(Set 7)

Shared Questions

Do both Duke Energy and Progress Energy provide retiree health care benefits?

The answer to this question is yes. Each company and its subsidiary companies provide retiree health care benefits to eligible retirees. The specific benefits and the amount of any company subsidy for eligible retirees vary based on several factors such as the person's date of hire, retirement date and the company for which he or she worked. Although both companies have historically offered retiree health care benefits, these benefits are always subject to change (amendment or termination) in the future for reasons unrelated to the merger. For instance, each year, the company has to evaluate the actual claims paid, premium rates, cost and affordability. In the future, we will also have to consider the new federal health care legislation.

At the present time, all active and retiree benefit plans are being analyzed during the integration planning process, and if there are any changes to future benefits, they will be communicated after decisions are made. Some of these decisions will occur later this year and others may take place over the course of several years depending on the post-merger environment and any effects of federal health care legislation.

This document contains selected highlights of Duke Energy's and Progress Energy's employee benefit plans. If any statement herein, or any other communication, conflicts with the applicable plan documents, the plan documents will govern. The companies retain the right to amend, modify or terminate their benefit plans in any respect and at any time.

I'm 55 years old and have enough years of service to qualify for retiree health and life insurance benefits. I've heard several people suggest I should retire before the merger closes so I can keep my retiree health and life insurance benefits. Is this correct?

Each employee's decision about when to retire should be based on his or her personal circumstances and not on the assumption that retiring before the merger closes will allow him or her to keep current retiree health and life insurance benefits.

Health and life insurance benefits for active employees and retirees are subject to change (amendment or termination) regardless of the merger. For example, medical plan deductibles, out-of-pocket expense limits, and premiums may be changed for any reason, including to reflect cost increases. Additionally, since the medical premium rates paid by both active employees and retirees are affected by the actual claims paid under the plans, they may be changed as well.

Recommendations about the combined company's benefits programs for active employees and retirees will be considered later this year and specific details will be communicated after they are finalized. The recommendations about health and life insurance plans will need to consider short-term integration goals and the possible long-term impact of federal health care legislation.

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It's been stated, "Progress and Duke expect to realize synergies in a number of areas," and "Duke Energy Carolinas and Progress Energy Carolinas will continue to operate as separate utilities with separate customers, systems and rates." Please explain.

Duke Energy Carolinas (DEC) and Progress Energy Carolinas (PEC) will continue to operate as separate utilities with separate customers, systems and rates. While there will still be distinct legal entities with their own rate structures in the Carolinas, a combined system dispatch for all resources in the Carolinas will be implemented and result in operational efficiencies and fuel savings to the benefit of the respective customers of both utilities. Other synergies will come in the areas of fuel procurement, system operation, system planning, maintenance and environmental compliance, all of which will lower costs and mitigate future rate pressures for our customers.

Duke Energy and Progress Energy also expect to achieve savings through the elimination of duplicate positions, particularly in support organizations which serve the entire enterprise. No positions will be eliminated due to the merger until the merger is completed, and reductions will be phased in over time.

How will the joint venture between Duke Energy and American Transmission Company impact/influence the merger and integration between Duke Energy's and Progress Energy's transmission organizations?

The April 14, 2011 transmission joint venture announcement between Duke Energy and American Transmission Company involves Duke Energy's commercial transmission business line. Duke Energy's Commercial businesses operate separately from the company's Franchised Electric and Gas business and earn strong returns from highly contracted power generation sales and associated energy services delivered to utility customers throughout the United States and Latin America.

Duke's commercial transmission unit will co-invest in new transmission infrastructure for U.S. utility customers via long-term contracts, whereby the JV partners will own and operate the assets. These investments will occur on a project-by-project basis, and both Duke and ATC will be free to develop commercial transmission projects independently.

We do not believe this joint venture will affect the merger.

Progress Energy Questions

Is it true that Red Hat is considering moving its headquarters to the TPP building?

As part of our normal operations, we are often approached about availability of office space to lease. With the recent merger announcement, we have been contacted about the possibility of our having office space to lease in the future. We have not entered into any agreements regarding our office space because we do not yet know what our office space needs will be when Progress Energy's and Duke Energy's organizations are integrated.

We are targeting the end of this year for the completion of the merger, and, as previously announced, we will continue to have a significant presence in Raleigh. The nature of that presence will be determined by the integration planning effort.

As is our standard business practice, we do not identify other parties that have inquired.

What is the company doing about employees who are leaving due to retirements or other changes, and how can we continue pushing out projects when our key resources are leaving?

Natural attrition will occur throughout the year with employees leaving the company for various personal and professional reasons. Some positions will be filled through the normal hiring process or may be filled with contractors. Some positions may be left vacant as part of the company's effort to manage costs or minimize job reductions related to the merger. Managers and supervisors may submit requests for contractor resources if attrition is significantly affecting the business. Those requests will go to senior management for consideration before contractor positions are granted. For more information, speak with your immediate supervisor.

All employees are encouraged to discuss with their managers how to best prioritize their work and to find ways to apply Continuous Business Excellence, a disciplined approach to eliminate waste and continuously improve our process, to all of their projects in order to work safer, better, faster and cheaper. Making sustainable process improvements and identifying and eliminating waste from current processes will improve performance, increase productivity, enhance customer satisfaction and contribute to company cost savings. For more information on CBE and how we are integrating it into the business, visit the CBE SharePoint site or view the online awareness training.

Cautionary Statements Regarding Forward-Looking Information

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by words or phrases such as "may," "will," "should," "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "target," "forecast," and other words and terms of similar meaning. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks and uncertainties. Progress Energy cautions readers that any forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement. Such forward-looking statements include, but are not limited to, statements about the benefits of the proposed merger involving Duke Energy and Progress Energy, including future financial and operating results, Progress Energy's or Duke Energy's plans, objectives, expectations and intentions, the expected timing of completion of the transaction, and other statements that are not historical facts. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include risks and uncertainties relating to: the ability to obtain the requisite Duke Energy and Progress Energy shareholder approvals; the risk that Progress Energy or Duke Energy may be unable to obtain governmental and regulatory approvals required for the merger, or required governmental and regulatory approvals may delay the merger or result in the imposition of conditions that could cause the parties to abandon the merger; the risk that a condition to closing of the merger may not be satisfied; the timing to consummate the proposed merger; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; the diversion of management time on merger-related issues; general worldwide economic conditions and related uncertainties; the effect of changes in governmental regulations; and other factors we discuss or refer to in the "Risk

Factors" section of our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC). These risks, as well as other risks associated with the merger, are more fully discussed in the preliminary joint proxy statement/prospectus that is included in the Registration Statement on Form S-4 that was filed by Duke Energy with the SEC on March 17, 2011 in connection with the merger as well as in any amendments to that Registration Statement filed after that date. Additional risks and uncertainties are identified and discussed in Progress Energy's and Duke Energy's reports filed with the SEC and available at the SEC's website at www.sec.gov. Each forward-looking statement speaks only as of the date of the particular statement and neither Progress Energy nor Duke Energy undertakes any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

Additional Information and Where to Find It

This document does not constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. In connection with the proposed merger between Duke Energy and Progress Energy, on March 17, 2011, Duke Energy filed with the SEC a Registration Statement on Form S-4 that included a preliminary joint proxy statement of Duke Energy and Progress Energy that also constitutes a preliminary prospectus of Duke Energy and on April 8, 2011 and April 25, 2011 Duke Energy filed with the SEC amendments to that Registration Statement. These materials are not yet final and may be further amended. Duke Energy and Progress Energy will deliver the definitive joint proxy statement/prospectus to their respective shareholders. Duke Energy and Progress Energy urge investors and shareholders to read the preliminary joint proxy statement/prospectus regarding the proposed merger and the definitive joint proxy statement/prospectus, when it becomes available, as well as other documents filed with the SEC, because they contain or will contain important information. You may obtain copies of all documents filed with the SEC regarding this transaction, free of charge, at the SEC's website (www.sec.gov). You may also obtain these documents, free of charge, from Duke Energy's website (www.duke-energy.com) under the heading "Investors" and then under the heading "Financials/SEC Filings." You may also obtain these documents, free of charge, from Progress Energy's website (www.progress-energy.com) under the tab "Investors" and then under the heading "SEC Filings."

Participants in the Merger Solicitation

Duke Energy, Progress Energy, and their respective directors, executive officers and certain other members of management and employees may be soliciting proxies from Duke Energy and Progress Energy shareholders in favor of the merger and related matters. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of Duke Energy and Progress Energy shareholders in connection with the proposed merger is contained in the preliminary joint proxy statement/prospectus and will be contained in the definitive joint proxy statement/prospectus when it becomes available. You can find information about Duke Energy's executive officers and directors in its definitive proxy statement filed with the SEC on March 17, 2011. You can find information about Progress Energy's executive officers and directors in its definitive proxy statement filed with the SEC on

March 31, 2011 and Amendment No. 1 to its Annual Report on Form 10-K filed with the SEC on March 17, 2011. Additional information about Duke Energy's executive officers and directors and Progress Energy's executive officers and directors can be found in the above-referenced Registration Statement on Form S-4. You can obtain free copies of these documents from Duke Energy and Progress Energy using the contact information above.