

Duke Energy Corporation
Non-GAAP Reconciliations
Second Quarter Earnings Review & Business Update
August 10, 2020

Adjusted Earnings per Share (EPS)

The materials for Duke Energy Corporation's (Duke Energy) Second Quarter Earnings Review and Business Update on August 10, 2020, include a discussion of adjusted EPS for the quarter and year-to-date periods ended June 30, 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, 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 and year-to-date periods ended June 30, 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 and year-to-date periods ended June 30, 2019, to the most directly comparable GAAP measure. A reconciliation of adjusted EPS for the quarter and year-to-date periods ended June 30, 2020, to the most directly comparable GAAP measure is included herein.

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

- ACP represents costs related to the abandonment of the ACP investment.
- Severance represents the reversal of 2018 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 Second Quarter Earnings Review and Business Update on August 10, 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. In addition, the materials reference the midpoint of forecasted 2021 adjusted EPS prior to the cancellation of ACP of approximately \$5.50 less the \$0.35 per share contribution from ACP for a preliminary estimate of 2021 Adjusted EPS of approximately \$5.15, with refinements to the estimate to be made through the rest of the year, considering analysis of economic conditions and other factors. The materials also reference the long-term range of annual growth of 4% - 6% off 2021 earnings. 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 (Loss) and Adjusted Other Net Loss

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 10, 2020, include a discussion of adjusted segment income (loss) and adjusted other net loss for the quarter and year-to-date periods ended June 30, 2020 and a discussion of 2020 forecasted adjusted segment income and forecasted adjusted other net loss.

Adjusted segment income (loss) and adjusted other net loss are non-GAAP financial measures, as they represent reported segment income (loss) and other net loss adjusted for special items (as discussed above under Adjusted EPS). Management believes the presentation of adjusted segment income (loss) 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 (loss) 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 (loss) and adjusted other net loss are reported segment income (loss) and other net loss, which represents segment income (loss) and other net loss from continuing operations, including any special items. For the quarter and year-to-date periods ended June 30, 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 and year-to-date periods ended June 30, 2019, to the most directly comparable GAAP measure. A reconciliation of adjusted segment income (loss) and adjusted other net loss for the quarter and year-to-date periods ended June 30, 2020, to the most directly comparable GAAP measures is included herein. Due to the forward-looking nature of any forecasted adjusted segment income (loss) 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 Second Quarter Earnings Review and Business Update on August 10, 2020, include a discussion of the effective tax rate including impacts of noncontrolling interests and preferred dividends and excluding special items for the six months ended June 30, 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 six months ended June 30, 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 Second Quarter Earnings Review and Business Update on August 10, 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 June 30, 2020. The most directly comparable GAAP financial measure for available liquidity is cash and cash equivalents. A reconciliation of available liquidity as of June 30, 2020, to the most directly comparable GAAP measure is included herein.

Dividend Payout Ratio

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 10, 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") Ratio

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 10, 2020 include a reference to the expected 2020 FFO to Total Debt ratio. This ratio reflects 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). 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 liability, guarantees on joint-venture debt, and adjustments to hybrid debt and preferred stock 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.

Business Mix Percentage

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 10, 2020, reference ninety-five percent of earnings coming from the regulated electric and gas utilities as a percentage of the total projected 2020 adjusted net income (i.e. business mix), excluding the impact of Other. Duke Energy's regulated electric and gas utilities are included in the Electric Utilities and Infrastructure and Gas Utilities and Infrastructure segments, respectively.

Adjusted segment income (loss) is a non-GAAP financial measure, as it represents reported segment income (loss) adjusted for special items as discussed above. Due to the forward-looking nature of any forecasted adjusted segment income (loss), 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
Three Months Ended June 30, 2020
(Dollars in millions, except per share amounts)

	<u>Special Item</u>			
	<u>Reported Loss</u>	<u>ACP</u>	<u>Total Adjustments</u>	<u>Adjusted Earnings</u>
SEGMENT INCOME (LOSS)				
Electric Utilities and Infrastructure	\$ 753	\$ —	\$ —	\$ 753
Gas Utilities and Infrastructure	(1,576)	1,626 A	1,626	50
Commercial Renewables	90	—	—	90
Total Reportable Segment (Loss) Income	(733)	1,626	1,626	893
Other	(84)	—	—	(84)
Net (Loss) Income Available to Duke Energy Corporation Common Stockholders	\$ (817)	\$ 1,626	\$ 1,626	\$ 809
(LOSS) EARNINGS PER SHARE AVAILABLE TO DUKE ENERGY CORPORATION COMMON STOCKHOLDERS	\$ (1.13)	\$ 2.21	\$ 2.21	\$ 1.08

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

A - Net of \$374 million tax benefit. \$2,000 million recorded within Equity in (losses) earnings of unconsolidated affiliates on the Condensed Consolidated Statements of Operations

Weighted Average Shares (reported and adjusted) – 735 million

DUKE ENERGY CORPORATION
REPORTED TO ADJUSTED EARNINGS RECONCILIATION
Six Months Ended June 30, 2020
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items		Total Adjustments	Adjusted Earnings
		ACP	Severance		
SEGMENT INCOME					
Electric Utilities and Infrastructure	\$ 1,458	\$ —	\$ —	\$ —	\$ 1,458
Gas Utilities and Infrastructure	(1,327)	1,626 A	—	1,626	299
Commercial Renewables	147	—	—	—	147
Total Reportable Segment Income	278	1,626	—	1,626	1,904
Other	(196)	—	(75) B	(75)	(271)
Net Income Available to Duke Energy Corporation Common Stockholders	\$ 82	\$ 1,626	\$ (75)	\$ 1,551	\$ 1,633
EPS AVAILABLE TO DUKE ENERGY CORPORATION COMMON STOCKHOLDERS	\$ 0.11	\$ 2.21	\$ (0.10)	\$ 2.11	\$ 2.22

A - Net of \$374 million tax benefit. \$2,000 million recorded within Equity in (losses) earnings of unconsolidated affiliates on the Condensed Consolidated Statements of Operations

B - 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
June 2020
(Dollars in millions)

	Three Months Ended June 30, 2020		Six Months Ended June 30, 2020	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
Reported Loss Before Income Taxes	\$ (1,208)		\$ (181)	
ACP	2,000		2,000	
Severance	—		(98)	
Noncontrolling Interests	90		138	
Preferred Dividends	(15)		(54)	
Pretax Income Including Noncontrolling Interests and Preferred Dividends and Excluding Special Items	\$ 867		\$ 1,805	
Reported Income Tax Benefit	\$ (316)	26.2%	\$ (179)	98.9%
ACP	374		374	
Severance	—		(23)	
Tax Expense Including Noncontrolling Interests and Preferred Dividends and Excluding Special Items	\$ 58	6.7%	\$ 172	9.5%
	Three Months Ended June 30, 2019		Six Months Ended June 30, 2019	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
Reported Income Before Income Taxes	\$ 889		\$ 1,877	
Noncontrolling Interests	84		91	
Preferred Dividends	(12)		(12)	
Pretax Income Including Noncontrolling Interests and Preferred Dividends	\$ 961		\$ 1,956	
Reported Income Tax Expense	\$ 141	15.9%	\$ 236	12.6%
Tax Expense Including Noncontrolling Interests and Preferred Dividends	\$ 141	14.7%	\$ 236	12.1%

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

Cash and Cash Equivalents	\$ 341	
Less: Certain Amounts Held in Foreign Jurisdictions	(10)	
Less: Unavailable Domestic Cash	<u>(87)</u>	
	244	
Plus: Remaining Availability under Master Credit Facilities and other facilities	<u>5,892</u>	
Plus: Remaining Availability from Equity Forwards	<u>2,579</u>	
Total Available Liquidity (a), June 30, 2020	<u>\$ 8,715</u>	approximately 8.7 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 June 30, 2020. The most directly comparable GAAP financial measure for available liquidity is Cash and cash equivalents.