

## PROPOSAL 2: RATIFICATION OF DELOITTE & TOUCHE LLP AS DUKE ENERGY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2019

The Audit Committee is directly responsible for the appointment and compensation, including the preapproval of audit fees as described below, and the retention and oversight of the independent registered public accounting firm that audits our financial statements and our internal control over financial reporting. The Audit Committee annually performs an assessment of Deloitte's independence and performance in

deciding whether to retain Deloitte or engage a different independent auditor. Based on this evaluation, the Audit Committee has selected Deloitte as Duke Energy's independent registered public accounting firm for 2019. Deloitte (or one of its predecessor companies) has served as our independent registered public accounting firm since 1947.

### Independence

The Audit Committee and the Board believe that the continued retention of Deloitte as Duke Energy's independent registered public accounting firm is in the best interests of Duke Energy and our shareholders. Deloitte's level of service, industry experience, and years of experience with Duke Energy have allowed them to gain expertise regarding Duke Energy's operations, accounting policies and practices, and internal controls over financial reporting. It also prevents the significant time commitment that educating a new auditor would entail, which could also result in distraction in focus for Duke Energy management and enables a more efficient fee structure.

To safeguard the continued independence of the independent registered public accounting firm, the Audit Committee adopted a policy that provides that the independent registered public accounting firm is only permitted to provide services to Duke Energy and our subsidiaries that have been preapproved by the Audit Committee. Pursuant to the policy, detailed audit services, audit-related services, tax services, and certain other services have been specifically preapproved up to certain categorical fee limits. Proposed services exceeding cost of preapproved limits must be approved by the Audit Committee before the independent registered public accounting firm is engaged for such service. All other services that are not prohibited pursuant to the SEC's or other applicable regulatory

bodies' rules or regulations must be specifically approved by the Audit Committee before the independent registered public accounting firm is engaged for such service. All services performed in 2018 and 2017 by the independent registered public accounting firm were approved by the Duke Energy Audit Committee pursuant to its policy on Engaging the Independent Auditor for Services.

In addition to the annual review of Deloitte's independence and in association with the mandatory rotation of Deloitte's lead engagement partner every five years, the Audit Committee oversees the selection of Deloitte's new lead engagement partner, including discussing candidate qualifications and interviewing potential candidates put forth by Deloitte. In 2018, the Audit Committee approved the selection of a new lead engagement partner beginning with the 2019 audit year.

Representatives of Deloitte are expected to participate in the Annual Meeting and will be available to respond to appropriate questions that are submitted at the Annual Meeting. Information on Deloitte's fees for services rendered in 2018 and 2017 are listed below.

The approval of a majority of shares represented in person or by proxy at the Annual Meeting is required to approve this proposal.

### Audit Fees

Type of Fees	2018	2017
Audit Fees <sup>(1)</sup>	\$ 14,035,000	\$ 13,535,000
Audit-Related Fees <sup>(2)</sup>	386,000	249,000
Tax Fees <sup>(3)</sup>	550,000	1,746,000
All Other Fees <sup>(4)</sup>	30,000	50,000
<b>Total fees:</b>	<b>\$ 15,001,000</b>	<b>\$ 15,580,000</b>

- (1) Audit Fees are fees billed, or expected to be billed, by Deloitte for professional services for the financial statement audits of Duke Energy and our subsidiaries, including the audit of the internal control over financial reporting of Duke Energy and subsidiaries included in Duke Energy's Form 10-K, reviews of financial statements included in Duke Energy's Quarterly Reports on Form 10-Q, statutory and regulatory attestation procedures, and services associated with securities filings such as comfort letters and consents.
- (2) Audit-Related Fees are fees billed, or expected to be billed, by Deloitte for assurance and related services, including examinations of management assertions on financial reporting-related matters.
- (3) Tax Fees are fees billed, or expected to be billed, by Deloitte for tax return assistance and preparation, tax examination assistance, and professional services related to tax planning and tax strategy.
- (4) Other Fees are billed, or expected to be billed, by Deloitte for attendance at Deloitte-sponsored conferences and access to Deloitte research tools and subscription services.

**For the Above Reasons, the Board of Directors Recommends a Vote "FOR" This Proposal.**

# REPORT OF THE AUDIT COMMITTEE

The following is the report of the Audit Committee with respect to Duke Energy's audited financial statements for the fiscal year ended December 31, 2018.

The information contained in this report of the Audit Committee shall not be deemed to be "soliciting material" or "filed" or "incorporated by reference" in future filings with the SEC, or subject to the liabilities of Section 18 of the Exchange Act, except to the extent that Duke Energy specifically incorporates it by reference into a document filed under the Securities Act or the Exchange Act.

The purpose of the Audit Committee is to assist the Board in its general oversight of Duke Energy's financial reporting, internal controls, and audit functions. The Audit Committee's charter describes in greater detail the full responsibilities of the committee and is available on our website at [duke-energy.com/our-company/investors/corporate-governance/board-committee-charters/audit](http://duke-energy.com/our-company/investors/corporate-governance/board-committee-charters/audit). Further information about the Audit Committee, its Policy on Engaging the Independent Auditor for Services and its members is detailed on pages 21 and 33 of the proxy statement.

The Audit Committee has reviewed and discussed the consolidated financial statements with management and Deloitte, Duke Energy's independent registered public accounting firm. Management is responsible for the preparation, presentation, and integrity of Duke Energy's financial statements; accounting and financial reporting principles; establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)); establishing and maintaining internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)); evaluating the effectiveness of disclosure controls and procedures; evaluating the effectiveness of internal control over financial reporting; and, evaluating any change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. Deloitte is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with GAAP, as well as expressing an opinion on the effectiveness of internal control over financial reporting based on the criteria established in Internal Control – Integrated Framework (2013).

The Audit Committee reviewed the Corporation's audited financial statements with management and Deloitte, and met separately with both management and Deloitte to discuss and review those financial statements and reports prior to issuance. These discussions also addressed the quality, not just the

acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements. Management has represented, and Deloitte has confirmed, that the financial statements are fairly presented, in all material respects, in conformity with GAAP.

In addition, management completed the documentation, testing, and evaluation of Duke Energy's system of internal control over financial reporting in response to the requirements set forth in Section 404 of the Sarbanes-Oxley Act of 2002 and related regulations. The Audit Committee was kept apprised of the progress of the evaluation and provided oversight and advice to management during the process. In connection with this oversight, the Audit Committee received updates provided by management and Deloitte at each of the regularly scheduled Audit Committee meetings. At the conclusion of the process, management presented to the Audit Committee on the effectiveness of Duke Energy's internal control over financial reporting. The Audit Committee also reviewed the report of management contained in Duke Energy's Form 10-K filed with the SEC, as well as Deloitte's report included in the Corporation's Form 10-K related to its audit of the effectiveness of internal control over financial reporting.

The Audit Committee has discussed with Deloitte the matters required to be discussed by professional and regulatory requirements, including, but not limited to, the standards of the Public Company Accounting Oversight Board regarding The Auditors' Communications with those charged with governance. In addition, Deloitte has provided the Audit Committee with the written disclosures and the letter required by Public Company Accounting Oversight Board Ethics and Independence Rule 3526, "Communications with Audit Committees Concerning Independence" that relates to Deloitte's independence from Duke Energy and our subsidiaries and the Audit Committee has discussed with Deloitte the firm's independence.

Based on its review of the consolidated financial statements and discussions with and representations from management and Deloitte referred to above, the Audit Committee recommended to the Board that the audited financial statements be included in Duke Energy's Form 10-K for filing with the SEC.

## **Audit Committee**

Theodore F. Craver, Jr., Chair  
Annette K. Clayton  
Robert M. Davis  
James B. Hylar, Jr.  
Carlos A. Saladrigas