

Duke Energy Corporation
Non-GAAP Reconciliations
Fourth Quarter Earnings Review & Business Update
February 13, 2020

Adjusted Earnings per Share (EPS)

The materials for Duke Energy Corporation's (Duke Energy) Fourth Quarter Earnings Review and Business Update on February 13, 2020, include a discussion of adjusted EPS for the year-to-date periods ended December 31, 2019, 2018 and 2017.

The non-GAAP financial measure, adjusted EPS, represents basic and diluted EPS from continuing operations available 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 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 EPS is also used as a basis for employee incentive bonuses. The most directly comparable GAAP measure for adjusted EPS is reported basic and diluted EPS available to Duke Energy Corporation common stockholders. Reconciliations of adjusted EPS for the year-to-date periods ended December 31, 2019, 2018 and 2017, to the most directly comparable GAAP measures are included herein.

Special items for the year-to-date periods ended December 31, 2019, 2018 and 2017, include the following items, which management believes do not reflect ongoing costs:

- Impairment Charges in 2019 represents a reduction of a prior-year impairment at Citrus County CC and an other-than-temporary-impairment on the remaining investment in Constitution Pipeline Company, LLC. For 2018, it 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, the charges represent goodwill and other-than-temporary asset impairments at Commercial Renewables. 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.
- Costs to Achieve Mergers represents charges that resulted from strategic acquisitions.
- Regulatory and Legislative Impacts in 2018 represents charges related to Duke Energy Progress and Duke Energy Carolinas North Carolina rate case orders and the repeal of the South Carolina Base Load Review Act.
- 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 EPS Guidance

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 13, 2020, include a reference to the forecasted 2020 adjusted EPS guidance range of \$5.05 to \$5.45 per share and the midpoint of forecasted 2020 adjusted EPS guidance range of \$5.25. The materials also reference the long-term range of annual growth of 4% - 6% through 2024 off the original midpoint of 2019 adjusted EPS guidance range of \$5.00. The forecasted adjusted EPS is a non-GAAP financial measure as it represents basic EPS from continuing operations available to Duke Energy Corporation common stockholders, adjusted for the per share impact of special items (as discussed above under Adjusted 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.

For the years ended December 31, 2018 and 2019, Basic EPS Available to Duke Energy Corporation common stockholders and Diluted EPS Available to Duke Energy Corporation common stockholders were equal. Beginning in 2020, Duke Energy will use adjusted basic EPS as the financial measure to evaluate management performance. Adjusted basic EPS will represent Basic EPS Available to Duke Energy Corporation common stockholders (GAAP reported Basic EPS), adjusted for the per-share impact of special items.

Adjusted Segment Income and Adjusted Other Net Loss

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 13, 2020, include a discussion of adjusted segment income and adjusted other net loss for the year-to-date periods ended December 31, 2019 and 2018, and a discussion of 2019 and 2020 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 EPS). Management believes the presentation of adjusted segment income and adjusted other net expense 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, 23% for Gas Utilities and Infrastructure and Other, or an effective tax rate for Commercial Renewables. The after-tax earnings drivers are divided by the Duke Energy weighted average 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 year-to-date periods ended December 31, 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 EPS guidance.

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

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 13, 2020, include a discussion of the effective tax rate including impacts of noncontrolling interests and preferred dividends and excluding special items for the year-to-date periods ended December 31, 2019. The materials also include a discussion of the 2019 and 2020 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 year-to-date periods ended December 31, 2019, to the most directly comparable GAAP measure is included herein. Due to the forward-looking nature of the forecasted effective tax rates 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 EPS Guidance.

Available Liquidity

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 13, 2020, 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 December 31, 2019, to the most directly comparable GAAP measure is included herein.

Non-Rider Recoverable O&M

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 13, 2020, include a discussion of Duke Energy's non-rider recoverable operating, maintenance and other expenses (O&M) for the year-to-date periods ended December 31, 2019, 2018, 2017 and 2016 as well as the forecasted year-to-date period ended December 31, 2020. Non-rider recoverable O&M expenses are non-GAAP financial measures, as they represent reported O&M expenses adjusted for special items and expenses recovered through riders. The most directly comparable GAAP financial measure for non-rider recoverable O&M expenses is reported operating, maintenance and other expenses. A reconciliation of non-rider recoverable O&M expenses for the year-to-date periods ended December 31, 2019, 2018, 2017, and 2016, as well as the forecasted year-to-date period ended December 31, 2020, to the most directly comparable GAAP measure are included here-in. 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, as discussed above under Adjusted ;EPS Guidance; However, projected rider recoverable O&M costs have been forecasted for the year ended December 31, 2020 and are presented in the reconciliation herein.

Dividend Payout Ratio

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 13, 2020, include a discussion of Duke Energy's forecasted dividend payout ratio of 65% - 75% based upon adjusted EPS. This payout ratio is a non-GAAP financial measure as it is based upon forecasted basic EPS from continuing operations available to Duke Energy Corporation stockholders, adjusted for the per-share impact of special items, as discussed above under Adjusted EPS. The most directly comparable GAAP measure for adjusted EPS is reported basic EPS available to Duke Energy Corporation common stockholders. 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, as discussed above under Adjusted EPS Guidance.

The materials also reference the 2019 actual dividend payout ratio of 74%. This payout ratio is a non-GAAP financial measure as it is the annualized Q4 2019 dividend divided by the 2019 adjusted EPS (as discussed above under Adjusted EPS Guidance). On an annualized basis, the Q4 2019 dividend of \$0.9540 is equal to \$3.78, which creates an annual dividend payout ratio of 74% when compared to 2019 adjusted EPS.

Adjusted Book Return on Equity (ROE)

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 13, 2020 include a reference to the historical and projected adjusted book return on equity (ROE) ratio. This ratio is a non-GAAP financial measure. The numerator represents Net Income, adjusted for the impact of special items (as discussed above under Adjusted EPS). The denominator is average Total Common Stockholder's Equity, reduced for Goodwill. A reconciliation of the components of adjusted ROE to the most directly comparable GAAP measures is included here-in. 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, as discussed above under Adjusted EPS Guidance.

Funds From Operations ("FFO") Ratios

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 13, 2020 include a reference to historical and expected FFO to Total Debt ratios. These ratios reflect non-GAAP financial measures. The numerator of the FFO to Total Debt ratio is calculated principally by using net cash provided by operating activities on a GAAP basis, adjusted for changes in working capital, ARO spend, depreciation and amortization of operating leases and reduced for capitalized interest (including any AFUDC interest) and AMT refunds. The denominator for the FFO to Total Debt ratio is calculated principally by using the balance of long-term debt (excluding purchase accounting adjustments and long-term debt associated with the CR3 Securitization), including current maturities, imputed operating lease liabilities, plus notes payable, commercial paper outstanding, underfunded pension, guarantees on joint-venture debt, and adjustments to hybrid debt and preferred equity issuances based on how credit rating agencies view the instruments. The calculation of FFO to Total Debt ratio for the year ended December 31, 2019 is included here-in. 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, as discussed above under Adjusted EPS Guidance.

Holdco Debt Percentage

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 13, 2020 include a reference to a historical and projected Holdco debt percentage. This percentage reflects a non-GAAP financial measure. The numerator of the Holdco debt percentage is the balance of Duke Energy Corporate debt, Progress Energy, Inc. debt, PremierNotes and the Commercial Paper attributed to the Holding Company. The denominator for the percentage is the balance of long-term debt (excluding purchase accounting adjustments and long-term debt associated with the CR3 Securitization), including current maturities, imputed operating lease liabilities, plus notes payable and commercial paper outstanding

Business Mix Percentage

The materials for Duke Energy's Fourth Quarter Earnings Review and Business Update on February 13, 2020, reference each segment's 2020 projected adjusted segment income as a percentage of the total projected 2020 adjusted net income (i.e. business mix), 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 EPS Guidance).

DUKE ENERGY CORPORATION
REPORTED TO ADJUSTED EARNINGS RECONCILIATION
Year Ended December 31, 2019
(Dollars in millions, except per-share amounts)

	<u>Special Items</u>				
	Reported Earnings	Impairment Charges	Discontinued Operations	Total Adjustments	Adjusted Earnings
SEGMENT INCOME					
Electric Utilities and Infrastructure	\$ 3,536	\$ (27) ^A	\$ —	\$ (27)	\$ 3,509
Gas Utilities and Infrastructure	432	19 ^B	—	19	451
Commercial Renewables	198	—	—	—	198
Total Reportable Segment Income	4,166	(8)	—	(8)	4,158
Other	(452)	—	—	—	(452)
Discontinued Operations	(7)	—	7 ^C	7	—
Net Income Available to Duke Energy Corporation Common Stockholders	\$ 3,707	\$ (8)	\$ 7	\$ (1)	\$ 3,706
EPS AVAILABLE TO DUKE ENERGY CORPORATION COMMON STOCKHOLDERS, DILUTED	\$ 5.06	\$ (0.01)	\$ 0.01	\$ —	\$ 5.06

Note: Earnings Per Share amounts are adjusted for accumulated but not yet declared dividends for Series B Preferred Stock of \$(0.02).

A – Net of \$9 million tax expense. \$36 million reduction of a prior year impairment recorded within Impairment charges for the Citrus County CC project on Duke Energy Florida's Consolidated Statements of Operations.

B – Net of \$6 million tax benefit. \$25 million included within Other Income and Expenses on the Consolidated Statements of Operations, related to the other-than-temporary-impairment of the remaining investment in Constitution Pipeline Company, LLC.

C – Recorded in (Loss) Income from Discontinued Operations, net of tax on the Consolidated Statements of Operations.

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

DUKE ENERGY CORPORATION
REPORTED TO ADJUSTED EARNINGS RECONCILIATION
Year Ended December 31, 2018
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items							Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger	Regulatory and Legislative Impacts	Sale of Retired Plant	Impairment Charges	Impacts of the Tax Act	Severance	Discontinued Operations		
SEGMENT INCOME										
Electric Utilities and Infrastructure	\$ 3,058	\$ —	\$ 202	B \$ —	\$ 46	D \$ 24	\$ —	\$ —	\$ 272	\$ 3,330
Gas Utilities and Infrastructure	274	—	—	—	42	E 1	—	—	43	317
Commercial Renewables	9	—	—	—	91	F (3)	—	—	88	97
Total Reportable Segment Income	3,341	—	202	—	179	22	—	—	403	3,744
Other	(694)	65	A —	82	C —	(2)	144	H —	289	(405)
Discontinued Operations	19	—	—	—	—	—	—	(19)	I (19)	—
Net Income Attributable to Duke Energy Corporation	\$ 2,666	\$ 65	\$ 202	\$ 82	\$ 179	\$ 20	G \$ 144	\$ (19)	\$ 673	\$ 3,339
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 3.76	\$ 0.09	\$ 0.29	\$ 0.12	\$ 0.25	\$ 0.03	\$ 0.21	\$ (0.03)	\$ 0.96	\$ 4.72

A – Net of \$19 million tax benefit. \$84 million recorded within Operating Expenses on the Consolidated Statements of Operations.

B – Net of \$16 million tax benefit at Duke Energy Progress and \$47 million tax benefit at Duke Energy Carolinas, related to the North Carolina rate case orders and the repeal of the South Carolina Base Load Review Act.

- On the Duke Energy Progress' 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' 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 Consolidated Statements of Operations. Sale of retired plant represents the loss associated with selling Beckjord, a nonregulated generating facility in Ohio.

D – Net of \$14 million tax benefit. \$60 million recorded within Impairment charges for the Citrus County CC project on Duke Energy Florida's Consolidated Statements of Operations.

E – Net of \$13 million tax benefit. \$55 million recorded within Other Income and Expenses on the Consolidated Statements of Operations, related to the other-than-temporary-impairment of the investment in Constitution Pipeline Company, LLC.

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

G – \$20 million true up of prior year Tax Act estimates within Income Tax Expense from Continuing Operations on the Consolidated Statements of Operations.

H – Net of \$43 million tax benefit. \$187 million recorded with Operations, maintenance and other on the Consolidated Statements of Operations.

I – Recorded in (Loss) Income from Discontinued Operations, net of tax on the Consolidated Statements of Operations.

Weighted Average Shares, Diluted (reported and adjusted) – 708 million

DUKE ENERGY CORPORATION
REPORTED TO ADJUSTED EARNINGS RECONCILIATION
 Twelve Months Ended December 31, 2017
 (Dollars in millions, except per-share amounts)

	<u>Special Items</u>							<u>Total Adjustments</u>	<u>Adjusted Earnings</u>
	<u>Reported Earnings</u>	<u>Costs to Achieve Piedmont Merger</u>	<u>Regulatory Settlements</u>	<u>Commercial Renewables Impairments</u>	<u>Impacts of the Tax Act</u>	<u>Discontinued Operations</u>			
SEGMENT INCOME									
Electric Utilities and Infrastructure	\$ 3,210	\$ —	\$ 98 B	\$ —	\$ (231)	\$ —	\$ (133)	\$ 3,077	
Gas Utilities and Infrastructure	319	—	—	—	(26) D	—	(26)	293	
Commercial Renewables	441	—	—	74 C	(442)	—	(368)	73	
Total Reportable Segment Income	3,970	—	98	74	(699)	—	(527)	3,443	
Other	(905)	64 A	—	—	597	—	661	(244)	
Discontinued Operations	(6)	—	—	—	—	6 E	6	—	
Net Income Attributable to Duke Energy Corporation	\$ 3,059	\$ 64	\$ 98	\$ 74	\$ (102) D	\$ 6	\$ 140	\$ 3,199	
EPS ATTRIBUTABLE TO DUKE ENERGY CORP, DILUTED	\$ 4.36	\$ 0.09	\$ 0.14	\$ 0.11	\$ (0.14)	\$ 0.01	\$ 0.21	\$ 4.57	

A - Net of \$39 million tax benefit. \$102 million recorded within Operating Expenses and \$1 million recorded within Interest Expense on the Consolidated Statements of Operations.

B - Net of \$60 million tax benefit. \$154 million recorded within Impairment charges and \$4 million recorded within Other Income and Expenses on the Consolidated Statements of Operations.

C - Net of \$28 million tax benefit. \$92 million recorded within Impairment charges and \$10 million recorded within Other Income and Expenses on the Consolidated Statements of Operations.

D - \$118 million benefit recorded with Income Tax Expense from Continuing Operations, offset by \$16 million expense recorded within Gas Utilities and Infrastructure's Equity in Earnings of Unconsolidated Affiliates on the Consolidated Statements of Operations.

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

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

DUKE ENERGY CORPORATION
EFFECTIVE TAX RECONCILIATION
December 2019
(Dollars in millions)

	Three Months Ended December 31, 2019		Year Ended December 31, 2019	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
Reported Income From Continuing Operations Before Income Taxes	\$ 709		\$ 4,097	
Impairment Charges	14		(11)	
Noncontrolling Interests	67		177	
Preferred Dividends	(14)		(41)	
Pretax Income Including Noncontrolling Interests and Preferred Dividends and Excluding Special Items	\$ 776		\$ 4,222	
Reported Income Tax Expense From Continuing Operations	\$ 95	13.4%	\$ 519	12.7%
Impairment Charges	3		(3)	
Tax Expense Including Noncontrolling Interests and Preferred Dividends and Excluding Special Items	\$ 98	12.6%	\$ 516	12.2%

	Three Months Ended December 31, 2018		Year Ended December 31, 2018	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
Reported Income From Continuing Operations Before Income Taxes	\$ 433		\$ 3,073	
Costs to Achieve Piedmont Merger	31		84	
Regulatory and Legislative Impacts	—		265	
Sale of Retired Plant	—		107	
Impairment Charges	60		206	
Severance	187		187	
Noncontrolling Interests	10		22	
Pretax Income Including Noncontrolling Interests and Excluding Special Items	\$ 721		\$ 3,944	
Reported Income Tax (Benefit) Expense From Continuing Operations	\$ (1)	(0.2)%	\$ 448	14.6%
Costs to Achieve Piedmont Merger	7		19	
Regulatory and Legislative Impacts	—		63	
Sale of Retired Plant	—		25	
Impairment Charges	14		27	
Severance	43		43	
Impacts of the Tax Act	53		(20)	
Tax Expense Including Noncontrolling Interests and Excluding Special Items	\$ 116	16.1 %	\$ 605	15.3%

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

Cash and Cash Equivalents	\$ 311	
Less: Certain Amounts Held in Foreign Jurisdictions	(1)	
Less: Unavailable Domestic Cash	<u>(33)</u>	
	277	
Plus: Remaining Availability under Master Credit Facilities and other facilities	<u>5,332</u>	
Total Available Liquidity (a)	<u>\$ 5,609</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.

Duke Energy Corporation
Operations, Maintenance and Other Expense
(In millions)

	<u>Actual</u> <u>December 31, 2016</u>	<u>Actual</u> <u>December 31, 2017</u>	<u>Actual</u> <u>December 31, 2018</u>	<u>Actual</u> <u>December 31, 2019</u>	<u>Forecast</u> <u>December 31, 2020</u>
Operation, maintenance and other^(a)	\$6,223	\$5,944	\$6,463	\$6,066	\$6,061
Adjustments:					
Costs to Achieve, Mergers ^(b)	(238)	(94)	(83)	–	–
Severance ^(b)	(92)	–	(187)	–	–
Regulatory settlement ^(b)	–	(5)	(40)	–	–
Reagents Recoverable ^(c)	(93)	(90)	(112)	(95)	(102)
Energy Efficiency Recoverable ^(c)	(417)	(485)	(446)	(415)	(424)
Other Deferrals and Recoverable ^(c)	(233)	(246)	(477)	(472)	(382)
Margin based O&M for Commercial Businesses	(185)	(94)	(113)	(95)	(202)
Short-term incentive payments (over)/under budget	(90)	(22)	(30)	(112)	–
Non-Rider Recoverable operation, maintenance and other	<u>\$ 4,875</u>	<u>\$ 4,908</u>	<u>\$ 4,974</u>	<u>\$ 4,878</u>	<u>\$ 4,950</u>

(a) As reported in the Consolidated Statements of Operations.

(b) Presented as a special item for the purpose of calculating adjusted earnings and adjusted diluted earnings

(c) Primarily represents expenses to be deferred or recovered through rate riders.

DUKE ENERGY CORPORATION
ADJUSTED BOOK RETURN ON EQUITY (ROEs)
For the period ended December 31, 2019
dollars in millions

	Duke Energy Carolinas	Duke Energy Progress	Total Carolinas	Duke Energy Florida	Duke Energy Indiana	Duke Energy Ohio Reportable Segments	Piedmont
Reported Net Income 2019	\$ 1,403	\$ 805	\$ 2,208	\$ 693	\$ 436	\$ 244 (2)	\$ 196 (4)
Special Items (1)	-	-	-	(27)	-	-	-
Adjusted Net Income 2019	1,403	805	2,208	666	436	244	196
2019							
Equity	12,811	9,246	22,057	6,788	4,575	3,687 (3)	2,381 (5)
Goodwill	-	-	-	-	-	920	49
Equity less Goodwill	12,811	9,246	22,057	6,788	4,575	2,767	2,332
2018							
Equity	11,683	8,441	20,124	6,095	4,339	3,449 (3)	2,047 (5)
Goodwill	-	-	-	-	-	920	49
Equity less Goodwill	11,683	8,441	20,124	6,095	4,339	2,529	1,998
Average Equity less Goodwill	12,247	8,844	21,091	6,442	4,457	2,648	2,165
Adjusted Book ROEs			10.5%	10.3%	9.8%	9.2%	9.1%

(1) Impacts of Citrus County CC, Net of Tax

(2) Net Income for 2019 equals Duke Energy Ohio reportable segments segment income

(3) Reconciliation of Duke Energy Ohio Equity to Equity of the reportable segments:

	2019	2018
Reported Equity for Duke Energy Ohio	3,683	3,445
Less: Non-Reg & Other	(4)	(4)
Duke Energy Ohio Reportable Segments Equity	3,687	3,449

(4) Piedmont Natural Gas Net Income excludes \$6 million of income related to Investments in Gas Transmission Infrastructure

2019
202
(6)
196

(5) Reconciliation of Piedmont Natural Gas Equity to reported equity:

	2019	2018
Reported Equity for Piedmont Natural Gas	2,443	2,091
Less: Investments in Gas Transmission Infrastructure	62	44
Piedmont Natural Gas Adjusted Equity	2,381	2,047

DUKE ENERGY CORPORATION
ADJUSTED BOOK RETURN ON EQUITY (ROEs)
For the period ended December 31, 2018
dollars in millions

	Duke Energy Carolinas	Duke Energy Progress	Total Carolinas	Duke Energy Florida	Duke Energy Indiana	Duke Energy Ohio Reportable Segments	Piedmont
Reported Net Income 2018	\$ 1,071	\$ 667	\$ 1,738	\$ 553	\$ 393	\$ 279 (2)	\$ 124 (4)
Special Items (1)	234	118	352	63	8	-	40
Adjusted Net Income 2018	1,305	785	2,090	616	401	279	164
2018							
Equity	11,683	8,441	20,124	6,095	4,339	3,449 (3)	2,047 (5)
Goodwill	-	-	-	-	-	920	49
Equity less Goodwill	11,683	8,441	20,124	6,095	4,339	2,529	1,998
2017							
Equity	11,361	7,949	19,310	5,618	4,121	3,166 (3)	1,616 (5)
Goodwill	-	-	-	-	-	920	49
Equity less Goodwill	11,361	7,949	19,310	5,618	4,121	2,246	1,567
Average Equity less Goodwill			19,717	5,857	4,230	2,388	1,783
Adjusted Book ROEs			10.6%	10.5%	9.5%	11.7%	9.2%

(1) Costs to Achieve (CTA) Mergers net of tax, Severance, Regulatory and Legislative Impacts and Tax Reform.

(2) Net Income for 2018 equals Duke Energy Ohio reportable segments segment income, which already excludes CTA and cost savings initiatives, Severance and Sale of Retired Plant.

(3) Reconciliation of Duke Energy Ohio Equity to Equity of the reportable segments:

	2018	2017
Reported Equity for Duke Energy Ohio	3,445	3,163
Less: Non-Reg & Other	(4)	(3)
Duke Energy Ohio Reportable Segments Equity	3,449	3,166

(4) Piedmont Natural Gas Net Income excludes \$5 million of income related to Investments in Gas Transmission Infrastructure.

(5) Reconciliation of Piedmont Natural Gas Equity to reported equity:

	2018	2017
Reported Equity for Piedmont Natural Gas	2,091	1,662
Less: Investments in Gas Transmission Infrastructure	44	46
Piedmont Natural Gas Adjusted Equity	2,047	1,616

DUKE ENERGY CORPORATION
ADJUSTED BOOK RETURN ON EQUITY (ROEs)
For the period ended December 31, 2017
dollars in millions

	Duke Energy Carolinas	Duke Energy Progress	Total Carolinas	Duke Energy Florida	Duke Energy Indiana	Duke Energy Ohio Reportable Segments	Piedmont
Reported Net Income 2017	\$ 1,214	\$ 715	\$ 1,929	\$ 712	\$ 354	\$ 223 (2)	\$ 133 (4)
Special Items (1)	28	(17)	11	(136)	58	(20)	25
Adjusted Net Income 2017	1,242	698	1,940	576	412	203	158
2017							
Equity	11,361	7,949	19,310	5,618	4,121	3,166 (3)	1,616 (5)
Goodwill	-	-	-	-	-	920	49
Equity less Goodwill	11,361	7,949	19,310	5,618	4,121	2,246	1,567
2016							
Equity	10,772	7,358	18,130	4,900	4,067	3,027 (3)	1,569 (5)
Goodwill	-	-	-	-	-	920	49
Equity less Goodwill	10,772	7,358	18,130	4,900	4,067	2,107	1,520
Average Equity less Goodwill			18,720	5,259	4,094	2,177	1,544
Adjusted Book ROEs			10.4%	11.0%	10.1%	9.3%	10.2%

(1) Costs to Achieve (CTA), Mergers net of tax, Regulatory Settlements, and Tax Reform.

(2) Net Income for 2017 equals Duke Energy Ohio reportable segments segment income, which already excludes CTA and cost savings initiatives.

(3) Reconciliation of Duke Energy Ohio Equity to Equity of the reportable segments:

	2017	2016
Reported Equity for Duke Energy Ohio	3,163	2,996
Less: Non-Reg & Other	(3)	(31)
Duke Energy Ohio Reportable Segments Equity	3,166	3,027

(4) Piedmont Natural Gas Net Income excludes \$6 million of income related to Investments in Gas Transmission Infrastructure.

(5) Reconciliation of Piedmont Natural Gas Equity to reported equity:

	2017	2016
Reported Equity for Piedmont Natural Gas	1,662	1,672
Less: Investments in Gas Transmission Infrastructure	46	103
Piedmont Natural Gas Adjusted Equity	1,616	1,569

Duke Energy Corporation
2020 Forecasted Cash Flow Reconciliation, Required by SEC Regulation G
February 13, 2020
(\$ in millions)

	<u>Forecast 2020</u>
Primary Sources:	
Adjusted net income (1)	(a) \$3,870
Depreciation & amortization	(a) 5,470
Deferred and accrued taxes	(a) 805
Other sources / (uses), net	(a) <u>(235)</u>
Total Sources	9,910
Primary Uses:	
Capital expenditures (including discretionary)	(b) (11,825)
Dividends	(c) <u>(2,800)</u>
Total Uses	(14,625)
Uses in Excess of Sources	<u>(4,715)</u>
Net Change in Financing	
Debt issuances	(c) 5,210
Debt maturities	(c, d) <u>(3,565)</u>
Net Change in Debt	<u>1,645</u>
Common stock issuances	(c) <u>2,985</u>
Net Change in Cash	<u><u>(\$85)</u></u>
Reconciliations to forecasted U.S. GAAP reporting amounts:	
Operating cash flow components, sum of (a) from above	\$9,910
Reconciling items to GAAP cash flows from operating activities	(2) <u>(580)</u>
Net cash provided by operating activities per GAAP Consolidated Statement of Cash Flows	<u>\$9,330</u>
Investing cash flow components, (b) from above	(\$11,825)
Reconciling items to GAAP cash flows from investing activities	(2) <u>75</u>
Net cash used in investing activities per GAAP Consolidated Statement of Cash Flows	<u>(\$11,750)</u>
Financing cash flow components, sum of (c) from above	\$1,830
Reconciling items to GAAP cash flows from financing activities	(2) <u>505</u>
Net cash provided by financing activities per GAAP Consolidated Statement of Cash Flows	<u>\$2,335</u>
<i>Debt maturities [(d) from above] includes "Notes payable and commercial paper" which is separately presented per GAAP Consolidated Statements of Cash Flows</i>	
Net decrease in cash and cash equivalents per forecasted GAAP Consolidated Statements of Cash Flows	<u><u>(\$85)</u></u>

Notes:

(1) The forecasted adjusted net income of \$3,870 million for 2020 is an illustrative amount based on the midpoint of Duke Energy's forecasted 2020 adjusted EPS outlook range of \$5.05-\$5.45 per share. Adjusted EPS is a non-GAAP financial measure as it represents basic and diluted EPS from continuing operations available to Duke Energy Corporation shareholders and adjusted for the per-share impact of special items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis, although it is reasonably possible such charges and credits could recur. The most directly comparable GAAP measure for adjusted EPS is reported basic and diluted EPS available to Duke Energy Corporation common shareholders, which includes the impact of special items. 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.

(2) Amount consists primarily of an adjustment for operating cashflow items (principally payments for asset retirement obligations) included in the "Capital expenditures (including discretionary)", which are combined for the GAAP reconciliation in Investing activities; an adjustment for investing cash flow items (principally cost of removal expenditures, proceeds from sales and maturities of available-for-sale securities and Other) included in the "Other sources/(uses), net", which are combined for the GAAP reconciliation in Operating activities, and ; an adjustment for financing cash flow items (principally proceeds from Noncontrolling Interests initial investments, payments for interest on preferred debt/equity content securities, dividends on preferred stock, common equity forward transaction costs and Other) included in the "Adjusted net income", "Other sources/(uses), net" and "Capital expenditures (including discretionary)", which are combined for the GAAP reconciliation in Operating activities and Investing activities.

FFO to Debt Calculation
Duke Energy Corporation
(in millions)

	Year Ended December 31,	
	2019	
	Actual	
Cash From Operations	\$	8,209
Adjust for Working Capital		250
Coal ash ARO spend		746
Include Capitalized Interest as cost		(159)
Hybrid interest adjustment		10
Preferred stock adjustment		(21)
CR3 securitization adjustment		(54)
ACP construction loan interest adjustment		(32)
AMT refund adjustment (1)		(287)
Lease-imputed FFO adjustment (D&A)		240
Funds From Operations	\$	8,903
Notes payable and commercial paper	\$	3,135
Current maturities of LT debt		3,141
LT debt		54,985
Less: Purchase Accounting adjustments		(1,912)
CR3 securitization		(1,111)
Underfunded Pension		350
ACP construction loan		827
Hybrid debt adjustment		(250)
Preferred stock adjustment		1,000
Lease-imputed debt		1,640
Total Balance Sheet Debt (Including ST)	\$	61,805
Working capital detail, excluding MTM		
Receivables	\$	78
Inventory		(122)
Other current assets		10
Accounts payable		(164)
Taxes accrued		(224)
Other current liabilities		172
	\$	(250)
FFO / Debt		14.4%

(1) AMT refund adjustment is an expected 2020 cash inflow from the IRS related to AMT refunds that Duke Energy will receive as a result of the 2017 Tax Act. The 2020 AMT refund is included in the 2019 GAAP cash flow statement as deferred income taxes and change in other current assets. The change in other current assets is part of working capital, which is added back to the cash from operations. Therefore, the AMT refund adjustment is required to reduce cash from operations so there is no impact in 2019 for the 2020 expected AMT Refund.

In the 2018 Funds From Operations, a similar adjustment should have been made for the \$573 million AMT refund. Had the adjustment been made, the Funds From Operations would have been reduced by \$573 million. Starting in 2019 and going forward, receipt of the AMT refund will consistently be included in Fund From Operations in the year the cash is received.

FFO to Debt Calculation
Duke Energy Carolinas
(in millions)

	Year Ended December 31,	
	2019	
	Actual	
Cash From Operations	\$	2,709
Adjust for Working Capital		144
ARO spend		278
Include Capitalized Interest as cost		(30)
Lease-imputed FFO adjustment (D&A)		43
Funds From Operations	\$	3,144
Current maturities of LT debt	\$	458
LT debt		11,142
LT debt payable to affiliates		300
Notes payable to affiliated companies		29
Lease imputed debt		129
Total Balance Sheet Debt (Including ST)	\$	12,058
Working capital detail, excluding MTM		
Receivables	\$	(21)
Receivables from affiliates		68
Inventory		(48)
Other current assets		(73)
Accounts payable		(50)
Accounts payable to affiliates		(20)
Taxes accrued		(127)
Other current liabilities		127
	\$	(144)
FFO / Debt		26.1%

FFO to Debt Calculation
Duke Energy Progress
(in millions)

	Year Ended December 31, 2019 Actual	
Cash From Operations	\$	1,823
Adjust for Working Capital		(92)
Coal ash ARO spend		390
Include Capitalized Interest as cost		(28)
Lease-imputed FFO adjustment (D&A)		56
Funds From Operations	\$	2,149
Notes payable to affiliated companies	\$	66
Current maturities of LT debt		1,006
LT debt		7,902
LT debt payable to affiliates		150
Lease imputed debt		391
Total Balance Sheet Debt (Including ST)	\$	9,515
Working capital detail, excluding MTM		
Receivables	\$	21
Receivables from affiliates		(29)
Inventory		20
Other current assets		101
Accounts payable		32
Accounts payable to affiliates		(75)
Taxes accrued		(46)
Other current liabilities		68
	\$	92
FFO / Debt		22.6%

FFO to Debt Calculation
Duke Energy Florida
(in millions)

	Year Ended December 31,	
	2019	
	Actual	
Cash From Operations	\$	1,478
Adjust for Working Capital		(178)
Coal ash ARO spend		22
Include Capitalized Interest as cost		(3)
Adjust for CR3		(54)
Lease-imputed FFO adjustment (D&A)		79
Funds From Operations	\$	1,344
Notes payable to affiliated companies	\$	-
Current maturities of LT debt		571
LT debt		7,416
Adjust for CR3		(1,111)
Lease imputed debt		401
Underfunded Pension		77
Total Balance Sheet Debt (Including ST)	\$	7,354
Working capital detail, excluding MTM		
Receivables	\$	26
Receivables from affiliates		17
Inventory		42
Other current assets		156
Accounts payable		(36)
Accounts payable to affiliates		40
Taxes accrued		(31)
Other current liabilities		(36)
	\$	178
FFO / Debt		18.3%

FFO to Debt Calculation
Duke Energy Indiana
(in millions)

	Year Ended December 31,	
	2019	
	Actual	
Cash From Operations	\$	997
Adjust for Working Capital		2
Coal ash ARO spend		48
Include Capitalized Interest as cost		(26)
Lease-imputed FFO adjustment (D&A)		18
Funds From Operations	\$	1,039
Notes payable to affiliated companies	\$	30
Current maturities of LT debt		503
LT debt		3,404
LT debt payable to affiliates		150
CRC		186
Lease imputed debt		58
Total Balance Sheet Debt (Including ST)	\$	4,331
Working capital detail, excluding MTM		
Receivables	\$	(8)
Receivables from affiliates		41
Inventory		(95)
Other current assets		76
Accounts payable		(10)
Accounts payable to affiliates		4
Taxes accrued		(25)
Other current liabilities		15
	\$	(2)
FFO / Debt		24.0%

FFO to Debt Calculation
Duke Energy Ohio
(in millions)

Year Ended December 31,
2019
Actual

Cash From Operations	\$	526
Adjust for Working Capital		(19)
Coal Ash ARO spend		8
Include capitalized Interest as cost		(22)
Lease-imputed FFO adjustment (D&A)		10
Funds From Operations	\$	503
Notes payable to affiliated companies	\$	312
Current maturities of LT debt		-
LT debt		2,594
LT debt payable to affiliates		25
CRC		165
Lease imputed debt		22
Total Balance Sheet Debt (Including ST)	\$	3,118
Working capital detail, excluding MTM		
Receivables	\$	20
Receivables from affiliates		22
Inventory		(9)
Other current assets		(5)
Accounts payable		(17)
Accounts payable to affiliates		(10)
Taxes accrued		17
Other current liabilities		1
	\$	19
FFO / Debt		16.1%

FFO to Debt Calculation
Piedmont Natural Gas
(in millions)

	Year Ended December 31, 2019 Actual	
Cash From Operations	\$	409
Adjust for Working Capital		88
Include Capitalized Interest as cost		(26)
Lease-imputed FFO adjustment (D&A)		4
Funds From Operations	\$	475
Notes payable to affiliated companies	\$	476
Current maturities of LT debt		-
LT debt		2,384
Lease imputed debt		27
Total Balance Sheet Debt (Including ST)	\$	2,887
Working capital detail, excluding MTM		
Receivables	\$	28
Receivables from affiliates		12
Inventory		(2)
Other current assets		(25)
Accounts payable		(7)
Accounts payable to affiliates		(35)
Taxes accrued		(60)
Other current liabilities		1
	\$	(88)

FFO / Debt	16.5%
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