

Duke Energy Corporation
Non-GAAP Reconciliations
Second Quarter Earnings Review & Business Update
August 6, 2019

Adjusted Diluted Earnings per Share (EPS)

The materials for Duke Energy Corporation's (Duke Energy) Second Quarter Earnings Review and Business Update on August 6, 2019, include a discussion of adjusted diluted EPS for the quarter and year-to-date periods ended June 30, 2019 and 2018.

The non-GAAP financial measure, adjusted diluted EPS, represents diluted EPS from continuing operations attributable 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.

The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS attributable to Duke Energy Corporation common stockholders. For the quarter and year-to-date periods ended June 30, 2019 adjusted diluted EPS equals reported diluted EPS attributable to Duke Energy Corporation common stockholders. Accordingly, there is no reconciliation of adjusted diluted EPS for the quarter and year-to-date periods ended June 30, 2019, to the most directly comparable GAAP measure. A reconciliation of adjusted diluted EPS for the quarter and year-to-date periods ended June 30, 2018, to the most directly comparable GAAP measure is included herein.

Special items for the quarter and year-to-date periods ended June 30, 2018, include the following items, which management believes do not reflect ongoing costs:

- Costs to Achieve Piedmont Merger represents charges that resulted from the Piedmont acquisition.
- Regulatory and Legislative Impacts represent charges related to rate case orders, settlements or other actions of regulators or legislative bodies.
- Sale of Retired Plant represents the loss associated with selling Beckjord, a nonregulated generating facility in Ohio.
- Impairment of Equity Method Investment represents an OTTI of an investment in Constitution.
- Impacts of the Tax Act represents an AMT valuation allowance recognized related to the Tax Act.

Adjusted Diluted EPS Guidance

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 6, 2019, include a reference to adjusted diluted EPS guidance range of \$4.80 - \$5.20 per share. The materials also reference the long-term range of annual growth of 4% - 6% through 2023 off the midpoint of 2019 adjusted EPS guidance range of \$5.00. Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations attributable to Duke Energy Corporation common stockholders, adjusted for the per share impact of special items (as discussed above under Adjusted Diluted 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 Second Quarter Earnings Review and Business Update on August 6, 2019, include a discussion of adjusted segment income and adjusted other net loss for the quarter and year-to-date periods ended June 30, 2018 and a discussion of 2019 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 Diluted EPS). 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 and Gas Utilities and Infrastructure, segment statutory tax rate of 23% for Other, or an effective tax rate for Commercial Renewables. The after-tax earnings drivers are divided by the Duke Energy weighted average diluted 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 and year-to-date periods ended June 30, 2019, adjusted segment income and adjusted other net loss equal reported segment income and 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 and adjusted other net loss for the quarter and year-to-date periods ended June 30, 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 Diluted EPS Guidance.

Dividend Payout Ratio

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 6, 2019, include a discussion of Duke Energy's forecasted dividend payout ratio of 65% - 75% based upon adjusted diluted EPS. This payout ratio is a non-GAAP financial measure as it is based upon forecasted diluted EPS from continuing operations attributable to Duke Energy Corporation stockholders, adjusted for the per-share impact of special items, as discussed above under Adjusted Diluted EPS. The most directly comparable GAAP measure for adjusted diluted EPS is reported diluted EPS from continuing operations attributable 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 Diluted 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 6, 2019, include a discussion of the effective tax rate including impacts of noncontrolling interests and preferred dividends and excluding special items for the quarter and year-to-date periods ended June 30, 2019. The materials also include a discussion of the 2019 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 and year-to-date periods ended June 30, 2019, to the most directly comparable GAAP measure is included herein. Due to the forward-looking nature of the 2019 forecasted effective tax rate 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 Diluted EPS Guidance.

Available Liquidity

The materials for Duke Energy's Second Quarter Earnings Review and Business Update on August 6, 2019, 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 June 30, 2019, to the most directly comparable GAAP measure is included herein.

DUKE ENERGY CORPORATION
REPORTED TO ADJUSTED EARNINGS RECONCILIATION
Three Months Ended June 30, 2018
(Dollars in millions, except per-share amounts)

		Special Items					
	Reported Earnings	Costs to Achieve Piedmont Merger	Regulatory and Legislative Impacts	Discontinued Operations	Total Adjustments	Adjusted Earnings	
SEGMENT INCOME							
Electric Utilities and Infrastructure	\$ 575	\$ —	\$ 136	B \$ —	\$ 136	\$ 711	
Gas Utilities and Infrastructure	28	—	—	—	—	28	
Commercial Renewables	38	—	—	—	—	38	
Total Reportable Segment Income	641	—	136	—	136	777	
Other	(136)	15	A —	—	15	(121)	
Discontinued Operations	(5)	—	—	5	C 5	—	
Net Income Attributable to Duke Energy Corporation	\$ 500	\$ 15	\$ 136	\$ 5	\$ 156	\$ 656	
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 0.71	\$ 0.02	\$ 0.19	\$ 0.01	\$ 0.22	\$ 0.93	

A — Net of \$5 million tax benefit. \$20 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B — Net of \$43 million tax benefit at Duke Energy Carolinas. \$175 million recorded within Impairment charges and \$4 million recorded within Operations, maintenance and other on the Duke Energy Carolinas' Condensed Consolidated Statements of Operations.

C — Recorded in Loss from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

Weighted Average Shares, Diluted (reported and adjusted) — 704 million

DUKE ENERGY CORPORATION
REPORTED TO ADJUSTED EARNINGS RECONCILIATION
Six Months Ended June 30, 2018
(Dollars in millions, except per-share amounts)

	Reported Earnings	Special Items					Discontinued Operations	Total Adjustments	Adjusted Earnings
		Costs to Achieve Piedmont Merger	Regulatory and Legislative Impacts	Sale of Retired Plant	Impairment of Equity Method Investment	Impacts of the Tax Act			
SEGMENT INCOME									
Electric Utilities and Infrastructure	\$ 1,325	\$ —	\$ 202	B \$ —	\$ —	\$ —	\$ —	\$ 202	\$ 1,527
Gas Utilities and Infrastructure	144	—	—	—	42	D —	—	42	186
Commercial Renewables	58	—	—	—	—	—	—	—	58
Total Reportable Segment Income	1,527	—	202	—	42	—	—	244	1,771
Other	(402)	28	A —	82	C —	76	E —	186	(216)
Discontinued Operations	(5)	—	—	—	—	—	5	F 5	—
Net Income Attributable to Duke Energy Corporation	\$ 1,120	\$ 28	\$ 202	\$ 82	\$ 42	\$ 76	\$ 5	\$ 435	\$ 1,555
EPS ATTRIBUTABLE TO DUKE ENERGY CORPORATION, DILUTED	\$ 1.59	\$ 0.04	\$ 0.29	\$ 0.12	\$ 0.06	\$ 0.11	\$ 0.01	\$ 0.63	\$ 2.22

A — Net of \$9 million tax benefit. \$37 million recorded within Operating Expenses on the Condensed Consolidated Statements of Operations.

B — Net of \$16 million tax benefit at Duke Energy Progress and \$47 million tax benefit at Duke Energy Carolinas.

- On the Duke Energy Progress' Condensed 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' Condensed 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 Condensed Consolidated Statements of Operations.

D — Net of \$13 million tax benefit. \$55 million recorded within Other Income and Expenses on the Condensed Consolidated Statements of Operations.

E — \$76 million AMT valuation allowance within Income Tax Expense from Continuing Operations on the Condensed Consolidated Statements of Operations.

F — Recorded in Loss from Discontinued Operations, net of tax on the Condensed Consolidated Statements of Operations.

Weighted Average Shares, Diluted (reported and adjusted) — 702 million

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

	Three Months Ended June 30, 2019		Six Months Ended June 30, 2019	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
Reported Income From Continuing Operations Before Income Taxes	\$ 889		\$ 1,877	
Noncontrolling Interests	84		91	
Preferred Dividends	(12)		(12)	
Pretax Income including noncontrolling interests and preferred dividends	<u>\$ 961</u>		<u>\$ 1,956</u>	
Reported Income Tax Expense From Continuing Operations	\$ 141	15.9%	\$ 236	12.6%
Tax Expense including noncontrolling interest and preferred dividends	<u>\$ 141</u>	14.7%	<u>\$ 236</u>	12.1%

	Three Months Ended June 30, 2018		Six Months Ended June 30, 2018	
	Balance	Effective Tax Rate	Balance	Effective Tax Rate
Reported Income From Continuing Operations Before Income Taxes	\$ 607		\$ 1,410	
Costs to Achieve Piedmont Merger	20		37	
Regulatory and Legislative Impacts	179		265	
Sale of Retired Plant	—		107	
Impairment of Equity Method Investment	—		55	
Noncontrolling Interests	(2)		(4)	
Pretax Income including noncontrolling interests and excluding special items	<u>\$ 804</u>		<u>\$ 1,870</u>	
Reported Income Tax Expense From Continuing Operations	\$ 100	16.5%	\$ 281	19.9%
Costs to Achieve Piedmont Merger	5		9	
Regulatory and Legislative Impacts	43		63	
Sale of Retired Plant	—		25	
Impairment of Equity Method Investment	—		13	
Impacts of the Tax Act	—		(76)	
Tax Expense including noncontrolling interest and excluding special items	<u>\$ 148</u>	18.4%	<u>\$ 315</u>	16.8%

Duke Energy Corporation
Available Liquidity Reconciliation
As of June 30, 2019
(In millions)

Cash and Cash Equivalents	\$ 336	
Less: Certain Amounts Held in Foreign Jurisdictions	(31)	
Less: Unavailable Domestic Cash	<u>(105)</u>	
	200	
Plus: Remaining Availability under Master Credit Facilities and other facilities	<u>4,446</u>	
Total Available Liquidity (a)	<u><u>\$ 4,646</u></u>	approximately 4.6 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.