

Duke Energy

Winter Update

January 2020

DUKE ENERGY®

*BUILDING A **SMARTER** ENERGY FUTURE®*

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

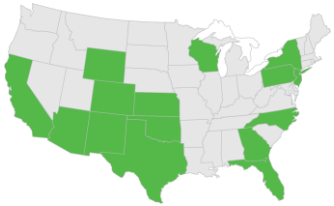
In addition, today's discussion includes certain non-GAAP financial measures as defined under SEC Regulation G. A reconciliation of those measures to the most directly comparable GAAP measures is available in the Appendix herein and on our Investor Relations website at www.duke-energy.com/investors/.

Complementary businesses with strong growth opportunities

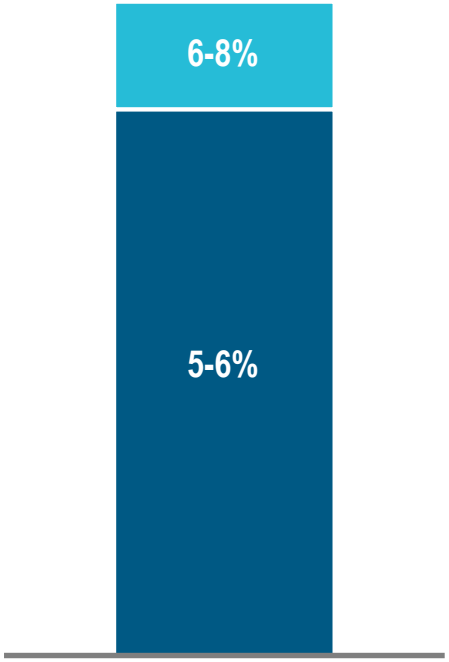
	2019 ADJUSTED EPS CONTRIBUTION[1]	2019-2023 GROWTH CAPITAL	2019 – 2023 ADJUSTED EPS CAGR[2]
ELECTRIC UTILITIES & INFRASTRUCTURE	85%	$29.0 B	
GAS UTILITIES & INFRASTRUCTURE	9%	$6.0 B	
COMMERCIAL RENEWABLES	6%	$2.5 B	







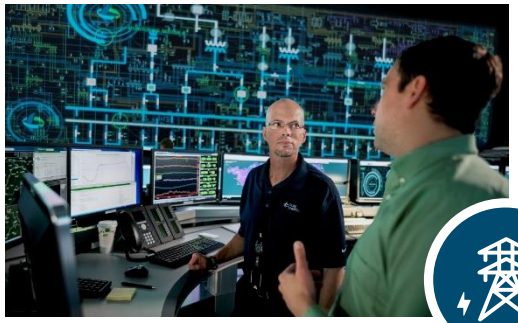
Consolidated 4-6%



(1) Based on adjusted diluted EPS off the midpoint of the original 2019 guidance range, or $5.00 as most recently affirmed in the Third Quarter 2019 Earnings Review and Business Update on November 8, 2019; excludes the impact of Other

(2) Based on adjusted diluted EPS off the midpoint of the original 2019 guidance range, or $5.00 as most recently affirmed in the Third Quarter 2019 Earnings Review and Business Update on November 8, 2019.; consolidated growth rate includes the impact of Commercial Renewables (approximately flat growth) and Other. Other primarily includes interest on HoldCo debt

Highly achievable EPS growth







2020 PRIMARY GROWTH DRIVERS

***ALSO ENABLES EARNINGS GROWTH INTO 2021**

Electric Utilities & Infrastructure

- Florida multi-year rate plan and Solar BRA*
- Rate case activity to recover and earn on investments:
  - DEC/DEP SC: Q2 2019 (full year effect in 2020)
  - Indiana and Kentucky: mid-2020*
  - DEC NC: Q3 2020*
  - DEP NC: Q3 2020*
- Midwest grid investment riders (DEI/DEO)*
- Carolinas wholesale
- Load growth consistent with 0.5% long term expectation*
- O&M cost management through digital capabilities and other solutions*

Gas Utilities & Infrastructure

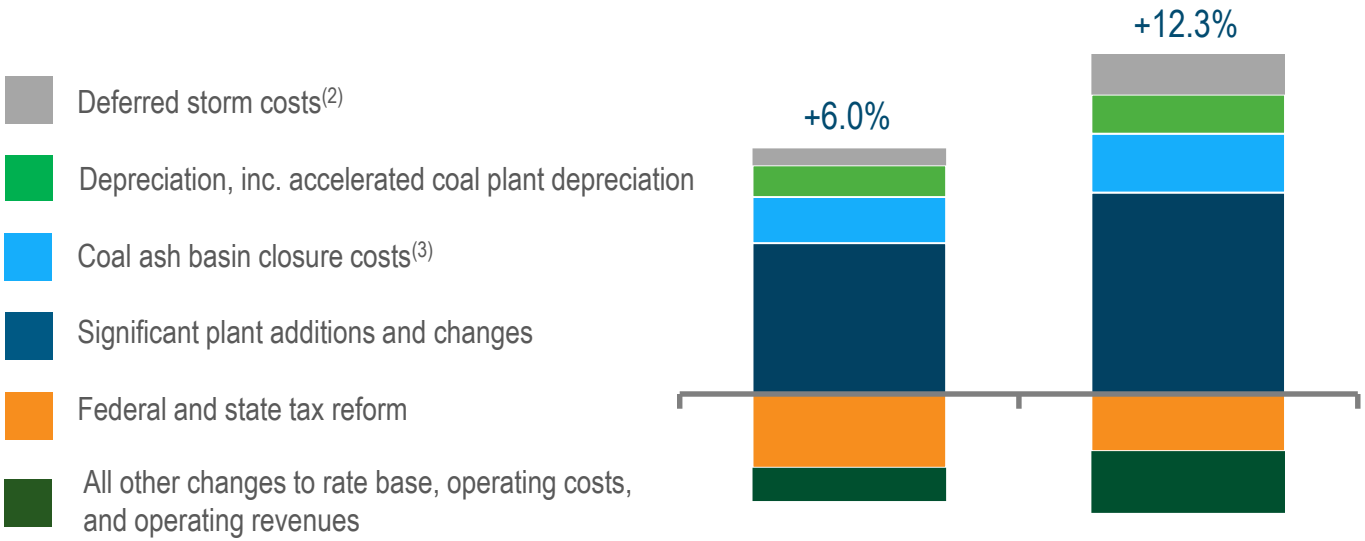
- Atlantic Coast Pipeline*
- Piedmont NC rate case and annual SC RSA filings
- Customer growth, integrity management investments, power generation gas infrastructure*

REAFFIRMING 4 - 6% EPS GROWTH THROUGH 2023(1)

(1) *Based on adjusted diluted EPS off the midpoint of the original 2019 guidance range, or $5.00 as most recently affirmed in the Third Quarter 2019 Earnings Review and Business Update on November 8, 2019.*

Rate cases in the Carolinas support clean energy future

	Duke Energy Carolinas	Duke Energy Progress
Retail revenue increase requested	$291 M	$464 M
Return on equity requested	10.3%	
Equity component of capital structure	53%	
Proposed rate base(1)	~$15.5 B	~$10.8 B
Rates requested to be in effect, if approved	Aug. 1, 2020	Sept. 1, 2020



DUKE ENERGY CAROLINAS
FILED CASE
SEPT. 30, 2019
HEARINGS SCHEDULED
MARCH 23, 2020

DUKE ENERGY PROGRESS
FILED CASE
OCT. 30, 2019
HEARINGS SCHEDULED
MAY 4, 2020

(1) As of June 30, 2019 and adjusted for known and measurable changes through Jan. 2020 (DEC) and Feb. 2020 (DEP)
(2) With passage of SB559 (legislation for storm securitization) DEC and DEP will seek to securitize these costs
(3) Coal ash basin closure costs include recovery of costs incurred Jan. 2018 – Jan. 2020 (DEC) and Sep. 2017 – Feb. 2020 (DEP), over a five year period

Update on our regulatory activity

	FILING TYPE	DOCKET NO.	STATUS	KEY DRIVERS
DUKE ENERGY **CAROLINAS**	NC Base Rate Case filed Sep. 30, '19	E-7 Sub 1214	▪ Hearings scheduled Mar. 23, '20 ▪ Requested new rates effective Aug. 1, '20	▪ ROE 10.3%; 53% equity cap. structure ▪ Grid investments, including AMI ▪ Dual fuel plant upgrades ▪ Accelerated depreciation for coal plants ▪ Coal ash and storm costs(1)
DUKE ENERGY **PROGRESS**	NC Base Rate Case filed Oct. 30, '19	E-2 Sub 1219	▪ Hearings scheduled May 4, '20 ▪ Requested new rates effective Sep. 1, '20	▪ ROE 10.3%; 53% equity cap. structure ▪ Grid investments, including AMI ▪ Western Carolinas Modernization Project ▪ Nuclear plant investments ▪ Accelerated depreciation for coal plants ▪ Coal ash and storm costs(1)
PIEDMONT NATURAL GAS	NC Base Rate Case	G-9 Sub 743	▪ NCUC approved settlement agreement on Oct. 31,'19 ▪ Rates effective Nov. 1, '19	▪ ROE 9.7%; 52% equity cap. structure
	SC Rate Stabilization Act ("RSA")	2019-7-G	▪ PSCSC approved Oct. '19 ▪ Rates effective Nov. '19	▪ ROE 9.9%; 55% equity cap. structure
DUKE ENERGY **INDIANA**	Base Rate Case filed July 2, '19	No. 45253	▪ Hearings scheduled Jan. 22, '20 ▪ Requested new rates effective mid-'20	▪ ROE 10.4%; 53% equity cap. structure ▪ Grid investments ▪ Accelerated depreciation for coal plants ▪ Coal ash costs ▪ Includes modernized regulatory mechanisms
DUKE ENERGY **KENTUCKY**	Base Rate Case filed Sep. 3, '19	2019-00271	▪ Hearings expected 1Q '20 ▪ Requested new rates effective Q2 '20	▪ ROE 9.8%; 48% equity cap. structure ▪ Investments in distribution system to support localized load growth and dual fuel capability

(1) With passage of SB559 (legislation for storm securitization) DEC and DEP will seek to securitize these costs

Expanding natural gas infrastructure



ATLANTIC COAST PIPELINE

- SCOTUS agreed to hear appeal of the Appalachian Trail decision; DOJ and Solicitor General joined the appeal; expect decision in Q2 2020
  - Hearings scheduled for Feb. 24, 2020
- Work continues with Fish and Wildlife Service to resolve issues with Biological Opinion and Incidental Take Statement identified by the Fourth Circuit
  - Expect reissued permits in the first half of 2020
- Expect mechanical completion of the project in late 2021 with full in-service in the first half of 2022
  - No longer pursuing phased in-service schedule
- Estimated cost $7.3 to $7.8 billion(1)
- Remain confident in the project and committed to its completion

COMMITTED TO BRINGING LOW-COST NATURAL GAS TO UNDERSERVED SOUTHEAST

(1) Represents total project cost, of which Duke Energy's share is 47%. Excludes AFUDC

Coal ash settlement provides clarity on closure method and costs

NC COAL ASH SETTLEMENT AGREEMENT

- NC DEQ issued order April 1 requiring low priority sites be fully excavated
- Settlement Agreement reached with NC DEQ and other parties represented by the Southern Environmental Law Center on Dec. 31
  - Seven of the nine basins to be excavated, with ash moved to on-site lined landfills
  - Parties agree to settle and dismiss pending litigation; DEQ and SELC will not challenge the reasonableness, prudence, public interest or legal requirement of Settlement obligations
  - DEQ will expeditiously review and act on all applications by Duke Energy for necessary permits, and cooperate with Duke Energy's efforts to extend deadlines imposed by the Federal CCR rule, as necessary
- Reduces incremental closure costs by $1.5 billion from April 1 order
  - Now estimate total closure costs of $8 to $9 billion in the Carolinas
  - $2.4 billion spent through 2019
  - Majority of remaining expenditures to occur over next 15-20 years
- DEC and DEP revenues forecasted to approximate or exceed annual expenditures, upon finalization of pending rate cases

Our investor value proposition

DUK
LISTED
NYSE

A SOLID LONG-TERM HOLDING

4.2%
DIVIDEND YIELD(1)
WITH DIVIDEND
GROWTH COMMITMENT(2)

~8-10%
ATTRACTIVE
RISK-ADJUSTED
TOTAL SHAREHOLDER RETURN(3)

4-6%
HIGHLY
ACHIEVABLE
EPS GROWTH THROUGH 2023(4)

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

(1) As of January 7, 2020
(2) 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 2019 guidance range, or $5.00 as most recently affirmed in the Third Quarter 2019 Earnings Review and Business Update on November 8, 2019.

Appendix



ITEM	SLIDES
Other supplemental information	11-12
Q3 2019 results and financial supplement	13-15
Sustainability / ESG	16-20
Upcoming events & other	21-24

Other supplemental information



Advancing our strategic vision

TRANSFORM THE
CUSTOMER EXPERIENCE



MODERNIZE THE
ENERGY GRID



GENERATE
CLEANER ENERGY



EXPAND **NATURAL GAS INFRASTRUCTURE**

STAKEHOLDER
ENGAGEMENT

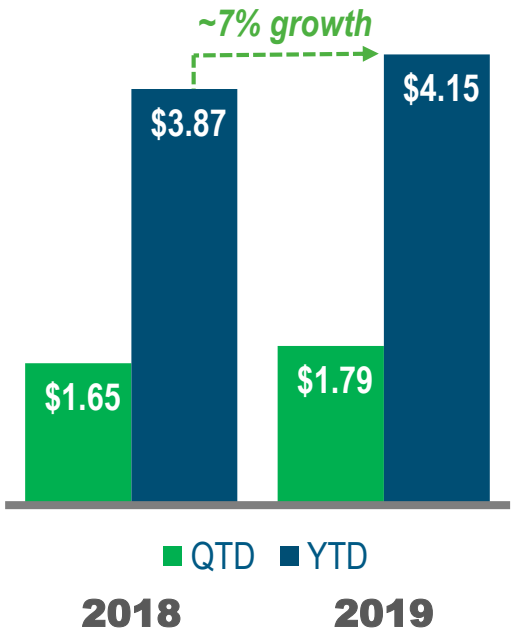
EMPLOYEE ENGAGEMENT AND OPERATIONAL EXCELLENCE ARE FOUNDATIONAL TO OUR SUCCESS

Q3 2019 results and financial supplement



3Q 2019 adjusted diluted EPS summary and primary drivers

ADJUSTED DILUTED EARNINGS PER SHARE



$4.95 - $5.15

NARROWING 2019 EPS GUIDANCE RANGE(3)

SEGMENT RESULTS VS. PRIOR YEAR QUARTER(1)

Electric Utilities & Infrastructure, +$191 M (+$0.25 per share(2))

- ▲ Contribution from base rate changes and riders (+$0.11 per share)
- ▲ Weather (+$0.09 per share)
- ▲ Lower storm costs, effective management and timing of O&M expenses (+$0.07 per share)
- ▼ Higher depreciation and amortization, primarily due to a growing asset base (-$0.03 per share)
- ▼ Lower volumes, primarily industrial (-$0.03 per share)

Gas Utilities & Infrastructure, +$8 M (+$0.01 per share)

- ▲ Higher earnings from midstream investments

Commercial Renewables, +$14 M (+$0.02 per share)

- ▲ Favorable wind resource and new growth projects

Other, -$84 M (-$0.11 per share)

- ▼ Higher financing costs and timing of income tax expense

Share Dilution (-$0.03 per share)

(1) Detailed drivers of adjusted segment income (loss) are available in the 3Q 2019 earnings release located on our Investor Relations website at www.duke-energy.com/investors/

(2) Excludes share dilution of -$0.03

(3) Based on adjusted diluted EPS off the midpoint of the original 2019 guidance range, or $5.00 as most recently affirmed in the Third Quarter 2019 Earnings Review and Business Update on November 8, 2019.

Key 2019 adjusted earnings guidance assumptions

($ in millions)	Original 2019 Assumptions [1]	2019 YTD (thru 9/30/2019)
Adjusted segment income/(expense)[2]:		
Electric Utilities & Infrastructure	$3,480	$2,925
Gas Utilities & Infrastructure	$375	$292
Commercial Renewables	$230	$139
Other	($440)	($328)
Duke Energy Consolidated	$3,645	$3,028
Additional consolidated information:		
Interest expense	$2,238	$1,657
Effective tax rate including noncontrolling interest and preferred dividends and excluding special items	12-14%	12.1%
Debt AFUDC and capitalized interest	$151	$115
AFUDC equity	$168	$99
Capital expenditures [3][4]	$11,100	$8,840
Weighted-average shares outstanding	~729 million	~728 million

(1) *Full year amounts for 2019, as disclosed on Feb. 14, 2019*
(2) *Adjusted net income for 2019 assumptions is based upon the midpoint of the original adjusted diluted EPS guidance range of $4.80 to $5.20*
(3) *Includes debt AFUDC and capitalized interest, except for ACP*
(4) *2019 YTD (thru 9/30/2019) includes ~$560 million of coal ash closure spend that was included in operating cash flows and ~$120 million funded under the ACP revolving credit facility; excludes tax equity funding of commercial renewables projects of ~$190 million. 2019 Assumptions include ~$850 million of projected coal ash closure spend and $220 million projected to be funded under the ACP revolving credit facility*

Sustainability / Environmental Social and Governance (ESG)



Working to achieve net-zero carbon emissions by 2050

Companywide CO_2 Emissions Reduction Goals(1)

- ❑ Cut CO_2 emissions by at least 50% by 2030
- ❑ Attain net-zero CO_2 emissions by 2050

CO_2 Reductions Already Achieved(2)

- ✓ Exceeded 2025 reduction benchmarks agreed to by the U.S. for the Paris climate accord
- ✓ Met the 2030 CO_2 emission-reduction requirements of EPA's former Clean Power Plan almost 11 years early

PATH TO A LOW-CARBON FUTURE

- Collaborate and align with our states and stakeholders as we transform
- Accelerate transition to cleaner energy solutions
- Modernize our electric grid
- Continue to operate existing carbon-free technologies, including nuclear and renewables
- Advocate for sound public policy that advances technology and innovation

(1) *From 2005 levels*
(2) *Achieved 31% reduction as of 2018, including a 35% reduction in the Carolinas*

Sustainability / Environmental Social and Governance (ESG)

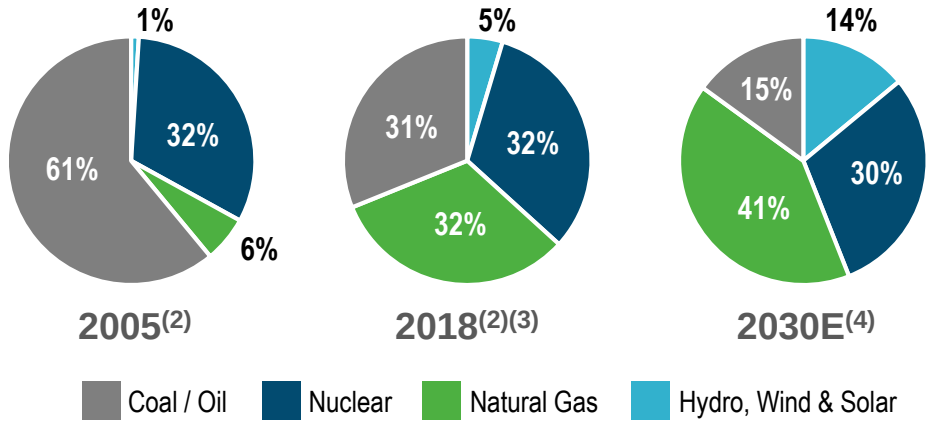
CARBON AND OTHER REDUCTIONS

- Targeting at least 50% reduction in carbon dioxide (CO_2) emissions by 2030[1]; net-zero by mid-century
- Since 2005, decreased CO_2 emissions by 31%, sulfur dioxide emissions by 96% and nitrogen oxides emissions by 74%
- 49 coal units retired (~6.2 GW) since 2010
- As of year-end 2018, owned or contracted 7,100 MW of renewables
- Targeting 1 trillion gallon reduction in water withdrawals by our generation fleet by 2030 (from 5.34 trillion gallons in 2016)

OTHER ESG FOCUS AREAS

INDUSTRY LEADING DISCLOSURE

FUEL DIVERSITY (MWh OUTPUT)



(1) *From 2005 levels*
(2) *2005 and 2018 data based on Duke's ownership share of U.S. generation assets as of Dec. 31, 2018*
(3) *2018 data excludes 8,519 GWh of purchased renewables, equivalent to ~4% of Duke's output*
(4) *Percentages in the 2030E pie chart not yet updated for the impact of the new climate goal announced Sept. 2019. 2030 estimate will be influenced by customer demand for electricity, weather, fuel availability and prices*

Sustainability / Environmental Social and Governance (ESG)

CARBON AND OTHER REDUCTIONS

OTHER ESG FOCUS AREAS

INDUSTRY LEADING DISCLOSURE

SAFETY – OUR NUMBER ONE PRIORITY

- Total Incident Case Rate (TICR) of 0.43 in 2018; one of the industry leaders for 4th year in a row

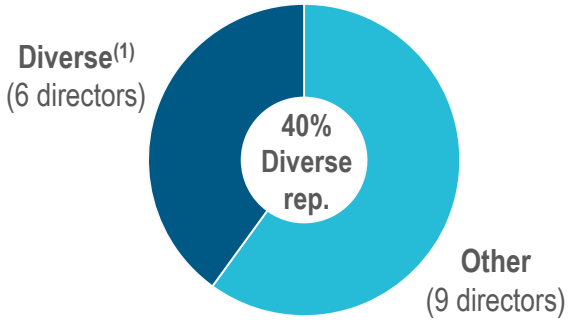
EMPLOYEES

- Targeting a companywide engagement score of 76% by 2022
- Named one of "America's Best Employers" by Forbes in 2019
- Named one of the "50 Best Companies for Diversity" by Black Enterprise magazine in 2018

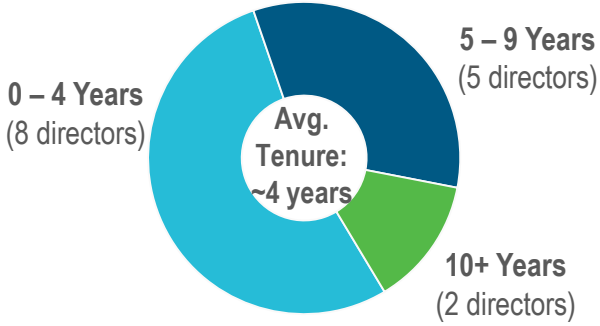
GOVERNANCE

- Oversight of sustainability formally added to Corporate Governance Committee of the Duke Energy Board of Directors charter in 2018

BOARD DIVERSITY



BOARD TENURE



(1) *Racial, gender and ethnic diversity*

Sustainability / Environmental Social and Governance (ESG)

CARBON AND OTHER REDUCTIONS

OTHER ESG FOCUS AREAS

INDUSTRY LEADING DISCLOSURE

- Dow Jones Sustainability Index for 14 years in a row
- Over a decade of annual Sustainability reports
- Climate Report issued in 2018 analyzes 2-degree scenario
  - Our 50% CO_2 reduction goal is consistent with a pathway to achieve a 2-degree target
- EEI / AGA reporting templates provide investors greater uniformity and consistency in reporting of ESG metrics
- 2019 Winner of U.S. Transparency Award by Labrador Group for utilities
- Bloomberg ESG disclosure score of 56.6, the second-best score and in the top decile of our peer U.S. utilities(1)



see more at: **www.duke-energy.com/our-company/sustainability**

(1) *As of March 29, 2019*

Upcoming events & other



Upcoming events

Event	Date
4Q 2019 Earnings Call	February 13, 2020

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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, operational accidents, information technology failures or 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 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, including enhancing existing technology systems.

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 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.



*BUILDING A **SMARTER** ENERGY FUTURE ®*

For additional information on Duke Energy,
please visit: duke-energy.com/investors

Duke Energy Corporation
Non-GAAP Reconciliations
Winter Update 2020

Adjusted Diluted Earnings per Share (EPS)

The materials for Duke Energy Corporation's (Duke Energy) Winter Update 2020 include a discussion of adjusted diluted EPS for the quarter and year-to-date periods ended September 30, 2019 and 2018.

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.

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 quarter and year-to-date periods ended September 30, 2019 and 2018, to the most directly comparable GAAP measures are included herein.

Special items for the quarter and year-to-date periods ended September 30, 2019 and 2018, include the following items, which management believes do not reflect ongoing costs:

- Impairment Charges represents a reduction of a prior-year impairment at Citrus County CC, an other-than-temporary-impairment ("OTTI") of an investment in Constitution and a Commercial Renewables goodwill impairment.
- Costs to Achieve Piedmont Merger represents charges that resulted from the Piedmont acquisition.
- Regulatory and Legislative Impacts represents 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, a nonregulated generating facility in Ohio.
- Impacts of the Tax Act represents an AMT valuation allowance recognized and a true up of prior-year tax estimates related to the Tax Act.

Adjusted Diluted EPS Guidance

The materials for Duke Energy's Winter Update 2020 include a reference to the forecasted 2019 adjusted diluted EPS guidance range of $4.95 - $5.15 per share, narrowed from $4.80 - $5.20 per share during the fourth quarter of 2019. The materials also reference the long-term range of annual growth of 4% - 6% through 2023 off the original midpoint of 2019 adjusted EPS guidance range of $5.00. Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations attributable to Duke Energy Corporation common stockholders, 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 Winter Update 2020 include a discussion of adjusted segment income and adjusted other net loss for the quarter and year-to-date periods ended September 30, 2019 and 2018, and a discussion of 2019 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). When a per share impact is provided for a segment income driver, the after-tax driver is derived using the pretax amount of the item less income taxes based on the segment statutory tax rate of 24% for Electric Utilities and Infrastructure and Gas Utilities and Infrastructure, segment statutory tax rate of 23% for Other, or an effective tax rate for Commercial Renewables. The after-tax earnings drivers are 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 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 quarter and year-to-date periods ended September 30, 2019 and 2018, to the most directly comparable GAAP measures is included herein. Due to the forward-looking nature of any forecasted adjusted segment income and forecasted other net 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.

Effective Tax Rate Including Impacts of Noncontrolling Interests and Preferred Dividends and Excluding Special Items

The materials for Duke Energy's Winter Update 2020 include a discussion of the effective tax rate including impacts of noncontrolling interests and preferred dividends and excluding special items for the quarter and year-to-date periods ended September 30, 2019. The materials also include a discussion of the 2019 forecasted effective tax rate including impacts of noncontrolling interests and preferred dividends and excluding special items. Effective tax rate including impacts of noncontrolling interests and preferred dividends and excluding special items is a non-GAAP financial measure as the rate is calculated using pretax income and income tax expense, both adjusted for the impact of special items, noncontrolling interests and preferred dividends. The most directly comparable GAAP measure is reported effective tax rate, which includes the impact of special items and excludes the impacts of noncontrolling interests and preferred dividends. A reconciliation of this non-GAAP financial measure for the quarter and year-to-date periods ended September 30, 2019, to the most directly comparable GAAP measure is included herein. Due to the forward-looking nature of the 2019 forecasted effective tax rate including impacts of noncontrolling interests and preferred dividends and excluding special items, information to reconcile it to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items, as discussed above under Adjusted Diluted EPS Guidance.

Adjusted EPS Contribution by Segment

The materials for Duke Energy's Winter Update 2020 reference each segment's 2019 projected adjusted segment income as a percentage of the total projected 2019 adjusted net income (i.e. adjusted EPS contribution), excluding the impact of Other. Duke Energy's segments are comprised of Electric Utilities and Infrastructure, Gas Utilities and Infrastructure and Commercial Renewables.

Adjusted segment income is a non-GAAP financial measure, as it represents reported segment income adjusted for special items as discussed above. Due to the forward-looking nature of any forecasted adjusted segment income, information to reconcile this non-GAAP financial measure to the most directly comparable GAAP financial measure is not available at this time, as management is unable to project all special items (as discussed above under Adjusted Diluted EPS Guidance).

DUKE ENERGY CORPORATION
REPORTED TO ADJUSTED EARNINGS RECONCILIATION
Three Months Ended September 30, 2019
(Dollars in millions, except per-share amounts)

		Special Item		
	Reported Earnings	Impairment Charge	Total Adjustments	Adjusted Earnings
SEGMENT INCOME				
Electric Utilities and Infrastructure	**$ 1,385**	$ (19) **A**	$ (19)	$ 1,366
Gas Utilities and Infrastructure	**26**	—	—	26
Commercial Renewables	**40**	—	—	40
Total Reportable Segment Income	**1,451**	**(19)**	**(19)**	**1,432**
Other	**(124)**	—	—	(124)
Net Income Attributable to Duke Energy Corporation	**$ 1,327**	**$ (19)**	**$ (19)**	**$ 1,308**
EPS ATTRIBUTABLE TO DUKE ENERGY CORP, DILUTED	**$ 1.82**	**$ (0.03)**	**$ (0.03)**	**$ 1.79**

A — Net of $6 million tax expense. $25 million reduction of a prior year impairment recorded within Impairment charges on Duke Energy Florida's Condensed Consolidated Statements of Operations.

Weighted Average Shares, Diluted (reported and adjusted) — 729 million

DUKE ENERGY CORPORATION
REPORTED TO ADJUSTED EARNINGS RECONCILIATION
Nine Months Ended September 30, 2019
(Dollars in millions, except per-share amounts)

		Special Item		
	Reported Earnings	Impairment Charge	Total Adjustments	Adjusted Earnings
SEGMENT INCOME				
Electric Utilities and Infrastructure	**$ 2,944**	$ (19) **A**	$ (19)	$ 2,925
Gas Utilities and Infrastructure	**292**	—	—	292
Commercial Renewables	**139**	—	—	139
Total Reportable Segment Income	**3,375**	**(19)**	**(19)**	**3,356**
Other	**(328)**		—	(328)
Discontinued Operations	**—**	—	—	—
Net Income Attributable to Duke Energy Corporation	**$ 3,047**	**$ (19)**	**$ (19)**	**$ 3,028**
EPS ATTRIBUTABLE TO DUKE ENERGY CORP, DILUTED	**$ 4.18**	**$ (0.03)**	**$ (0.03)**	**$ 4.15**

A — Net of $6 million tax expense. $25 million reduction of a prior year impairment recorded within Impairment charges on Duke Energy Florida's Condensed Consolidated Statements of Operations.

Weighted Average Shares, Diluted (reported and adjusted) — 728 million

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

		Special Items					
	Reported Earnings	Costs to Achieve Piedmont Merger	Impairment Charges	Impacts of the Tax Act	Discontinued Operations	Total Adjustments	Adjusted Earnings
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 CORPORATION, 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 Statements 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							
	Reported Earnings	Costs to Achieve Piedmont Merger	Regulatory and Legislative Impacts	Sale of Retired Plant	Impairment Charges	Impacts of the Tax Act	Discontinued Operations	Total Adjustments	Adjusted Earnings
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 CORPORATION, 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 Statements 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 Statements 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 Statements of Operations.

D — Net of $13 million tax benefit. $55 million recorded within Other Income and Expenses on the Condensed Consolidated Statements 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 within Income Tax Expense from Continuing Operations on the Condensed Consolidated Statements 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
EFFECTIVE TAX RECONCILIATION
September 2019
(Dollars in millions)

	Three Months Ended September 30, 2019		Nine Months Ended September 30, 2019	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
Reported Income From Continuing Operations Before Income Taxes	$ 1,511		$ 3,388	
Impairment Charge	(25)		(25)	
Noncontrolling Interests	19		110	
Preferred Dividends	(15)		(27)	
Pretax Income Including Noncontrolling Interests and Preferred Dividends and Excluding Special Items	$ 1,490		$ 3,446	
Reported Income Tax Expense From Continuing Operations	$ 188	12.4%	$ 424	12.5%
Impairment Charge	(6)		(6)	
Tax Expense Including Noncontrolling Interests and Preferred Dividends and Excluding Special Items	$ 182	12.2%	$ 418	12.1%

	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 of Equity Method Investment	91		146	
Noncontrolling Interests	16		12	
Pretax Income Including Noncontrolling Interests and Excluding Special Items	$ 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 of Equity Method Investment	—		13	
Impacts of the Tax Act	3		(73)	
Tax Expense Including Noncontrolling Interests and Excluding Special Items	$ 174	12.9%	$ 489	15.2%