

NON-GAAP FINANCIAL INFORMATION

Non-GAAP Measures

Management evaluates financial performance in part based on non-GAAP financial measures, including adjusted earnings and adjusted diluted EPS. These items represent income from continuing operations attributable to Duke Energy, adjusted for the dollar and per share impact of special items. As discussed below, special items include certain charges and credits, which management believes are not indicative of Duke Energy's ongoing performance. Management believes the presentation of adjusted earnings and 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 these non-GAAP financial measures for planning and forecasting, and for reporting financial results to the 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 measures for adjusted earnings and adjusted diluted EPS are GAAP Reported Earnings and GAAP Reported EPS, respectively.

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

- Costs to Achieve Mergers represents charges that result from strategic acquisitions.
- Regulatory and Legislative Impacts in 2018 represents charges related to the Duke Energy Progress and Duke Energy Carolinas North Carolina rate case orders and the repeal of the South Carolina Base Load Review Act. For 2017, it represents charges related to the Levy nuclear project in Florida and the Mayo Zero Liquid Discharge and Sutton combustion turbine projects in North Carolina.
- Impairment Charges in 2018 represents an impairment at Citrus County CC, a goodwill impairment at Commercial Renewables and an other-than-temporary impairment of an investment in Constitution Pipeline Company, LLC. For 2017 and 2016, the charges represent goodwill and other-than-temporary asset impairments at Commercial Renewables.
- Sale of Retired Plant represents the loss associated with selling Beckjord, a nonregulated generating facility in Ohio.
- Impacts of the Tax Act represents amounts recognized related to the Tax Act.
- Severance Charges relate to companywide initiatives, excluding merger integration, to standardize processes and systems, leverage technology and workforce optimization.

Adjusted earnings also include the operating results of the International Disposal Group, which has been classified as discontinued operations. Management believes inclusion of the operating results of the International Disposal Group within adjusted earnings and adjusted diluted EPS results in a better reflection of Duke Energy's financial performance during the period.

Duke Energy's adjusted earnings and adjusted diluted EPS may not be comparable to similarly titled measures of another company because other companies may not calculate the measures in the same manner.

Reconciliation of GAAP Reported Amounts to Adjusted Amounts

The following table presents a reconciliation of adjusted earnings and adjusted diluted EPS to the most directly comparable GAAP measures.

(per share amounts)	Years Ended December 31,		
	2018 EPS	2017 EPS	2016 EPS
GAAP Reported EPS	\$3.76	\$4.36	\$3.11
Adjustments to Reported:			
Costs to Achieve Mergers	0.09	0.09	0.48
Regulatory and Legislative Impacts	0.29	0.14	—
Impairment Charges	0.25	0.11	0.07
Sale of Retired Plant	0.12	—	—
Impacts of the Tax Act	0.03	(0.14)	—
Severance Charges	0.21	—	0.08
Discontinued Operations	(0.03)	0.01	0.95
Adjusted Diluted EPS	\$4.72	\$4.57	\$4.69



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