

Duke Energy Corporation
Non-GAAP Reconciliations
Second Quarter Earnings Review & Business Update
August 5, 2021

Adjusted Earnings per Share (EPS)

The materials for Duke Energy Corporation's (Duke Energy) Second Quarter Earnings Review and Business Update on August 5, 2021, include a discussion of adjusted EPS for the quarter and year-to-date periods ended June 30, 2021 and 2020.

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. Reconciliations of adjusted EPS for the quarter and year-to-date periods ended June 30, 2021 and 2020, to the most directly comparable GAAP measure are included herein.

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

- Gas Pipeline Investments represents costs related to the cancellation of the ACP pipeline and additional exit obligations.
- Severance represents the reversal of 2018 severance charges, which were deferred as a result of a partial settlement in the Duke Energy Carolinas and the Duke Energy Progress 2019 North Carolina rate cases.
- Workplace and workforce realignment represents costs attributable to business transformation, including long-term real estate strategy changes and workforce realignment.

Adjusted EPS Guidance

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 5, 2021, include a reference to forecasted 2021 adjusted EPS guidance range of \$5.00 to \$5.30 per share and the midpoint of forecasted 2021 adjusted EPS guidance range of \$5.15. The materials also reference the long-term range of annual growth of 5% - 7% through 2025 off the midpoint of 2021 adjusted EPS guidance range of \$5.15. 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 5, 2021, include a discussion of adjusted segment income (loss) and adjusted other net loss for the quarter and year-to-date periods ended June 30, 2021 and a discussion of 2021 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. Reconciliations of adjusted segment income (loss) and adjusted other net loss for the quarter and year-to-date periods ended June 30, 2021, 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.

Dividend Payout Ratio

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 5, 2021, include a discussion of Duke Energy's long-term target 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.

Net Regulated Electric and Gas O&M

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 5, 2021, include a discussion of Duke Energy's net regulated Electric and Gas operating, maintenance and other expenses (O&M) for the year-to-date periods ended December 31, 2020, 2019, 2018, 2017 and 2016, as well as the forecasted year-to-date period ended December 31, 2021.

Net regulated Electric and Gas O&M is a non-GAAP financial measure, as it represents reported O&M expenses adjusted for special items and expenses recovered through riders and excludes O&M expenses for Duke Energy's non-margin based Commercial businesses and non-regulated electric products and services supporting regulated operations.

Management believes the presentation of net regulated Electric and Gas O&M provides useful information to investors, as it provides a meaningful comparison of financial performance across periods. The most directly comparable GAAP financial measure for net regulated Electric and Gas O&M is reported operating, maintenance and other expenses. A reconciliation of net regulated Electric and Gas O&M for the year-to-date periods ended December 31, 2020, 2019, 2018, 2017 and 2016, as well as the forecasted year-to-date period ended December 31, 2021, to the most directly comparable GAAP measure are included here-in.

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 5, 2021, 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 period ended June 30, 2021. The materials also include a discussion of the 2021 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 period ended June 30, 2021, 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 5, 2021, 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 as of June 30, 2021. The most directly comparable GAAP financial measure for available liquidity is cash and cash equivalents. A reconciliation of available liquidity as of June 30, 2021, to the most directly comparable GAAP measure is included herein.

DUKE ENERGY CORPORATION
REPORTED TO ADJUSTED EARNINGS RECONCILIATION
Three Months Ended June 30, 2021
(Dollars in millions, except per share amounts)

	Reported Earnings	Special Items		Total Adjustments	Adjusted Earnings
		Gas Pipeline Investments	Workplace and Workforce Realignment		
SEGMENT INCOME					
Electric Utilities and Infrastructure	\$ 935	\$ —	\$ —	\$ —	\$ 935
Gas Utilities and Infrastructure	17	12 A	—	12	29
Commercial Renewables	47	—	—	—	47
Total Reportable Segment Income	999	12	—	12	1,011
Other	(248)	—	135 B	135	(113)
Net Income Available to Duke Energy Corporation Common Stockholders	\$ 751	\$ 12	\$ 135	\$ 147	\$ 898
EPS AVAILABLE TO DUKE ENERGY CORPORATION COMMON STOCKHOLDERS	\$ 0.96	\$ 0.01	\$ 0.18	\$ 0.19	\$ 1.15

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 \$4 million tax benefit. \$16 million recorded within Equity in earnings (losses) of unconsolidated affiliates related to exit obligations for ACP on the Condensed Consolidated Statements of Operations.

B - Net of \$40 million tax benefit. \$131 million recorded within Impairment of assets and other charges, \$27 million within Operations, maintenance and other, and \$17 million within Depreciation and amortization related to costs attributable to business transformation, including long-term real estate strategy changes and workforce realignment on the Condensed Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) – 769 million

DUKE ENERGY CORPORATION
REPORTED TO ADJUSTED EARNINGS RECONCILIATION
Six Months Ended June 30, 2021
(Dollars in millions, except per share amounts)

	Reported Earnings	Special Items		Total Adjustments	Adjusted Earnings
		Gas Pipeline Investments	Workplace and Workforce Realignment		
SEGMENT INCOME					
Electric Utilities and Infrastructure	\$ 1,755	\$ —	\$ —	\$ —	\$ 1,755
Gas Utilities and Infrastructure	262	17 A	—	17	279
Commercial Renewables	74	—	—	—	74
Total Reportable Segment Income	2,091	17	—	17	2,108
Other	(387)	—	135 B	135	(252)
Net Income Available to Duke Energy Corporation Common Stockholders	\$ 1,704	\$ 17	\$ 135	\$ 152	\$ 1,856
EPS AVAILABLE TO DUKE ENERGY CORPORATION COMMON STOCKHOLDERS	\$ 2.21	\$ 0.02	\$ 0.18	\$ 0.20	\$ 2.41

A - Net of \$5 million tax benefit. \$22 million recorded within Equity in earnings (losses) of unconsolidated affiliates related to exit obligations for ACP on the Condensed Consolidated Statements of Operations.

B - Net of \$40 million tax benefit. \$131 million recorded within Impairment of assets and other charges, \$27 million within Operations, maintenance and other, and \$17 million within Depreciation and amortization related to costs attributable to business transformation, including long-term real estate strategy changes and workforce realignment on the Condensed Consolidated Statements of Operations.

Weighted Average Shares (reported and adjusted) - 769 million

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

	Reported Loss	Special Item		Adjusted Earnings
		Gas Pipeline Investments	Total Adjustments	
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 earnings (losses) of unconsolidated affiliates related to the cancellation of the ACP investment 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
		Gas Pipeline Investments	Severance		
SEGMENT INCOME (LOSS)					
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 earnings (losses) of unconsolidated affiliates related to the cancellation of the ACP investment on the Condensed Consolidated Statements of Operations.

B – Net of \$23 million tax expense. \$98 million reversal of 2018 severance 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 2021
(Dollars in millions)

	Three Months Ended		Six Months Ended	
	June 30, 2021		June 30, 2021	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
Reported Income Before Income Taxes	\$ 734		\$ 1,759	
Gas Pipeline Investments	16		22	
Workplace and Workforce Realignment	175		175	
Noncontrolling Interests	67		118	
Preferred Dividends	(14)		(53)	
Pretax Income Including Noncontrolling Interests and Preferred Dividends and Excluding Special Items	<u>\$ 978</u>		<u>\$ 2,021</u>	
Reported Income Tax Expense	\$ 36	4.9 %	\$ 120	6.8 %
Gas Pipeline Investments	4		5	
Workplace Realignment	40		40	
Tax Expense Including Noncontrolling Interests and Preferred Dividends and Excluding Special Items	<u>\$ 80</u>	8.2%	<u>\$ 165</u>	8.2 %

	Three Months Ended		Six Months Ended	
	June 30, 2020		June 30, 2020	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
Reported Loss Before Income Taxes	\$ (1,208)		\$ (181)	
Gas Pipeline Investments	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	<u>\$ 867</u>		<u>\$ 1,805</u>	
Reported Income Tax Benefit	\$ (316)	26.2 %	(179)	98.9 %
Gas Pipeline Investments	374		374	
Severance	—		(23)	
Tax Expense Including Noncontrolling Interests and Preferred Dividends and Excluding Special Items	<u>\$ 58</u>	6.7%	<u>\$ 172</u>	9.5 %

Duke Energy Corporation
Available Liquidity Reconciliation
As of June 30, 2021
(In millions)

Cash and Cash Equivalents	\$ 367	
Less: Certain Amounts Held in Foreign Jurisdictions	(6)	
Less: Unavailable Domestic Cash	<u>(102)</u>	
	259	
Plus: Remaining Availability under Master Credit Facilities and other facilities	<u>5,641</u>	
Total Available Liquidity (a), June 30, 2021	<u>\$ 5,900</u>	approximately 5.9 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, as of June 30, 2021. 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)

	Actual December 31, 2016	Actual December 31, 2017	Actual December 31, 2018	Actual December 31, 2019	Actual December 31, 2020	Forecast ^(f) December 31, 2021
Operation, maintenance and other^(a)	\$6,223	\$5,944	\$6,463	\$6,066	\$5,788	\$6,072
Adjustments:						
Costs to Achieve, Mergers ^(b)	(238)	(94)	(83)	–	–	–
Severance ^(b)	(92)	–	(187)	–	98	–
Regulatory settlement ^(b)	–	(5)	(40)	–	(16)	–
Energy Efficiency Recoverable ^(c)	(417)	(485)	(446)	(415)	(350)	(403)
Other Deferrals ^(d) and Recoverable	(141)	(152)	(400)	(353)	(510)	(340)
O&M for Commercial Businesses	(351)	(267)	(304)	(298)	(285)	(477)
Short-term incentive payments (over)/under budget	(90)	(22)	(30)	(112)	33	–
Non-regulated Electric Products and Services ^(e)	(83)	(140)	(138)	(175)	(210)	(223)
Net Regulated Electric and Gas, operation, maintenance and other	\$4,811	\$4,779	\$4,835	\$4,714	\$4,548	\$4,630

(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 per share.

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

(d) Prior periods have been recast to reflect a change in methodology to present certain deferrals which will be recovered through future rate cases as if they were included in base rates.

(e) Primarily represents non-regulated electric products and services expense in support of regulated operations.

(f) Full-year amounts for 2021, as disclosed on Feb. 11, 2021.

**Duke Energy - Carolinas Jurisdictions
Operations, Maintenance and Other Expense
(In millions)**

	Actual December 31, 2016	Actual December 31, 2017	Actual December 31, 2018	Actual December 31, 2019	Actual December 31, 2020	Forecast ^(e) December 31, 2021
Operation, maintenance and other^(a) - Duke Energy Carolinas	\$2,158	\$2,021	\$2,130	\$1,868	\$1,743	\$1,801
Operation, maintenance and other^(a) - Duke Energy Progress	1,565	1,439	1,578	1,446	1,332	1,447
Adjustments:						
Costs to Achieve, Mergers ^(b)	(126)	(34)	(15)	-	-	-
Severance ^(b)	(62)	-	(154)	-	98	-
Regulatory settlement ^(b)	-	(5)	(40)	-	(16)	-
Energy Efficiency Recoverable ^(c)	(210)	(279)	(270)	(248)	(180)	(238)
Other Deferrals and Recoverable ^(c)	(87)	(74)	(119)	(71)	(74)	(52)
Margin based O&M for Non-reg products/services	(40)	(76)	(69)	(99)	(130)	(131)
DEBS Depreciation ^(d)	(57)	(80)	(88)	(101)	(117)	(133)
Short-term incentive payments (over)/under budget	(55)	(26)	(13)	(64)	23	-
Net Regulated Electric and Gas, operation, maintenance and other	\$3,086	\$2,886	\$2,940	\$2,731	\$2,679	\$2,694

(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 per share.

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

(d) Duke Energy Business Services (DEBS) Depreciation is allocated to the registrants as O&M, but is included within Depreciation and amortization on the Duke Energy Consolidated Statement of Operations. Accordingly, this allocation of depreciation has been removed from the registrant O&M.

(e) Full-year amounts for 2021, as disclosed on Feb. 11, 2021.

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

	Actual December 31, 2016	Actual December 31, 2017	Actual December 31, 2018	Actual December 31, 2019	Actual December 31, 2020	Forecast ^(e) December 31, 2021
Operation, maintenance and other^(a) - Duke Energy Florida	\$884	\$853	\$1,025	\$1,034	\$1,131	\$1,016
Adjustments:						
Costs to Achieve, Mergers ^(b)	(9)	(9)	(4)	-	-	-
Severance ^(b)	(17)	-	(17)	-	-	-
Regulatory settlement ^(b)	-	-	-	-	-	-
Energy Efficiency Recoverable ^(c)	(99)	(95)	(105)	(99)	(116)	(121)
Other Deferrals and Recoverable ^(c)	(37)	(34)	(191)	(183)	(325)	(182)
Margin based O&M for Non-reg products/services	(27)	(38)	(43)	(39)	(38)	(45)
DEBS Depreciation ^(d)	(15)	(22)	(24)	(29)	(34)	(40)
Short-term incentive payments (over)/under budget	(14)	(8)	(6)	(16)	4	-
Net Regulated Electric and Gas, operation, maintenance and other	\$666	\$647	\$635	\$668	\$622	\$628

(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 per share.

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

(d) Duke Energy Business Services (DEBS) Depreciation is allocated to the registrants as O&M, but is included within Depreciation and amortization on the Duke Energy Consolidated Statement of Operations. Accordingly, this allocation of depreciation has been removed from the registrant O&M.

(e) Full-year amounts for 2021, as disclosed on Feb. 11, 2021.

Duke Energy - Midwest Jurisdictions
Operations, Maintenance and Other Expense
(In millions)

	Actual December 31, 2016	Actual December 31, 2017	Actual December 31, 2018	Actual December 31, 2019	Actual December 31, 2020	Forecast ^(e) December 31, 2021
Operation, maintenance and other^(a) - Duke Energy Indiana	\$727	\$743	\$788	\$790	\$762	\$782
Operation, maintenance and other^(a) - Duke Energy Ohio	514	530	480	520	463	471
Adjustments:						
Costs to Achieve, Mergers ^(b)	(10)	(12)	(16)	-	-	-
Severance ^(b)	(10)	-	(13)	-	-	-
Regulatory settlement ^(b)	-	-	-	-	-	-
Energy Efficiency Recoverable ^(c)	(86)	(104)	(71)	(68)	(54)	(45)
Other Deferrals and Recoverable ^(c)	(39)	(48)	(89)	(99)	(101)	(106)
Margin based O&M for Non-reg products/services	(9)	(16)	(11)	(12)	(9)	(13)
DEBS Depreciation ^(d)	(16)	(23)	(25)	(30)	(34)	(40)
Short-term incentive payments (over)/under budget	(5)	(7)	-	(21)	8	-
Net Regulated Electric and Gas, operation, maintenance and other	\$1,066	\$1,063	\$1,043	\$1,080	\$1,035	\$1,049

(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 per share.

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

(d) Duke Energy Business Services (DEBS) Depreciation is allocated to the registrants as O&M, but is included within Depreciation and amortization on the Duke Energy Consolidated Statement of Operations. Accordingly, this allocation of depreciation has been removed from the registrant O&M.

(e) Full-year amounts for 2021, as disclosed on Feb. 11, 2021.