

Duke Energy and Progress Energy Employee Integration Questions & Answers

(Set 10)

Shared Questions

I read a news article recently that contained more details on the selection process for Tier II leaders of the new Duke Energy. Can you share more information on the selection process and next steps?

The selection process for Tier II leaders for the new Duke Energy is underway with plans to announce the selections in mid-September. The process for Tier II selection was designed using the following guiding principles:

- The process will be fair and inclusive, and should result in the selection of high performing, diverse and qualified leaders from both Duke Energy and Progress Energy.
- The selection will be based on the leaders' experience, knowledge, competencies, skills, and abilities.
- Selection decisions will be based on consultation and collaboration between Tier I leaders from each company.

Because Tier I leaders from one company do not know the candidates from the other company, face-to-face discussions are an important part of the process to enable the candidates to provide details regarding their experience and expertise. Each candidate's prior performance will also be a key consideration.

After Tier II leaders are named, what will the selection process look like for the remaining levels of employees at the new Duke Energy? Will contractors be considered for full-time positions?

The selection process for positions at the Tier III level will be similar to the Tier II level selection. The process for the Tier IV level and below has not yet been finalized. We plan to complete the design of the process and share it with employees prior to the opening of the Voluntary Severance Plan (VSP) window in the fall.

Contingent workers would not be considered as candidates. The priority would be given to Duke and Progress employees. However, just like we operate today, if there are external job postings, contractors could apply.

How many shares of Duke Energy stock and Progress Energy stock are owned by employees?

For Duke Energy, employee shares held in Duke's Retirement Savings Plans (RSP) total approximately 66 million shares as of the special meeting record date of July 5, 2011. This represents about 5 percent of Duke's outstanding shares. This figure does not include shares owned by employees/retirees held directly on the books of the company or held through a broker.

For Progress Energy, employee shares held in the company's retirement plans total approximately 14.4 million shares, as of the special meeting record date of July 5, 2011. This represents about 5 percent of

Progress' outstanding shares. This figure does not include shares owned by employees/retirees held directly on the books of the company or held through a broker.

Duke Energy Questions

Will spending and support related to Integration affect 2011 STPP goals?

Earnings Per Share (EPS) and Operations & Maintenance (O&M) results in the 2011 STPP are calculated after making certain adjustments to the amounts that are determined under generally accepted accounting principles in order to exclude the impact of unusual items. The terms of the STPP provide the Compensation Committee with discretion to exclude the impact of integration-related costs, including integration support, for this purpose. Although it is anticipated that such integration-related costs will be excluded for these purposes, it is important to remember that this decision rests with the Compensation Committee and the 2011 incentive plan results will not be official until they are certified by the Compensation Committee in February 2012.

Progress Energy Questions

Will spending and support related to Integration affect 2011 ECIP goals?

Earnings Per Share (EPS) and Operations & Maintenance (O&M) results in the 2011 Employee Cash Incentive Plan (ECIP) are calculated after making certain adjustments to the amounts that are determined under generally accepted accounting principles in order to exclude the impact of unusual items. Incremental costs as a result of Integration planning activities will be excluded from ECIP goal calculations upon PEC and PEF finance committee approval later this year. The terms of the ECIP provide Progress Energy CEO Bill Johnson and the new Duke Energy Compensation Committee with the ultimate discretion to exclude the impact of Integration-related costs, including Integration support, for this purpose.

Is Fidelity Duke Energy's financial support provider?

Fidelity Investments serves as the record keeper for Duke Energy's 401(k) plans.

Is Duke retiring any of their fossil-fueled plants?

Duke Energy has retired or plans to retire 3,400 megawatts of less efficient coal generation by 2015. About 1,600 megawatts of these coal units are located in the Carolinas. Duke Energy is replacing this generation with 2,600 megawatts of new, more efficient generation with significantly lower emissions. These retirements and new generation are part of a long-term strategy to modernize the fossil fleet with cleaner coal and natural gas, while continuing to invest in renewables and energy efficiency programs. Details on the new projects can be found at www.duke-energy.com. Visit Our Company, About Us and New Generation.

