

**Duke Energy Corporation**  
**Non-GAAP Reconciliations**  
**First Quarter Earnings Review & Business Update**  
**May 9, 2019**

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

The materials for Duke Energy Corporation's (Duke Energy) First Quarter Earnings Review and Business Update on May 9, 2019, include a discussion of adjusted diluted EPS for the quarters ended March 31, 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.

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. For the quarter ended March 31, 2019 adjusted diluted EPS equals reported diluted EPS attributable to Duke Energy Corporation common shareholders. Accordingly, there is no reconciliation of adjusted diluted EPS for the quarter ended March 31, 2019, to the most directly comparable GAAP measure. A reconciliation of adjusted diluted EPS for the quarter ended March 31, 2018, to the most directly comparable GAAP measure is included herein.

Special items for the quarter ended March 31, 2018 include the following items, which management believes do not reflect ongoing costs:

- Costs to Achieve Piedmont Merger represents charges that result from the Piedmont acquisition.
- Regulatory Settlements represents charges related to rate case orders, settlements or other actions of regulators.
- Sale of Retired Plant represents the loss associated with selling Beckjord, a nonregulated generating facility in Ohio.
- Impairment of Equity Method Investment represents an OTTI of an investment in Constitution.
- Impacts of the Tax Act represents an AMT valuation allowance recognized related to the Tax Act.

**Adjusted Diluted EPS Guidance**

The materials for Duke Energy's First Quarter Earnings Review and Business Update on May 9, 2019, include a reference to adjusted diluted EPS guidance range of \$4.80 - \$5.20 per share. The materials also reference the long-term range of annual growth of 4% - 6% through 2023 off the 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 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 First Quarter Earnings Review and Business Update on May 9, 2019, include a discussion of adjusted segment income and adjusted other net loss for the quarter ended March 31, 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). 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 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. For the quarter ended March 31, 2019 adjusted segment income and adjusted other net loss equal reported segment income and other net loss. Accordingly, there is no reconciliation of adjusted segment income and adjusted other net loss for the quarter ended March 31, 2019, to the most directly comparable GAAP measure. A reconciliation of adjusted segment income and adjusted other net loss for the quarter ended March 31, 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.

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

The materials for Duke Energy's First Quarter Earnings Review and Business Update on May 9, 2019 include a discussion of the adjusted ETR for the quarter ended March 31, 2019. The materials also include a discussion of the 2019 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. For the quarter ended March 31, 2019 the adjusted effective tax rate equals the effective tax rate. Accordingly, there is no reconciliation of the adjusted effective tax rate for the quarter ended March 31, 2019, to the most directly comparable GAAP measure. Due to the forward-looking nature of the 2019 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 First Quarter Earnings Review and Business Update on May 9, 2019 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 March 31, 2019 to the most directly comparable GAAP measure is included herein.

**DUKE ENERGY CORPORATION**  
**REPORTED TO ADJUSTED EARNINGS RECONCILIATION**  
Three Months Ended March 31, 2018  
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items					Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger	Regulatory Settlements	Sale of Retired Plant	Impairment of Equity Method Investment	Impacts of the Tax Act		
SEGMENT INCOME								
Electric Utilities and Infrastructure	\$ 750	\$ —	\$ 66	B \$ —	—	\$ —	\$ 66	\$ 816
Gas Utilities and Infrastructure	116	—	—	—	42	D —	42	158
Commercial Renewables	20	—	—	—	—	—	—	20
Total Reportable Segment Income	886	—	66	—	42	—	108	994
Other	(266)	13	A —	82	C —	76	171	(95)
Net Income Attributable to Duke Energy Corporation	\$ 620	\$ 13	\$ 66	\$ 82	\$ 42	\$ 76	E \$ 279	\$ 899
EPS ATTRIBUTABLE TO DUKE ENERGY CORP, DILUTED	\$ 0.88	\$ 0.02	\$ 0.09	\$ 0.12	\$ 0.06	\$ 0.11	\$ 0.40	\$ 1.28

**A** - Net of \$4 million tax benefit. \$17 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

**B** - Net of \$20 million tax benefit. \$45 million recorded within Impairment charges, \$35 million within Operating Expenses and \$6 million recorded within Interest Expense on the Condensed Consolidated Statements of Operations.

**C** - Net of \$25 million tax benefit. \$107 million recorded within 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** - \$76 million AMT valuation allowance within Income Tax Expense from Continuing Operations on the Condensed Consolidated Statements of Operations.

**Weighted Average Shares, Diluted (reported and adjusted) - 701 million**

**Duke Energy Corporation**  
**Available Liquidity Reconciliation**  
**As of March 31, 2019**  
**(In millions)**

Cash and Cash Equivalents	\$ 377	
Less: Certain Amounts Held in Foreign Jurisdictions	(30)	
Less: Unavailable Domestic Cash	<u>(144)</u>	
	203	
Plus: Remaining Availability under Master Credit Facilities and other facilities	<u>5,209</u>	
Total Available Liquidity (a)	<u><u>\$ 5,412</u></u>	approximately 5.4 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.