consolidated Statements of Operations.

C - Net of \$28 million tax benefit. \$74 million recorded within Impairment charges and \$10 million recorded within Other Income and Expenses on the Condensed Consolidated Statements of Operations.

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

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

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

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

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

(a) Adjusted effective tax rate is a non-GAAP financial measure as the rate is calculated using pretax earnings and income tax expense, both adjusted for the impact of special items. The most directly comparable GAAP measure for adjusted effective tax rate is reported effective tax rate, which includes the impact of special items.

Duke Energy Corporation
Available Liquidity Reconciliation
As of September 30, 2018
(In millions)

Cash and Cash Equivalents	\$ 303	
Less: Certain Amounts Held in Foreign Jurisdictions	(7)	
Less: Unavailable Domestic Cash	<u>(82)</u>	
	214	
Plus: Remaining Availability under Master Credit Facilities and other facilities	<u>5,345</u>	
Total Available Liquidity (a)	<u>\$ 5,559</u>	approximately 5.6 billion

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