

EMPLOYEE MERGER QUESTIONS

(Set 3)

Duke Energy and Progress Energy Shared Question

When will we know the impact of the Duke-Progress merger on operating budgets and staffing?

The post-close operating plan and budget are expected to be developed in the third quarter and confirmed prior to merger close, which we are targeting to occur by year-end. We expect decisions on the high-level organizational structure to be communicated prior to merger close. See the [integration timeline](#) for more information.

Progress Energy Questions

I'm eligible for retirement and I'm considering retiring next year. How can I make an informed decision if I don't have any information on future retirement benefit plans?

Progress sponsors retirement and health and welfare benefit programs for active employees and retirees. Although we don't know what future retirement plans will be offered at the new company, we do know the current retirement and health and welfare benefits. Like any employer, Progress reserves the right to alter or change the benefit programs in the future.

The integration planning process will include analysis of Progress and Duke benefit programs to determine the benefits for the new organization. This process should be complete later this year, and announcements will be made as soon as possible to assist employees who are considering retirement to make well-informed decisions.

As some of us have frozen Florida Power accounts, and currently have cash balance accounts toward pensions, what might we expect to happen to those accounts given the merger?

Both frozen Florida Power and cash balance pension accounts that are accrued and vested will remain. Future benefits will be determined as part of the integration planning process. Analysis of the future retirement benefits will include review of both company's programs and is expected to be determined later this year.

How will craft pay progression be handled for employees that are not yet topped out in their pay grade? Will the date that gives employees two years in their position restart when the merger is complete?

The existing craft technical pay progression will continue in effect until the closing of the merger. During the integration planning process, all compensation policies and pay programs will be examined to consider any changes for the new organization. Any changes to these programs will be implemented after the merger closes with advance notice.

Will the union have to approve the merger in order for it to go through?

No. The union collectively bargains for its members; however, there are no provisions for union approval of a merger.

Will CBE initiatives at Progress continue as planned? How are these improvement efforts being coordinated with merger planning so that we do not have competing demands on resources that are already constrained?

The announced merger actually increases the importance of focusing on improving our processes and increasing our efficiencies. The progress we made last year and our plans for CBE this year will help make our integration efforts more effective. While accelerating CBE into the business remains an enterprise priority, we may make some strategic adjustments to our Lean deployment based on the merger announcement – likely accelerating deployment in some areas while redirecting resources in other areas. We are working closely with the business units, Progress integration teams and the CBE Steering Committee to make these decisions.