

Duke Energy Corporation
Non-GAAP Reconciliations
First Quarter Earnings Review & Business Update
May 12, 2020

Adjusted Earnings per Share (EPS)

The materials for Duke Energy Corporation's (Duke Energy) First Quarter Earnings Review and Business Update on May 12, 2020, include a discussion of adjusted EPS for the quarters ended March 31, 2020 and 2019.

The non-GAAP financial measure, adjusted EPS, represents basic EPS available to Duke Energy Corporation common stockholders (GAAP reported EPS), 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 EPS available to Duke Energy Corporation common stockholders. For the quarter ended March 31, 2019 adjusted EPS equals reported basic EPS available to Duke Energy Corporation common stockholders. Accordingly, there is no reconciliation of adjusted EPS for the quarter ended March 31, 2019, to the most directly comparable GAAP measure. A reconciliation of adjusted EPS for the quarter ended March 31, 2020, to the most directly comparable GAAP measure is included herein.

Special items for the quarter ended March 31, 2020, include the following item, which management believes does not reflect ongoing costs:

- Severance represents a reversal of 2018 severance costs which were deferred as a result of the partial settlement in the Duke Energy Carolinas 2019 North Carolina rate case.

Adjusted EPS Guidance

The materials for Duke Energy's First Quarter Earnings Review and Business Update on May 12, 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 available to Duke Energy Corporation common stockholders (GAAP reported EPS), 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.

Adjusted Segment Income and Adjusted Other Net Loss

The materials for Duke Energy's First Quarter Earnings Review and Business Update on May 12, 2020, include a discussion of adjusted segment income and adjusted other net loss for the quarter ended March 31, 2020 and a discussion of 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. For the quarter ended March 31, 2019 adjusted segment income and adjusted other net loss equal reported segment income and reported 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, 2020 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 First Quarter Earnings Review and Business Update on May 12, 2020, include a discussion of the effective tax rate including impacts of noncontrolling interests and preferred dividends and excluding special items for the quarter ended March 31, 2020. The materials also include a discussion of the 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 quarter ended March 31, 2020, 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 First Quarter Earnings Review and Business Update on May 12, 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, the remaining availability under Duke Energy's available credit facilities, including the master credit facility and available equity forwards as of April 30, 2020. The most directly comparable GAAP financial measure for available liquidity is cash and cash equivalents. A reconciliation of available liquidity as of April 30, 2020, to the most directly comparable GAAP measure is included herein.

Dividend Payout Ratio

The materials for Duke Energy's First Quarter Earnings Review and Business Update on May 12, 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 available to Duke Energy Corporation common stockholders (GAAP reported EPS), 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.

Funds From Operations ("FFO") Ratios

The materials for Duke Energy's First Quarter Earnings Review and Business Update on May 12, 2020 include a reference to expected 2020 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. 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.

Non-Rider O&M

The materials for Duke Energy's First Quarter Earnings Review and Business Update on May 12, 2020, include a discussion of Duke Energy's non-rider operating, maintenance and other expenses (O&M) for the forecasted year-to-date period ended December 31, 2020. Non-rider 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 O&M expenses is reported operating, maintenance and other expenses. A reconciliation of non-rider O&M expenses for 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 non-rider O&M costs have been forecasted for the year ended December 31, 2020 and are presented in the reconciliation herein.

DUKE ENERGY CORPORATION
REPORTED TO ADJUSTED EARNINGS RECONCILIATION
Three Months Ended March 31, 2020
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Item		Adjusted Earnings
		Severance	Total Adjustments	
SEGMENT INCOME				
Electric Utilities and Infrastructure	\$ 705	\$ —	\$ —	\$ 705
Gas Utilities and Infrastructure	249	—	—	249
Commercial Renewables	57	—	—	57
Total Reportable Segment Income	1,011	—	—	1,011
Other	(112)	(75) A	(75)	(187)
Net Income Available to Duke Energy Corporation Common Stockholders	\$ 899	\$ (75)	\$ (75)	\$ 824
EPS AVAILABLE TO DUKE ENERGY CORPORATION COMMON STOCKHOLDERS	\$ 1.24	\$ (0.10)	\$ (0.10)	\$ 1.14

Note: Earnings Per Share amounts are adjusted for accumulated dividends for Series B Preferred Stock of \$0.02.

A - Net of \$23 million tax expense. \$98 million reversal of 2018 charges recorded within Operations, maintenance and other on the Condensed Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) – 734 million

DUKE ENERGY CORPORATION
EFFECTIVE TAX RECONCILIATION
March 2020
(Dollars in millions)

	Three Months Ended March 31, 2020	
	Balance	Effective Tax Rate
Reported Income From Continuing Operations Before Income Taxes	\$ 1,027	
Severance	(98)	
Noncontrolling Interests	48	
Preferred Dividends	(39)	
Pretax Income Including Noncontrolling Interests and Preferred Dividends and Excluding Special Items	\$ 938	
Reported Income Tax Expense From Continuing Operations	\$ 137	13.3%
Severance	(23)	
Tax Expense Including Noncontrolling Interests and Preferred Dividends and Excluding Special Items	\$ 114	12.2%
	Three Months Ended March 31, 2019	
	Balance	Effective Tax Rate
Reported Income From Continuing Operations Before Income Taxes	\$ 988	
Noncontrolling Interests	7	
Pretax Income Including Noncontrolling Interests	\$ 995	
Reported Income Tax Expense From Continuing Operations	\$ 95	9.6%
Tax Expense Including Noncontrolling Interests	\$ 95	9.5%

Duke Energy Corporation
Available Liquidity Reconciliation
As of April 30, 2020
(In millions)

Cash and Cash Equivalents	\$	572	
Less: Certain Amounts Held in Foreign Jurisdictions		(10)	
Less: Unavailable Domestic Cash		<u>(129)</u>	
		433	
Plus: Remaining Availability under Master Credit Facilities and other facilities		<u>5,224</u>	
Plus: Remaining Availability from Equity Forward		2,451	
Plus: Remaining Availability from ATM Forward		<u>84</u>	
Total Available Liquidity (a), April 30, 2020	\$	<u>8,192</u>	approximately 8.2 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 and available equity forwards as of April 30, 2020. 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)

	Original 2020 Assumptions^(b)
Operation, maintenance and other	\$ 6,061
Adjustments:	
Reagents Recoverable ^(a)	(102)
Energy Efficiency Recoverable ^(a)	(424)
Other Deferrals and Recoverable ^(a)	(382)
Margin based O&M for Commercial Businesses	(202)
Non-Rider operation, maintenance and other	\$ <u>4,950</u>

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

(b) Full year amount for 2020, as disclosed on Feb. 13, 2020