Joint Applicants' Response To The Commission Staff's Initial Data Requests Volumes 30 - 32

Duke Energy Kentucky
Case No. 2011-124
Staff First Set Data Requests
Date Received: April 28, 2011

STAFF-DR-01-030

REQUEST:

Provide all post-merger anticipated changes to the organizational charts provided in response to the preceding request. Also indicate where one person will be occupying two or more positions within the same entity or among entities.

RESPONSE:

Please see response to Staff-DR-01-28. It is unknown at this time what other changes will be made. As indicated in Direct Testimony of Julie S. Janson at page 33, lines 13-15, "the management team at Duke Energy Kentucky will remain the same and both Duke Energy and Progress Energy share similar goals and a common vision for our industry and our company."

PERSON RESPONSIBLE: AR Mullinax

Duke Energy Kentucky
Case No. 2011-124
Staff First Set Data Requests
Date Received: April 28, 2011

STAFF-DR-01-031

REQUEST:

Provide Duke Energy's Poxy Statements for its Annual Meeting of Shareholders held in 2010 and 2011, and Progress Energy's Proxy Statement for its Annual Meeting of Shareholders held in 2011.

RESPONSE:

See Staff-DR-01-031 (1) and (2) Attachments for Duke Energy.

See Staff-DR-01-031 (a) and (b) Attachments for Progress Energy.

PERSON RESPONSIBLE: James E. Rogers/ Stephen De May (Duke)
Holly H. Wenger (Progress)

Progress Energy

Progress Energy, Inc.
410 S. Wilmington Street
Raleigh, NC 27601-1849

March 31, 2010

Dear Shareholder:

I am pleased to invite you to attend the 2010 Annual Meeting of the Shareholders of Progress Energy, Inc. The meeting will be held at 10:00 a.m. on May 12, 2010, at the Progress Energy Center for the Performing Arts, 2 East South Street, Raleigh, North Carolina.

As described in the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement, the matters scheduled to be acted upon at the meeting for Progress Energy, Inc. are the election of directors, the ratification of the selection of the independent registered public accounting firm for Progress Energy, Inc., and a shareholder proposal regarding the adoption of a "hold-into-retirement" policy for equity awards.

We are pleased to take advantage of the Securities and Exchange Commission rules that permit companies to electronically deliver proxy materials to their shareholders. This process allows us to provide our shareholders with the information they need while lowering printing and mailing costs and more efficiently complying with our obligations under the securities laws. On or about March 31, 2010, we mailed to our registered and beneficial shareholders a Notice containing instructions on how to access our combined Proxy Statement and Annual Report and vote online.

Regardless of the size of your holdings, it is important that your shares be represented at the meeting. IN ADDITION TO VOTING IN PERSON AT THE MEETING, SHAREHOLDERS OF RECORD MAY VOTE VIA A TOLL-FREE TELEPHONE NUMBER OR OVER THE INTERNET. SHAREHOLDERS WHO RECEIVED A PAPER COPY OF THE PROXY STATEMENT AND THE ANNUAL REPORT MAY ALSO VOTE BY COMPLETING, SIGNING AND MAILING THE ACCOMPANYING PROXY CARD IN THE RETURN ENVELOPE PROVIDED AS SOON AS POSSIBLE. IF YOUR SHARES ARE HELD IN THE NAME OF A BANK, BROKER OR OTHER HOLDER OF RECORD, CHECK YOUR PROXY CARD TO SEE WHICH OPTIONS ARE AVAILABLE TO YOU. Voting by any of these methods will ensure that your vote is counted at the Annual Meeting if you do not attend in person.

I am delighted that you have chosen to invest in Progress Energy, Inc., and look forward to seeing you at the meeting. On behalf of the management and directors of Progress Energy, Inc., thank you for your continued support and confidence in 2010.

Sincerely,

William D. Johnson

William D. Johnson
Chairman of the Board, President and
Chief Executive Officer

VOTING YOUR PROXY IS IMPORTANT

Your vote is important. To ensure your representation at the Annual Meeting, please vote your shares as promptly as possible. In addition to voting in person, shareholders of record may **VOTE VIA A TOLL-FREE TELEPHONE NUMBER OR OVER THE INTERNET**, as instructed in the materials.

If you received this Proxy Statement by mail, please promptly **SIGN, DATE and RETURN** the enclosed proxy card or **VOTE BY TELEPHONE** in accordance with the instructions on the enclosed proxy card so that as many shares as possible will be represented at the Annual Meeting. A self-addressed envelope, which requires no postage if mailed in the United States, is enclosed for your convenience.

PROGRESS ENERGY, INC.

410 S. Wilmington Street
Raleigh, North Carolina 27601-1849

NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON

MAY 12, 2010

The Annual Meeting of the Shareholders of Progress Energy, Inc. (the "Company") will be held at 10:00 a.m. on May 12, 2010, at the Progress Energy Center for the Performing Arts, 2 East South Street, Raleigh, North Carolina. The meeting will be held in order to:

(1) Elect fourteen (14) directors of the Company, each to serve a one-year term. The Board of Directors recommends a vote **FOR** each of the nominees for director.

(2) Ratify the selection of Deloitte & Touche LLP as the independent registered public accounting firm for the Company. The Board of Directors recommends a vote **FOR** the ratification of the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm.

(3) Vote on a shareholder proposal regarding the adoption of a "hold-into-retirement" policy for equity awards. The Board of Directors recommends a vote **AGAINST** the shareholder proposal.

(4) Transact any other business as may properly be brought before the meeting.

All holders of the Company's Common Stock of record at the close of business on March 5, 2010, are entitled to attend the meeting and to vote. The stock transfer books will remain open.

By order of the Board of Directors

JOHN R. MCARTHUR
Executive Vice President
and Corporate Secretary

Raleigh, North Carolina
March 31, 2010

PROXY STATEMENT

TABLE OF CONTENTS

PROGRESS ENERGY, INC.

410 S. Wilmington Street
Raleigh, North Carolina 27601-1849

PROXY STATEMENT
GENERAL

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors (at times referred to as the "Board") of proxies to be used at the Annual Meeting of Shareholders. That meeting will be held at 10:00 a.m. on May 12, 2010, at the Progress Energy Center for the Performing Arts, 2 East South Street, Raleigh, North Carolina. (For directions to the meeting location, please see the map included at the end of this Proxy Statement.) Throughout this Proxy Statement, Progress Energy, Inc. is at times referred to as "Progress Energy," "we," "our" or "us." This Proxy Statement and form of proxy were first sent to shareholders on or about March 31, 2010.

An audio Webcast of the Annual Meeting of Shareholders will be available online in Windows Media Player format at *www.progress-energy.com/investor*. The Webcast will be archived on the site for three months following the date of the meeting.

Copies of our Annual Report on Form 10-K for the year ended December 31, 2009, including financial statements and schedules, are available upon written request, without charge, to the persons whose proxies are solicited. Any exhibit to the Form 10-K is also available upon written request at a reasonable charge for copying and mailing. Written requests should be made to Mr. Thomas R. Sullivan, Treasurer, Progress Energy, Inc., P.O. Box 1551, Raleigh, North Carolina 27602-1551. Our Form 10-K is also available through the Securities and Exchange Commission's (the "SEC") Web site at *www.sec.gov* or through our Web site at *www.progress-energy.com/investor*. The contents of these Web sites are not, and shall not be deemed to be, a part of this Proxy Statement or proxy solicitation materials.

In accordance with the "notice and access" rule adopted by the SEC, we are making our proxy materials available to our shareholders on the Internet, and we are mailing to our registered and beneficial holders a "Notice of Internet Availability of Proxy Materials" containing instructions on how to access our proxy materials and how to vote on the Internet and by telephone. If you received a "Notice of Internet Availability of Proxy Materials" and would like to receive a printed copy of our proxy materials, free of charge, you should follow the instructions for requesting such materials below.

We have adopted a procedure approved by the SEC called "householding." Under this procedure, shareholders of record who have the same address and last name and do not participate in the electronic delivery of proxy materials will receive only one copy of our Proxy Statement and Annual Report, unless one or more of the shareholders at that address notifies us that they wish to continue receiving individual copies. We believe this procedure provides greater convenience to our shareholders and saves money by reducing our printing and mailing costs and fees.

If you prefer to receive a separate copy of our combined Proxy Statement and Annual Report, please write to Shareholder Relations, Progress Energy, Inc., P.O. Box 1551, Raleigh, North Carolina 27602-1551 or telephone our Shareholder Relations Section at 919-546-3014, and we will promptly send you a separate copy. If you are currently receiving multiple copies of the Proxy Statement and Annual Report at your address and would prefer that a single copy of each be delivered there, you may contact us at the address or telephone number provided in this paragraph.

PROXIES

The accompanying proxy is solicited by our Board of Directors, and we will bear the entire cost of solicitation. We expect to solicit proxies primarily by telephone, mail, e-mail or other electronic media or personally by our and our subsidiaries' officers and employees, who will not be specially compensated for such services. In addition, the Company will engage Morrow & Co., LLC, if necessary, to assist in the solicitation of proxies on behalf of the Board. It is anticipated that the cost of the solicitation service to the Company will be approximately $35,000 plus out-of-pocket expenses.

You may vote shares either in person or by duly authorized proxy. In addition, you may vote your shares by telephone or via the Internet by following the instructions provided on the enclosed proxy card. Please be aware that if you vote via the Internet, you may incur costs such as telecommunication and Internet access charges for which you will be responsible. The Internet and telephone voting facilities for shareholders of record will close at 12:01 a.m. E.D.T. on the morning of the meeting. Any shareholder who has executed a proxy and attends the meeting may elect to vote in person rather than by proxy. You may revoke any proxy given by you in response to this solicitation at any time before the proxy is exercised by (i) delivering a written notice of revocation to our Corporate Secretary, (ii) timely filing, with our Corporate Secretary, a subsequently dated, properly executed proxy, or (iii) attending the Annual Meeting and electing to vote in person. Your attendance at the Annual Meeting, by itself, will not constitute a revocation of a proxy. If you vote by telephone or via the Internet, you may also revoke your vote by any of the three methods noted above, or you may change your vote by voting again by telephone or via the Internet. If you decide to vote by completing and mailing the enclosed proxy card, you should retain a copy of certain identifying information found on the proxy card in the event that you decide later to change or revoke your proxy by accessing the Internet. You should address any written notices of proxy revocation to: Progress Energy, Inc., P.O. Box 1551, Raleigh, North Carolina 27602-1551, Attention: Corporate Secretary.

All shares represented by effective proxies received by the Company at or before the Annual Meeting, and not revoked before they are exercised, will be voted in the manner specified therein. Executed proxies that do not contain voting instructions will be voted **"FOR"** the election of all directors as set forth in this Proxy Statement; **"FOR"** the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010, as set forth in this Proxy Statement; and **"AGAINST"** the shareholder proposal regarding the adoption of a "hold-into-retirement" policy for equity awards as set forth in this Proxy Statement. Proxies will be voted at the discretion of the named proxies on any other business properly brought before the meeting.

If you are a participant in our 401(k) Savings & Stock Ownership Plan, shares allocated to your Plan account will be voted by the Trustee only if you execute and return your proxy, or vote by telephone or via the Internet. Plan participants must provide voting instructions on or before 11:59 p.m. E.D.T. on May 9, 2010. Company stock remaining in the ESOP Stock Suspense Account that has not been allocated to employee accounts shall be voted by the Trustee in the same proportion as shares voted by participants in the 401(k) Plan.

If you are a participant in the Savings Plan for Employees of Florida Progress Corporation (the "FPC Savings Plan"), shares allocated to your Plan account will be voted by the Trustee when you execute and return your proxy, or vote by telephone or via the Internet. If no direction is given, your shares will be voted in proportion with the shares held in the FPC Savings Plan and in the best interest of the FPC Savings Plan.

Special Note for Shares Held in "Street Name"

If your shares are held by a brokerage firm, bank or other nominee (i.e., in "street name"), you will receive directions from your nominee that you must follow in order to have your shares voted. "Street name" shareholders who wish to vote in person at the meeting will need to obtain a special proxy form from the brokerage firm, bank or other nominee that holds their shares of record. You should contact your brokerage firm, bank or other nominee for details regarding how you may obtain this special proxy form.

If your shares are held in "street name" and you do not give instructions as to how you want your shares voted (a "nonvote"), the brokerage firm, bank or other nominee who holds Progress Energy shares on your behalf may vote the shares at its discretion with regard to "routine" matters. However, such brokerage firm, bank or other nominee is not required to vote the shares of Common Stock, and therefore these unvoted shares would be counted as "broker nonvotes."

With respect to "routine" matters, such as the ratification of the selection of the independent registered public accounting firm, a brokerage firm, bank or other nominee has authority (but is not required) under the rules governing self-regulatory organizations (the "SRO rules"), including the New York Stock Exchange ("NYSE"), to vote its clients' shares if the clients do not provide instructions. When a brokerage firm, bank or other nominee votes its clients' Common Stock shares on routine matters without receiving voting instructions, these shares are counted both for establishing a quorum to conduct business at the meeting and in determining the number of shares voted **"FOR"** or **"AGAINST"** such routine matters. The NYSE recently amended its rules to make the election of directors a "nonroutine" matter.

With respect to "nonroutine" matters, including the election of directors and shareholder proposals, a brokerage firm, bank or other nominee is not permitted under the SRO rules to vote its clients' shares if the clients do not specifically instruct their brokerage firm, bank or other nominee on how to vote their shares. The brokerage firm, bank or other nominee will so note on the vote card, and this constitutes a "broker nonvote." "Broker nonvotes" will be counted for purposes of establishing a quorum to conduct business at the meeting but not for determining the number of shares voted **"FOR," "AGAINST"** or **"ABSTAINING"** from such nonroutine matters. At the 2010 Annual Meeting of Shareholders, two nonroutine matters, the election of 14 directors of the Company with terms expiring in 2011 and a shareholder proposal regarding the adoption of a "hold-into-retirement" policy for equity awards, will be presented for a vote.

Accordingly, if you do not vote your proxy, your brokerage firm, bank or other nominee may either: (i) vote your shares on routine matters and cast a "broker nonvote" on nonroutine matters, or (ii) leave your shares unvoted altogether. Therefore, we encourage you to provide instructions to your brokerage firm, bank or other nominee by voting your proxy. This action ensures that your shares and voting preferences will be fully represented at the meeting.

VOTING SECURITIES

Our directors have fixed March 5, 2010, as the record date for shareholders entitled to vote at the Annual Meeting. Only holders of our Common Stock of record at the close of business on that date are entitled to notice of and to vote at the Annual Meeting. Each share is entitled to one vote. As of March 5, 2010, there were outstanding 284,645,924 shares of Common Stock.

Consistent with state law and our By-Laws, the presence, in person or by proxy, of holders of at least a majority of the total number of Common Stock shares entitled to vote is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Once a share of Common Stock is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and any adjournment thereof, unless a new record date is or must be set in connection with any adjournment. Common Stock shares held of record by shareholders or their nominees who do not vote by proxy or attend the Annual Meeting in person will not be considered present or represented at the Annual Meeting and will not be counted in determining the presence of a quorum. Proxies that withhold authority or reflect abstentions or "broker nonvotes" will be counted for purposes of determining whether a quorum is present.

Pursuant to the provisions of our Articles of Incorporation, as amended effective May 10, 2006, a candidate for director will be elected upon receipt of at least a majority of the votes cast by the holders of Common Stock entitled to vote. Accordingly, assuming a quorum is present, each director shall be elected by a vote of the majority of the votes cast with respect to that director. A majority of the votes cast means that the number of shares voted **"FOR"** a director must exceed the number of votes cast **"AGAINST"** that director. Shares voting **"ABSTAIN"** and shares held in "street name" that are not voted in the election of directors will not be included in determining the number of votes cast

Approval of the proposal to ratify the selection of our independent registered public accounting firm, and other matters properly brought before the Annual Meeting, if any, generally will require the affirmative vote of a majority of votes actually cast by holders of Common Stock entitled to vote. Assuming a quorum is present, the number of **"FOR"** votes cast at the meeting for this proposal must exceed the number of **"AGAINST"** votes cast at the meeting in order for this proposal to be approved. Abstentions from voting and "broker nonvotes" will not count as votes cast and will not have the effect of a "negative" vote with respect to any such matters.

Approval of the shareholder proposal regarding the adoption of a "hold-into-retirement" policy for equity awards will require the affirmative vote of a majority of the shares cast on the proposal provided that the total votes cast on the proposal represents over 50 percent of the shares entitled to vote on the proposal. Abstentions will not have the effect of "negative" votes with respect to the proposal. Shares held in "street name" that are not voted with respect to the shareholder proposal regarding the adoption of a "hold-into-retirement" policy for equity awards will not be included in determining the number of votes cast.

We will announce preliminary voting results at the Annual Meeting. We will publish the final results in a current report on Form 8-K within four (4) business days of the Annual Meeting. A copy of this Form 8-K may be obtained without charge by any of the means outlined above for obtaining a copy of our Annual Report on Form 10-K.

PROPOSAL 1—ELECTION OF DIRECTORS

The Company's amended By-Laws provide that the number of directors of the Company shall be between eleven (11) and fifteen (15). The amended By-Laws also provide for annual elections of each director. Directors will serve one-year terms upon election at the 2010 Annual Meeting of Shareholders.

Our Articles of Incorporation require that a candidate in an uncontested election for director receive a majority of the votes cast in order to be elected as a director (i.e., the number of votes cast **"FOR"** a director must exceed the number of votes cast **"AGAINST"** that director). In a contested election (i.e., a situation in which the number of nominees exceeds the number of directors to be elected), the standard for election of directors will be a plurality of the votes cast. Under North Carolina law, a director continues to serve in office until his or her successor is elected or until there is a decrease in the number of directors, even if the director is a candidate for re-election and does not receive the required vote, referred to as a "holdover director." To address the potential for such a "holdover director," our Board of Directors approved a provision in our Corporate Governance Guidelines. That provision states that if an incumbent director is nominated, but not re-elected by a majority vote, the director shall tender his or her resignation to the Board. The Corporate Governance Committee (the "Governance Committee") would then make a recommendation to the Board whether to accept or reject the resignation. The Board will act on the Governance Committee's recommendation and publicly disclose its decision and the rationale regarding it within 90 days after receipt of the tendered resignation. Any director who tenders his or her resignation pursuant to this provision shall not participate in the Governance Committee's recommendation or Board of Directors' action regarding the acceptance of the resignation offer. However, if all members of the Governance Committee do not receive a vote sufficient for re-election, then the independent directors who did not fail to receive a sufficient vote shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board of Directors whether to accept them. If the only directors who did not fail to receive a sufficient vote for re-election constitute three or fewer directors, all directors may participate in the action regarding whether to accept the resignation offers.

Based on the report of the Governance Committee (see page 15), the Board of Directors nominates the following 14 nominees to serve as directors with terms expiring in 2011 and until their respective successors are elected and qualified: John D. Baker II, James E. Bostic, Jr., Harris E. DeLoach, Jr., James B. Hyler, Jr., William D. Johnson, Robert W. Jones, W. Steven Jones, Melquiades R. "Mel" Martinez, E. Marie McKee, John H. Mullin, III, Charles W. Pryor, Jr., Carlos A. Saladrigas, Theresa M. Stone, and Alfred C. Tollison, Jr.

There are no family relationships between any of the directors, any executive officers or nominees for director of the Company or its subsidiaries, and there is no arrangement or understanding between any director or director nominee and any other person pursuant to which the director or director nominee was selected.

The election of directors will be determined by a majority of the votes cast at the Annual Meeting at which a quorum is present. This means that the number of votes cast **"FOR"** a director must exceed the number of votes cast **"AGAINST"** that director in order for the director to be elected. Abstentions and broker nonvotes, if any, are not treated as votes cast and, therefore, will have no effect on the proposal to elect directors. Shareholders do not have cumulative voting rights in connection with the election of directors.

Valid proxies received pursuant to this solicitation will be voted in the manner specified. Where specifications are not made, the shares represented by the accompanying proxy will be voted **"FOR"** the election of each of the 14 nominees. Votes (other than abstentions) will be cast pursuant to the accompanying proxy for the election of the nominees listed above unless, by reason of death or other unexpected occurrence, one or more of such nominees shall not be available for election, in which event it is intended that such votes will be cast for such substitute nominee or nominees as may be determined by the persons named in such proxy. The Board of Directors has no reason to believe that any of the nominees listed above will not be available for election as a director.

The Board of Directors, acting through the Governance Committee, is responsible for assembling for shareholder consideration a group of nominees that, taken together, have the experience, qualifications, attributes and skills appropriate for functioning effectively as a board. The Governance Committee regularly reviews the composition of the Board in light of the Company's changing requirements and its assessment of the Board's performance. A discussion of the characteristics the Governance Committee looks for in evaluating director candidates appears in the "Governance Committee Process for Identifying and Evaluating Director Candidates" section on page 18 of this Proxy Statement.

The names of the 14 nominees for election to the Board of Directors, along with their ages, principal occupations or employment for the past five years, directorships of public companies held during the past five years, and disclosures regarding the specific experience, qualifications, attributes or skills that led the Board to conclude that such individual should serve on the Board, are set forth below. Messrs. John D. Baker II and Melquiades R. "Mel" Martinez, who were elected by the Board on September 17, 2009 and March 1, 2010, respectively, are directors standing for election to the Board by our shareholders for the first time. Mr. Baker was recommended to the Governance Committee by one of our non-management directors, and Mr. Martinez was recommended to the Governance Committee by William D. Johnson, who is our Chairman of the Board, President and Chief Executive Officer. (Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. ("PEC") and Florida Power Corporation d/b/a Progress Energy Florida, Inc. ("PEF"), which are noted below, are wholly owned subsidiaries of the Company.) Information concerning the number of shares of our Common Stock beneficially owned, directly or indirectly, by all current directors appears on page 10 of this Proxy Statement.

The Board of Directors recommends a vote **"FOR"** each nominee for director.

Nominees for Election

JOHN D. BAKER II, age 61, is President and Chief Executive Officer of Patriot Transportation Holding, Inc., which is engaged in the transportation and real estate businesses. He has served in these positions since November 2007. Mr. Baker was President and Chief Executive Officer of Florida Rock Industries, Inc., a producer of cement, aggregates, concrete and concrete products from 1997 to 2007. As a lawyer and business executive with more than 35 years of experience in the construction materials and trucking industries, Mr. Baker brings business insight and expertise that will be valuable to the Company as it navigates a complex and changing business environment. Mr. Baker has served as a director of the Company since September 17, 2009 and is a member of the Board's Finance Committee and the Organization and Compensation Committee.

Other public directorships in past five years:
Patriot Transportation Holding, Inc. (1986 to present)
Wells Fargo & Company (January 2009 to present)
Vulcan Materials Co. (November 2007 until February 2009)
Wachovia Bank, N.A. (2001 to December 2008)
Florida Rock Industries, Inc. (1979 until November 2007)
Hughes Supply, Inc. (1994 until 2006)

JAMES E. BOSTIC, JR., age 62, has been Managing Director of HEP & Associates, a business consulting firm, and a partner of Coleman Lew & Associates, an executive search consulting firm, since 2006. He retired as Executive Vice President of Georgia-Pacific Corporation, a manufacturer and distributor of tissue, paper, packaging, building products, pulp and related chemicals, in 2006. During his 20 years at Georgia-Pacific, Mr. Bostic served in various senior positions, including a stint as senior vice president—Environmental, Government Affairs and Communications. Over the years, Mr. Bostic's business background and his expertise on environmental and regulatory issues have been significant assets to the Company. That expertise will be particularly helpful as we continue to address new laws and regulations regarding global climate change and other environmental issues. Additionally, due to his years of service on the Board, Mr. Bostic has developed a keen understanding of how the Company operates, the key issues it faces, and its strategy for addressing those issues as it carries out its responsibilities to its shareholders and other stakeholders. He has served as a director of the Company since 2002. Mr. Bostic is a member of the Board's Audit and Corporate Performance Committee, the Nuclear Project Oversight Committee and the Operations and Nuclear Oversight Committee.

HARRIS E. DELOACH, JR., age 65, is Chairman, President and Chief Executive Officer of Sonoco Products Company, a manufacturer of paperboard and paper and plastic packaging products, since April 2005. He served as President and Chief Executive Officer of Sonoco Products from July 2000 to April 2005. Mr. DeLoach joined Sonoco Products in 1986 and has served in various management positions during his tenure there. Prior to joining Sonoco, Mr. DeLoach was in private law practice and served as an outside counsel to Sonoco for 15 years. Mr. DeLoach's legal background and years of experience leading a global packaging company will be valuable to the Company as it confronts a challenging economy and changing business environment. He has served as a director of the Company since 2006. Mr. DeLoach is Chair of the Board's Operations and Nuclear Oversight Committee and a member of the Executive Committee, the Governance Committee, the Nuclear Project Oversight Committee and the Organization and Compensation Committee.

Other public directorships in past five years:
Sonoco Products Company (1998 to present)
Goodrich Corporation (2001 to present)

JAMES B. HYLER, JR., age 62, retired as Vice Chairman and Chief Operating Officer of First Citizens Bank in 2008. He served in these positions from 1994 until 2008. Mr. Hyler was Chief Financial Officer of First Citizens Bank from 1980 to 1988, and served as President of First Citizens Bank from 1988 to 1994. Prior to joining First Citizens Bank, Mr. Hyler was an auditor with Ernst & Young for 10 years. Mr. Hyler has more than 37 years of experience in the financial services industry. Mr. Hyler's experience and accounting background have provided him with an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to analyze such statements. His knowledge and experience in financial services and corporate finance will be valuable to the Company as our utilities continue to move forward with the expansion projects necessary to meet our customers' future energy needs reliably and affordably. Mr. Hyler has served as a director of the Company since 2008 and is a member of the Board's Finance Committee and the Organization and Compensation Committee.

Other public directorships in past five years:
First Citizens BancShares (August 1988 until January 2008)

WILLIAM D. JOHNSON, age 56, is Chairman, President and Chief Executive Officer of Progress Energy since October 2007. Mr. Johnson previously served as President and Chief Operating Officer of Progress Energy from January 2005 to October 2007. In that role, Mr. Johnson oversaw the generation and delivery of electricity by PEC and PEF. Mr. Johnson has been with Progress Energy (formerly CP&L) in a number of roles since 1992, including Group President for Energy Delivery, President and Chief Executive Officer for Progress Energy Service Company, LLC and General Counsel and Secretary for Progress Energy. Before joining Progress Energy, Mr. Johnson was a partner with the Raleigh, N.C. law office of Hunton & Williams LLP, where he specialized in the representation of utilities. Mr. Johnson has served in a variety of senior management positions during his tenure with the Company. His background as a lawyer representing utilities, and his years of hands-on experience at the Company, provide him a unique perspective and a keen understanding of the Company and our industry. Mr. Johnson's breadth of knowledge and experience in addressing key operational, policy, legislative and strategic issues, and his proven leadership skills, will be significant assets to the Company as it implements its long-term strategy in the face of a challenging economy and a changing regulatory and legislative environment. He has served as a director of the Company since 2007.

ROBERT W. JONES, age 59, is the sole owner of Turtle Rock Group, LLC, founded in May 2009. From 1974 until May 2009, Mr. Jones held various management positions at Morgan Stanley, a global provider of financial services to companies, governments and investors. He served as a Senior Advisor from 2006 until May of 2009, and as Managing Director and Vice Chairman from 1997 until 2006. While at Morgan Stanley, Mr. Jones specialized in the utility industry for many years before being named Vice Chairman. Turtle Rock Group, LLC is a financial advisory consulting firm whose sole current client is Morgan Stanley. During his career, Mr. Jones has participated in many major international and domestic utility and project financing transactions, with a particular focus on strategic advisory and capital raising assignments. He has testified before numerous state public utility commissions and has been a frequent speaker on regulatory and corporate governance issues. Mr. Jones's expertise in financial services and his experience in the regulatory arena provide him with a unique perspective that will be beneficial to the Company as it undertakes the expansion projects necessary to implement its balanced solution to meeting its customers' future energy needs in a challenging economy and uncertain regulatory environment. He has served as a director of the Company since 2007. Mr. Jones is Chair of the Board's Finance Committee and a member of the Executive Committee, the Governance Committee and the Organization and Compensation Committee.

W. STEVEN JONES, age 58, is Dean (Emeritus) and Professor of Strategy and Organizational Behavior at the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill, since 2008. He served as Dean of the Kenan-Flagler Business School from August 2003 until August 2008. Prior to joining the Kenan-Flagler Business School in 2003, Mr. Jones had a 30-year career in business. That career included serving as Chief Executive Officer and Managing Director of Suncorp-Metway Ltd., which provides banking, insurance and investing services in Brisbane, Queensland, Australia. He also worked for ANZ, one of Australia's four major banks, in various capacities for eight years. Mr. Jones has international experience in developing strategy, leading change and building organizational capability in a variety of industries. His expertise in the financial services arena will continue to be beneficial as the Company prepares to undertake the expansion projects necessary to satisfy its customers' future energy needs reliably and affordably. Mr. Jones has served as a director of the Company since 2005. He is a member of the Board's Audit and Corporate Performance Committee, the Nuclear Project Oversight Committee and the Operations and Nuclear Oversight Committee.

Other public directorships in past five years:
Premiere Global Services, Inc. (2007 to present)
Bank of America (April 2005 to April 2008)

MELQUIADES R. "MEL" MARTINEZ, age 63, is currently a partner in the law firm of DLA Piper in its Orlando office. Mr. Martinez has had a distinguished career in both the public and private sectors, most recently as a United States Senator from Florida. While serving in the U.S. Senate from 2005 to 2009, he addressed multiple policy and legislative issues as a member of the following Senate committees: Armed Services; Banking, Housing & Urban Affairs; Foreign Relations; Energy and Natural Resources; Commerce; and Special Committee on Aging. Prior to his election, Mr. Martinez served as the Secretary of Housing and Urban Development from 2001 to 2004. His extensive legal, policy and legislative experience will be valuable to the Company as we address new laws and regulations in areas such as environmental compliance, renewable energy standards and energy policy. Prior to representing the State of Florida in the U.S. Senate, Mr. Martinez served as Mayor of Orange County Florida, and as a board member of the Orlando Utilities Commission. He also spent over 25 years in private legal practice, conducting numerous trials in state and federal courts throughout Florida. As a resident and public servant of the State of Florida, Mr. Martinez brings to our Board a unique perspective and first-hand knowledge that will be beneficial as we continue to address key regulatory issues in that State. Mr. Martinez's diversified experience and background will be significant assets to our Company's Board. He has served as a director of the Company since March 1, 2010 and is a member of the Audit and Corporate Performance Committee and the Operations and Nuclear Oversight Committee.

E. MARIE MCKEE, age 59, is Senior Vice President of Corning Incorporated, a manufacturer of components for high-technology systems for consumer electronics, mobile emissions controls, telecommunications and life sciences, since 1996. She also serves as President of the Corning Museum of Glass. Ms. McKee has over 30 years of experience at Corning, where she has held a variety of positions with increasing levels of responsibility. She initially served in various human resources manager positions including Human Resources Director for Corning's Electronics Division, its Research & Development Division and its Centralized Engineering Division. While serving in these positions, Ms. McKee gained significant experience in designing and implementing human resources strategies, business processes and organizational change efforts. She then served in various management positions, including Division Vice President of Corporate Strategic Staffing, Vice President, Human Resources and Senior Vice President, Human Resources and Corporate Diversity Officer. Ms. McKee served as Chairman of Steuben Glass from 1998 until the company was sold in 2008. Ms. McKee has served as a director of the Company and its predecessors since 1999. During her tenure on the Board, Ms. McKee's business experience and perspective have proven valuable to the Company as it has addressed various operational and human resources issues, including executive compensation, succession planning and diversity. Ms. McKee's experience will continue to be beneficial to the Company as shareholders, regulators and legislators continue to focus on executive compensation and corporate governance issues. Ms. McKee is Chair of the Board's Organization and Compensation Committee and a member of the Executive Committee, the Governance Committee, the Nuclear Project Oversight Committee and the Operations and Nuclear Oversight Committee.

JOHN H. MULLIN, III, age 68, is Chairman of Ridgeway Farm, LLC, a limited liability company engaged in farming and timber management, since 1989. He is a former Managing Director of Dillon, Read & Co., a former investment banking firm. Mr. Mullin was employed by Dillon Read for approximately 20 years. During that time, he worked with a diversified mix of clients and was involved in a variety of corporate assignments, including private and public offerings, and corporate restructurings. Since 1989, Mr. Mullin has managed the diversified businesses of Ridgeway Farm. He has served on the boards of a number of other major publicly traded companies, providing him with substantial experience in the areas of corporate strategy, oversight and governance. Mr. Mullin has utilized his broad and extensive business experiences to provide leadership to the Company's Board as Lead Director. He has served as a director of the Company and its predecessors since 1999. Mr. Mullin is Chair of the Board's Governance Committee and a member of the Executive Committee, the Finance Committee and the Organization and Compensation Committee.

Other public directorships in past five years:
Sonoco Products Company (2002 to present)
Hess Corporation (2007 to present)
Liberty Corporation (1989 to 2006)

CHARLES W. PRYOR, JR., age 65, is Chairman of Urenco Investments, Inc., a global provider of services and technology to the nuclear generation industry worldwide, since January 2007. He served as President and Chief Executive Officer of Urenco Investments, Inc. from 2004 to 2006. Mr. Pryor served as President and Chief Executive Officer of the Utilities Business Group of British Nuclear Fuels from 2002 to 2004. From 1997 to 2002, he served as President and Chief Executive Officer of Westinghouse Electric Co., a supplier of nuclear fuel, nuclear services and advanced nuclear plant designs to utilities operating nuclear power plants. Mr. Pryor's service as chief executive officer of a multi-billion dollar company provided him with experience that enables him to understand the financial statements and financial affairs of the Company. Mr. Pryor's knowledge and experience in engineering, power generation, nuclear fuel and the utility industry will help us in the years ahead as our Company pursues a balanced solution to meeting its customers' future energy needs. He has served as a director of the Company since 2007. Mr. Pryor is Chair of the Board's Nuclear Project Oversight Committee and a member of the Audit and Corporate Performance Committee and the Operations and Nuclear Oversight Committee.

Other public directorships in past five years:
DTE Energy Co. (1999 to present)

CARLOS A. SALADRIGAS, age 61, is Chairman and Chief Executive Officer of Regis HRG, which offers a full suite of outsourced human resources services to small and mid-sized businesses. He has served in these positions since July 2008. Mr. Saladrigas served as Chairman, from 2002 to 2007, and Vice Chairman, from 2007 to 2008, of Premier American Bank in Miami, Florida. In 2002, Mr. Saladrigas retired as Chief Executive Officer of ADP Total Source (previously the Vincam Group, Inc.), a Miami-based human resources outsourcing company that provides services to small and mid-sized businesses. Mr. Saladrigas has extensive expertise in both the human resources and financial services arenas. His accounting background provides him with an understanding of the principles used to prepare the Company's financial statements and enables him to effectively analyze those financial statements. Mr. Saladrigas is a resident of Florida and is familiar with the policy issues facing that State. His unique perspective and business acumen continue to be valuable assets to the Board. Mr. Saladrigas has served as a director of the Company since 2001 and is a member of the Board's Audit and Corporate Performance Committee and the Finance Committee.

Other public directorships in past five years:
Advance Auto Parts, Inc. (2003 to present)

THERESA M. STONE, age 65, has been Executive Vice President and Treasurer of the Massachusetts Institute of Technology Corporation ("M.I.T."), since February 2007. In her role as Executive Vice President and Treasurer, Ms. Stone is responsible for M.I.T.'s capital programs, facilities, human resources and information technology, and serves as M.I.T.'s Chief Financial Officer and Treasurer. Prior to serving in her current role, Ms. Stone served as Executive Vice President and Chief Financial Officer of Jefferson-Pilot Financial (now Lincoln Financial Group) from November 2001 to March 2006. Ms. Stone began her career as an investment banker, advising clients primarily in the financial services industry on financial and strategic matters and has held senior financial executive officer positions at various companies since that time. Ms. Stone's knowledge and expertise in finance make her uniquely qualified to understand and effectively analyze the Company's financial statements, and to assist the Company as it undertakes the expansion efforts necessary to implement its balanced solution to satisfying its customers' energy needs reliably and affordably. She has served as a director of the Company since 2005. Ms. Stone is Chair of the Board's Audit and Corporate Performance Committee and a member of the Executive Committee, the Governance Committee and the Finance Committee.

ALFRED C. TOLLISON, JR., age 67, retired as Chairman and Chief Executive Officer of the Institute of Nuclear Power Operations ("INPO"), a nuclear industry-sponsored nonprofit organization in March 2006. He was employed by INPO from 1987 until March 2006. During his tenure there, Mr. Tollison's responsibilities included industry and government relations, communications, information systems and administrative activities. He also served as the executive director of the National Academy for Nuclear Training. From 1970 until 1987, Mr. Tollison was employed by PEC, where he served in a variety of management positions, including plant general manager of the Brunswick Nuclear Plant and manager of nuclear training. Mr. Tollison's track record and expertise in promoting the safe and reliable operations of our nation's nuclear generating plants will continue to be a significant asset to our board as the Company moves forward with its balanced solution for meeting the future generation needs of its customers safely, reliably and affordably. He has served as a director of the Company since 2006. Mr. Tollison is Vice Chair of the Board's Nuclear Project Oversight Committee and a member of the Audit and Corporate Performance Committee and the Operations and Nuclear Oversight Committee. He also serves as the Nuclear Oversight Director.

PRINCIPAL SHAREHOLDERS

The table below sets forth the only shareholder we know to beneficially own more than 5 percent (5%) of the outstanding shares of our Common Stock as of December 31, 2009. We do not have any other class of voting securities.

Title of Class	Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Class
Common Stock	State Street Corporation One Lincoln Street Boston, MA 02111	25,939,712[1]	9.3

[1] Consists of shares of Common Stock held by State Street Corporation, acting in various fiduciary capacities. State Street Corporation has sole power to vote with respect to 0 shares, sole dispositive power with respect to 0 shares, shared power to vote with respect to 12,892,635 shares and shared power to dispose of 25,939,712 shares. State Street Corporation has disclaimed beneficial ownership of all shares of Common Stock. (Based solely on information contained in a Schedule 13G filed by State Street Corporation on February 12, 2010.)

MANAGEMENT OWNERSHIP OF COMMON STOCK

The following table describes the beneficial ownership of our Common Stock as of February 22, 2010, of (i) all current directors and nominees for director, (ii) each executive officer named in the Summary Compensation Table presented later in this Proxy Statement, and (iii) all directors and nominees for director and executive officers as a group. As of February 22, 2010, none of the individuals or the group in the above categories owned one percent (1%) or more of our voting securities. Unless otherwise noted, all shares of Common Stock set forth in the table are beneficially owned, directly or indirectly, with sole voting and investment power, by such shareholder.

Name	Number of Shares of Common Stock Beneficially Owned[1,2]
John D. Baker II	7,450
James E. Bostic, Jr.	8,445[1]
Harris E. DeLoach, Jr.	5,000
James B. Hyler, Jr.	1,000
William D. Johnson	136,751[2]
Robert W. Jones	1,000
W. Steven Jones	1,000
Jeffrey J. Lyash	19,393[2]
Melquiades R. "Mel" Martinez	—[3]
E. Marie McKee	3,000[1]
Mark F. Mulhern	34,550[2]
John H. Mullin, III	10,000[1]
Charles W. Pryor, Jr.	1,042
Carlos A. Saladrigas	7,000[1]
Paula J. Sims	11,766[2]
Theresa M. Stone	1,000
Alfred C. Tollison, Jr.	1,000
Lloyd M. Yates	27,937[2]
Shares of Common Stock beneficially owned by all directors and executive officers of the Company as a group (25 persons)	438,761[4]

[1] Includes shares of our Common Stock such director has the right to acquire beneficial ownership of within 60 days through the exercise of certain stock options, as follows:

Director	Stock Options
James E. Bostic, Jr.	4,000
E. Marie McKee	2,000
John H. Mullin, III	6,000
Carlos A. Saladrigas	6,000

[2] Includes shares of Restricted Stock currently held, and shares of our Common Stock such officer has the right to acquire beneficial ownership of within 60 days through the exercise of certain stock options as follows

Officer	Restricted Stock	Stock Options
William D. Johnson	16,134	—
Jeffrey J. Lyash	3,834	—
Mark F. Mulhern	5,834	7,000
Paula J. Sims	1,000	—
Lloyd M. Yates	3,834	—

[3] Mr. Martinez was elected to the Board effective March 1, 2010 and did not own any shares of the Company's Common Stock at the time of his election. Mr. Martinez is standing for election to the Board by our shareholders for the first time

[4] Includes shares each group member (shares in the aggregate) has the right to acquire beneficial ownership of within 60 days through the exercise of certain stock options

Ownership of Units Representing Common Stock

The table below shows ownership of units representing our Common Stock under the Non-Employee Director Deferred Compensation Plan and units under the Non-Employee Director Stock Unit Plan as of February 22, 2010. A unit of Common Stock does not represent an equity interest in the Company, and possesses no voting rights, but is equal in economic value at all times to one share of Common Stock.

Director	Directors' Deferred Compensation Plan	Non-Employee Director Stock Unit Plan
John D. Baker II	1,339	1,489
James E. Bostic, Jr.	11,723	10,017
Harris E. DeLoach, Jr.	10,299	5,989
James B. Hyler, Jr.	1,231	3,090
Robert W. Jones	7,294	4,538
W. Steven Jones	11,911	7,522
Melquiades R. "Mel" Martinez*	67	—
E. Marie McKee	29,288	12,877
John H. Mullin, III	19,601	13,374
Charles W. Pryor, Jr.	2,147	4,538
Carlos A. Saladrigas	6,993	11,013
Theresa M. Stone	10,087	7,522
Alfred C. Tollison, Jr.	9,905	5,989

* Units owned as of March 1, 2010.

The table below shows ownership as of February 22, 2010, of (i) performance units under the Long-Term Compensation Program, (ii) performance units recorded to reflect awards deferred under the Management Incentive Compensation Plan ("MICP"); (iii) performance shares awarded under the Performance Share Sub-Plan of the 1997, 2002 and 2007 Equity Incentive Plans ("PSSP") (see "Outstanding Equity Awards at Fiscal Year-End Table" on page 51); (iv) units recorded to reflect awards deferred under the PSSP; (v) replacement units representing the value of our contributions to the 401(k) Savings & Stock Ownership Plan that would have been made but for the deferral of salary under the Management Deferred Compensation Plan and contribution limitations under Section 415 of the

Internal Revenue Code of 1986, as amended, and (vi) Restricted Stock Units ("RSUs") awarded under the 2002 and 2007 Equity Incentive Plans

Officer	Long-Term Compensation Program	MICP	PSSP	PSSP Deferred	MDCP	RSUs
William D. Johnson	—	1,711	146,294	—	1,059	66,001
Jeffrey J. Lyash	—	—	36,289	—	314	25,398
Mark F. Mulhern	—	3,853	28,308	2,452	—	20,942
Paula J. Sims	—	7,347	26,621	1,512	—	19,617
Lloyd M. Yates	—	2,672	36,132	6,376	158	25,325

TRANSACTIONS WITH RELATED PERSONS

There were no transactions in 2009, and there are no currently proposed transactions involving more than $120,000, in which the Company or any of its subsidiaries was or is to be a participant and in which any of the Company's directors, executive officers, nominees for director or any of their immediate family members had a direct or indirect material interest.

Our Board of Directors has adopted policies and procedures for the review, approval or ratification of Related Person Transactions under Item 404(a) of Regulation S-K (the "Policy"), which is attached to this Proxy Statement as Exhibit A. The Board has determined that the Governance Committee is best suited to review and approve Related Person Transactions because the Governance Committee oversees the Board of Directors' assessment of our directors' independence. The Governance Committee will review and may recommend to the Board amendments to this Policy from time to time.

For the purposes of the Policy, a "Related Person Transaction" is a transaction, arrangement or relationship, including any indebtedness or guarantee of indebtedness (or any series of similar transactions, arrangements or relationships), in which we (including any of our subsidiaries) were, are or will be a participant and the amount involved exceeds $120,000, and in which any Related Person had, has or will have a direct or indirect material interest. The term "Related Person" is defined under the Policy to include our directors, executive officers, nominees to become directors and any of their immediate family members.

Our general policy is to avoid Related Person Transactions. Nevertheless, we recognize that there are situations where Related Person Transactions might be in, or might not be inconsistent with, our best interests and those of our shareholders. These situations could include (but are not limited to) situations where we might obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when we provide products or services to Related Persons on an arm's length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally. In determining whether to approve or disapprove each Related Person Transaction, the Governance Committee considers various factors, including (i) the identity of the Related Person; (ii) the nature of the Related Person's interest in the particular transaction; (iii) the approximate dollar amount involved in the transaction; (iv) the approximate dollar value of the Related Person's interest in the transaction; (v) whether the Related Person's interest in the transaction conflicts with his obligations to the Company and its shareholders; (vi) whether the transaction will provide the Related Person with an unfair advantage in his dealings with the Company; and (vii) whether the transaction will affect the Related Person's ability to act in the best interests of the Company and its shareholders. The Governance Committee will only approve those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its shareholders.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers to file reports of their holdings and transactions in our securities with the SEC and the NYSE. Based on our records and other information, we believe that all Section 16(a) filing requirements applicable to our directors and executive officers with respect to the Company's 2009 fiscal year were met, except as follows: James Scarola inadvertently failed to timely file a Form 4 related to the deferral, in 2009 and 2010, of portions of two awards granted under the Company's Management Incentive Compensation Plan. A Form 4 reporting both transactions was filed on March 16, 2010. Paula J. Sims inadvertently failed to file on a timely basis a Form 4 with respect to the deferral in 2009 of a portion of an award granted under the Company's Management Incentive Compensation Plan. A Form 4 reporting the transaction was filed on March 16, 2010. Additionally, with regard to the Company's 2010 fiscal year, each of Jeffrey A. Corbett, Vincent M. Dolan, William D. Johnson, Michael A. Lewis, Jeffrey J. Lyash, John R. McArthur, Mark F. Mulhern, James Scarola, Frank A. Schiller, Paula J. Sims, Jeffrey M. Stone and Lloyd M. Yates inadvertently failed to file on a timely basis a Form 4 with respect to the payout of performance units granted under the Company's Performance Share Sub-Plan. A Form 4 reporting the transaction was filed by each individual on March 11, 2010.

CORPORATE GOVERNANCE GUIDELINES AND CODE OF ETHICS

The Board of Directors operates pursuant to an established set of written Corporate Governance Guidelines (the "Governance Guidelines") that set forth our corporate governance philosophy and the governance policies and practices we have implemented in support of that philosophy. The three core governance principles the Board embraces are integrity, accountability and independence.

The Governance Guidelines describe Board membership criteria, the Board selection and orientation process and Board leadership. The Governance Guidelines require that a minimum of 80 percent of the Board's members be independent and that the membership of each Board committee, except the Executive Committee, consist solely of independent directors. Directors who are not full-time employees of the Company must retire from the Board at age 73. Directors whose job responsibilities or other factors relating to their selection to the Board change materially after their election are required to submit a letter of resignation to the Board. The Board will have an opportunity to review the continued appropriateness of the individual's Board membership under these circumstances, and the Governance Committee will make the initial recommendation as to the individual's continued Board membership. The Governance Guidelines also describe the stock ownership guidelines that are applicable to Board members and prohibit compensation to Board members other than directors' fees and retainers.

The Governance Guidelines provide that the Organization and Compensation Committee of the Board will evaluate the performance of the Chief Executive Officer on an annual basis, using objective criteria, and will communicate the results of its evaluation to the full Board. The Governance Guidelines also provide that the Governance Committee is responsible for conducting an annual assessment of the performance and effectiveness of the Board, and its standing committees, and reporting the results of each assessment to the full Board annually.

The Governance Guidelines provide that Board members have complete access to our management and can retain, at our expense, independent advisors or consultants to assist the Board in fulfilling its responsibilities, as it deems necessary. The Governance Guidelines also state that it is the Board's policy that the nonmanagement directors meet in executive session on a regularly scheduled basis. Those sessions are chaired by the Lead Director, John H. Mullin, III, who is also Chair of the Governance Committee. He can be contacted by writing to John H. Mullin, III, Lead Director, Progress Energy, Inc. Board of Directors, c/o John R. McArthur, Executive Vice President and Corporate Secretary, P.O. Box 1551, Raleigh, North Carolina 27602-1551. We screen mail addressed to Mr. Mullin for security purposes and to ensure that it relates to discrete business matters relevant to the Company. Mail addressed to Mr. Mullin that satisfies these screening criteria will be forwarded to him.

In keeping with the Board's commitment to sound corporate governance, we have adopted a comprehensive written Code of Ethics that incorporates an effective reporting and enforcement mechanism. The Code of Ethics is applicable to all of our employees, including our Chief Executive Officer, our Chief Financial Officer and our Controller. The Board has adopted the Company's Code of Ethics as its own standard. Board members, our officers and our employees certify their compliance with our Code of Ethics on an annual basis.

Our Governance Guidelines and Code of Ethics are posted on our Internet Web site and can be accessed at *www.progress-energy.com/investor*.

DIRECTOR INDEPENDENCE

The Board of Directors has determined that the following current members of the Board are independent, as that term is defined under the general independence standards contained in the listing standards of the NYSE:

John D. Baker II	E. Marie McKee
James E. Bostic, Jr.	John H. Mullin, III
Harris E. DeLoach, Jr.	Charles W. Pryor, Jr.
James B. Hyler, Jr.	Carlos A. Saladrigas
Robert W. Jones	Theresa M. Stone
W. Steven Jones	Alfred C. Tollison, Jr.
Melquiades R. "Mel" Martinez	

Additionally, the Board of Directors has determined that David L. Burner, who served as a member of the Board during a portion of 2009, was independent as that term is defined under the general independence standards contained in the NYSE's listing standards. In addition to considering the NYSE's general independence standards, the Board has adopted categorical standards to assist it in making determinations of independence. The Board's categorical independence standards are outlined in our Governance Guidelines. The Governance Guidelines are available on our Internet Web site and can be accessed at *www.progress-energy.com/investor*. All directors, former directors and director nominees identified as independent in this Proxy Statement meet these categorical standards.

In determining that the individuals named above are or were independent directors, the Governance Committee considered their involvement in various ordinary course commercial transactions and relationships. During 2009, Ms. McKee and Messrs. DeLoach and Mullin served as officers and/or directors of companies that have been among the purchasers of the largest amounts of electric energy sold by PEC during the last three preceding calendar years. Messrs. Baker, Mullin and Saladrigas served as officers and/or directors of companies that purchase electric energy from PEF. Mr. Robert W. Jones was an employee of Morgan Stanley through May 2009. Morgan Stanley has provided a variety of investment banking services to us during the past several years, however, Mr. Jones had no direct or indirect material interests or involvement in transactions between the Company and Morgan Stanley. Mr. Jones is no longer a Morgan Stanley employee although his firm provides services to Morgan Stanley. Mr. W. Steven Jones serves as a director of a communications technology company that provided services to us in 2009. Mr. Baker currently serves as a director of Wells Fargo & Company and is a former director of Wachovia Corporation. Both of these entities have been part of our core bank group and have provided a variety of banking and investment services to us during the past several years. Mr. Pryor is a director of a company that has affiliates that provide uranium enrichment services to PEC and PEF. Mr. Tollison is a former employee of PEC and thus receives a modest pension from us. All of the described transactions were ordinary course commercial transactions conducted at arm's length and in compliance with the NYSE's standards for director independence. In addition, the Governance Committee considers the relationships our directors have with tax-exempt organizations that receive contributions from the Company. The Governance Committee considered each of these transactions and relationships and determined that none of them was material or affected the independence of the directors involved under either the general independence standards contained in the NYSE's listing standards or our categorical independence standards.

BOARD, BOARD COMMITTEE AND ANNUAL MEETING ATTENDANCE

The Board of Directors is currently comprised of fourteen (14) members. The Board of Directors met six times in 2009. Average attendance of the directors at the meetings of the Board and its committees held during 2009 was 90 percent, and no director attended less than 80 percent of all Board and his/her respective committee meetings held in 2009.

Our Company expects all directors to attend its annual meetings of shareholders. Such attendance is monitored by the Governance Committee. All directors who were serving as directors as of May 13, 2009, the date of the 2009 Annual Meeting of Shareholders, attended that meeting, with the exception of Mr. Burner, who retired from the Board effective May 13, 2009, and Mr. Saladrigas, who was recovering from an illness at the time of the meeting.

BOARD COMMITTEES

The Board of Directors appoints from its members an Executive Committee, an Audit and Corporate Performance Committee, a Governance Committee, a Finance Committee, a Nuclear Project Oversight Committee, an Operations and Nuclear Oversight Committee, and an Organization and Compensation Committee. The charters of all committees of the Board are posted on our Internet Web site and can be accessed at *www.progress-energy.com/investor*. The current membership and functions of the standing Board committees are discussed below.

Executive Committee

The Executive Committee is presently composed of one director who is an officer and five nonmanagement directors: Messrs. William D. Johnson—Chair, Harris E. DeLoach, Jr., Robert W. Jones, and John H. Mullin, III, and Ms. E. Marie McKee and Ms. Theresa M. Stone. The authority and responsibilities of the Executive Committee are described in our By-Laws. Generally, the Executive Committee will review routine matters that arise between meetings of the full Board and require action by the Board. The Executive Committee held no meetings in 2009.

Audit and Corporate Performance Committee

The Audit and Corporate Performance Committee (the "Audit Committee") is presently composed of the following seven nonmanagement directors: Ms. Theresa M. Stone—Chair, and Messrs. James E. Bostic, Jr., W. Steven Jones, Melquiades R. "Mel" Martinez, Charles W. Pryor, Jr., Carlos A. Saladrigas, and Alfred C. Tollison, Jr. All members of the committee are independent as that term is defined under the enhanced independence standards for audit committee members contained in the Securities Exchange Act of 1934 and the related rules, as amended, as incorporated into the listing standards of the NYSE. Mr. Saladrigas and Ms. Stone have been designated by the Board as the "Audit Committee Financial Experts," as that term is defined in the SEC's rules. The work of the Audit Committee includes oversight responsibilities relating to the integrity of our financial statements, compliance with legal and regulatory requirements, the qualifications and independence of our independent registered public accounting firm, performance of the internal audit function and of the independent registered public accounting firm, and the Corporate Ethics Program. The role of the Audit Committee is further discussed under "Report of the Audit and Corporate Performance Committee" below. The Audit Committee held seven meetings in 2009.

Corporate Governance Committee

The Governance Committee is presently composed of the following five nonmanagement directors: Messrs. John H. Mullin, III—Chair/Lead Director, Harris E. DeLoach, and Robert W. Jones, and Ms. E. Marie McKee and Ms. Theresa M. Stone. All members of the Governance Committee are independent as that term is defined under the general independence standards contained in the NYSE listing standards. The Governance Committee is responsible for making recommendations to the Board with respect to the governance of the Company and the Board. Its responsibilities include recommending amendments to our Charter and By-Laws, making recommendations regarding the structure, charter, practices and policies of the Board, ensuring that processes are in place for annual Chief Executive Officer performance appraisal and review of succession planning and management development, recommending a process for the annual assessment of Board performance, recommending criteria for Board membership, reviewing the qualifications of and recommending to the Board nominees for election. The Governance Committee is responsible for conducting investigations into or studies of matters within the scope of its responsibilities and to retain outside advisors to identify director candidates. The Governance Committee will consider qualified candidates for director nominated by shareholders at an annual meeting of shareholders, provided, however, that written notice of any shareholder nominations must be received by the Corporate Secretary of the Company no later than the close of business on the 120th calendar day before the date our Proxy Statement was released to shareholders in connection with the previous year's annual meeting. See "Future Shareholder Proposals" below for more information regarding shareholder nominations of directors. The Governance Committee held three meetings in 2009.

Finance Committee

The Finance Committee is presently composed of the following six nonmanagement directors: Messrs. Robert W. Jones—Chair, John D. Baker II, James B. Hyler, Jr., John H. Mullin, III, and Carlos A. Saladrigas, and Ms. Theresa M. Stone. The Finance Committee reviews and oversees our financial policies and planning, financial position, strategic planning and investments, pension funds and financing plans. The Finance Committee also monitors our risk management activities and financial position and recommends changes to our dividend policy and proposed budget. The Finance Committee held four meetings in 2009.

Nuclear Project Oversight Committee (*ad hoc*)

The Nuclear Project Oversight Committee is presently composed of the following six nonmanagement directors: Messrs. Charles W. Pryor, Jr.—Chair, Alfred C. Tollison, Jr.—Vice Chair, James E. Bostic, Jr., Harris E. DeLoach, Jr., and W. Steven Jones, and Ms. E. Marie McKee. The Nuclear Project Oversight Committee is an *ad hoc* committee that serves as the primary point of contact for Board oversight of the construction of new nuclear projects, and advises the Board of construction status, including schedule, cost and legal, legislative and regulatory activities. The Nuclear Project Oversight Committee held no meetings in 2009.

Operations and Nuclear Oversight Committee

The Operations and Nuclear Oversight Committee is presently composed of the following seven nonmanagement directors: Messrs. Harris E. DeLoach, Jr.—Chair, James E. Bostic, Jr., W. Steven Jones, Melquiades R. "Mel" Martinez, Charles W. Pryor, Jr., and Alfred C. Tollison, Jr., and Ms. E. Marie McKee. The Operations and Nuclear Oversight Committee reviews our load forecasts and plans for generation, transmission and distribution, fuel procurement and transportation, customer service, energy trading and term marketing, and other Company operations. The Operations and Nuclear Oversight Committee reviews and assesses our policies, procedures, and practices relative to the protection of the environment and the health and safety of our employees, customers, contractors and the public. The Operations and Nuclear Oversight Committee advises the Board and makes recommendations for the Board's consideration regarding operational, environmental and safety-related issues. The Operations and Nuclear Oversight Committee held four meetings in 2009.

Organization and Compensation Committee

The Organization and Compensation Committee (the "Compensation Committee") is presently composed of the following six nonmanagement directors: Ms. E. Marie McKee—Chair, and Messrs. John D. Baker II, Harris E. DeLoach, Jr., James B. Hyler, Jr., Robert W. Jones, and John H. Mullin, III. All members of the Compensation Committee are independent as that term is defined under the general independence standards contained in the NYSE listing standards. The Compensation Committee verifies that personnel policies and procedures are in keeping with all governmental rules and regulations and are designed to attract and retain competent, talented employees and develop the potential of these employees. The Compensation Committee reviews all executive development plans, makes executive compensation decisions, evaluates the performance of the Chief Executive Officer and oversees plans for management succession.

The Compensation Committee may hire outside consultants, and the Compensation Committee has no limitations on its ability to select and retain consultants as it deems necessary or appropriate. Annually, the Compensation Committee evaluates the performance of its compensation consultant to assess its effectiveness in assisting the Committee with implementing the Company's compensation program and principles. For 2009, the Compensation Committee retained Hewitt Associates as its executive compensation and benefits consultant to assist the Compensation Committee in meeting its compensation objectives for our Company. Under the terms of its engagement, in 2009, Hewitt Associates reported directly to the Compensation Committee. In January 2010, Hewitt Associates spun off its executive compensation practice into a separate entity named Meridian Compensation Partners, LLC ("Meridian"), an independent agency wholly-owned by its partners. Meridian reports directly to the Compensation Committee.

The Compensation Committee relies on its compensation consultant to advise it on various matters relating to our executive compensation and benefits program. These services include:

- Advising the Compensation Committee on general trends in executive compensation and benefits;
- Summarizing developments relating to disclosure, risk assessment process and other technical areas;
- Performing benchmarking and competitive assessments;
- Assistance in designing incentive plans;
- Performing financial analysis related to plan design and assisting the Compensation Committee in making pay decisions in light of results; and
- Recommending appropriate performance metrics and financial targets.

The Compensation Committee has adopted a policy for Pre-Approval of Compensation Consultant Services (the "Policy"). Pursuant to the Policy, the compensation consultant may not provide any services or products to the Company without the express prior approval of the Compensation Committee. The compensation consultant did not provide any services or products to the Company other than those that are provided to the Committee and that are related to the Company's executive compensation and benefits program.

The Compensation Committee's chair or the chairman of our Board of Directors may call meetings, other than previously scheduled meetings, as needed. The Compensation Committee may form subcommittees for any purpose that the Compensation Committee deems appropriate and may delegate to such subcommittees such power and authority as the Compensation Committee deems appropriate. Appropriate executive officers of the Company ensure that the Compensation Committee receives administrative support and assistance, and make recommendations to the Committee to ensure that compensation plans are aligned with our business strategy and compensation philosophy. John R. McArthur, our Executive Vice President and Corporate Secretary, serves as management's liaison to the Compensation Committee. William D. Johnson, our Chief Executive Officer, is responsible for conducting annual performance evaluations of the other executive officers and making recommendations to the Compensation Committee regarding those executives' compensation.

The Compensation Committee held seven meetings in 2009.

Compensation Committee Interlocks and Insider Participation

None of the directors who served as members of the Compensation Committee during 2009 was our employee or former employee and none of them had any relationship requiring disclosure under Item 404 of Regulation S-K. During 2009, none of our executive officers served on the compensation committee (or equivalent), or the board of directors of another entity whose executive officer(s) served on our Compensation Committee or Board of Directors

DIRECTOR NOMINATING PROCESS AND COMMUNICATIONS WITH BOARD OF DIRECTORS

Governance Committee

The Governance Committee performs the functions of a nominating committee. The Governance Committee's Charter describes its responsibilities, including recommending criteria for membership on the Board, reviewing qualifications of candidates and recommending to the Board nominees for election to the Board. As noted above, the Governance Guidelines contain information concerning the Committee's responsibilities with respect to reviewing with the Board on an annual basis the qualification standards for Board membership and identifying, screening and recommending potential directors to the Board. All members of the Governance Committee are independent as defined under the general independence standards of the NYSE's listing standards. Additionally, the Governance Guidelines require that all members of the Governance Committee be independent.

Director Candidate Recommendations and Nominations by Shareholders

Shareholders should submit any director candidate recommendations in writing in accordance with the method described under "Communications with the Board of Directors" below. Any director candidate recommendation that is submitted by one of our shareholders to the Governance Committee will be acknowledged, in writing, by the Corporate Secretary. The recommendation will be promptly forwarded to the Chair of the Governance Committee, who will place consideration of the recommendation on the agenda for the Governance Committee's regular December meeting. The Governance Committee will discuss candidates recommended by shareholders at its December meeting and present information regarding such candidates, along with the Governance Committee's recommendation regarding each candidate, to the full Board for consideration. The full Board will determine whether it will nominate a particular candidate for election to the Board.

Additionally, in accordance with Section 11 of our By-Laws, any shareholder of record entitled to vote for the election of directors at the applicable meeting of shareholders may nominate persons for election to the Board of Directors if that shareholder complies with the notice procedure set forth in the By-Laws and summarized in "Future Shareholder Proposals" below.

Governance Committee Process for Identifying and Evaluating Director Candidates

The Governance Committee evaluates all director candidates, including those nominated or recommended by shareholders, in accordance with the Board's qualification standards, which are described in the Governance Guidelines. The Committee evaluates each candidate's qualifications and assesses them against the perceived needs of the Board. Qualification standards for all Board members include: integrity; sound judgment; independence as defined under the general independence standards contained in the NYSE listing standards and the categorical standards adopted by the Board; financial acumen; strategic thinking; ability to work effectively as a team member; demonstrated leadership and excellence in a chosen field of endeavor; experience in a field of business; professional or other activities that bear a relationship to our mission and operations; appreciation of the business and social environment in which we operate; an understanding of our responsibilities to shareholders, employees, customers and the communities we serve; *and service on other boards of directors that would not detract from service on our* Board.

Although the Company does not have an official policy regarding the consideration of diversity in identifying director nominees, diversity is among the factors that are considered in selecting Board nominees. The Company values diversity among its Board members and seeks to create a Board that reflects the demographics of the areas we serve, and includes a complimentary mix of individuals with diverse backgrounds, viewpoints, professional experiences, education and skills that reflect the broad set of challenges the Board confronts.

Communications with the Board of Directors

The Board has approved a process for shareholders and other interested parties to send communications to the Board. That process provides that shareholders and other interested parties can send communications to the Board and, if applicable, to the Governance Committee or to specified individual directors, including the Lead Director, in writing c/o John R. McArthur, Executive Vice President and Corporate Secretary, Progress Energy, Inc., P.O. Box 1551, Raleigh, North Carolina 27602-1551.

We screen mail addressed to the Board, the Governance Committee or any specified individual director for security purposes and to ensure that the mail relates to discrete business matters relevant to the Company. Mail that satisfies these screening criteria is forwarded to the appropriate director.

BOARD LEADERSHIP STRUCTURE AND ROLE IN RISK OVERSIGHT

Board Leadership

Our Governance Guidelines allow the Board to select a Chairman based on the needs of the Company at the time. The Board may appoint the Chief Executive Officer or it may choose another director for the Chairman position. Thus, the Board has the authority to separate the Chairman and Chief Executive Officer positions if it chooses to do so, but it is not required to do so.

Currently, the Board believes that the Company's interests are best served by having the Chief Executive Officer also serve as Chairman because it allows the Board to most effectively and directly leverage the Chief Executive Officer's day-to-day familiarity with the Company's operations. This is particularly beneficial for the Board at this time given the rapidly evolving nature of the energy industry and the complexity of the projects being considered by the Company, including the construction of new nuclear facilities.

Our Governance Guidelines provide that if the Chief Executive Officer currently holds the position of Chairman, then the full Board shall appoint an independent director to serve as Chair of the Governance Committee and Lead Director of the Board. The clearly delineated and comprehensive duties of the Lead Director include presiding over all meetings of the Board at which the Chairman is not present, including executive sessions and other meetings of the non-management and independent directors and serving as liaison and facilitating communication between the independent directors and the Chairman. The Lead Director also provides input to the Chairman and CEO with respect to information sent to the Board and the agendas and schedules for Board and committee meetings. Any independent director, including the Lead Director, has the authority to call meetings of the independent directors. If requested by major shareholders, the Lead Director is available for consultation and direct communication. In addition, the Lead Director serves as a mentor and advisor to the Chairman and Chief Executive Officer and assures that the Chairman and Chief Executive Officer understands the Board's views on critical matters. Pursuant to the Governance Guidelines, Mr. Mullin, an independent director and Chair of the Governance Committee, has served as Lead Director of the Board since 2004.

In our view, our current leadership structure has fostered sound corporate governance practices and strong independent Board leadership that have benefitted the Company and its shareholders.

Board Role in Risk Oversight

We have established a risk management framework that is the backbone for risk management activities that occur across Progress Energy. The framework establishes processes for identifying, measuring, managing and monitoring risk across the Company and its subsidiaries. We also maintain an ongoing inventory that details risk types, the internal department that manages each type of risk and the Board committees that are involved in overseeing those activities. Our Chief Executive Officer and Senior Management have responsibility for assessing and managing the Company's exposure to risk. In this regard, we have established a Risk Management Committee, comprised of various senior executives, that provides guidance and direction in the identification and management of financial risks. The Board is not involved in the Company's day-to-day risk management activities; however, the various Board Committees are involved in different aspects of overseeing those activities.

The Audit and Corporate Performance Committee is responsible for ensuring that appropriate guidelines and controls are in place and reviews the framework for managing risk and adherence to that framework. The Audit and Corporate Performance Committee reviews and discusses with management the Company's guidelines and polices governing risk assessment and risk management.

The Finance Committee is responsible for the oversight of the Risk Management Committee Policy and Guidelines. It oversees the financial risks associated with guarantees, risk capital, corporate financing activities and debt structure. The Finance Committee ensures that dollar amounts and limits are managed within the established framework. The Finance Committee reports to the full Board at least once a quarter.

The Operations and Nuclear Oversight Committee is charged with oversight of risks related to operations and environmental and health and safety issues.

The Organization and Compensation Committee is responsible for the oversight of risks that can result from personnel issues and misalignment between compensation and performance plans and the interests of the Company's shareholders.

The enterprise risk management program is reviewed with the Board on an annual basis. Our risk management framework is designed to enable the Board to stay informed about and understand the key risks facing the Company, understand how those risks relate to the Company's business and strategy, and the steps the Company is taking to manage those risks.

COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis ("CD&A") has four parts. The first part describes the Company's executive compensation philosophy and provides an overview of the compensation program and process. The second part describes each element of the Company's executive compensation program. The third part describes how the Organization and Compensation Committee of the Company's Board of Directors (in this CD&A, the "Committee") applied each element to determine the compensation paid to each of the named executive officers in the Summary Compensation Table on page 45 (the "named executive officers") for the services they provided to the Company in 2009. For 2009, the Company's named executive officers were:

- William D. Johnson, Chairman, President and Chief Executive Officer;
- Mark F. Mulhern, Senior Vice President and Chief Financial Officer;
- Jeffrey J. Lyash, Executive Vice President – Corporate Development (formerly President and Chief Executive Officer, Progress Energy Florida, Inc. (PEF));
- Lloyd M. Yates, President and Chief Executive Officer, Progress Energy Carolinas, Inc. (PEC); and
- Paula J. Sims, Senior Vice President – Power Operations.

The fourth part consists of the Committee's Report.

Following the CD&A are the tables setting forth the 2009 compensation for each of the named executive officers, as well as a discussion concerning compensation for the members of the Company's Board of Directors. Throughout this CD&A, the Company is at times referred to as "we," "our" or "us."

I. COMPENSATION PHILOSOPHY AND OVERVIEW

We are an integrated electric utility primarily engaged in the regulated utility business. Our executive compensation philosophy is designed to provide competitive and reasonable compensation consistent with the three key principles that we believe are critical to our long-term success as described below:

- **Aligning the interests of shareholders and management.** We believe that our major shareholders invest in the Company because they believe we can produce average annual total shareholder return in the 7% to 10% range over the long term. Total shareholder return is defined as the stock price appreciation plus dividends over the period, divided by the share price at the beginning of the measurement period. Further, our investors do not expect or desire significant volatility in our stock price. Accordingly, our executive compensation program is designed to encourage management to lead our Company in a way that consistently produces earnings per share growth and a competitive dividend yield. In the two years since Mr. Johnson became our Chief Executive Officer, under his leadership and that of the Committee, many actions have been taken to align the executive compensation structure with our shareholders' interests. These actions include a significant reduction of perquisites for both our executive officers and non-executive officers who are in senior management; an increase in the stock ownership guidelines; implementation of a new performance measure in the Management Incentive Compensation Plan ("MICP") to further enhance transparency and alignment of performance and payouts for executive officers and non-executive officers in senior management; and a modification of our Performance Share Sub-Plan ("PSSP") to closely align awards under that plan to our operating results, actual total shareholder returns, and, with respect to our peers, relative total shareholder returns

- **Rewarding operating performance results that are consistent with reliable and efficient electric service.** We believe that to achieve this goal over the long term, we must

  - deliver high levels of customer satisfaction;
  - operate our systems reliably and efficiently;
  - maintain a constructive regulatory environment;
  - have a productive, engaged and highly motivated workforce;
  - meet or exceed our operating plans and budgets;
  - be a good corporate citizen; and
  - produce value for our investors.

Therefore, we determine base salary levels and annual incentive compensation based on corporate performance in these areas, along with individual contribution and performance.

- **Attracting and retaining an experienced and effective management team.** The competition for skilled and experienced management is significant in the utility industry. We believe that the management of our business requires executives with a variety of experiences and skills. We expect the competition for talent to continue to intensify, particularly in the nuclear, renewable energy sources, and emerging technologies areas, as the industry enters a significant capital expenditure phase and the requirement for reliable and environmentally responsible generating capacity increases. To address this issue, we have designed market-based compensation programs that are competitive and are aligned with our corporate strategy.

Consistent with these principles, the Committee seeks to provide executive officers a compensation program that is competitive in the market place and provides incentives necessary to motivate executives to perform in the best interests of the Company and its shareholders.

In determining an individual executive officer's compensation opportunity, the Committee believes that it must be competitive within the marketplace for each particular executive officer. As such, the compensation opportunities vary significantly from individual to individual based on the specific nature of the executive position. For example, our Chief Executive Officer is responsible for the overall performance of the Company and, as such, his position has a greater scope of responsibility than our other executive positions and is benchmarked accordingly. From a market perspective, the position of chief executive officer receives a greater compensation opportunity than other executive positions. The Committee therefore sets our Chief Executive Officer's compensation opportunity at levels that reflect the responsibilities of his position and the Committee's expectations

ASSESSMENT OF RISK

Our Company is highly regulated at both the federal and state levels, and therefore significant swings in earnings performance or growth over time are less influenced by any particular individual or groups of individuals. We believe the variable components of our compensation program for executive officers do not incentivize excessive risk taking for the following reasons:

- Our incentive compensation practices do not reward the executive officers for meeting or exceeding volume or revenue targets

- Our compensation program is evaluated annually for its effectiveness and consistency with the Company's goals without promoting excessive risk.
- Our compensation program appropriately balances short- and long-term incentives with approximately 60% of total target compensation for the executive officers provided in equity and focused on long-term performance.
- The PSSP rewards significant and sustainable performance over the longer term by focusing on three-year earnings per share growth and relative total shareholder return targets.
- The MICP in effect for 2009 specifically focuses on earnings before interest, taxes, depreciation and amortization ("EBITDA"), and the MICP that is in effect for 2010 specifically focuses on legal entity net income, because we believe that these are appropriate measures to assess the intrinsic value of the Company to determine whether the Company has been successful in its fundamental business.
- Our compensation programs are designed to make it difficult for any one person to meaningfully influence his or her own incentive award.
- The executive officers receive restricted stock units that generally have a three-year vesting period so that their upside potential and downside risk are aligned with that of our shareholders and promote long-term performance over the vesting period.
- The executive officers are subject to stock ownership guidelines independently set by the Board to reflect the compensation program's goals of risk assumption and sharing between executives and shareholders.

We have determined that the compensation program for non-executive officers who are in senior management positions does not encourage excessive risk taking for all the reasons stated above.

COMPENSATION PROGRAM STRUCTURE

The table below summarizes the current elements of our executive compensation program.

Element	Brief Description	Primary Purpose	Short- or Long-Term Focus
Base Salary	Fixed compensation. Annual merit increases reward individual performance and growth in the position.	Basic element of compensation and necessary to attract and retain.	Short-term (annual)
Annual Incentive	Variable compensation based on achievement of annual performance goals.	Rewards operating performance results that are consistent with reliable and efficient electric service.	Short-term (annual)
Long-Term Incentives — Performance Shares	Variable compensation based on achievement of long-term performance goals.	Align interests of shareholders and management and aid in attracting and retaining executives.	Long-term
Long-Term Incentives — Restricted Stock/Restricted Stock Units	Fixed compensation based on target levels. Service-based vesting.	Align interests of shareholders and management and essential in attracting and retaining executives.	Long-term
Supplemental Senior Executive Retirement Plan	Formula-based compensation, based on salary, annual incentives and eligible years of service.	Provides long-term retirement benefit influenced by service and performance. Aids in attracting and retaining executives.	Long-term
Management Change-In-Control Plan	Elements based on specific plan eligibility.	Aligns interests of shareholders and management and aids in (i) attracting executives; (ii) retaining executives during transition following a change-in-control; and (iii) focusing executives on maximizing value for shareholders.	Long-term
Employment Agreements	Define Company's relationship with its executives and provide protection to each of the parties in the event of termination of employment.	Aid in attracting and retaining executives.	Long-term
Executive Perquisites	Personal benefits awarded outside of base pay and incentives.	Aid in attracting and retaining executives.	Short-term (annual)
Other Broad-Based Benefits	Employee benefits such as health and welfare benefits, 401(k) and pension plan.	Basic elements of compensation expected in the marketplace. Aid in attracting and retaining executives.	Both Short- and Long-term
Deferred Compensation	Provides executives with tax deferral options in addition to those available under our qualified plans.	Aids in attracting and retaining executives	Long-term

The Committee believes these various compensation program elements:

- link compensation with our short- and long-term success by using operating and financial performance measures in determining payouts for annual and long-term incentive plans;
- align management interests with investor expectations by rewarding executives for delivering long-term total shareholder return;
- attract and retain executives by maintaining compensation that is competitive with our peer group;
- foster effective teamwork and collaboration between executives working in different areas to support our core values, strategy and interests;
- comply in all material respects with applicable laws and regulations; and
- can be readily understood by us, the Committee, our executives and our shareholders, and therefore are effective in meeting our business objectives.

PROGRAM ADMINISTRATION

Our executive compensation program is administered by the Committee, which is composed of six independent directors (as defined under the NYSE Corporate Governance Rules). Members of the Committee currently do not receive compensation under any compensation program in which our executive officers participate. For a discussion of director compensation, see the "Director Compensation" section on page 69 of this Proxy Statement.

The Committee's charter authorizes the Committee to hire outside consultants, and the Committee has no limitations on its ability to select and retain consultants as it deems necessary or appropriate. The Committee evaluates the performance of its compensation consultant annually to assess the consultant's effectiveness in assisting the Committee with implementing the Company's compensation program and principles. The Committee retained Hewitt Associates ("Hewitt") as its independent executive compensation consultant to assist the Committee in meeting its compensation objectives for our Company. Under the terms of its engagement, in 2009 Hewitt reported directly to the Committee. In January 2010, Hewitt spun off its executive compensation practice into a separate entity named Meridian Compensation Partners, LLC ("Meridian"), an independent agency wholly-owned by its partners. Meridian reports directly to the Committee.

The Committee relies on its compensation consultant to advise it on various matters relating to our executive compensation and benefits program. These services include:

- advising the Committee on general trends in executive compensation and benefits;
- summarizing developments relating to disclosure, risk assessment process and other technical areas;
- performing benchmarking and competitive assessments;
- assistance in designing incentive plans;
- performing financial analysis related to plan design and assisting the Committee in making pay decisions in light of results; and
- recommending appropriate performance metrics.

Hewitt did not provide any services or products to the Company other than those provided to the Committee and related to the Company's executive compensation and benefits program. Meridian solely provides executive compensation advisory services to the Committee and provides no other services to the Committee or the Company.

Our executive officers meet with the compensation consultant to ensure the consultant understands the Company's business strategy. In addition, the executive officers ensure that the Committee receives administrative support and assistance, and make recommendations to the Committee to ensure that compensation plans are aligned with our business strategy and meet the principles described above. John R. McArthur, our Executive Vice President, serves as management's liaison to the Committee. Our executive officers and other Company employees provide the consultant with information regarding our executive compensation plans and benefits and how we administer them on an as-needed basis. William D. Johnson, our Chief Executive Officer, is responsible for conducting annual performance evaluations of the other executive officers and making recommendations to the Committee regarding those executives' compensation. The Committee conducts an annual performance evaluation of Mr. Johnson.

COMPETITIVE POSITIONING PHILOSOPHY

The Committee's compensation philosophy is to establish target compensation opportunities near the 50th percentile of the market, with flexibility to pay higher or lower amounts based on individual and corporate performance. The Committee believes that this philosophy is aligned with our executive compensation objective of linking pay to actual performance.

When we set and benchmark compensation for our executives against a peer group, we focus on "target" compensation. Target compensation is the value of a pay opportunity as of the beginning of the year. For short-term incentives, this means the value of that incentive opportunity based on the target percentage of salary if our performance objectives are achieved. For example, the Chief Executive Officer's target incentive opportunity is 85% of salary. This means if we reach our target financial objectives for the year, a target incentive award would likely be paid. Correspondingly, if performance should fall short or rise above these goals then the earned incentive award would typically be lesser or greater than target. In any event, target incentive opportunities are not a certainty but are a function of business results. For the performance shares, the ultimate value of any earned award is entirely a function of performance against the pre-established 3-year performance goals as well as the value of the underlying stock price. Also, for the restricted shares the value of any earned award is a function of extended service and the value of the underlying stock price. The target value is not a certainty but only the value of the opportunity.

What ultimately might be earned from either short- or long-term incentives is a function of performance and extended service. We do not benchmark realized values from our programs. With respect to our variable pay programs it is generally not the Company's purpose to deliver comparable pay outcomes since outcomes can differ by company based on their performance. Our general compensation objective is to deliver comparable pay opportunities. Realized results will then be a significant function of performance and extended service. This is a common convention among companies; nonetheless, it is an important context to consider when reviewing the remainder of this CD&A where regular references to targets and/or grant date values for our compensation programs appear.

Progress Energy, a regulated electric utility holding company, is considered to be part of the broader industry classification of electric utilities. The Company is included in several well-publicized indices, including the S&P Electric Index and the Philadelphia Utility Index. Over the past decade, as deregulation has occurred in several geographic areas of the United States, the investor community has separated the utility industry into a number of subsectors. The two main themes of separation are the aspect of the value chain in which the company participates (generation, transmission and/or delivery), and how much of its business is governed by rate-of-return regulation as opposed to competitive markets.

Thus, the industry now has subsectors identified frequently as competitive merchant, regulated delivery, regulated integrated, and unregulated integrated (typically state-regulated delivery and unregulated generation). Each of these subsectors typically differs in financial performance and market valuation characteristics such as earnings multiples, earnings growth prospects and dividend yields.

Progress Energy generally is identified as being in the regulated integrated subsector. This means Progress Energy and its peer companies are primarily rate-of-return regulated, operate in the full range of the value chain, and typically have requirements to serve all customers under state utility regulations. Other companies that are similar to us from a business model perspective and that are generally categorized in our subsector include companies like Southern Company, Duke Energy, SCANA, Xcel and PG&E. The Committee, therefore, monitors companies like these in comparing and evaluating Progress Energy's financial performance for investors and compensation for executives.

On an annual basis, the Committee's compensation consultant provides the Committee with a written analysis comparing base salaries, target annual incentives and the grant date value of long-term incentives of our executive officers to compensation opportunities provided to executive officers of our peers. For 2009, the Committee approved the use of the same peer group of 18 integrated utilities used in the prior year (that is, utilities that have transmission, distribution and generation assets) (the "Benchmarking Peer Group"). The Benchmarking Peer Group was chosen based primarily on revenues. These companies would likely be companies with which we primarily compete for executive talent. The table below lists the companies in the Benchmarking Peer Group.

Allegheny Energy, Inc.	Edison International	Pinnacle West Capital Corporation
Ameren Corporation	Entergy Corporation	PPL Corporation
American Electric Power Co., Inc.	Exelon Corporation	SCANA Corporation
Dominion Resources, Inc.	FirstEnergy Corporation	Southern Company
DTE Energy Company	FPL Group, Inc.	TECO Energy, Inc.
Duke Energy Corporation	PG&E Corporation	Xcel Energy, Inc.

The Committee will annually evaluate the Benchmarking Peer Group to ensure that it remains appropriate for compensation comparisons.

SECTION 162(m) IMPACTS

Section 162(m) of the Internal Revenue Code of 1986, as amended, limits, with certain exceptions, the amount a publicly held company may deduct each year for compensation over $1 million paid or accrued with respect to its chief executive officer and any of the other three most highly compensated officers (excluding the chief financial officer). Certain performance-based compensation is, however, specifically exempt from the deduction limit. To qualify as performance-based, compensation must be paid pursuant to a plan that is:

- administered by a committee of outside directors;
- based on achieving objective performance goals, and
- disclosed to and approved by the shareholders.

The Committee considers the impact of Section 162(m) when designing executive compensation elements and attempts to minimize nondeductible compensation. The Company received shareholder approval of the Progress Energy 2009 Executive Incentive Plan (the "EIP"), an annual cash incentive plan for the Company's named executive officers, at its 2009 Annual Meeting of Shareholders. The MICP and EIP were designed to work together to enable the Company to preserve the tax deductibility of incentive awards under Section 162(m) of the Internal Revenue Code, as amended, to the extent practicable. The sole purpose of the EIP is to preserve the tax deductibility of incentive awards that are qualified performance-based compensation.

STOCK OWNERSHIP GUIDELINES

To align the interests of our executives with the interests of shareholders, the Board of Directors utilizes stock ownership guidelines for all executive officers. The guidelines are designed to ensure that our management maintains a significant ownership stake in the Company. The guidelines require each senior executive to own a multiple of his or her base salary in the form of Company common stock generally within five years of assuming his or her position. The required levels of ownership are designed to reflect the level of responsibility that the executive positions entail.

Each year, the Committee benchmarks both the position levels and the multiples in our guidelines against those of the Benchmarking Peer Group and general industry designs. The benchmarking for 2009 indicated that the Company's guidelines were "at market" with respect to ownership levels, the types of equity that count toward ownership, and the timeframe for compliance. The stock ownership guidelines for our executive officer positions are shown in the table below:

Position Level	Stock Ownership Guidelines
Chief Executive Officer	5.0 times Base Salary
Chief Operating Officer	4.0 times Base Salary
Chief Financial Officer	3.0 times Base Salary
Presidents/Executive Vice Presidents/Senior Vice Presidents	3.0 times Base Salary

For purposes of meeting the applicable guidelines, the following are considered as common stock owned by an executive: (i) shares owned outright by the executive; (ii) stock held in any defined contribution, Employee Stock Ownership Plan or other stock-based plan; (iii) phantom stock deferred under an annual incentive or base salary deferral plan; (iv) stock earned and deferred in any long-term incentive plan account; (v) restricted stock awards and restricted stock units; and (vi) stock held in a family trust or immediate family holdings.

As of February 23, 2010, our named executive officers were in compliance with the guidelines (see Management Ownership table on page 10 of this Proxy Statement for specific details). As an indication of Mr. Johnson's alignment of his interests with that of our shareholders, he currently holds equity more than 8½-times his base salary which exceeds the 5-times base salary required under the guidelines. Further, he has not sold any of the shares he received upon the vesting of his restricted stock awards, restricted stock units, and performance shares since he became Chief Executive Officer.

II. ELEMENTS OF COMPENSATION

The various elements of our executive compensation program described above under the caption "*Compensation Program Structure*" on page 24 are designed to meet the three key principles described under the caption "Compensation Philosophy and Overview" on page 21 of this Proxy Statement. We have designed an allocation of long-term to short-term compensation that reflects the job responsibilities of the executive, provides an incentive for the executive to maximize his or her contribution to the Company, and is consistent with market practices. In general, we believe that the more senior an executive's position, the greater responsibility and influence he or she has regarding the long-term strategic direction of the Company. Thus, the Chief Executive Officer's target long-term compensation is designed to account for approximately two-thirds of his total compensation package (i.e., base salary, target annual incentives, and long-term incentives). By comparison, Senior Vice Presidents' target long-term compensation is designed to constitute approximately one-half of their total target compensation packages. Under this approach, executives who bear the most responsibility for and influence over the Company's long-term performance receive compensation packages that provide greater incentives to achieve the Company's long-term objectives.

The table below shows the mix of short-term and long-term incentive awards to each named executive officer for 2009. Percentages for incentives are expressed as a percentage of base salary. Additional elements of compensation are discussed further in this section.

Named Executive Officer	Base Salary (as of 1/1/10)	Short-Term (annual) Incentive Target[1]	Long-Term Incentive Targets as a Percentage of Salary		Total Incentive Target
			Performance Shares[2]	Restricted Stock	
William D. Johnson	$990,000	85%	233%	117%	435%
Mark F. Mulhern	$425,000	55%	117%	58%	230%
Jeffrey J. Lyash	$453,000	55%	117%	58%	230%
Lloyd M. Yates	$448,000	55%	117%	58%	230%
Paula J. Sims	$370,000	45%	100%	50%	195%

[1] Annual incentive awards can range from 0%-200% of target percentages noted above.

[2] Payout opportunities can range from 0%-200% of grant

To assess overall compensation, the Committee utilizes tally sheets that provide a summary of the elements of compensation for each senior executive. The tally sheets indicate target and actual pay earned. They also summarize potential retirement benefits at age 65, current equity holdings, and potential value from severance.

1. BASE SALARY

The primary purpose of base salaries is to provide a basic element of compensation necessary to attract and retain executives. Base salary levels are established based on data from the Benchmarking Peer Group identified above and consideration of each executive officer's skills, experience, responsibilities and performance. Market compensation levels are used to assist in establishing each executive's job value (commonly called the "midpoint" at other companies). Job values serve as the market reference for determining base salaries.

Each year, the compensation consultant provides the market values for our executive officer positions. Based, in part, on these market values and, in part, on the executives' achievement of individual and Company goals, the Chief Executive Officer then recommends to the Committee base salary adjustments for our executive officers (excluding himself). The Committee reviews the proposed base salaries, adjusts them as it deems appropriate based on the executives' achievement of individual and Company goals and market trends that result in changes to job values, and approves them in the first quarter of each year. The Committee meets in executive session with the compensation consultant to review and establish the Chief Executive Officer's base salary.

The Committee's compensation philosophy is to consider market values near the 50th percentile of the Benchmarking Peer Group. The Committee may choose to set base salaries at a higher percentile of the market to address such factors as competition, retention, succession planning, and the uniqueness and complexity of a position; however, on average, base salaries of the named executive officers for 2009 were approximately 10% below those of the Benchmarking Peer Group. While our current named executive officers have significant experience and tenure with the Company, they, as a group, do not have significant tenure in their current positions. The Committee expects that over time, the average base salary percentile will continue to target the market median. We discuss how individual named executive officers' base salaries compare to the targeted benchmark in "2009 COMPENSATION DECISIONS" on page 40 below.

2. ANNUAL INCENTIVE

We sponsor the MICP, an annual cash incentive plan, in which our executives, managers and supervisors participate. The Company includes managers and supervisors in the MICP to increase accountability for all levels of the Company's management team and to better align compensation with management performance. Annual incentive opportunities are provided to executive officers to promote the achievement of annual performance objectives. MICP targets are based on a percentage of each executive's base salary and are intended to offer target award opportunities that approximate the 50th percentile of the market for Benchmarking Peer Group. For 2009, all MICP targets for our named executive officers were at or below the 50th percentile.

Each year, the Committee establishes the threshold, target and outstanding levels for the performance measures applicable to the named executive officers. The 2009 MICP performance measures were ongoing earnings per share (EPS) and business unit EBITDA for PEC and PEF as shown in the table below:

MICP Financial Performance Goals			
(in millions except EPS)	*Threshold*	*Target*	*Outstanding*
Company EPS	\$2.86	\$3.06	\$3.16
PEC EBITDA	\$1,630	\$1,685	\$1,715
PEF EBITDA	\$1,060	\$1,100	\$1,115

The MICP's performance targets are designed to align with our financial plan and are intended to appropriately motivate the executive officers to achieve the desired corporate financial objectives. The potential MICP funding for each performance measure is 50% at threshold, 100% at target and 200% at outstanding (maximum). Interpolation occurs when actual performance is between the identified levels. Each performance measure is assigned a weight based on the relative importance of that measure to the Company's performance. During the year, updates are provided to the Committee on the Company's performance as compared to the performance measures. Effective January 1, 2010, the legal entity EBITDA performance measure was replaced by legal entity net income. This new performance measure was implemented as a result of the Company's desire to increase its legal entity focus on net income results. Net income results include certain regulatory decisions and key costs that are part of achieving EPS targets in managing a capital-intensive utility business.

The determination of the annual MICP award that each named executive officer receives has two steps: 1) funding the MICP awards based on the performance as compared to the financial goals specified above; and 2) determining individual MICP awards. First, the Committee determines the total amount that will be made available to fund MICP awards to managers and executives, including the named executive officers. To determine the total amount available to fund all MICP awards, we calculate an amount for each MICP participant by multiplying each participant's base salary by a performance factor (based on the sum of a participant's weighted target award achievements). The performance factor ranges between 0 and 200% of a participant's target award, depending upon the results of each applicable performance measure. The sum of these amounts for all participants is the total amount of funds available to pay to all participants, including the named executive officers. For 2009, the named executive officers' performance measures under the MICP were weighted among earnings per share and EBITDA as follows:

		Performance Measures (Relative Percentage Weight)		
Named Executive Officer	**Target Opportunity**	**Company Earnings Per Share**	**PEC EBITDA**	**PEF EBITDA**
William D. Johnson	85%	100%	—	—
Mark F. Mulhern	55%	100%	—	—
Jeffrey J. Lyash (through July 5, 2009)	55%	45%	—	55%
Jeffrey J. Lyash (effective July 6, 2009)[1]	55%	35%	32.5%	32.5%
Lloyd M. Yates	55%	45%	55%	—
Paula J. Sims	45%	35%	32.5%	32.5%

[1] Mr. Lyash's performance measure opportunities and relative weights under the MICP were adjusted effective July 6, 2009, to reflect his becoming the Company's Executive Vice President – Corporate Development.

Second, the Committee utilizes discretion to determine the MICP award to be paid to each executive. This determination is based on the executive's target award opportunity, the degree to which the Company achieved certain goals, and the executive's individual performance based on achieving individual goals and operating results.

As allowed by the MICP, the Committee uses discretion to adjust funding amounts up or down depending on factors that it deems appropriate, such as storm costs and other nonrecurring items including impairments, restructuring costs, and gains/losses on sales of assets. The Committee uses ongoing earnings per share as defined and reported by the Company in its annual earnings release. Based on management's recommendations, with respect to 2009, the Committee exercised discretion for the three performance measures—earnings per share, PEC EBITDA, and PEF EBITDA. The Committee approved adjusting earnings per share results upward by $0.04 to account for storm costs and investment gains on certain employee benefit trusts. The Committee approved adjusting the PEC EBITDA results for the decline in residential, commercial, and industrial retail usage due to weak economic conditions, favorable weather, and storm costs for a net upward adjustment of $72 million. The Committee also approved adjusting the PEF EBITDA downward by $52 million to reflect the impact of favorable weather and pension expense amortization. These adjustments resulted in earnings per share, PEC EBITDA and PEF EBITDA performance at 93%, 68% and 107% of target, respectively.

The Committee may reduce but cannot increase the amount payable to a participant according to business factors determined by the Committee, including the performance measures under the MICP. Awards are earned based upon the achievement of performance measures approved by the Committee under the MICP.

3. LONG-TERM INCENTIVES

The 2007 Equity Incentive Plan (the "Equity Incentive Plan") was approved by our shareholders in 2007 and allows the Committee to make various types of long-term incentive awards to Equity Incentive Plan participants, including the named executive officers. The awards are provided to the named executive officers to align the interests of each executive with those of the Company's shareholders. Long-term incentive awards are intended to offer target award opportunities that approximate the 50th percentile of the peer group. Currently, the Committee utilizes only two types of equity-based incentives: restricted stock units and performance shares.

The Committee has determined that to accomplish our compensation program's purposes effectively, equity-based awards should consist of one-third restricted stock units and two-thirds performance shares. This allocation reflects the Committee's strategy of utilizing long-term incentives to retain officers, align officers' interests with those of the Company's shareholders and drive specific financial performance. Performance shares are intended to focus executive officers on the multi-year sustained achievement of financial and shareholder value objectives. Restricted stock units are service-based and provide an opportunity for the executive officer's interests to be further aligned with shareholder interests if the executive remains with the Company long enough for the restricted stock units to vest.

The table below shows the 2009 long-term incentive targets for each of the named executive officer's positions.

Long-Term Incentive Award Target[1]

	Performance Shares Target Award	Restricted Stock Units Target Award
Position[2]	**2009**	**2009**
Chief Executive Officer	233%	117%
Executive Vice President	117%	58%
Chief Financial Officer	117%	58%
Presidents, PEC and PEF	117%	58%
Senior Vice Presidents	100%	50%

[1] Target award amounts are expressed as percentages of base salaries for the listed positions

[2] Position held at Progress Energy, Inc. unless otherwise noted

In determining long-term incentive targets, the Committee may choose to establish targets at a higher percentile of the market to address such factors as competition, retention, succession planning and the uniqueness and complexity of a position; however, on average, the targets established for the named executive officers for 2009 were 15% lower than comparable aggregate long-term incentive opportunities of our peer group. The Committee expects that, over time, the long-term incentive opportunities will continue to approximate the 50th percentile of the peer group. We discuss how individual named executive officers' long-term incentive targets compared to the targeted benchmarks in "2009 COMPENSATION DECISIONS" on page 40 below. Grants of equity-based awards typically occur in the first quarter, after the annual earnings release. This timing allows current financial information to be fully disclosed and publicly available prior to any grants.

After October 2004, we ceased granting stock options. All previously granted stock options remain valid in accordance with their terms and conditions.

Performance Shares

The PSSP authorizes the Committee to issue performance shares to executives as selected by the Committee in its sole discretion. The value of a performance share is equal to the value of a share of the Company's common stock, and earned performance share awards are paid in Company common stock. The performance period for a performance share is the three-consecutive-calendar-year period beginning in the year in which it is granted. The closing stock price on the last trading day of the year prior to the beginning of the performance period is used to calculate the number of performance shares granted to each participant in that performance period. The Committee may exercise discretion in determining the size of each performance share grant, with the maximum grant size at 125% of target. In 2009, the Committee did not exercise this discretion with respect to any grant of the named executive officers.

2007 Performance Share Sub-Plan

The PSSP, as redesigned in 2007 (the "2007 PSSP"), provides for an adjusted measure of total shareholder return to be utilized as the sole measure for determining the amount of a performance share award upon vesting. The Committee and management designed the total shareholder return performance measure to be calculated assuming a constant price to earnings ratio, which was set at the beginning of each performance period. The performance measure also uses the Company's publicly reported ongoing earnings as the earnings component for determining performance share awards. The Committee chose this method, which we will refer to as "Total Business Return," as the sole performance measure to support its desire to better align the long-term incentives with the interests of our shareholders and to emphasize our focus on dividend and earnings per share growth. The performance measure for the 2007 and 2008 performance share grants made under the 2007 PSSP are shown in the table below.

	Threshold	Target	Outstanding
2007 Total Business Return*	5%	8%	≥10.5%
2007 Percentage of Target Award Earned	50%	100%	200%
2008 Total Business Return*	5%	8%	≥11%
2008 Percentage of Target Award Earned	25%	100%	200%

* Total shareholder return, adjusted to reflect a constant price to earnings ratio set at January 1 of the grant year and to reflect the Company's ongoing earnings per share for each year of the performance period.

Additionally, the Committee retained the discretion to reduce the number of performance shares awarded if it determines that the payouts resulting from the Total Business Return do not appropriately reflect the Company's actual performance.

In 2007, the Committee approved a transition plan designed to bridge the prior long-term incentive plan to the redesigned long-term incentive plan. Under the transition plan, the Committee awarded interim grants of performance units to our officers (the "Transitional Grants"). The Transitional Grants were determined using the same Total Business Return measure as the annual grants described above.

The Transitional Grants included a grant that vested in 2009. The size of the grant awarded to each of the named executive officers was equal to such officer's revised PSSP long-term incentive target for 2007. The transition plan provides that any award from the Transitional Grants vesting in 2009 will be reduced by awards, if any, from the outstanding 2006 performance share grants vesting in 2009. Based on the performance results calculated under the terms of the 2006 PSSP, the Company did not make a payment in 2009 in connection with the performance shares that were issued in 2006. Under the terms of the Transitional Grants, the actual payout opportunity ranges from 0% to 200% of the grant, based on performance. In 2009, the Committee approved a payout of 100% of the target value for the Transitional Grant that vested in 2009.

2009 Performance Share Sub-Plan (the "2009 PSSP")

In early 2009, the Committee, along with its executive compensation consultant, concluded that the PSSP should be modified to further align it with the prevailing structure of long-term incentive plans of other highly regulated utility companies and to improve its alignment with the Company's goals. The 2009 PSSP continues to be based on a three-year performance period, and performance shares accrue quarterly dividend equivalents, which are reinvested in additional shares. Shares vest on January 1 following the end of the performance period and are paid out in Company common stock provided the performance measures have been met.

The modifications to the 2009 PSSP use two equally weighted performance measures: relative total shareholder return (TSR) and earnings growth. By using a combination of relative (TSR) and absolute (earnings growth) performance measures, the 2009 PSSP allows the Committee to consider the Company's performance as compared to the PSSP Peer Group (as defined below), and management's achievement of internal goals. TSR is defined as the appreciation or depreciation in the value of the stock, plus dividends paid during the year, divided by the closing value of the stock on the last trading day of the preceding year. The relative TSR performance is calculated using the Company's three-year annualized TSR ranked against the PSSP Peer Group (as defined below). This component of the PSSP award is based on the Company's relative TSR percentile ranking. However, regardless of the relative ranking, if the Company's TSR is negative for the performance period, no award above the threshold can be earned. The table below shows the percent of target awards that may be earned based on the Company's relative TSR percentile ranking:

Performance and Award Structure (50%)	
Percentile Ranking	**Percent of Target Award Earned**
80th	200%
50th	100%
40th	50%
<40th	0%

The Committee selected a peer group for the PSSP awards comprised of highly regulated companies with a business strategy similar to ours based on a percentage of regulated earnings (the "PSSP Peer Group"). These companies have a significant amount of their earnings generated from regulated assets. In addition, the PSSP Peer Group was selected based on other factors including revenues, market capitalization, enterprise value and percent of regulated earnings. The table below lists the companies in the PSSP Peer Group

Alliant Energy Corporation	Great Plains Energy, Inc.	SCANA Corporation
American Electric Power, Inc.	NV Energy, Inc.	Southern Company
Consolidated Edison, Inc.	PG&E Corporation	Westar Energy, Inc.
DPL, Inc.	Pinnacle West Capital Corporation	Wisconsin Energy Corp.
Duke Energy Corporation	Portland General Electric Company	Xcel Energy, Inc.

The PSSP Peer Group differs from the Benchmarking Peer Group the Committee uses for purposes of benchmarking compensation. The Benchmarking Peer Group is a broader group that represents those companies with which we primarily compete for executive talent and includes companies that are not regulated integrated utilities. The Committee believes that for purposes of our long-term incentive plan, it is more appropriate to use the PSSP Peer Group comprised of companies that derive a significant percentage of their earnings from regulated businesses.

Earnings growth is based on the Company's ongoing annual EPS. The ongoing EPS is determined in accordance with the Company's "Policy for Press Release Earnings Disclosure." The earnings growth component of the PSSP award is based on the Company's earnings growth performance as measured against pre-established goals set at the beginning of the performance period. The table below shows the percent of target awards that may be earned based on the Company's earnings growth performance:

Performance and Award Structure (50%)		
Performance	Three-Year Average Ongoing EPS Growth	Percent of Target Award Earned
Threshold	2%	50%
Target	4%	100%
Maximum	6%	200%

Restricted Stock and Restricted Stock Units

The restricted stock component of the current long-term incentive program helps us retain executives and aligns the interests of management with those of our shareholders and management by rewarding executives for increasing shareholder value. In 2007, the Committee began issuing restricted stock units rather than restricted stock. The restricted stock units provide the same incentives and value as restricted stock, but are more flexible and cost effective for the Company. Executive officers typically receive a grant of service-based restricted stock units in the first quarter of each year which are subject to a three-year graded vesting schedule. The size of each grant is based on the executive officer's target and determined using the closing stock price on the last trading day prior to the Committee's action. The Committee establishes target levels based on the peer group information discussed under the caption "Competitive Positioning Philosophy" on page 26 above. The 2009 restricted stock unit targets for the named executive officer positions are shown in the "Long-Term Incentive Award Target" table on page 31 above. The restricted stock units pay quarterly cash dividend equivalents equal to the amount of any dividends paid on our common stock. The Committee believes that the service-based nature of restricted stock units is effective in retaining an experienced and capable management team.

To further accent the retention quality of the Equity Incentive Plan and to recognize the contribution of the officer team, including the named executive officers, the Committee may also issue in its discretion service-based ad hoc grants of restricted stock units to executives. Ad hoc grants awarded by the Committee during 2009 are discussed in "2009 COMPENSATION DECISIONS" on page 40 below.

4. SUPPLEMENTAL SENIOR EXECUTIVE RETIREMENT PLAN

The Supplemental Senior Executive Retirement Plan ("SERP") provides a supplemental, unfunded pension benefit for executive officers who have at least 10 years of service and at least three years of service on our Senior Management Committee. Currently, 11 executive officers participate in the SERP. The SERP is designed to provide pension benefits above those earned under our qualified pension plan. Current tax laws place various limits on the benefits payable under our qualified pension, including a limit on the amount of annual compensation that can be taken into account when applying the plan's benefit formulas. Therefore, the retirement incomes provided to the named executive officers by the qualified plans generally constitute a smaller percentage of final pay than is typically the case for other Company employees. To make up for this shortfall and to maintain the market-competitiveness of the Company's executive retirement benefits, we maintain the SERP for executive officers, including the named executive officers.

The SERP defines covered compensation as annual base salary plus the annual cash incentive award. The qualified plans define covered compensation as base salary only. The Committee believes it is appropriate to include annual cash incentive awards in the definition of covered compensation for purposes of determining pension plan benefits for the named executive officers to ensure that the named executive officers can replace in retirement a similar portion of total compensation as replaced for other employees who participate in the Company's pension plan. This approach takes into account the fact that base pay alone comprises a relatively smaller percentage of a named executive officer's total compensation than of other Company employees' total compensation.

The Committee believes that the SERP is a valuable and effective tool for attraction and retention due to its vesting requirements and its significant benefit. It is also a common tool among the Benchmarking Peer Group and utilities in general. Total years of service attributable to an eligible executive officer may consist of actual or deemed years. The Committee grants deemed years of service on a case-by-case basis depending upon our need to attract and retain a particular executive officer. All of our named executive officers are fully vested in the SERP.

Payments under the SERP are made in the form of an annuity, payable at age 65. The monthly SERP payment is calculated using a formula that equates to 4% per year of service (capped at 62%) multiplied by the average monthly eligible pay for the highest completed 36 months of eligible pay within the preceding 120-month period. Eligible pay includes base salary and annual incentive. (For those executives who became SERP participants on or after January 1, 2009, the target benefit percentage is 2.25% rather than 4% per year of service. None of the named executive officers for 2009 is subject to the new benefit percentage.) Benefits under the SERP are fully offset by Social Security benefits and by benefits paid under our qualified pension plan. An executive officer who is age 55 or older with at least 15 years of service may elect to retire and commence his or her SERP benefit prior to age 65. The early retirement benefit will be reduced by 2.5% for each year the participant receives the benefit prior to reaching age 65.

5. MANAGEMENT CHANGE-IN-CONTROL PLAN

We sponsor a Management Change-In-Control Plan (the "CIC Plan") for selected employees. The purpose of the CIC Plan is to retain key management employees who are critical to the negotiation and subsequent success of any transition resulting from a change-in-control ("CIC") of the Company. Providing such protection to executive officers in general minimizes disruption during a pending or anticipated CIC. Under our CIC Plan, we generally define a CIC as occurring at the earliest of the following:

- the date any person or group becomes the beneficial owner of 25% or more of the combined voting power of our then outstanding securities; or
- the date a tender offer for the ownership of more than 50% of our then outstanding voting securities is consummated; or
- the date we consummate a merger, share exchange or consolidation with any other corporation or entity, regardless of whether we are the surviving company, unless our outstanding securities immediately prior to the transaction continue to represent more than 60% of the combined voting power of the outstanding voting securities of the surviving entity immediately after the transaction; or
- the date, when, as a result of a tender offer, exchange offer, proxy contest, merger, share exchange, consolidation, sale of assets or any combination of the foregoing, the directors serving as of the effective date of the change-in-control plan, or elected thereafter with the support of not less than 75% of those directors, cease to constitute at least two-thirds (⅔) of the members of the Board of Directors; or
- the date that our shareholders approve a plan of complete liquidation or winding-up or an agreement for the sale or disposition by us of all or substantially all of our assets; or

- the date of any other event that our Board of Directors determines should constitute a CIC

The purposes of the CIC Plan and the levels of payment it provides are designed to:

- focus executives on maximizing shareholder value;
- ensure business continuity during a transition and thereby maintain the value of the acquired company;
- allow executives to focus on their jobs by easing termination concerns;
- demonstrate the Company's commitment to its executives;
- reward executives for their role in executing a transition and, if appropriate, align awards with the new company's performance;
- recognize the additional stress, efforts and responsibilities of employees during periods of transition; and
- keep executives in place and provide them with severance only if a CIC transaction is completed.

The Committee has the sole authority and discretion to designate employees and/or positions for participation in the CIC Plan. The Committee has designated certain positions, including all of the named executive officer positions, for participation in the CIC Plan. Participants are not eligible to receive any of the CIC Plan's benefits absent both a CIC of the Company and an involuntary termination of the participant's employment without cause, including voluntary termination for good reason. Good reason termination includes changes in employment circumstances such as:

- a reduction of base salary or incentive targets;
- certain reductions in position or scope of authority;
- a significant change in work location; or
- a breach of provisions of the CIC Plan.

Rather than allowing benefit amounts to be determined at the discretion of the Committee, the CIC Plan has specified multipliers designed to be attractive to the executives and competitive with current market practices. With the assistance of its executive compensation and benefits consultant, the Committee has reviewed the benefits provided under the CIC Plan to ensure that they meet the Company's needs, are reasonable and fall within competitive parameters. The Committee has determined that the current multipliers are needed for the CIC Plan to be effective at meeting the goals described above.

The CIC Plan provides separate tiers of severance benefits based on the position a participant holds within our Company. The continuation of health and welfare benefits coverage and the degree of excise tax gross-up for terminated participants align with the length of time during which they will receive severance benefits.

The following table sets forth the key provisions of the CIC Plan benefits as it relates to our named executive officers:

	Tier I	Tier II
Eligible Positions	Chief Executive Officer, Chief Operating Officer, Presidents and Executive Vice Presidents	Senior Vice Presidents
Cash Severance	300% of base salary and annual incentive[1]	200% of base salary and annual incentive[1]
Health & Welfare Coverage Period	Coverage up to 36 months	Coverage up to 24 months
Gross-ups	Full gross-up of excise tax	Conditional gross-up of excise tax

[1] The cash severance payment will be equal to the sum of the applicable percentage of annual base salary and the greater of the average of the participant's annual incentive award for the three years immediately preceding the participant's employment termination date, or the participant's target annual incentive award for the year the participant's employment with the Company terminates

Additionally, the following benefits are potentially available to named executive officers upon a CIC.

Benefit	Description
Annual Incentive	100% of target incentive in year of CIC
Restricted Stock Agreements	Restrictions are fully waived on all outstanding grants upon termination
Performance Share Sub-Plan	Outstanding awards vest as of the termination date
Stock Option Agreements	Rights dependent upon whether option has been assumed by successor
Supplemental Senior Executive Retirement Plan	Participant shall be deemed to have met minimum service requirements for benefit purposes, and participant shall be entitled to payment of benefit under the SERP
Deferred Compensation	Entitled to payment of accrued benefits in all accrued nonqualified deferred compensation plans
Split-Dollar Life Insurance Policies[1]	We pay all premiums due under a split-dollar life insurance arrangement under which the terminated participant is the insured for a period not to exceed the applicable period of either 36 (Tier I) or 24 (Tier II) months

[1] Prior to 2003, we sponsored an executive split-dollar life insurance program. The plan provided life insurance coverage approximately equal to three times salary for executive officers. During 2003, we discontinued our executive split-dollar program for all future executives and discontinued our payment of premiums on existing split-dollar policies for senior executives in response to the Internal Revenue Service's final split-dollar regulations and the Sarbanes-Oxley Act of 2002. In 2008 the Committee authorized the Chief Executive Officer to terminate the executive split-dollar program. The Plan was terminated effective January 1, 2009. All named executive officers surrendered their policies for cash value. Surrender proceeds were issued in January 2009

In the event of a change-in-control of the Company, each named executive officer can receive the greater of benefits provided under the CIC Plan or severance benefits provided under his employment agreement, but not both. The tables captioned "Potential Payments Upon Termination," on pages 59 through 68 below show the potential payments each of our named executive officers would receive in the event of a CIC.

The CIC Plan also permits the Board to establish a nonqualified trust to protect the benefits of the impacted participants. This type of trust generally is established to protect nonqualified and/or deferred compensation against various risks such as a CIC or a management change-of-heart. Any such trust the Board establishes will be irrevocable and inaccessible to future or current management, and may be currently funded. To date, no such trust has been funded with respect to any of our named executive officers.

6. EMPLOYMENT AGREEMENTS

Each named executive officer has an employment agreement that documents the Company's relationship with that executive. We provide these agreements to the executives as a means of attracting and retaining them. Each agreement has a term of three years. When an agreement's remaining term diminishes to two years, the agreement automatically adds another year to the term, unless we give 60-days advance notice that we do not want to extend the agreement. If a named executive officer is terminated without cause during the term of the agreement, he is entitled to severance payments equal to his base salary times 2.99, as well as up to 18 months of COBRA reimbursement. A description of each named executive officer's employment agreement is discussed under the "Employment Agreement" section of the "Discussion of Summary Compensation Table and Grants of Plan-Based Awards Table" on page 50 of this Proxy Statement.

The Committee provides employment agreements to the named executive officers because it believes that such agreements are important for the Company to be competitive and retain a cohesive management team. The employment agreements also provide for a defined employment arrangement with the executives and provide various protections for the Company, such as prohibiting competition with the Company, solicitation of the Company's employees and disclosure of confidential information or trade secrets. The Committee believes that the terms of the employment agreements are in line with general industry practice.

7. EXECUTIVE PERQUISITES

We provide certain perquisites and other benefits to our executives. Amounts attributable to perquisites are disclosed in the "All Other Compensation" column of the Summary Compensation Table on page 45.

During 2009, the Committee evaluated the perquisites program to determine whether it was competitive and consistent with the Company's compensation philosophy. As a result of this evaluation, the Committee determined that the current perquisites were appropriate and consistent with market practices. The perquisites available to the named executive officers during 2009 include:

Perquisites for 2009	Description
Personal Travel on Corporate Aircraft and "Business-Related" Spousal Travel[1]	Personal and spousal travel on corporate aircraft is permitted under very limited circumstances.
Financial and Estate Planning	An annual allowance of up to $16,500 for the purpose of purchasing financial and estate planning counseling and services and preparation of personal tax return.
Luncheon and Health Club Dues	Membership in an approved luncheon club and membership in a health club of executive officer's choice.
Executive Physical	Reimbursement of up to $2,500 for an extensive physical at a clinic specializing in executive physicals, every other year.
Internet and Telecom Service[2]	Monthly fees for Internet and telecom access.
Home Security	An installed home security system and payment of monitoring fees.
Accidental Death and Dismemberment Insurance	$500,000 of AD&D insurance for each executive officer.

[1] Personal travel on the Company's aircraft in the event of a family emergency or similar situation is permitted with the approval of the Chief Executive Officer. Executives' spouses may travel on the Company's aircraft to accompany the executives to "business-related" events executives' spouses are requested to attend. For 2009, the named executive officers whose perquisites included spousal travel on corporate aircraft for business purposes were Messrs. Lyash and Yates.

[2] Including home use of Company-owned computer.

The Committee believes that the perquisites we provide to our executives are reasonable, competitive and consistent with our overall executive compensation program in that they help us attract and retain skilled and qualified executives. We believe that these benefits generally allow our executives to work more efficiently and, in the case of the tax and financial planning services, help them to optimize the value received from all of the compensation and benefits programs offered. The costs of these benefits constitute only a small percentage of each named executive officer's total compensation.

8. OTHER BROAD-BASED BENEFITS

The named executive officers receive our general corporate benefits provided to all of our regular, full-time, nonbargaining employees. These broad-based benefits include the following:

- participation in our 401(k) Plan (including a limited Company match of up to 6% of eligible compensation);
- participation in our funded, tax-qualified, noncontributory defined-benefit pension plan, which uses a cash balance formula to accrue benefits; and
- general health and welfare benefits such as medical, dental, vision and life insurance, as well as long-term disability coverage.

9. DEFERRED COMPENSATION

We sponsor the Management Deferred Compensation Plan (the "MDCP"), an unfunded, deferred compensation arrangement. The plan is designed to provide executives with tax deferral options, in addition to those available under the existing qualified plans. An executive may elect to defer, on a pre-tax basis, payment of up to 50% of his or her salary for a minimum of five years or until his or her date of retirement. As a make-up for the 401(k) statutory compensation limits, executives receive deferred compensation credits of 6% of their base salary over the Internal Revenue Code statutory compensation limit on 401(k) retirement plans. The Committee views the matching feature as a restoration benefit designed to restore the matching contribution the executive would have received under the 401(k) retirement plan in the absence of the Internal Revenue Service compensation limits. These Company matching allocations are allocated to an account that will be deemed initially to be invested in shares of a stable value fund within the MDCP. Each executive may reallocate his or her deferred compensation among the other available deemed investment funds that mirror those options available under the 401(k) plan.

Executives can elect to defer up to 100% of their MICP and/or performance share awards. The deferral option is provided as an additional benefit to executive officers to provide flexibility in the receipt of compensation. Historically, all deferred awards were deemed to be invested in performance units, generally equivalent to shares of the Company's common stock and received a 15% discount to the Company's then-current common stock price. Beginning January 1, 2009, the discount feature was eliminated and deferred awards may be allocated among investment options that mirror the Company's 401(k) Plan.

III. 2009 COMPENSATION DECISIONS

Company Performance

The Committee made decisions for the executive officers' compensation following the process described above. The Committee noted that under the leadership of our executive officer management team, the Company reported solid financial and operating results in 2009 despite the challenging economic and regulatory environment. Highlights of the Company's 2009 performance include the following:

- Returned value to shareholders including increasing dividends from $642 million in 2008 to $693 million in 2009; dividend payments increased for the 21st consecutive year;
- Total shareholder return in 2009 was 10.4% as compared to the average 2009 total shareholder return for the Benchmarking Peer Group of 9.66%; the Company's 3-year total shareholder return was -0.53% as compared to the average 3-year total shareholder return for the Benchmarking Peer Group of -5.27%;
- Delivered ongoing earnings of $846 million, or $3.03 per share, compared to $776 million, or $2.96 per share in 2008;
- Received approval from the Florida Public Service Commission ("FPSC") to increase base rates by $132 million; the Committee acknowledges that this increase represents only 26% of the Company's request and believes the result was due to the FPSC's unwillingness to meaningfully raise consumer rates in the particularly challenging Florida economic environment;
- Received final orders from the FPSC for all of PEF's proposed 2010 recovery for fuel, environmental and energy-efficiency costs; and
- Filed with the North Carolina Utilities Commission ("NCUC") a plan to retire by the end of 2017 the remaining 11 North Carolina coal-fired units that do not have flue-gas desulfurization controls (scrubbers) and filed a corresponding plan to build a 600-megawatt (MW) natural gas-fired plant to replace the coal-fired units at our Sutton Plant in conjunction with their retirement in 2014; the Sutton Plant project would represent an estimated investment of approximately $600 million and significantly reduce overall emissions.

Chief Executive Officer Compensation

William D. Johnson

In March 2009, the Committee considered Mr. Johnson's salary against the salaries of the chief executive officers in the Benchmarking Peer Group, the Company's performance, and the difficult external economic and regulatory climate. Based on these factors, the Committee approved a salary of $990,000 for Mr. Johnson representing an increase of 4.2% to his 2008 salary. Mr. Johnson's current target total base compensation is approximately 18% below the 50th percentile of the Benchmarking Peer Group due to his relatively short tenure in the Chief Executive Officer position, and more significantly, the challenging economic and regulatory environment. It is the Committee's intention to increase Mr. Johnson's salary over time to a level that is at the 50th percentile of the Benchmarking Peer Group. For 2009, the Committee set Mr. Johnson's MICP target award at 85% of base salary. This target award was the same as the target Mr. Johnson had in 2007 after he assumed his new position, and represents a target award opportunity that is below the 50th percentile of market. The payout of the 2009 MICP award was based on the extent to which Mr. Johnson achieved his performance goals, which were focused on the following general areas of Company success:

- Delivering on fundamentals of safety, operational excellence and customer satisfaction;
- Achieving financial objectives;

- Managing capital projects effectively;
- Executing the energy-efficiency and emerging technology features of the Company's Balanced Solution Strategy;
- Achieving reasonable outcome on PEF's 2010 base rate proceeding filed in March 2009;
- Advocating effectively for achievable, affordable climate and renewable energy policies; and
- Strengthening leadership focus on employee engagement, communication, diversity and inclusion.

In recognition of his accomplishments during 2009, including his leadership in achieving the Company Performance described above, the Committee awarded Mr. Johnson an MICP payout of $950,000, which is equal to 114% of Mr. Johnson's target award. The Committee also considered Mr. Johnson's emphasis on specific leadership behaviors and expectations throughout the year which were communicated to the Company's management team in clear and direct terms. The Committee also noted Mr. Johnson's active leadership in key national industry organizations, including frequent, direct engagement with policymakers and regulators at the federal and state levels.

With respect to his long-term incentive compensation during 2009, Mr. Johnson was granted 27,892 restricted stock units and 55,546 performance shares in accordance with his pre-established targets of 117% and 233%, respectively, of his base salary. The performance shares are earned based on performance over the three years ending December 31, 2011. Additionally, 29,456 shares of the 2007 annual grant vested in 2009 and were paid out at 100% of target. The Committee also issued to Mr. Johnson an ad hoc retention grant of 8,000 restricted stock units to recognize his leadership in the critical position of Chief Executive Officer, outstanding performance against objectives and the manner in which he achieved those objectives. Total year-over-year compensation to Mr. Johnson for 2009, as compared to 2008, as noted in the "Summary Compensation Table" on page 45 of this Proxy Statement, was relatively flat.

Chief Financial Officer Compensation

Mark F. Mulhern

In March 2009, Mr. Johnson recommended and the Committee approved a base salary of $425,000 for Mr. Mulhern, representing a 10.4% increase to his previous salary of $385,000. The new base salary was set at 20% below the 50th percentile of the Benchmarking Peer Group. Mr. Mulhern's base salary was established at this level due to his relatively short tenure in the Chief Financial Officer position, and more significantly, the challenging economic and regulatory environment. It is the Committee's intention to increase Mr. Mulhern's salary over time to a level that is at the 50th percentile of the Benchmarking Peer Group.

For 2009, Mr. Mulhern's MICP target award was set at 55% of his base salary. This target award is the same target Mr. Mulhern had in 2008 after he assumed the Chief Financial Officer position and represents a target award opportunity that is below the 50th percentile of the market. Mr. Mulhern's performance goals for 2009 focused on the following general areas of Company success:

- Achieving financial objectives;
- Developing a pension funding strategy and communicating it effectively to the investment community;
- Achieving reasonable outcome on PEF's rate settlement with respect to 2006-2008 expenditures; and
- Strengthening leadership focus on employee engagement, communication, diversity and inclusion.

In recognition of the achievements he accomplished in 2009 and on Mr. Johnson's recommendation, the Committee awarded Mr. Mulhern an MICP payout of $225,000, which is equal to 99% of Mr. Mulhern's target award. Mr. Mulhern's award was due in part to his leadership in the Company achieving its EPS goal, execution of a funding strategy for the pension plan, and obtaining interim rate relief for PEF.

With respect to his long-term incentive compensation, in 2009, Mr. Mulhern was granted 5,604 restricted stock units and 11,304 performance shares in accordance with his pre-established targets of 58% and 117%, respectively, of base salary. The performance shares are earned based on performance over the three years ending December 31, 2011. Additionally, 7,131 shares of the 2007 annual grant vested in 2009 and were paid out at 100% of target. On Mr. Johnson's recommendation, the Committee also issued to Mr. Mulhern an ad hoc retention grant of 2,500 restricted stock units to recognize his leadership in the critical position of Chief Financial Officer, his outstanding performance against objectives and the manner in which he achieved those objectives. The decrease in year-over-year total compensation to Mr. Mulhern for 2009, as compared to 2008, as noted in the "Summary Compensation Table" on page 45 of this Proxy Statement, was largely due to vesting of the total accumulated SERP benefit that occurred in 2008.

Compensation of Other Named Executive Officers

For 2009, Mr. Johnson recommended and the Committee approved base salaries for Messrs. Lyash and Yates of $453,000 and $448,000, respectively. The base salaries for Messrs. Lyash and Yates represented an increase of approximately 1.80% and 1.82%, respectively, above their 2008 salaries. The new base salaries are set at 9% below the 50th percentile of the market. The modest year-over-year increase to Mr. Lyash's and Mr. Yates' salaries reflects the Committee's and management's recognition of the challenging economic and regulatory environment. It is the Committee's intention to increase Messrs. Lyash's and Yates' salaries over time to a level that is at the 50th percentile of the Benchmarking Peer Group.

For 2009, Mr. Johnson recommended and the Committee approved Ms. Sims' base salary to remain at $370,000. The 2009 base salary is set at 11% above the 50th percentile of the Benchmarking Peer Group due to Ms. Sims' extensive knowledge of fuel and power operations.

Mr. Lyash received standard assistance with relocation expenses in connection with the Company's requirement that he relocate from Florida to North Carolina to assume his current position. Mr. Lyash also received assistance with the sale of his Florida home. For more information, see note 16 to the "Summary Compensation Table" on page 45.

On Mr. Johnson's recommendation, the Committee awarded Messrs. Lyash and Yates and Ms. Sims 2009 MICP awards as described in the table below.

Named Executive Officer	2009 MICP Award	Percent of Target	Explanation of Award
Jeffrey J. Lyash	$235,000	95%	Mr. Lyash played a significant role in mitigating a substantial reduction in PEF's retail revenue through a combination of O&M reductions, wholesale contracts and rate mitigation resulting in PEF's attaining its earnings goals; completion of the Bartow Plant repowering that is reflected in rates; and implementation of project oversight process.
Lloyd M. Yates	$235,000	96%	Mr. Yates played a significant role in the Company's achievement of its EPS goal and PEC's achievement of its capital spending budget goal; led development of fleet modernization strategy to replace coal-fired plants with natural gas-fired plants; execution of wholesale expansion and renewal contracts on favorable terms; and development of effective relationships in the regulatory and legislative arenas resulting in passage of significant legislation in North Carolina.
Paula J. Sims	$160,000	96%	Ms. Sims played a significant role in the Power Operation Group's achievement of its O&M and capital spending goals; led the Continuous Business Excellence effort to obtain sustainable 3-5% productivity gains; implementation of a strategy to reduce emissions by replacing coal-fired plants with natural gas-fired plants; and increased the focus on safety by reducing our OSHA injury rate.

With respect to long-term compensation, in 2009 each of the other named executive officers received annual grants of restricted stock units and performance shares in accordance with their pre-established targets. The table below describes those grants, the transitional performance share grants that the Committee issued in 2007, and the ad hoc restricted stock unit grants.

Named Executive Officer	Restricted Stock Units Vesting in 1/3 Increments in 2010, 2011 and 2012	Transitional Performance Shares Vesting 2009	Performance Shares Vesting 2012	Ad Hoc Restricted Stock Units Vesting 2012
Jeffrey J. Lyash	6,477	9,535	13,065	2,000
Lloyd M. Yates	6,404	9,535	12,918	2,000
Paula J. Sims	4,642	7,131	9,285	2,000

The increase in total compensation to Mr. Lyash, as compared to 2008, as noted in the "Summary Compensation Table" on page 45 of this Proxy Statement, was largely due to the increase in his equity grants value and the receipt of relocation expenses and assistance with the sale of his Florida home.

The decrease in year-over-year total compensation to Mr. Yates, as compared to 2008, as noted in the "Summary Compensation Table" on page 45 of this Proxy Statement, was largely due to vesting of the total accumulated SERP benefit that occurred in 2008.

The significant increase in year-over-year total compensation to Ms. Sims, as compared to 2008, as noted in the "Summary Compensation Table" on page 45 of this Proxy Statement, was largely due to her vesting in the SERP in 2009.

IV. COMPENSATION COMMITTEE REPORT

The Committee has reviewed and discussed this CD&A with management as required by Item 402(b) of Regulation S-K. Based on such review and discussions, the Committee recommended to the Company's Board of Directors that the CD&A be included in this Proxy Statement.

Organization and Compensation Committee

E. Marie McKee, Chair
John D. Baker II
Harris E. DeLoach, Jr.
James B. Hyler, Jr.
Robert W. Jones
John H. Mullin, III

Unless specifically stated otherwise in any of the Company's filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, the foregoing Compensation Committee Report shall not be deemed soliciting material, shall not be incorporated by reference into any such filings and shall not otherwise be deemed filed under such Acts.

SUMMARY COMPENSATION TABLE FOR 2009

The following Summary Compensation Table discloses the compensation during 2009 of our Chief Executive Officer, Chief Financial Officer, and the other three most highly paid executive officers who were serving at the end of 2009. Additionally, column (h) is dependent upon actuarial assumptions for determining the amounts included. A change in these actuarial assumptions would impact the values shown in this column. Where appropriate, we have indicated the major assumptions in the footnotes to column (h).

Name and Principal Position (a)	Year (b)	Salary[1] ($) (c)	Bonus ($) (d)	Stock Awards[2] ($) (e)	Option Awards[3] ($) (f)	Non-Equity Incentive Plan Compensation[4] ($) (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[5] ($) (h)	All Other Compensation[6] ($) (i)	Total[2] ($) (j)
William D. Johnson,	2009	$979,231	N/A	$3,090,605[8]	$0	$950,000	$1,144,448[9]	$289,726[10]	$6,454,010
Chairman, President and	2008	950,000		2,911,701	0	929,000	1,091,256	304,571	6,186,528
Chief Executive Officer[7]	2007	807,539		5,231,023	0	863,500	946,938	299,445	8,148,445
Mark F. Mulhern,	2009	$414,231	N/A	$655,990[11]	$0	$225,000	$369,822[12]	$102,137[13]	$1,767,180
Senior Vice President and	2008	355,385		433,473	0	200,000	820,419	141,354	1,950,631
Chief Financial Officer	2007	308,792		1,620,321	0	190,000	34,205	116,014	2,269,332
Jeffrey J. Lyash, Executive	2009	$450,846	N/A	$728,120[14]	$0	$235,000	$244,369[15]	$292,061[16]	$1,950,396
Vice President – Corporate	2008	432,885		612,952	0	225,000	323,904	140,812	1,735,553
Development (formerly President and Chief Executive Officer, PEF)	2007	386,154		2,146,232	0	265,000	272,656	125,548	3,195,590
Lloyd M. Yates,	2009	$445,846	N/A	$720,683[17]	$0	$235,000	$308,815[18]	$119,432[19]	$1,829,776
President and Chief	2008	429,231		612,952	0	210,000	777,983	155,042	2,185,208
Executive Officer, PEC	2007	374,039		2,146,232	0	265,000	26,730	127,981	2,939,982
Paula J. Sims,	2009	$370,000	N/A	$538,333[20]	$0	$160,000	$707,802[21]	$97,505[22]	$1,873,640
Senior Vice President –	2008	364,615		459,724	0	140,000	25,728	92,743	1,082,810
Power Operations	2007	324,177		1,620,321	0	170,000	21,930	108,233	2,244,661

[1] Consists of base salary earnings prior to (i) employee contributions to the Progress Energy 401(k) Savings & Stock Ownership Plan and (ii) voluntary deferrals, if any, under the Management Deferred Compensation Plan. See "Deferred Compensation" discussion in Part II of the CD&A. Salary adjustments, if deemed appropriate, generally occur in March of each year.

[2] Includes the fair value of stock awards as of the grant date computed in accordance with FASB ASC Topic 718. Assumptions made in the valuation of material stock awards are discussed in Note 9.B. to our consolidated financial statements for the year ended December 31, 2009. The values reflected for 2008 and 2007 in columns (e) and (j) are different than previously disclosed because these values represent the fair value of stock awards as of the grant date rather than the expense related to equity awards for financial statement reporting purposes in accordance with SFAS No. 123(R).

[3] We ceased granting stock options in 2004. No additional expense remains with respect to our stock option program.

[4] Includes the awards given under the Management Incentive Compensation Plan (MICP) for 2007, 2008 and 2009 performance.

[5] Includes the change in present value of the accrued benefit under Progress Energy's Pension Plan, SERP, and/or Restoration Plan where applicable. In addition, it includes the above market earnings on deferred compensation under the Deferred Compensation Plan for Key Management Employees. The current incremental present values were determined using actuarial present value factors as provided by our actuarial consultants, Buck Consultants, based on FAS mortality assumptions post-age 65 and FAS discount rates of 6.25%, 6.30%, and 6.10% for calculating the accrued benefit under the SERP for 2007, 2008, and 2009, respectively. FAS discount rates of 5.95%, 6.25%, and 5.45% were used for calculating the accrued benefits under the Restoration Retirement Plan for 2007, 2008, and 2009, respectively. FAS discount rates of 6.15%, 6.30%, and 5.95% were used for calculating the accrued benefits under the Pension Plan for 2007, 2008, and 2009, respectively. The 1996-1999 Deferred Compensation Plan for Key Management Employees provided a fixed rate of return of 10.0% on deferred amounts.

which was 2.7% above the market interest rate of 7.3% at the time the plan was frozen in 1996. The Deferred Compensation Plan for Key Management Employees was discontinued in 2000 and replaced with the Management Deferred Compensation Plan, which does not have a guaranteed rate of return. Named executive officers who were participants in the 1996-1999 Deferred Compensation Plan for Key Management Employees continue to receive plan benefits with respect to amounts deferred prior to its discontinuance in 2000. The above market earnings under the Deferred Compensation Plan for Key Management Employees are included in this column for Mr. Johnson.

[6] Includes the following items: Company match contributions under the Progress Energy 401(k) Savings & Stock Ownership Plan; dividends paid under provisions of the Restricted Stock Award/Unit Plans and Management Deferred Compensation Plans; perquisites; and tax gross-ups related primarily to imputed income.

[7] Mr. Johnson did not receive additional compensation for his service on the Board of Directors.

[8] Includes (i) the grant date fair value of the restricted stock units granted during 2009 under the 2007 Equity Incentive Plan, $1,213,150; and (ii) the grant date fair value of the performance shares granted during 2009 under the 2009 PSSP, $1,877,455. The maximum potential for the performance shares granted to Mr. Johnson in 2009 is $3,754,910 (200%), based on the March 17, 2009 closing stock price of $33.80.

[9] Includes changes in present value of the accrued benefit during 2009 for the following plans: Progress Energy Pension Plan, $65,737; the SERP, $1,068,674; and above market earnings on compensation deferred under the Deferred Compensation Plan for Key Management Employees of $10,037. Mr. Johnson's change in his year-over-year SERP benefit was relatively flat.

[10] Consists of (i) $14,700 in Company contributions under the Progress Energy 401(k) Savings & Stock Ownership Plan; (ii) $43,582 in deferred compensation credits pursuant to the terms of the Management Deferred Compensation Plan; (iii) $195,485 in Restricted Stock/Unit Dividends; (iv) $11,970 in tax gross-ups related to imputed income; and (v) $23,989 in perquisites consisting of the following: financial/estate/tax planning, $5,000; Internet and telecom access, $3,724; health club dues, $2,407; home security, $4,255; and spousal travel, $6,370. Other perquisites include luncheon club membership, executive physical and AD&D insurance.

[11] Includes (i) the grant date fair value of the restricted stock units granted during 2009 under the 2007 Equity Incentive Plan, $273,915; and (ii) the grant date fair value of the performance shares granted during 2009 under the 2009 PSSP, $382,075. The maximum potential for the performance shares granted to Mr. Mulhern in 2009 is $764,150 (200%), based on the March 17, 2009 closing stock price of $33.80.

[12] Includes changes in present value of the accrued benefit during 2009 for the following plans: Progress Energy Pension Plan, $46,636; and the SERP, $323,186. Mr. Mulhern's change in SERP decreased in 2009 primarily due to vesting of the total accumulated benefit that occurred in 2008.

[13] Consists of (i) $14,700 in Company contributions under the Progress Energy 401(k) Savings & Stock Ownership Plan; (ii) $9,682 in deferred compensation credits pursuant to the terms of the Management Deferred Compensation Plan; (iii) $5,276 in tax gross-ups related to imputed income; and (iv) $72,479 in Restricted Stock/Unit Dividends. The total value of the perquisites and personal benefits received by Mr. Mulhern was less than $10,000. Thus, these amounts are excluded from column (i).

[14] Includes (i) the grant date fair value of the restricted stock units granted during 2009 under the 2007 Equity Incentive Plan, $286,523; and (ii) the grant date fair value of the performance shares granted during 2009 under the 2009 PSSP, $441,597. The maximum potential for the performance shares granted to Mr. Lyash in 2009 is $883,194 (200%), based on the March 17, 2009 closing stock price of $33.80.

[15] Includes changes in present value of the accrued benefit during 2009 for the following plans: Progress Energy Pension Plan, $48,250; and the SERP, $196,119. Mr. Lyash's change in SERP decreased in 2009 primarily due to a lower FAS discount rate.

[16] Consists of (i) $14,700 in Company contributions under the Progress Energy 401(k) Savings & Stock Ownership Plan; (ii) $12,256 in deferred compensation credits pursuant to the terms of the Management Deferred Compensation Plan; (iii) $70,378 in Restricted Stock/Unit Dividends; (iv) $1,445 in tax gross-ups related to imputed income; and (v) $17,708 in perquisites including spousal use of Company aircraft, $14,669. Other perquisites include luncheon club membership, spousal

travel, home security, and Internet and telecom access. During 2009, the Company required Mr. Lyash to relocate from Florida to North Carolina in connection with his becoming the Company's Executive Vice President - Corporate Development. Mr. Lyash received standard Company relocation benefits totaling $53,005 that included travel expenses, the equivalent of one month's salary, temporary housing, shipment of household goods, and closing costs in connection with his purchase of a home in North Carolina. Mr. Lyash also received assistance with the sale of his home in Florida where the Company previously required Mr. Lyash to relocate in connection with his former role as President and Chief Executive Officer of Progress Florida, Inc. The Company purchased his Florida home at a price equal to the average of two independent appraisals after he was unable to sell the home within a 60-day marketing period. The Company agreed that if the purchase price of Mr. Lyash's Florida home, as determined by the average of the two independent appraisals, resulted in a loss on the sale of his prior home, the Company would pay Mr. Lyash the difference between the price he paid for the Florida home (excluding the cost of improvements made subsequent to such purchase) and the purchase price paid by the Company based on the independent appraisals. Because of the precipitous decline in the Florida housing market since Mr. Lyash's purchase of his Florida home, the agreed purchase price was significantly below Mr. Lyash's purchase price. SEC rules require that we include as fiscal year 2009 compensation this difference, which was $80,000, along with other transaction costs. In light of the fact that the relocation was required by the Company and because this make-whole amount paid to Mr. Lyash will be treated as income to him, we agreed to provide Mr. Lyash with a tax gross-up on amounts from this transaction that are considered taxable income. The tax gross-up was $42,569. In approving Mr. Lyash's relocation expenses, including the reimbursement of the loss incurred on his Florida home, the Committee required Mr. Lyash to agree to reimburse the Company for the relocation assistance in the event he voluntarily leaves the Company within three years of relocating to North Carolina.

[17] Includes (i) the grant date fair value of the restricted stock units granted during 2009 under the 2007 Equity Incentive Plan, $284,055, and (ii) the grant date fair value of the performance shares granted during 2009 under the 2009 PSSP, $436,628. The maximum potential for the performance shares granted to Mr. Yates in 2009 is $873,257 (200%), based on the March 17, 2009 closing stock price of $33.80.

[18] Includes changes in present value of the accrued benefit during 2009 for the following plans: Progress Energy Pension Plan, $33,106; and the SERP, $275,709. Mr. Yates' change in SERP decreased in 2009 primarily due to vesting of the total accumulated benefit that occurred in 2008.

[19] Consists of (i) $14,700 in Company contributions under the Progress Energy 401(k) Savings & Stock Ownership Plan; (ii) $11,956 in deferred compensation credits pursuant to the terms of the Management Deferred Compensation Plan; (iii) $70,986 in Restricted Stock/Unit Dividends; (iv) $4,026 in tax gross-ups related to imputed income; and (v) $17,764 in perquisites including financial/estate/tax planning, $10,000, and spousal use of Company aircraft, $4,920. Other perquisites include luncheon club membership, health club dues, home security, Internet and telecom access, executive physical and AD&D insurance.

[20] Includes (i) the grant date fair value of the restricted stock units granted during 2009 under the 2007 Equity Incentive Plan, $224,500, and (ii) the grant date fair value of the performance shares granted during 2009 under the 2009 PSSP, $313,833. The maximum potential for the performance shares granted to Ms. Sims in 2009 is $627,666 (200%), based on the March 17, 2009 closing stock price of $33.80.

[21] Includes changes in present value of the accrued benefit during 2009 for the following plans: Progress Energy Pension Plan, $30,117; and the SERP, $703,105. Ms. Sims became vested in the SERP on June 1, 2009 which attributed to her increase for the year. Ms. Sims' accumulated Restoration Plan benefit of $25,420 was forfeited upon her vesting in the SERP.

[22] Consists of (i) $14,700 in Company contributions under the Progress Energy 401(k) Savings & Stock Ownership Plan; (ii) $7,500 in deferred compensation credits pursuant to the terms of the Management Deferred Compensation Plan; (iii) $47,759 in Restricted Stock/Unit Dividends; (iv) $15,188 in tax gross-ups related to imputed income; and (v) $12,358 in stock purchase discounts for annual incentive deferrals pursuant to the MICP. The total value of the perquisites and personal benefits received by Ms. Sims was less than $10,000. Thus, these amounts are excluded from column (i).

GRANTS OF PLAN-BASED AWARDS

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1]			Estimated Future Payouts Under Equity Incentive Plan Awards[2]				
Name (a)	Grant Date (b)	Threshold ($) (c)	Target ($) (d)	Maximum ($) (e)	Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)	All Other Stock Awards: Number of Shares of Stock or Units[3] (#) (i)	Grant Date Fair Value of Stock and Option Awards[4] ($) (j)
William D. Johnson, Chairman, President and Chief Executive Officer	MICP 3/5/10	$416,173	$832,346	$1,664,692					
	Restricted Stock Units 3/17/09							35,892	$1,213,150
	PSSP 3/17/09				27,773	55,546	111,092		$1,877,455
Mark F. Mulhern, Senior Vice President and Chief Financial Officer	MICP 3/5/10	$113,914	$227,827	$455,654					
	Restricted Stock Units 3/17/09							8,104	$273,915
	PSSP 3/17/09				5,652	11,304	22,608		$382,075
Jeffrey J. Lyash, Executive Vice President - Corporate Development (formerly President and Chief Executive Officer, PEF)	MICP 3/5/10	$123,983	$247,965	$495,930					
	Restricted Stock Units 3/17/09							8,477	$286,523
	PSSP 3/17/09				6,533	13,065	26,130		$441,597
Lloyd M. Yates, President and Chief Executive Officer, PEC	MICP 3/5/10	$122,608	$245,215	$490,430					
	Restricted Stock Units 3/17/09							8,404	$284,055
	PSSP 3/17/09				6,459	12,918	25,836		$436,628
Paula J. Sims, Senior Vice President – Power Operations	MICP 3/5/10	$83,250	$166,500	$333,000					
	Restricted Stock Units 3/17/09							6,642	$224,500
	PSSP 3/17/09				4,643	9,285	18,570		$313,833

[1] The Management Incentive Compensation Plan is considered a non-equity incentive compensation plan. Award amounts are shown at threshold, target, and maximum levels. The target award is calculated using the 2009 eligible earnings times the executive's target percentage. See target percentage in table on page 30 of the CD&A. Threshold is calculated at 50% of target and maximum is calculated at 200% of target. Actual award amounts paid are reflected in the Summary of Compensation Table under the "Non-Equity Incentive Plan Compensation" column.

[2] Reflects the potential payouts in shares of the 2009 PSSP grants. The grant size was calculated by multiplying the executive's salary as of January 1, 2009, times his 2009 PSSP target and dividing by the December 31, 2008, closing stock price of $39.85. The Threshold column reflects the minimum payment level under our PSSP, which is 50% of the target amount shown in the Target column. The amount shown in the maximum column is 200% of the target amount.

[3] Reflects the number of restricted stock units granted during 2009 under the 2007 Equity Incentive Plan. The number of shares granted was determined by multiplying the executive's salary as of January 1, 2009, times his 2009 restricted stock target and dividing by the December 31, 2008, closing stock price of $39.85.

[4] Reflects the grant date fair value of the award based on the following assumptions: Market value of restricted stock granted on March 17, 2009, based on closing price of $33.80 per share, times the shares granted in column (i). Market value of PSSP granted on March 17, 2009, based on closing stock price on March 17, 2009, of $33.80 times target number of shares in column (g). The 2009 PSSP grant payout is expected to be 100% of target.

DISCUSSION OF SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS TABLE

EMPLOYMENT AGREEMENTS

Messrs. Johnson, Mulhern, Lyash and Yates and Ms. Sims entered into employment agreements with the Company or one of its subsidiaries, referred to collectively in this section as the "Company." Each of these agreements has an effective date of May 8, 2007. The employment agreements replaced the previous employment agreements in effect for each of these officers.

The employment agreements provide for base salary, annual incentives, perquisites and participation in the various executive compensation plans offered to our senior executives. The agreements expired on December 31, 2009. Thereafter, each agreement will be automatically extended by an additional year on January 1 of each year. We may elect not to extend an executive officer's agreement and must notify the officer of such an election at least 60 days prior to the automatic extension date. Each employment agreement contains restrictive covenants imposing non-competition obligations, restricting solicitation of employees and protecting our confidential information and trade secrets for specified periods if the applicable officer is terminated without cause or otherwise becomes eligible for the benefits under the agreement.

Except for the application of previously granted years of service credit to our post-employment health and welfare plans as discussed below, the employment agreements do not affect the compensation, benefits or incentive targets payable to the applicable officers.

With respect to Mr. Johnson, the Employment Agreement specifies that the years of service credit we previously granted to him for purposes of determining eligibility and benefits in the SERP will also be applicable for purposes of determining eligibility and benefits in our post-employment health and welfare benefit plans. Mr. Johnson was awarded seven years of deemed service toward the benefits and vesting requirements of the SERP. However, as of 2008, Mr. Johnson reached the maximum service accrual and therefore benefit augmentation for deemed service is $0. Three of those years also were deemed to have been in service on the Senior Management Committee for purposes of SERP eligibility.

Each Employment Agreement provides that if the applicable officer is terminated without cause or is constructively terminated (as defined in Paragraph 8(a)(i) of the agreement), then the officer will receive (i) severance equal to 2.99 times the officer's then-current base salary and (ii) reimbursement for the costs of continued coverage under certain of our health and welfare benefit plans for a period of up to 18 months.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards[1]					Stock Awards			
Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)[2]	Market Value of Shares or Units of Stock That Have Not Vested ($) (h)[3]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)[4]	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (j)[4]
William D. Johnson, Chairman, President and Chief Executive Officer	0 0 0	—	—	$43.49 $41.97 $44.75	9/30/2011 9/30/2012 9/30/2013	82,135[5]	$3,368,356	152,673[6]	$6,261,120
Mark F. Mulhern, Senior Vice President and Chief Financial Officer	0 0 7,000	—	—	$43.49 $41.97 $44.75	9/30/2011 9/30/2012 9/30/2013	26,776[7]	$1,098,084	29,966[8]	$1,228,906
Jeffrey J. Lyash, Executive Vice President – Corporate Development (formerly President and Chief Executive Officer, PEF)	0 0 0	—	—	$43.49 $41.97 $44.75	9/30/2011 9/30/2012 9/30/2013	29,232[9]	$1,198,804	38,528[10]	$1,580,033
Lloyd M. Yates, President and Chief Executive Officer, PEC	0 0 0			$43.49 $41.97 $44.75	9/30/2011 9/30/2012 9/30/2013	29,159[11]	$1,195,811	38,373[12]	$1,573,677
Paula J. Sims, Senior Vice President – Power Operations	0 0 0	—	—	$43.49 $41.97 $44.75	9/30/2011 9/30/2012 9/30/2013	20,617[13]	$845,503	28,305[14]	$1,160,778

[1] All outstanding stock options were vested as of December 31, 2006. The Company ceased granting stock options in 2004.

[2] Consists of outstanding restricted stock grants and restricted stock units.

[3] Market value at December 31, 2009, was based on a December 31, 2009, closing price of $41.01 per share.

[4] The 2006 and 2007 2-year transitional grants vested on January 1, 2009; the 2007 grant vests on January 1, 2010, the 2008 grant vests on January 1, 2011; and the 2009 grant vests on January 1, 2012. Performance share value for the 2007 annual grant is expected to be at 125% of target while the 2008 annual grant and 2009 annual grant were expected to be 100% of target. The value in Column (j) is derived by multiplying the shares (rounded to the nearest whole share) times the December 31, 2009 closing stock price ($41.01). The difference between the calculated value and the noted value is attributable to fractional shares. See further discussion under "Performance Shares" in Part II of the CD&A.

[5] Restricted stock grants vest based on the following schedule: 5,533 shares on March 14, 2010, 5,067 shares on March 15, 2010; and 5,534 shares on March 14, 2011. Restricted stock unit grants vest based on the following schedule: 9,297 units on March 17, 2010, 9,297 units on March 17, 2011, 17,298 units on March 17, 2012, 7,650 units on March 18, 2010, 4,936 units on March 20, 2010; 7,651 units on March 18, 2011, 4,936 units on March 20, 2011, and 4,936 units on March 20, 2012

[6] Includes performance shares granted on March 20, 2007, March 18, 2008, March 17, 2009, and accumulated dividends as of December 31, 2009. Outstanding performance share balances consist of the following: (i) 43,280 – 2007 annual grant, (ii) 51,018 – 2008 annual grant, and (iii) 58,375 – 2009 annual grant.

[7] Restricted stock grants vest based on the following schedule: 1,167 shares on March 14, 2010; 3,500 shares on March 21, 2010; and 1,167 shares on March 14, 2011. Restricted stock unit grants vest based on the following schedule: 1,868 units on March 17, 2010, 1,868 on March 17, 2011; 4,368 on March 17, 2012, 1,136 units on March 18, 2010; 8,189 units on March 20, 2010; 1,136 units on March 18, 2011, 1,189 units on March 20, 2011, and 1,188 units on March 20, 2012.

[8] Includes performance shares granted on March 20, 2007, March 18, 2008, March 17, 2009, and accumulated dividends as of December 31, 2009. Outstanding performance share balances consist of the following: (i) 10,479 – 2007 annual grant; (ii) 7,607 – 2008 annual grant; and (iii) 11,880 – 2009 annual grant.

[9] Restricted stock grants vest based on the following schedule: 1,367 shares on March 14, 2010; 1,100 shares on March 15, 2010; and 1,367 on March 14, 2011. Restricted stock unit grants vest based on the following schedule: 2,159 units on March 17, 2010; 1,597 on March 18, 2010; 10,576 units on March 20, 2010, 2,159 units on March 17, 2011; 1,597 units on March 18, 2011; 1,576 units on March 20, 2011; 4,159 units on March 17, 2012, and 1,575 units on March 20, 2012

[10] Includes performance shares granted on March 20, 2007, March 18, 2008, March 17, 2009, and accumulated dividends as of December 31, 2009. Outstanding performance share balances consist of the following: (i) 14,010 – 2007 annual grant; (ii) 10,787 – 2008 annual grant, and (iii) 13,731 – 2009 annual grant.

[11] Restricted stock grants vest based on the following schedule: 1,367 shares on March 14, 2010, 1,100 shares on March 15, 2010, and 1,367 shares on March 14, 2011. Restricted stock unit grants vest based on the following schedule: 2,134 on March 17, 2010; 1,597 on March 18, 2010; 10,576 units on March 20, 2010; 2,135 on March 17, 2011; 1,597 units on March 18, 2011, 1,576 units on March 20, 2011; 4,135 on March 17, 2012, and 1,575 units on March 20, 2012.

[12] Includes performance shares granted on March 20, 2007, March 18, 2008, March 17, 2009, and accumulated dividends as of December 31, 2009. Outstanding performance share balances consist of the following: (i) 14,010 – 2007 annual grant; (ii) 10,787 – 2008 annual grant; and (iii) 13,576 – 2009 annual grant.

[13] Restricted stock grants vest based on the following schedule: 1,000 shares on April 1, 2011. Restricted stock units grants vest based on the following schedule: 1,547 units on March 17, 2010; 1,204 units on March 18, 2010; 8,189 units on March 20, 2010; 1,547 units on March 17, 2011; 1,205 units on March 18, 2011; 1,189 units on March 20, 2011, 3,548 units on March 17, 2011, and 1,188 units on March 20, 2012.

[14] Includes performance shares granted on March 20, 2007, March 18, 2008, March 17, 2009, and accumulated dividends as of December 31, 2009. Outstanding performance share balances consist of the following: (i) 10,479 – 2007 annual grant, (ii) 8,068 – 2008 annual grant; and (iii) 9,758 – 2009 annual grant.

OPTION EXERCISES AND STOCK VESTED

	Option Awards		Stock Awards	
Name (a)	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise ($) (c)	Number of Shares Acquired on Vesting[1] (#) (d)	Value Realized on Vesting[1] ($) (e)
William D. Johnson, Chairman, President and Chief Executive Officer	—	—	55,597[2]	$2,049,258
Mark F. Mulhern, Senior Vice President and Chief Financial Officer	—	—	18,077[3]	$656,906
Jeffrey J. Lyash, Executive Vice President – Corporate Development (formerly President and Chief Executive Officer, PEF)	—	—	15,727[4]	$589,337
Lloyd M. Yates, President and Chief Executive Officer, PEC	—	—	16,927[5]	$630,131
Paula J. Sims, Senior Vice President – Power Operations	—	—	9,180[6]	$358,539

[1] Reflects the number of restricted stock shares, restricted stock units, and performance shares that vested in 2009. Restricted stock units vested for named executive officers on March 18 at $33.80 per share, and performance shares vested on January 1, 2009 for the 2006 and 2007 2-year transitional grants at $39.85 per share. Restricted stock shares vested on the following days: (i) March 7 at $33.02 per share; (ii) March 14, 15, and 16 at $31.85 per share; and (iii) April 28 at $33.79 per share. The value realized is the sum of the vested shares for each vesting date times the vesting price.

[2] Includes 15,000 restricted stock awards consisting of the following: 5,533 on March 14; 5,067 on March 15; and 4,400 on March 16. Performance shares totaled 32,947. Restricted stock units totaled 7,650.

[3] Includes 8,966 restricted stock awards consisting of the following: 1,166 on March 14; and 7,800 on April 28. Performance shares totaled 7,976. Restricted stock units totaled 1,135.

[4] Includes 3,466 restricted stock awards consisting of the following: 1,366 on March 14; 1,100 on March 15; and 1,000 on March 16. Performance shares totaled 10,665. Restricted stock units totaled 1,596.

[5] Includes 4,666 restricted stock awards consisting of the following: 2,200 on March 7; 1,366 on March 14; and 1,100 on March 15. Performance shares totaled 10,665. Restricted stock units totaled 1,596.

[6] Performance shares totaled 7,976. Restricted stock units totaled 1,204. Ms. Sims did not have any restricted stock awards that vested during 2009.

PENSION BENEFITS TABLE

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c)	Present Value of Accumulated Benefit[1] ($) (d)	Payments During Last Fiscal Year ($) (e)
William D. Johnson,	Progress Energy Pension Plan	17.3	$448,578	$0
Chairman, President and Chief Executive Officer	Supplemental Senior Executive Retirement Plan	24.3[2]	$7,282,483[3]	$0
Mark F. Mulhern,	Progress Energy Pension Plan	13.8	$269,399	$0
Senior Vice President and Chief Financial Officer	Supplemental Senior Executive Retirement Plan	13.8	$1,144,767[4]	$0
Jeffrey J. Lyash,	Progress Energy Pension Plan	16.6	$274,417	$0
Executive Vice President – Corporate Development (formerly President and Chief Executive Officer, PEF)	Supplemental Senior Executive Retirement Plan	16.6	$1,419,208[5]	$0
Lloyd M. Yates,	Progress Energy Pension Plan	11.1	$157,608	$0
President and Chief Executive Officer, PEC	Supplemental Senior Executive Retirement Plan	11.1	$1,065,706[6]	$0
Paula J. Sims,	Progress Energy Pension Plan	10.6	$131,941	$0
Senior Vice President –	Restoration Retirement Plan	—	($25,420)[7]	$0
Power Operations	Supplemental Senior Executive Retirement Plan	10.6	$703,105[8]	$0

[1] Actuarial present value factors as provided by our actuarial consultants, Buck Consultants, based on FAS mortality assumptions post-age 65 and FAS discount rates as of December 31, 2009, for computation of accumulated benefit under the Supplemental Senior Executive Retirement Plan and the Progress Energy Pension Plan was 6.10%. Additional details on the formulas for computing benefits under the Supplemental Senior Executive Retirement Plan and Progress Energy Pension Plan can be found under the headings "Supplemental Senior Executive Retirement Plan" and "Other Broad-Based Benefits," respectively, in the CD&A.

[2] Includes seven years of deemed service. However, as of 2008, Mr. Johnson reached the maximum service accrual and therefore benefit augmentation for deemed service is $0.

[3] Based on an estimated annual benefit payable at age 65 of $1,043,010

[4] Based on an estimated annual benefit payable at age 65 of $233,894

[5] Based on estimated annual benefit payable at age 65 of $326,421

[6] Based on estimated annual benefit payable at age 65 of $231,022

[7] Ms. Sims' Restoration Retirement Plan benefits were forfeited upon her vesting in the Senior Supplemental Retirement Plan on June 1, 2009

[8] Based on estimated annual benefit payable at age 65 of $161,716

NONQUALIFIED DEFERRED COMPENSATION

The table below shows the nonqualified deferred compensation for each of the named executive officers. Information regarding details of the deferred compensation plans currently in effect can be found under the heading "Deferred Compensation" in the CD&A on page 39 of this Proxy Statement. In addition, the Deferred Compensation Plan for Key Management Employees is discussed in footnote 5 to the "Summary Compensation Table."

Name and Position (a)	Executive Contributions in Last FY[1] ($) (b)	Registrant Contributions in Last FY[2] ($) (c)	Aggregate Earnings in Last FY[3] ($) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at Last FYE[4] ($) (f)
William D. Johnson, Chairman, President and Chief Executive Officer	$0	$43,582	$76,353[5]	$0	$736,071[6]
Mark F. Mulhern, Senior Vice President and Chief Financial Officer	$20,712	$9,682	$30,580	($32,861)[7]	$325,876[8]
Jeffrey J. Lyash, Executive Vice President – Corporate Development (formerly President and Chief Executive Officer, PEF)	$0	$12,256	$31,303	$0	$135,173[9]
Lloyd M. Yates, President and Chief Executive Officer, PEC	$0	$11,956	$60,701	$0	$499,804[10]
Paula J. Sims, Senior Vice President – Power Operations	$107,000	$19,858	$44,241	($14,115)[11]	$444,049[12]

[1] Reflects salary deferred under the Management Deferred Compensation Plan, which is reported as "Salary" in the Summary Compensation Table. For 2009, named executive officers deferred the following percentages of their base salary: (i) Mulhern – 5%; and (ii) Sims – 10%. In addition, Ms. Sims deferred 50% of her 2009 Management Incentive Compensation Plan (MICP) award.

[2] Reflects registrant contributions under the Management Deferred Compensation Plan, which is reported as "All Other Compensation" in the Summary Compensation Table.

[3] Includes aggregate earnings in the last fiscal year under the following nonqualified plans: Management Incentive Compensation Plan, Management Deferred Compensation Plan, Performance Share Sub-Plan, and Deferred Compensation Plan for Key Management Employees.

[4] Includes December 31, 2009 balances under the following deferred compensation plans: Management Incentive Compensation Plan, Performance Share Sub-Plan, Management Deferred Compensation Plan, and Deferred Compensation Plan for Key Management Employees.

[5] Includes above market earnings of $10,037 under the Deferred Compensation Plan for Key Management Employees, which is reported as "Change in Pension Value and Nonqualified Deferred Compensation Earnings" in the Summary Compensation Table.

[6] Includes balances under the following deferral plans: Management Deferred Compensation Plan: $413,100; Management Incentive Compensation Plan: $69,090; and Deferred Compensation Plan for Key Management Employees: $253,881.

[7] Mr. Mulhern received distributions from his Management Incentive Deferred Compensation Plan: $23,077; Management Deferred Compensation Plan: $0; and Performance Share Sub-Plan: $9,784.

[8] Includes balances under the following deferral plans. Management Deferred Compensation Plan: $71,311, Management Incentive Deferred Compensation Plan $155,570, and Performance Share Sub-Plan: $98,995.

[9] Includes balance under the Management Deferred Compensation Plan. $135,173

[10] Includes balances under the following deferral plans: Management Deferred Compensation Plan: $134,519; Management Incentive Deferred Compensation Plan $107,892; and Performance Share Sub-Plan: $257,393

[11] Ms. Sims received a distribution from her Management Incentive Deferred Compensation Plan: $14,115

[12] Includes balances under the following deferral plans: Management Deferred Compensation Plan. $296,625; *Management Incentive Compensation Plan: $86,401; and Performance Share Sub-Plan $61,023*

CASH COMPENSATION AND VALUE OF VESTING EQUITY TABLE

The following table shows the actual cash compensation and value of vesting equity received in 2009 by the named executive officers. The Committee believes that this table is important in order to distinguish between the actual cash and vested value received by each named executive officer as opposed to the compensation expense accruals and grant date fair value of equity awards as shown in the Summary Compensation Table.

Name and Position	Base Salary (a)[1]	Annual Incentive (paid in 2009) (b)[2]	Deferred Compensation under MDCP and MICP (c)[3]	Restricted Stock / Units Vesting (d)[4]	Performance Shares Vesting (e)[5]	Restricted Stock / Unit Dividends (f)[6]	Stock Options Vesting (g)[7]	Perquisite (h)[8]	Tax Gross-ups (i)[9]	Total
William D. Johnson, Chairman, Chief Executive Officer and President	$979,231	$929,000	$0	$736,320	$1,163,688	$195,485	$0	$23,989	$11,970	$4,039,683
Mark F. Mulhern, Senior Vice President and Chief Financial Officer	$414,231	$200,000	$20,712	$339,062	$281,712	$72,479	$0	$2,093	$5,276	$1,314,853
Jeffrey J. Lyash, Executive Vice President – Corporate Development (formerly President and Chief Executive Officer, PEF)	$450,846	$225,000	$0	$164,337	$376,688	$70,378	$0	$5,621	$44,015	$1,336,885
Lloyd M. Yates, President and Chief Executive Officer, PEC	$445,846	$210,000	$0	$205,131	$376,688	$70,986	$0	$13,726	$4,026	$1,326,403
Paula J. Sims, Senior Vice President – Power Operations	$370,000	$140,000	$107,000	$40,695	$281,712	$47,759	$0	$9,587	$15,188	$904,941

[1] Consists of the total 2009 base salary earnings prior to (i) employee contributions to the Progress Energy 401(k) Savings & Stock Ownership Plan and (ii) voluntary deferrals, if applicable, under the Management Deferred Compensation Plan (MDCP) shown in column (c).

[2] Awards given under the Management Incentive Compensation Plan (MICP) attributable to Plan Year 2008 and paid in 2009.

[3] Consists of amounts deferred under the MDCP and the MICP. These deferral amounts are part of Base Pay and/or Annual Incentive and therefore are not included in the Total column.

[4] Reflects the value of restricted stock and restricted stock units vesting in 2009. The value of the restricted stock was calculated using the opening stock price for Progress Energy Common Stock three days prior to the day vesting occurred. The value of the restricted stock units was calculated using the closing stock price for Progress Energy Common Stock on the business day prior to when vesting occurred.

[5] Reflects the value of *performance shares* vesting on January 1, 2009. The value of the 2007 2-year transitional performance share units was calculated using the closing stock price for Progress Energy Common Stock on the business day prior to when distribution occurred.

[6] Reflects dividends and dividend equivalents paid as the result of outstanding restricted stock or restricted stock units held in Company Plan accounts.

[7] Reflects the value of any stock options vesting in 2009. Since we ceased granting stock options under our Incentive Plans in 2004, all outstanding options had fully vested in 2009.

[8] Reflects the value of all perquisites provided during 2009. For a complete listing of the perquisites, see the "Executive Perquisites" section of the "Elements of Compensation" discussion of the CD&A on page 38 of this Proxy Statement. Perquisite details for each named executive officer are discussed in the Summary Compensation Table footnotes.

[9] Reflects the value of tax gross-up related to miscellaneous income items (Supplemental Senior Executive Retirement *Plan (SERP) or Restoration and MDCP 401(k) make-up)* provided during 2009. In addition, Mr. Lyash received an additional $42,569 in tax gross-up from the loss on the sale of his home as disclosed in the Summary Compensation Table footnotes.

POTENTIAL PAYMENTS UPON TERMINATION
William D. Johnson, Chairman, Chief Executive Officer, and President

	Voluntary Termination ($)	Early Retirement[1] ($)	Normal Retirement ($)	Involuntary Not for Cause Termination ($)	For Cause Termination ($)	Involuntary or Good Reason Termination (CIC) ($)	Death or Disability ($)
Compensation							
Base Salary—$990,000[2]	$0	$0	$0	$2,960,100	$0	$5,657,500	$0
Annual Incentive[3]	$0	$950,000	$0	$0	$0	$841,500	$950,000
Long-term Incentives							
Performance Shares (PSSP)[4]							
2007 (performance period)	$0	$1,774,913	$0	$0	$0	$1,774,913	$1,774,913
2008 (performance period)	$0	$1,394,832	$0	$0	$0	$2,092,248	$1,394,832
2009 (performance period)	$0	$797,986	$0	$0	$0	$2,393,959	$797,986
Restricted Stock Units[5]							
2007 – 2010 (grant date vesting)	$0	$185,557	$0	$0	$0	$202,425	$202,425
2007 – 2011 (grant date vesting)	$0	$139,167	$0	$0	$0	$202,425	$202,425
2007 – 2012 (grant date vesting)	$0	$111,334	$0	$0	$0	$202,425	$202,425
2008 – 2010 (grant date vesting)	$0	$274,511	$0	$0	$0	$313,727	$313,727
2008 – 2011 (grant date vesting)	$0	$183,031	$0	$0	$0	$313,768	$313,768
2009 – 2010 (grant date vesting)	$0	$285,952	$0	$0	$0	$381,270	$0
2009 – 2011 (grant date vesting)	$0	$142,976	$0	$0	$0	$381,270	$0
2009 – 2012 (grant date vesting)	$0	$177,348	$0	$0	$0	$709,391	$0
Restricted Stock[6]							
Unvested and Accelerated	$0	$661,655	$0	$0	$0	$661,655	$661,655
Benefits and Perquisites							
Incremental Nonqualified Pension[7]	$0	$0	$0	$0	$0	$0	$0
Deferred Compensation[8]	$736,071	$736,071	$0	$736,071	$736,071	$736,071	$736,071
Post-retirement Health Care[9]	$0	$0	$0	$23,022	$0	$45,140	$0
Executive AD&D Proceeds[10]	$0	$0	$0	$0	$0	$0	$500,000
280G Tax Gross-up[11]	$0	$0	$0	$0	$0	$5,097,620	$0
TOTAL	**$736,071**	**$7,815,333**	**$0**	**$3,719,193**	**$736,071**	**$22,007,307**	**$8,050,227**

[1] Mr. Johnson became eligible for early retirement at age 55 in January 2009. Therefore, under the voluntary termination and involuntary not for cause termination scenarios, Mr. Johnson would be treated as having met the early retirement criteria under the Equity Incentive Plan and would be paid out under the early retirement provisions of that plan

[2] There is no provision for payment of salary under voluntary termination, early retirement, for cause termination, death or disability. Mr Johnson is not eligible for normal retirement. In the event of involuntary not for cause termination, salary continuation provision per Mr. Johnson's employment agreement requires a severance equal to 2.99 times his then current base salary ($990,000) payable in equal installments over a period of 2.99 years. In the event of involuntary or good reason termination (CIC), the maximum benefit allowed under the cash payment provision of the Management Change-in-Control Plan equals the sum of annual salary times three plus average MICP award for the three years prior times three (($990,000 + $895,833) x 3). Does not include impact of long-term disability. In the event of a long-term disability, Mr Johnson would receive 60% of base salary during the period of his disability

[3] There is no provision for payment of annual incentive under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Johnson is not eligible for normal retirement. In the event of involuntary or good reason termination (CIC), Mr. Johnson would receive 100% of his target award under the Annual Cash Incentive Compensation Plan provisions of the Management Change-in-Control Plan, calculated as 85% times $990,000. In the event of early retirement, death or disability, Mr. Johnson would receive a pro-rata incentive award for the period worked during the year. For December 31, 2009, this is based on the full award. For 2009, Mr. Johnson's MICP award was $950,000

[4] Unvested performance shares would be forfeited under for cause termination. Voluntary termination and involuntary not for cause termination are not applicable. See footnote 1. Mr. Johnson is not eligible for normal retirement. In the event of early retirement, Mr. Johnson would receive 43,280 performance shares from the 2007 grant; 34,012 performance shares from the 2008 grant; and 18,458 performance shares from the 2009 grant. In the event of involuntary or good reason termination (CIC), unvested performance shares vest as of the date of Management Change-in-Control and payment is made based upon the applicable performance factor. As of December 31, 2009, the performance factor is 100%. In the event of death or disability, the 2007 performance shares would vest 100% and be paid in an amount using performance factors determined at the time of the event. For the 2008 and 2009 performance grants, a pro-rata payment would be made based upon time in the plan.

[5] Unvested restricted stock units (RSU) would be forfeited under for cause termination. Voluntary termination and involuntary not for cause termination are not applicable. See footnote 1. In the event of early retirement, Mr. Johnson would receive a pro-rata percentage of the unvested units, based upon the number of full months elapsed between the grant date and the date of early retirement. Mr. Johnson would vest the following on a pro-rata basis: 10,633 restricted stock units granted on March 20, 2007; 11,157 restricted stock units granted on March 18, 2008, and 14,784 units granted on March 17, 2009. Mr. Johnson is not eligible for normal retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock units would vest immediately. For a detailed description of outstanding restricted stock units, see the "Outstanding Equity Awards at Fiscal Year-End Table." Upon death or disability, all outstanding restricted stock units that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. Mr. Johnson would immediately vest 14,808 restricted stock units granted on March 20, 2007; 15,301 restricted stock units granted on March 18, 2008, and would forfeit 35,892 restricted stock units granted on March 17, 2009.

[6] Unvested restricted stock would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. In the event of early retirement, all 16,134 outstanding restricted stock shares may vest at the Committee's discretion. Mr. Johnson is not eligible for normal retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock shares would vest immediately. For a detailed description of outstanding restricted stock shares, see "Outstanding Equity Awards at Fiscal Year-End Table." Upon death or disability, all outstanding restricted stock shares that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. All of Mr. Johnson's restricted stock grant dates are beyond the one-year threshold; therefore, all 16,134 restricted stock shares would vest immediately.

[7] No accelerated vesting or incremental nonqualified pension benefit applies under any of these scenarios. Mr. Johnson was vested under the SERP as of December 31, 2009, so there is no incremental value due to accelerated vesting under involuntary or good reason termination (CIC). For a detailed description of the accumulated SERP benefit and estimated annual benefit payable at age 65, see "Pension Benefits Table." In the event of early retirement, Mr. Johnson would receive a 2.5% decrease in his accrued SERP benefit for each year that he is younger than age 65.

[8] All outstanding deferred compensation balances will be paid immediately following termination, subject to IRC Section 409(a) regulations, under voluntary termination, early retirement, involuntary not for cause termination, for cause termination, involuntary or good reason termination (CIC), death and disability. Mr. Johnson is not eligible for normal retirement. Unvested MICP deferral premiums would be forfeited. Mr. Johnson would forfeit $0 of unvested deferred MICP premiums.

[9] No post-retirement health care benefits apply under voluntary termination, for cause termination, death or disability. In the event of early retirement, Mr. Johnson would receive no additional benefits above what all full-time, non bargaining employees would receive. Mr. Johnson is not eligible for normal retirement. Under involuntary not for cause termination, Mr. Johnson would be reimbursed for 18 months of COBRA premiums at $1,278.98 per month as provided in his employment agreement. In the event of involuntary or good reason termination (CIC), the Management Change-in-Control Plan provides for Company-paid medical, dental and vision coverage in the same plan Mr. Johnson was participating in prior to termination for 36 months at $1,253.90 per month.

[10] Mr. Johnson would be eligible to receive $500,000 proceeds from the executive AD&D policy.

[11] Upon a change in control, the Management Change-in-Control Plan provides for the Company to pay all excise taxes under IRC Section 280G plus applicable gross-up amounts for Mr. Johnson. Under IRC Section 280G, Mr. Johnson would be subject to excise tax on $9,400,700 of excess parachute payments above his base amount. Those excess parachute payments result in $1,880,140 of excise taxes, $3,144,621 of tax gross-ups, and $72,859 of employer Medicare tax related to the excise tax payment.

POTENTIAL PAYMENTS UPON TERMINATION
Mark F. Mulhern, Senior Vice President and Chief Financial Officer

	Voluntary Termination ($)	Early Retirement ($)	Normal Retirement ($)	Involuntary Not for Cause Termination ($)	For Cause Termination ($)	Involuntary or Good Reason Termination (CIC) ($)	Death or Disability ($)
Compensation							
Base Salary—$425,000[1]	$0	$0	$0	$1,270,750	$0	$1,317,500	$0
Annual Incentive[2]	$0	$0	$0	$0	$0	$233,750	$225,000
Long-term Incentives							
Performance Shares (PSSP)[3]							
2007 (performance period)	$0	$0	$0	$0	$0	$429,734	$429,734
2008 (performance period)	$0	$0	$0	$0	$0	$311,963	$198,522
2009 (performance period)	$0	$0	$0	$0	$0	$487,199	$132,872
Restricted Stock Units[4]							
2007 – 2010 (grant date vesting)	$0	$0	$0	$0	$0	$335,831	$335,831
2007 – 2011 (grant date vesting)	$0	$0	$0	$0	$0	$48,761	$48,761
2007 – 2012 (grant date vesting)	$0	$0	$0	$0	$0	$48,720	$48,720
2008 – 2010 (grant date vesting)	$0	$0	$0	$0	$0	$46,587	$46,587
2008 – 2011 (grant date vesting)	$0	$0	$0	$0	$0	$46,587	$46,587
2009 – 2010 (grant date vesting)	$0	$0	$0	$0	$0	$76,607	$0
2009 – 2011 (grant date vesting)	$0	$0	$0	$0	$0	$76,607	$0
2009 – 2012 (grant date vesting)	$0	$0	$0	$0	$0	$179,132	$0
Restricted Stock[5]							
Unvested and Accelerated	$0	$0	$0	$0	$0	$239,252	$239,252
Benefits and Perquisites							
Incremental Nonqualified Pension[6]	$0	$0	$0	$0	$0	$0	$0
Deferred Compensation[7]	$325,876	$0	$0	$325,876	$325,876	$325,876	$325,876
Post-retirement Health Care[8]	$0	$0	$0	$15,249	$0	$19,934	$0
Executive AD&D Proceeds[9]	$0	$0	$0	$0	$0	$0	$500,000
280G Tax Gross-up[10]	$0	$0	$0	$0	$0	$1,459,661	$0
TOTAL	**$325,876**	**$0**	**$0**	**$1,611,875**	**$325,876**	**$5,683,701**	**$2,577,742**

[1] There is no provision for payment of salary under voluntary termination, for cause termination, death or disability. Mr. Mulhern is not eligible for early retirement or normal retirement. In the event of involuntary not for cause termination, salary continuation provision per Mr. Mulhern's employment agreement requires a severance equal to 2.99 times his then current base salary ($425,000) payable in equal installments over a period of 2.99 years. In the event of involuntary or good reason termination (CIC), the maximum benefit allowed under the cash payment provision of the Management Change-in-Control Plan equals the sum of annual salary times two plus annual target MICP award times two (($425,000 + $233,750) x 2). Does not include impact of long-term disability. In the event of a long-term disability, Mr. Mulhern would receive 60% of base salary during the period of his disability.

[2] There is no provision for payment of annual incentive under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Mulhern is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), Mr. Mulhern would receive 100% of his target award under the Annual Cash Incentive Compensation Plan provisions of the Management Change-in-Control Plan, calculated as 55% times $425,000. In the event of death or disability, Mr. Mulhern would receive a pro-rata incentive award for the period worked during the year. For December 31, 2009, this is based on the full award. For 2009, Mr. Mulhern's MICP award was $225,000.

[3] Unvested performance shares would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Mulhern is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), unvested performance shares vest as of the date of Management Change-in-Control and payment is made based upon the applicable performance factor. As of December 31, 2009, the performance factor is 100%. In the event of death or disability, the 2007 performance shares would vest 100% and be paid in an amount using performance factors determined at the time of the event. For the 2008 and 2009 performance grants, a pro-rata payment would be made based upon time in the plan.

[4] Unvested restricted stock units (RSU) would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Mulhern is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock units would vest immediately. For a detailed description of outstanding restricted stock units, see the "Outstanding Equity Awards at Fiscal Year-End Table." Upon death or disability, all outstanding restricted stock units that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. Mr. Mulhern would immediately vest 10,566 restricted stock units granted on March 20, 2007; 2,272 restricted stock units granted on March 18, 2008; and would forfeit 8,404 restricted stock units granted on March 17, 2009.

[5] Unvested restricted stock would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Mulhern is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock shares would vest immediately. For a detailed description of outstanding restricted stock shares, see the "Outstanding Equity Awards at Fiscal Year-End Table." Upon death or disability, all outstanding restricted stock shares that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. All of Mr. Mulhern's restricted stock grant dates are beyond the one-year threshold; therefore, all 5,834 restricted stock shares would vest immediately.

[6] No accelerated vesting or incremental nonqualified pension benefit applies under any of these scenarios. Mr. Mulhern was vested under the SERP as of December 31, 2009, so there is no incremental value due to accelerated vesting under involuntary or good reason termination (CIC).

[7] All outstanding deferred compensation balances will be paid immediately following termination, subject to IRC Section 409(a) regulations, under voluntary termination, involuntary not for cause termination, for cause termination, involuntary or good reason termination (CIC), death and disability. Mr. Mulhern is not eligible for early retirement or normal retirement. Unvested MICP deferral premiums would be forfeited. Mr. Mulhern would forfeit $0 of unvested deferred MICP premiums.

[8] No post-retirement health care benefits apply under voluntary termination, for cause termination, death or disability. Mr. Mulhern is not eligible for early retirement or normal retirement. Under involuntary not for cause termination, Mr. Mulhern would be reimbursed for 18 months of COBRA premiums at $847.18 per month as provided in his employment agreement. In the event of involuntary or good reason termination (CIC), the Management Change-in-Control Plan provides for Company-paid medical, dental and vision coverage in the same plan Mr. Mulhern was participating in prior to termination for 24 months at $830.57 per month.

[9] Mr. Mulhern would be eligible to receive $500,000 proceeds from the executive AD&D policy.

[10] Upon a change in control, the Management Change-in-Control Plan provides for the Company to pay all excise taxes under IRC Section 280G plus applicable gross-up amounts for Mr. Mulhern. Under IRC Section 280G, Mr. Mulhern would be subject to excise tax on $2,691,811 of excess parachute payments above his base amount. Those excess parachute payments result in $538,362 of excise taxes, $900,436 of tax gross-ups, and $20,863 of employer Medicare tax related to the excise tax payment.

POTENTIAL PAYMENTS UPON TERMINATION
Jeffrey J. Lyash, Executive Vice President – Corporate Development

	Voluntary Termination ($)	Early Retirement ($)	Normal Retirement ($)	Involuntary Not for Cause Termination ($)	For Cause Termination ($)	Involuntary or Good Reason Termination (CIC) ($)	Death or Disability ($)
Compensation							
Base Salary—$453,000[1]	$0	$0	$0	$1,354,470	$0	$2,139,000	$0
Annual Incentive[2]	$0	$0	$0	$0	$0	$249,150	$235,000
Long-term Incentives							
Performance Shares (PSSP)[3]							
2007 (performance period)	$0	$0	$0	$0	$0	$574,550	$574,550
2008 (performance period)	$0	$0	$0	$0	$0	$442,375	$281,511
2009 (performance period)	$0	$0	$0	$0	$0	$563,108	$153,575
Restricted Stock Units[4]							
2007 – 2010 (grant date vesting)	$0	$0	$0	$0	$0	$433,722	$433,722
2007 – 2011 (grant date vesting)	$0	$0	$0	$0	$0	$64,632	$64,632
2007 – 2012 (grant date vesting)	$0	$0	$0	$0	$0	$64,591	$64,591
2008 – 2010 (grant date vesting)	$0	$0	$0	$0	$0	$65,493	$65,493
2008 – 2011 (grant date vesting)	$0	$0	$0	$0	$0	$65,493	$65,493
2009 – 2010 (grant date vesting)	$0	$0	$0	$0	$0	$88,541	$0
2009 – 2011 (grant date vesting)	$0	$0	$0	$0	$0	$88,541	$0
2009 – 2012 (grant date vesting)	$0	$0	$0	$0	$0	$170,561	$0
Restricted Stock[5]							
Unvested and Accelerated	$0	$0	$0	$0	$0	$157,232	$157,232
Benefits and Perquisites							
Incremental Nonqualified Pension[6]	$0	$0	$0	$0	$0	$0	$0
Deferred Compensation[7]	$135,173	$0	$0	$135,173	$135,173	$135,173	$135,173
Post-retirement Health Care[8]	$0	$0	$0	$16,221	$0	$31,807	$0
Executive AD&D Proceeds[9]	$0	$0	$0	$0	$0	$0	$500,000
280G Tax Gross-up[10]	$0	$0	$0	$0	$0	$1,620,699	$0
TOTAL	**$135,173**	**$0**	**$0**	**$1,505,864**	**$135,173**	**$6,954,668**	**$2,730,972**

[1] There is no provision for payment of salary under voluntary termination, for cause termination, death or disability. Mr. Lyash is not eligible for early retirement or normal retirement. In the event of involuntary not for cause termination, salary continuation provision per Mr. Lyash's employment agreement requires a severance equal to 2.99 times his then current base salary ($453,000) payable in equal installments over a period of 2.99 years. In the event of involuntary or good reason termination (CIC), the maximum benefit allowed under the cash payment provision of the Management Change-in-Control Plan equals the sum of annual salary times three plus average MICP award for the three years prior times three (($453,000 + $260,000) x 3). Does not include impact of long-term disability. In the event of a long-term disability, Mr. Lyash would receive 60% of base salary during the period of his disability.

[2] There is no provision for payment of annual incentive under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Lyash is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), Mr. Lyash would receive 100% of his target award under the Annual Cash Incentive Compensation Plan provisions of the Management Change-in-Control Plan, calculated as 55% times $453,000. In the event of death or disability, Mr. Lyash would receive a pro-rata incentive award for the period worked during the year. For December 31, 2009, this is based on the full award. For 2009, Mr. Lyash's MICP award was $235,000.

[3] Unvested performance shares would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Lyash is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), unvested performance shares vest as of the date of Management Change-in-Control and payment is made based upon the applicable performance factor. As of December 31, 2009, the performance factor is 100%. In the event of death or disability, the 2007 performance shares would vest 100% and be paid in an amount using performance factors determined at the time of the event. For the 2008 and 2009 performance grants, a pro-rata payment would be made based upon time in the plan.

[4] Unvested restricted stock units (RSU) would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Lyash is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock units would vest immediately. For a detailed description of outstanding restricted stock units, see the "Outstanding Equity Awards at Fiscal Year-End Table." Upon death or disability, all outstanding restricted stock units that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. Mr. Lyash would immediately vest 13,727 restricted stock units granted on March 20, 2007; 3,194 restricted stock units granted on March 18, 2008; and would forfeit 8,477 restricted stock units granted on March 17, 2009.

[5] Unvested restricted stock would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Lyash is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock shares would vest immediately. For a detailed description of outstanding restricted stock shares, see the "Outstanding Equity Awards at Fiscal Year-End Table." Upon death or disability, all outstanding restricted stock shares that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. All of Mr. Lyash's restricted stock grant dates are beyond the one-year threshold, therefore, all 3,834 restricted stock shares would vest immediately.

[6] No accelerated vesting or incremental nonqualified pension benefit applies under any of these scenarios. Mr. Lyash was vested under the SERP as of December 31, 2009, so there is no incremental value due to accelerated vesting under involuntary or good reason termination (CIC).

[7] All outstanding deferred compensation balances will be paid immediately following termination, subject to IRC Section 409(a) regulations, under voluntary termination, involuntary not for cause termination, for cause termination, involuntary or good reason termination (CIC), death and disability. Mr. Lyash is not eligible for early retirement or normal retirement. Unvested MICP deferral premiums would be forfeited. Mr. Lyash would forfeit $0 of unvested deferred MICP premiums.

[8] No post-retirement health care benefits apply under voluntary termination, for cause termination, death or disability. Mr. Lyash is not eligible for early retirement or normal retirement. Under involuntary not for cause termination, Mr. Lyash would be reimbursed for 18 months of COBRA premiums at $901.19 per month as provided in his employment agreement. In the event of involuntary or good reason termination (CIC), the Management Change-in-Control Plan provides for Company-paid medical, dental and vision coverage in the same plan Mr. Lyash was participating in prior to termination for 36 months at $883.52 per month.

[9] Mr. Lyash would be eligible to receive $500,000 proceeds from the executive AD&D policy.

[10] Upon a change in control, the Management Change-in-Control Plan provides for the Company to pay all excise taxes under IRC Section 280G plus applicable gross-up amounts for Mr. Lyash. Under IRC Section 280G, Mr. Lyash would be subject to excise tax on $2,988,788 of excess parachute payments above his base amount. Those excess parachute payments result in $597,758 of excise taxes, $999,777 of tax gross-ups, and $23,164 of employer Medicare tax related to the excise tax payment.

POTENTIAL PAYMENTS UPON TERMINATION
Lloyd M. Yates, President and Chief Executive Officer, PEC

	Voluntary Termination ($)	Early Retirement ($)	Normal Retirement ($)	Involuntary Not for Cause Termination ($)	For Cause Termination ($)	Involuntary or Good Reason Termination (CIC) ($)	Death or Disability ($)
Compensation							
Base Salary—$448,000[1]	$0	$0	$0	$1,339,520	$0	$2,083,200	$0
Annual Incentive[2]	$0	$0	$0	$0	$0	$246,400	$235,000
Long-term Incentives							
Performance Shares (PSSP)[3]							
2007 (performance period)	$0	$0	$0	$0	$0	$574,550	$574,550
2008 (performance period)	$0	$0	$0	$0	$0	$442,375	$281,511
2009 (performance period)	$0	$0	$0	$0	$0	$556,752	$151,841
Restricted Stock Units[4]							
2007 – 2010 (grant date vesting)	$0	$0	$0	$0	$0	$433,722	$433,722
2007 – 2011 (grant date vesting)	$0	$0	$0	$0	$0	$64,632	$64,632
2007 – 2012 (grant date vesting)	$0	$0	$0	$0	$0	$64,591	$64,591
2008 – 2010 (grant date vesting)	$0	$0	$0	$0	$0	$65,493	$65,493
2008 – 2011 (grant date vesting)	$0	$0	$0	$0	$0	$65,493	$65,493
2009 – 2010 (grant date vesting)	$0	$0	$0	$0	$0	$87,515	$0
2009 – 2011 (grant date vesting)	$0	$0	$0	$0	$0	$87,556	$0
2009 – 2012 (grant date vesting)	$0	$0	$0	$0	$0	$169,576	$0
Restricted Stock[5]							
Unvested and Accelerated	$0	$0	$0	$0	$0	$157,232	$157,232
Benefits and Perquisites							
Incremental Nonqualified Pension[6]	$0	$0	$0	$0	$0	$0	$0
Deferred Compensation[7]	$499,804	$0	$0	$499,804	$499,804	$499,804	$499,804
Post-retirement Health Care[8]	$0	$0	$0	$23,022	$0	$45,140	$0
Executive AD&D Proceeds[9]	$0	$0	$0	$0	$0	$0	$500,000
280G Tax Gross-up[10]	$0	$0	$0	$0	$0	$1,621,931	$0
TOTAL	**$499,804**	**$0**	**$0**	**$1,862,346**	**$499,804**	**$7,265,962**	**$3,093,869**

[1] There is no provision for payment of salary under voluntary termination, for cause termination, death or disability. Mr. Yates is not eligible for early retirement or normal retirement. In the event of involuntary not for cause termination, salary continuation provision per Mr. Yates' employment agreement requires a severance equal to 2.99 times his then current base salary ($448,000) payable in equal installments over a period of 2.99 years. In the event of involuntary or good reason termination (CIC), the maximum benefit allowed under the cash payment provision of the Management Change-in-Control Plan equals the sum of annual salary times three plus annual target MICP award times three (($448,000 + $246,400) x 3). Does not include impact of long-term disability. In the event of a long-term disability, Mr. Yates would receive 60% of base salary during the period of his disability.

[2] There is no provision for payment of annual incentive under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Yates is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), Mr. Yates would receive 100% of his target award under the Annual Cash Incentive Compensation Plan provisions of the Management Change-in-Control Plan, calculated as 55% times $448,000. In the event of death or disability, Mr. Yates would receive a pro-rata incentive award for the period worked during the year. For December 31, 2009 this is based on the full award. For 2009, Mr. Yates' MICP award was $235,000.

[3] Unvested performance shares would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Yates is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), unvested performance shares vest as of the date of Management Change-in-Control and payment is made based upon the applicable performance factor. As of December 31, 2009, the performance factor is 100%. In the event of death or disability, the 2007 performance shares would vest 100% and be paid in an amount using performance factors determined at the time of the event. For the 2008 and 2009 performance grants, a pro-rata payment would be made based upon time in the plan.

[4] Unvested restricted stock units (RSU) would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Yates is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock units would vest immediately. For a detailed description of outstanding restricted stock units, see the "Outstanding Equity Awards at Fiscal Year-End Table." Upon death or disability, all outstanding restricted stock units that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. Mr. Yates would immediately vest 13,727 restricted stock units granted on March 20, 2007, 3,194 restricted stock units granted on March 18, 2008; and would forfeit 8,404 restricted stock units granted on March 17, 2009.

[5] Unvested restricted stock would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Yates is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock shares would vest immediately. For a detailed description of outstanding restricted stock shares, see the "Outstanding Equity Awards at Fiscal Year-End Table." Upon death or disability, all outstanding restricted stock shares that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. All of Mr. Yates' restricted stock grant dates are beyond the one-year threshold; therefore, all 3,834 restricted stock shares would vest immediately.

[6] No accelerated vesting or incremental nonqualified pension benefit applies under any of these scenarios. Mr. Yates was vested under the SERP as of December 31, 2009, so there is no incremental value due to accelerated vesting under involuntary or good reason termination (CIC).

[7] All outstanding deferred compensation balances will be paid immediately following termination, subject to IRC Section 409(a) regulations, under voluntary termination, involuntary not for cause termination, for cause termination, involuntary or good reason termination (CIC), death and disability. Mr. Yates is not eligible for early retirement or normal retirement. Unvested MICP deferral premiums would be forfeited. Mr. Yates would forfeit $0 of unvested deferred MICP premiums.

[8] No post-retirement health care benefits apply under voluntary termination, for cause termination, death or disability. Mr. Yates is not eligible for early retirement or normal retirement. Under involuntary not for cause termination, Mr. Yates would be reimbursed for 18 months of COBRA premiums at $1,278.98 per month as provided in his employment agreement. In the event of involuntary or good reason termination (CIC), the Management Change-in-Control Plan provides for Company-paid medical, dental and vision coverage in the same plan Mr. Yates was participating in prior to termination for 36 months at $1,253.90 per month.

[9] Mr. Yates would be eligible to receive $500,000 proceeds from the executive AD&D policy.

[10] Upon a change in control, the Management Change-in-Control Plan provides for the Company to pay all excise taxes under IRC Section 280G plus applicable gross-up amounts for Mr. Yates. Under IRC Section 280G, Mr. Yates would be subject to excise tax on $2,991,059 of excess parachute payments above his base amount. Those excess parachute payments result in $598,212 of excise taxes, $1,000,537 of tax gross-ups, and $23,182 of employer Medicare tax related to the excise tax payment.

POTENTIAL PAYMENTS UPON TERMINATION
Paula J. Sims, Senior Vice President – Power Operations

	Voluntary Termination ($)	Early Retirement ($)	Normal Retirement ($)	Involuntary Not for Cause Termination ($)	For Cause Termination ($)	Involuntary or Good Reason Termination (CIC) ($)	Death or Disability ($)
Compensation							
Base Salary—$370,000[1]	$0	$0	$0	$1,106,300	$0	$1,073,000	$0
Annual Incentive[2]	$0	$0	$0	$0	$0	$166,500	$160,000
Long-term Incentives							
Performance Shares (PSSP)[3]							
2007 (performance period)	$0	$0	$0	$0	$0	$429,734	$429,734
2008 (performance period)	$0	$0	$0	$0	$0	$330,869	$210,553
2009 (performance period)	$0	$0	$0	$0	$0	$400,176	$109,139
Restricted Stock Units[4]							
2007 – 2010 (grant date vesting)	$0	$0	$0	$0	$0	$335,831	$335,831
2007 – 2011 (grant date vesting)	$0	$0	$0	$0	$0	$48,761	$48,761
2007 – 2012 (grant date vesting)	$0	$0	$0	$0	$0	$48,720	$48,720
2008 – 2010 (grant date vesting)	$0	$0	$0	$0	$0	$49,376	$49,376
2008 – 2011 (grant date vesting)	$0	$0	$0	$0	$0	$49,417	$49,417
2009 – 2010 (grant date vesting)	$0	$0	$0	$0	$0	$63,442	$0
2009 – 2011 (grant date vesting)	$0	$0	$0	$0	$0	$63,442	$0
2009 – 2012 (grant date vesting)	$0	$0	$0	$0	$0	$145,503	$0
Restricted Stock[5]							
Unvested and Accelerated	$0	$0	$0	$0	$0	$41,010	$41,010
Benefits and Perquisites							
Incremental Nonqualified Pension[6]	$0	$0	$0	$0	$0	$0	$0
Deferred Compensation[7]	$414,523	$0	$0	$414,523	$414,523	$444,049	$444,049
Post-retirement Health Care[8]	$0	$0	$0	$5,344	$0	$6,985	$0
Executive AD&D Proceeds[9]	$0	$0	$0	$0	$0	$0	$500,000
280G Tax Gross-up[10]	$0	$0	$0	$0	$0	$1,194,126	$0
TOTAL	**$414,523**	**$0**	**$0**	**$1,526,167**	**$414,523**	**$4,890,941**	**$2,426,590**

[1] There is no provision for payment of salary under voluntary termination, for cause termination, death or disability. Ms. Sims is not eligible for early retirement or normal retirement. In the event of involuntary not for cause termination, salary continuation provision per Ms. Sims' employment agreement requires a severance equal to 2.99 times her then current base salary ($370,000) payable in equal installments over a period of 2.99 years. In the event of involuntary or good reason termination (CIC), the maximum benefit allowed under the cash payment provision of the Management Change-in-Control Plan equals the sum of annual salary times two plus target MICP award times two (($370,000 + $166,500) x 2). Does not include impact of long-term disability. In the event of a long-term disability, Ms. Sims would receive 60% of base salary during the period of her disability.

[2] There is no provision for payment of annual incentive under voluntary termination, involuntary not for cause termination, or for cause termination. Ms. Sims is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), Ms. Sims would receive 100% of her target award under the Annual Cash Incentive Compensation Plan provisions of the Management Change-in-Control Plan, calculated as 45% times $370,000. In the event of death or disability, Ms. Sims would receive a pro-rata incentive award for the period worked during the year. For December 31, 2009, this is based on the full award. For 2009, Ms. Sims' MICP award was $160,000.

[3] Unvested performance shares would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Ms. Sims is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), unvested performance shares vest as of the date of Management Change-in-Control and payment is made based upon the applicable performance factor. As of December 31, 2009, the performance factor is 100%. In the event of death or disability, the 2007 performance shares would vest 100% and be paid in an amount using performance factors determined at the time of the event. For the 2008 and 2009 performance grants, a pro-rata payment would be made based upon time in the plan.

Unvested restricted stock units (RSU) would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Ms. Sims is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock units would vest immediately. For a detailed description of outstanding restricted stock units, see the "Outstanding Equity Awards at Fiscal Year-End Table." Upon death or disability, all outstanding restricted stock units that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. Ms. Sims would immediately vest 10,566 restricted stock units granted on March 20, 2007; 2,409 restricted stock units granted on March 18, 2008; and would forfeit 6,642 restricted stock units granted on March 17, 2009.

[5] Unvested restricted stock would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Ms. Sims is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock shares would vest immediately. For a detailed description of outstanding restricted stock shares, see the "Outstanding Equity Awards at Fiscal Year-End Table." Upon death or disability, all outstanding restricted stock shares that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. All of Ms. Sims' restricted stock grant dates are beyond the one-year threshold; therefore, all 1,000 restricted stock shares would vest immediately.

[6] No accelerated vesting or incremental nonqualified pension benefit applies under any of these scenarios. Ms. Sims was vested under the SERP as of December 31, 2009, so there is no incremental value due to accelerated vesting under involuntary or good reason termination (CIC).

[7] All outstanding deferred compensation balances will be paid immediately following termination, subject to IRC Section 409(a) regulations, under voluntary termination, involuntary not for cause termination, for cause termination, involuntary or good reason termination (CIC), death and disability. Ms. Sims is not eligible for early retirement or normal retirement. Unvested MICP deferral premiums would be forfeited. Ms. Sims would forfeit $29,526 of unvested deferred MICP premiums.

[8] No post-retirement health care benefits apply under voluntary termination, for cause termination, death or disability. Ms. Sims is not eligible for early retirement or normal retirement. Under involuntary not for cause termination, Ms. Sims would be reimbursed for 18 months of COBRA premiums at $296.88 per month as provided in her employment agreement. In the event of involuntary or good reason termination (CIC), the Management Change-in-Control Plan provides for Company-paid medical, dental and vision coverage in the same plan Ms. Sims was participating in prior to termination for 24 months at $291.06 per month.

[9] Ms. Sims would be eligible to receive $500,000 proceeds from the executive AD&D policy.

[10] Upon a change in control, the Management Change-in-Control Plan provides for the Company to pay all excise taxes under IRC Section 280G plus applicable gross-up amounts for Ms. Sims. Under IRC Section 280G, Ms. Sims would be subject to excise tax on $2,202,132 of excess parachute payments above her base amount. Those excess parachute payments result in $440,426 of excise taxes, $736,633 of tax gross-ups, and $17,067 of employer Medicare tax related to the excise tax payment.

DIRECTOR COMPENSATION

The following includes the required table and related narrative detailing the compensation each director received for his or her services in 2009.

Name (a)	Fees Earned or Paid in Cash[1] ($) (b)	Stock Awards[2] ($) (c)	Option Awards ($) (d)	Non-Equity Incentive Plan Compensation ($) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (f)	All Other Compensation[3] ($) (g)	Total ($) (h)
John D. Baker II	$28,433	$0	—	—	—	$2,186	$30,619
James E. Bostic, Jr.	$93,500	$60,000	—	—	—	$77,502	$231,002
David L. Burner (Retired May 13, 2009)	$51,750	$60,000	—	—	—	$15,640	$127,390
Harris E. DeLoach, Jr.	$103,500	$60,000	—	—	—	$51,844	$215,344
James B. Hyler, Jr.	$95,000	$60,000	—	—	—	$8,899	$163,899
Robert W. Jones	$100,654	$60,000	—	—	—	$35,715	$196,369
W. Steven Jones	$93,500	$60,000	—	—	—	$65,622	$219,122
E. Marie McKee	$107,000	$60,000	—	—	—	$148,522	$315,522
John H. Mullin, III	$108,500	$60,000	—	—	—	$112,871	$281,371
Charles W. Pryor, Jr.	$96,500	$60,000	—	—	—	$18,475	$174,975
Carlos A. Saladrigas	$93,500	$60,000	—	—	—	$58,558	$212,058
Theresa M. Stone	$107,000	$60,000	—	—	—	$57,114	$224,114
Alfred C. Tollison, Jr.	$101,500	$60,000	—	—	—	$50,966	$212,466

[1] Reflects the annual retainer plus any Board or Committee fees earned in 2009. Amounts may have been paid in cash or deferred into the Non-Employee Director Deferred Compensation Plan.

[2] Reflects the grant date fair value of awards granted under the Non-Employee Director Stock Unit Plan in 2009. The assumptions made in the valuation of awards granted pursuant to the Non-Employee Director Stock Unit Plan are not addressed in our consolidated financial statements, footnotes to our consolidated financial statements or in Management's Discussion and Analysis because the Director Plan is immaterial to our consolidated financial statements. As a liability plan under FASB ASC Topic 718, the fair value of the Director Plan is re-measured at each financial statement date. The grant date fair value for each stock unit granted to each director on January 2, 2009 was $40.65. The numbers of stock units outstanding in the Non-Employee Director Stock Unit Plan as of December 31, 2009 for each Director listed above are shown in the table in footnote 3 below.

[3] Includes the following items The dollar value of dividend reinvestments and unit appreciation/depreciation accrued under the Non-Employee Director Stock Unit Plan, dividend reinvestments and unit appreciation/depreciation accrued under the Non-Employee Director Deferred Compensation Plan, tax gross-ups; and matching contributions made to eligible nonprofit organizations and to accredited colleges and universities under the Company's now suspended Matching Gifts Program as follows: James E. Bostic, Jr –$5,500; W. Steven Jones–$2,300, E. Marie McKee–$1,071, and Charles W. Pryor, Jr –$1,000 The dollar values of dividend reinvestments and unit appreciation for each Director listed above are in the table below The total value of the perquisites and personal benefits received by each director was less than $10,000 Thus, those amounts are excluded from this column The numbers of stock units outstanding in the Non-Employee Director Deferred Compensation Plan as of December 3, 2009 for each Director listed above are in the table below

	Non-Employee Director Stock Unit Plan		Non-Employee Director Deferred Compensation Plan	
Name	**Stock Units Outstanding as of Dec. 31, 2009 (see footnote 2 above)**	**Dividend Reinvestments and Unit Appreciation/ Depreciation in column (g) (see footnote 3 above)**	**Stock Units Outstanding as of Dec. 31, 2009 (see footnote 3 above)**	**Dividend Reinvestments and Unit Appreciation/ Depreciation in column (g) (see footnote 3 above)**
John D. Baker II	0	$0	747	$2,186
James E. Bostic, Jr.	8,396	$29,764	11,260	$42,238
David L. Burner (Retired May 13, 2009)	0	($39,745)	14,682	$54,647
Harris E. DeLoach, Jr.	4,430	$15,147	9,506	$36,697
James B. Hyler, Jr.	1,576	$4,628	1,028	$4,272
Robert W. Jones	3,001	$9,881	6,548	$25,835
W. Steven Jones	5,939	$20,709	11,155	$42,613
E. Marie McKee	11,211	$40,141	28,649	$107,309
John H. Mullin, III	11,700	$41,944	19,113	$70,927
Charles W. Pryor, Jr.	3,001	$9,881	1,930	$7,594
Carlos A. Saladrigas	9,376	$33,378	6,701	$25,181
Theresa M. Stone	5,939	$20,709	9,747	$36,405
Alfred C. Tollison, Jr.	4,430	$15,147	9,131	$35,283

DISCUSSION OF DIRECTOR COMPENSATION TABLE

RETAINER AND MEETING FEES

During 2009, Directors who were not employees of the Company received an annual retainer of $80,000, of which $30,000 was automatically deferred under the Non-Employee Director Deferred Compensation Plan (see below). The Lead Director/Chair of the following Board Committees received an additional retainer of $15,000: Audit and Corporate Performance Committee, Governance Committee; and Organization and Compensation Committee. The Chair of each of the following standing Board Committees received an additional retainer of $10,000: Finance Committee and Operations and Nuclear Oversight Committee. The nonchair members of the following standing Board Committees received an additional retainer of $7,500: Audit and Corporate Performance Committee and the Organization and Compensation Committee. The nonchair members of the following standing Board Committees received an additional retainer of $6,000: Governance Committee; Finance Committee; and Operations and Nuclear Oversight Committee. The Nuclear Oversight Director received an additional retainer of $8,000. The Chair of the Nuclear Project Oversight Committee receives an attendance fee of $2,000 per meeting held by that Committee. Additionally, each member of the Nuclear Project Oversight Committee receives an attendance fee of $1,500 per meeting held by that Committee. Directors who are not employees of the Company received a fee of $1,500 per meeting, paid with the next quarterly retainer, for noncustomary meetings or reviews of the Company's operations that are approved by the Governance Committee. Directors who are employees of our Company do not receive an annual retainer or attendance fees. All Directors are reimbursed for expenses incidental to their service as Directors. Committee positions held by the Directors are discussed in the "Board Committees" section of this Proxy Statement.

The Non-Employee Director Stock Unit Plan provides that each Director will receive an annual grant of stock units that is equivalent to $60,000.

NON-EMPLOYEE DIRECTOR DEFERRED COMPENSATION PLAN

In addition to $30,000 from the annual retainer that is automatically deferred, outside Directors may elect to defer any portion of the remainder of their annual retainer and Board attendance fees until after the termination of their service on the Board under the Non-Employee Director Deferred Compensation Plan. Any deferred fees are deemed to be invested in a number of units of Common Stock of the Company, but participating Directors receive no equity interest or voting rights in any shares of the Common Stock. The number of units credited to the account of a participating Director is equal to the dollar amount of the deferred fees divided by the average of the high and low selling prices (i.e., market value) of the Common Stock on the day the deferred fees would otherwise be payable to the participating Director. The number of units in each account is adjusted from time to time to reflect the payment of dividends on the number of shares of Common Stock represented by the units. Unless otherwise agreed to by the participant and the Board, when the participant ceases to be a member of the Board of Directors, he or she will receive cash equal to the market value of a share of the Company's Common Stock on the date of payment multiplied by the number of units credited to the participant's account.

NON-EMPLOYEE DIRECTOR STOCK UNIT PLAN

Effective January 1, 1998, we established the Non-Employee Director Stock Unit Plan ("Stock Unit Plan"). The Stock Unit Plan provides for an annual grant of stock units equivalent to $60,000 to each non-employee Director. Each unit is equal in economic value to one share of the Company's Common Stock, but does not represent an equity interest or entitle its holder to vote. The number of units is adjusted from time to time to reflect the payment of dividends with respect to the Common Stock of the Company. Benefits under the Stock Unit Plan vest after a participant has been a member of the Board for five years and are payable solely in cash. Effective January 1, 2007, a Director shall be fully vested at all times in the stock units credited to his or her account.

OTHER COMPENSATION

Directors are eligible to receive certain perquisites, including tickets to various cultural arts and sporting events, which are *de minimis* in value. Each retiring Director also receives a gift valued at approximately $1,500 in appreciation for his/her service on the Board

Additionally, in 2009, directors were eligible to receive a 50 percent match from the Company for contributions made in 2008 to eligible nonprofit organizations and to all accredited colleges and universities. The Company's Matching Gifts Program was suspended as of January 1, 2009.

We charge Directors with imputed income in connection with (i) their travel on Company aircraft for non-Company related purposes and (ii) their spouses' travel on Company aircraft. When spousal travel is at our invitation, we will gross up the Directors for taxes incurred in connection with the imputed income related to the travel.

EQUITY COMPENSATION PLAN INFORMATION
as of December 31, 2009

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	4,414,788	$42.64	6,436,623
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	4,414,788	$42.64	6,436,623

Column (a) includes stock options outstanding, outstanding performance units assuming maximum payout potential, and outstanding restricted stock units.

Column (b) includes only the weighted-average exercise price of outstanding options.

Column (c) includes reduction for unissued, outstanding performance units assuming maximum payout potential and unissued, outstanding restricted stock units, and issued restricted stock.

REPORT OF THE AUDIT AND CORPORATE PERFORMANCE COMMITTEE

The Audit and Corporate Performance Committee of the Company's Board of Directors (the "Audit Committee") has reviewed and discussed the audited financial statements of the Company for the fiscal year ended December 31, 2009, with the Company's management and with Deloitte & Touche LLP, the Company's independent registered public accounting firm. The Audit Committee discussed with Deloitte & Touche LLP the matters required to be discussed by Statement on Auditing Standards No. 114, as amended (AICPA, Professional Standards, Vol. 1 AU Section 380) as adopted by the Public Company Accounting Oversight Board in Rule 3200T, by the SEC's Regulation S-X, Rule 2-07, and by the NYSE's Corporate Governance Rules, as may be modified, amended or supplemented.

The Audit Committee has received the written disclosures and the letter from Deloitte & Touche LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communication with the Audit Committee concerning independence and has discussed with Deloitte & Touche LLP its independence.

Based upon the review and discussions noted above, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009, for filing with the SEC.

Audit and Corporate Performance Committee

Theresa M. Stone, Chair
James E. Bostic, Jr.
W. Steven Jones
Melquiades R. "Mel" Martinez*
Charles W. Pryor, Jr.
Carlos A. Saladrigas
Alfred C. Tollison, Jr.

* Mr. Martinez was elected to the Board effective March 1, 2010, and thus did not participate in the reviews and discussions described in the foregoing Report of the Audit Committee.

Unless specifically stated otherwise in any of the Company's filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, the foregoing Report of the Audit Committee shall not be incorporated by reference into any such filings and shall not otherwise be deemed filed under such Acts.

DISCLOSURE OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S FEES

The Audit Committee has actively monitored all services provided by its independent registered public accounting firm, Deloitte & Touche LLP, the member firms of Deloitte & Touche Tohmatsu, and their respective affiliates (collectively, "Deloitte") and the relationship between audit and non-audit services provided by Deloitte. We have adopted policies and procedures for pre-approving all audit and permissible non-audit services rendered by Deloitte, and the fees billed for those services. Our Controller (the "Controller") is responsible to the Audit Committee for enforcement of this procedure, and for reporting noncompliance. Pursuant to the pre-approval policy, the Audit Committee specifically pre-approved the use of Deloitte for audit, audit-related and tax services.

The pre-approval policy requires management to obtain specific pre-approval from the Audit Committee for the use of Deloitte for any permissible non-audit services, which generally are limited to tax services, including tax compliance, tax planning, and tax advice services such as return review and consultation and assistance. Other types of permissible non-audit services will not be considered for approval except in limited instances, which could include circumstances in which proposed services provide significant economic or other benefits to us. In determining whether to approve these services, the Audit Committee will assess whether these services adversely impair the independence of Deloitte. Any permissible non-audit services provided during a fiscal year that (i) do not aggregate more than 5 percent of the total fees paid to Deloitte for all services rendered during that fiscal year and (ii) were not recognized as non-audit services at the time of the engagement must be brought to the attention of the Controller for prompt submission to the Audit Committee for approval. These *de minimis* non-audit services must be approved by the Audit Committee or its designated representative before the completion of the services. Non-audit services that are specifically prohibited under the Sarbanes-Oxley Act Section 404, SEC rules, and Public Company Accounting Oversight Board ("PCAOB") rules are also specifically prohibited under the policy.

Prior to approval of permissible tax services by the Audit Committee, the policy requires Deloitte to (1) describe in writing to the Audit Committee (a) the scope of the service, the fee structure for the engagement and any side letter or other amendment to the engagement letter or any other agreement between the Company and Deloitte relating to the service and (b) any compensation arrangement or other agreement, such as a referral agreement, a referral fee or fee-sharing arrangement, between Deloitte and any person (other than the Company) with respect to the promoting, marketing or recommending of a transaction covered by the service; and (2) discuss with the Audit Committee the potential effects of the services on the independence of Deloitte.

The policy also requires the Controller to update the Audit Committee throughout the year as to the services provided by Deloitte and the costs of those services. The policy also requires Deloitte to annually confirm its independence in accordance with SEC and NYSE standards. The Audit Committee will assess the adequacy of this policy as it deems necessary and revise accordingly.

Set forth in the table below is certain information relating to the aggregate fees billed by Deloitte for professional services rendered to us for the fiscal years ended December 31, 2009, and December 31, 2008.

	2009	2008
Audit fees	$3,581,000	$3,673,000
Audit-related fees	91,000	94,000
Tax fees	19,000	22,000
Other fees	—	—
Total Fees	$3,691,000	$3,789,000

Audit fees include fees billed for services rendered in connection with (i) the audits of our annual financial statements and those of our SEC reporting subsidiaries (Carolina Power & Light Company and Florida Power Corporation); (ii) the audit of the effectiveness of our internal control over financial reporting; (iii) the reviews of the financial statements included in our Quarterly Reports on Form 10-Q and those of our SEC reporting subsidiaries; (iv) accounting consultations arising as part of the audits; and (v) audit services in connection with statutory, regulatory or other filings, including comfort letters and consents in connection with SEC filings and financing transactions. Audit fees for 2009 and 2008 also include $1,265,000 and $1,264,000, respectively, for services in connection with the Sarbanes-Oxley Act Section 404 and the related PCAOB Standard No. 2 relating to our internal control over financial reporting.

Audit-related fees include fees billed for (i) special procedures and letter reports; (ii) benefit plan audits when fees are paid by us rather than directly by the plan; and (iii) accounting consultations for prospective transactions not arising directly from the audits.

Tax fees include fees billed for tax compliance matters and tax planning and advisory services.

The Audit Committee has concluded that the provision of the non-audit services listed above as "Tax fees" is compatible with maintaining Deloitte's independence.

None of the services provided required approval by the Audit Committee pursuant to the *de minimis* waiver provisions described above.

PROPOSAL 2—RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit and Corporate Performance Committee of our Board of Directors (the "Audit Committee") has selected Deloitte & Touche LLP ("Deloitte & Touche") as our independent registered public accounting firm for the fiscal year ending December 31, 2010, and has directed that management submit the selection of that independent registered public accounting firm for ratification by the shareholders at the 2010 Annual Meeting of the Shareholders. Deloitte & Touche has served as the independent registered public accounting firm for our Company and its predecessors since 1930. In selecting Deloitte & Touche, the Audit Committee considered carefully Deloitte & Touche's previous performance for us, its independence with respect to the services to be performed and its general reputation for adherence to professional auditing standards. A representative of Deloitte & Touche will be present at the Annual Meeting of Shareholders, will have the opportunity to make a statement and will be available to respond to appropriate questions. Shareholder ratification of the selection of Deloitte & Touche as our independent registered public accounting firm is not required by our By-Laws or otherwise. However, we are submitting the selection of Deloitte & Touche to the shareholders for ratification as a matter of good corporate practice. If the shareholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain Deloitte & Touche. Even if the shareholders ratify the selection, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if it is determined that such a change would be in the best interest of the Company and its shareholders.

Valid proxies received pursuant to this solicitation will be voted in the manner specified. Where no specification is made, the shares represented by the accompanying proxy will be voted "**FOR**" the ratification of the selection of Deloitte & Touche as our independent registered public accounting firm. Votes (other than votes withheld) will be cast pursuant to the accompanying proxy for the ratification of the selection of Deloitte & Touche.

The proposal to ratify the selection of Deloitte & Touche to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2010, requires approval by a majority of the votes actually cast by holders of Common Stock present in person or represented by proxy at the Annual Meeting of Shareholders and entitled to vote thereon. Abstentions from voting and broker nonvotes will not count as shares voted and will not have the effect of a "negative" vote, as described in more detail under the heading "PROXIES" on page 2.

The Audit Committee and the Board of Directors recommend a vote "**FOR**" the ratification of the selection of Deloitte & Touche as our independent registered public accounting firm.

PROPOSAL 3—ADOPTION OF A "HOLD-INTO-RETIREMENT" POLICY FOR EQUITY AWARDS

One of our shareholders has submitted the proposal set forth below relating to the adoption of a "hold-into-retirement" policy for equity awards. Upon written or oral request, the Company will provide the name, address and share ownership of the proponent. Any such requests should be directed to our Corporate Secretary. For the reasons set forth after the proposal, the Board recommends a vote **"AGAINST"** the proposal.

Resolved: That stockholders of Progress Energy, Inc. ("Company") urge the Compensation Committee of the Board of Directors (the "Committee") to adopt a policy requiring that senior executives retain a significant percentage of shares acquired through equity compensation programs until two years following the termination of their employment (through retirement or otherwise), and to report to stockholders regarding the policy before Company 2011 annual meeting of stockholders. The stockholders recommend that the Committee not adopt a percentage lower than 75% of net after-tax shares. The policy should address the permissibility of transactions such as hedging transactions which are not sales but reduce the risk of loss to the executive.

Supporting Statement:

Equity-based compensation is an important component of senior executive compensation at the Company.

Requiring senior executives to hold a significant portion of shares obtained through compensation plans after the termination of employment would focus them on Company long-term success and would better align their interests with those of Company stockholders. In the context of the current financial climate, we believe it is imperative that companies reshape their compensation policies and practices to discourage excessive risk-taking and promote long-term, sustainable value creation. A 2002 report by a commission of The Conference Board endorsed the idea of a holding requirement, stating that the long-term focus promoted thereby "may help prevent companies from artificially propping up stock prices over the short-term to cash out options and making other potentially negative short-term decisions."

The Company has established stock ownership guidelines for executive officers. The guidelines were increased in 2009 to a minimum level of ownership of five times base salary for the Chief Executive Officer ("CEO"), four times base salary for the Chief Operating Officer ("COO"), and three times base salary for the Chief Financial Officer and Presidents/Executive Vice Presidents/Senior Vice Presidents.

We believe this policy does not go far enough to ensure that equity compensation builds executive ownership. We also view a retention requirement approach as superior to a stock ownership guideline because a guideline loses effectiveness once it has been satisfied.

We urge stockholders to vote for this proposal.

COMPANY RESPONSE

The Board and management oppose this shareholder proposal and recommend a vote "AGAINST" the proposal for the reasons set forth below:

The Board has considered this proposal and believes that its adoption is unnecessary and not in the best interests of the Company or its shareholders. For the reasons discussed below, the Board recommends that you vote **"AGAINST"** adoption of this proposal.

- **The Board of Directors believes that the Company's equity compensation policies have been essential to attracting and retaining experienced and effective executives and motivating them to perform in the best interests of the Company and its shareholders.**

The Board of Directors believes strongly that equity compensation and mandatory equity ownership promote accountability and encourage executives to enhance long-term shareholder value. This belief is reflected in our compensation policies and practices. Equity ownership is a fundamental element of the Company's executive compensation program and provides an essential source of incentive and motivation for our senior executives. Approximately 60% of total target compensation for our executive officers is provided in equity and focused on long-term performance. The Company's executive compensation program is carefully designed to provide a competitive level of at-risk and performance-based incentives through a combination of equity awards, including restricted stock units and performance shares. The Board believes that the proposal would result in an overemphasis on post-retirement compensation and undermine the effectiveness of the Company's existing executive compensation programs.

- **The Board believes that our stock ownership guidelines ensure that the Company's executive officers have a significant equity stake in the future of the Company.**

The Company's stock ownership guidelines are consistent with those of the peer group the Organization and Compensation Committee used to benchmark compensation and with which we compete for executive talent. Our guidelines are consistent with the 50th percentile for both the base salary multiple and the time required to meet ownership targets. The Company's CEO currently holds 8.5 times his base salary although our guidelines require him to hold 5 times his base salary in equity compensation. All of our senior executives are in compliance with the Company's stock ownership guidelines.

The proposal states that the two-year post retirement retention approach is "superior" because the guideline approach loses effectiveness once the guidelines have been met. The Board of Directors does not believe this is true, as executives are continually expected to meet the guidelines, even during market downturns. Moreover, the ownership levels established in the guidelines represent a significant amount of money and, as a result, are a regular and strong source of alignment with shareholders' interests. Finally, three to five times an executive's salary is a significant amount that is not easily dismissed just because further accumulation of equity is no longer necessary.

- **Because we are in a highly regulated industry, our compensation programs do not provide incentives for executive officers to take unnecessary and excessive risks that threaten the value of the Company.**

Post-termination holding periods are purported to prevent executives from taking actions that would cause the price of a company's stock to rise as they depart in order for them to be able to sell their holdings at an elevated price before their behavior is discovered and corrected. As an integrated electric utility, primarily engaged in the regulated utility business, the Company is highly regulated at both the federal and state levels. State and federal regulators set the parameters within which the Company can operate. The state regulators have authority to review and approve the rates we charge our customers. The regulators review certain of our costs and investments, and approve our recovery of them from customers only if they determine that the costs and investments were reasonable and prudent when incurred. In such a regulated environment, excessive risk-taking is neither encouraged nor allowed. Therefore, it is highly unlikely our executives would be able to successfully engage in the type of behavior the proposal is intended to protect against.

- **The Board believes that the type of policy mandated by the proposal, with its high retention threshold and post-retirement holding period, is not a prevalent practice and may lead to an early loss of executive talent.**

The two-year post termination requirement would limit our executives' financial resources at a time when they no longer have any control over our operations or results. Long-term alignment is, of course, important. However, for our compensation programs to have value, participants should be permitted the flexibility for some degree of diversification. In the absence of this balanced approach, executives who have been successful in enhancing shareholder value may choose to leave the Company earlier than they otherwise would if they are interested in selling any of their shares in order to share in the value they have helped to create. As a result, the proposal could lead to an early loss of experienced talent and make it more difficult and costly to attract, motivate and retain executives.

- **The Board believes that the type of policy mandated by the proposal will result in executives' failure to take the actions needed to ensure the Company's long-term success.**

As noted above, the Company is a member of a highly regulated industry in which excessive risk-taking is neither encouraged nor allowed. The Company recognizes, however, that **some** amount of risk-taking is inherent in its business and is necessary in order to increase profitability and long-term shareholder value. If executives are too focused on preserving the value of their equity holdings in the Company into retirement, they may become reluctant to pursue strategies or undertake projects or capital investments that could be beneficial to the Company. The proposed policy would leave our executives almost completely dependent on the value of the Company stock, potentially resulting in them becoming unduly risk averse to the detriment of our shareholders.

The Board of Directors remains committed to the design and implementation of equity compensation programs and stock ownership guidelines that best align the interests of the Company's leadership with those of our shareholders, provide competitive compensation that requires executives to own a significant portion of Company stock and ensure that executives have the appropriate flexibility to manage their personal financial affairs. We believe the Company's existing programs and guidelines achieve these objectives and are essential to our ability to attract, motivate and retain talented executives.

YOUR BOARD OF DIRECTORS AND MANAGEMENT URGE YOU TO VOTE AGAINST THIS PROPOSAL

FINANCIAL STATEMENTS

Our 2009 Annual Report, which includes financial statements as of December 31, 2009 and 2008, and for each of the three years in the period ended December 31, 2009, together with the report of Deloitte & Touche LLP, our independent registered public accounting firm, was mailed to those who were shareholders of record as of the close of business on March 5, 2010.

FUTURE SHAREHOLDER PROPOSALS

Shareholder proposals submitted for inclusion in the proxy statement for our 2011 Annual Meeting must be received no later than December 1, 2010, at our principal executive offices, addressed to the attention of:

John R. McArthur
Executive Vice President and Corporate Secretary
Progress Energy, Inc.
P.O. Box 1551
Raleigh, North Carolina 27602-1551

Upon receipt of any such proposal, we will determine whether or not to include such proposal in the proxy statement and proxy in accordance with regulations governing the solicitation of proxies.

In order for a shareholder to nominate a candidate for director, under our By-Laws timely notice of the nomination must be received by the Corporate Secretary of the Company either by personal delivery or by United States registered or certified mail, postage pre-paid, not later than the close of business on the 120th calendar day before the date our proxy statement was released to shareholders in connection with the previous year's annual meeting. In no event shall the public announcement of an adjournment or postponement of an annual meeting or the fact that an annual meeting is held after the anniversary of the preceding annual meeting commence a new time period for a shareholder's giving of notice as described above. The shareholder filing the notice of nomination must include:

- As to the shareholder giving the notice:
  - the name and address of record of the shareholder who intends to make the nomination, the beneficial owner, if any, on whose behalf the nomination is made and of the person or persons to be nominated;
  - the class and number of our shares that are owned by the shareholder and such beneficial owner;
  - a representation that the shareholder is a holder of record of our shares entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; and
  - a description of all arrangements, understandings or relationships between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder.
- As to each person whom the shareholder proposes to nominate for election as a director:
  - the name, age, business address and, if known, residence address of such person;
  - the principal occupation or employment of such person;
  - the class and number of shares of our stock that are beneficially owned by such person;

- any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors or is otherwise required by the rules and regulations of the SEC promulgated under the Securities Exchange Act of 1934; and
- the written consent of such person to be named in the proxy statement as a nominee and to serve as a director if elected.

In order for a shareholder to bring other business before a shareholder meeting, we must receive timely notice of the proposal not later than the close of business on the 60th day before the first anniversary of the immediately preceding year's annual meeting. Such notice must include:

- the information described above with respect to the shareholder proposing such business;
- a brief description of the business desired to be brought before the annual meeting, including the complete text of any resolutions to be presented at the annual meeting, and the reasons for conducting such business at the annual meeting; and
- any material interest of such shareholder in such business.

These requirements are separate from the requirements a shareholder must meet to have a proposal included in our proxy statement.

Any shareholder desiring a copy of our By-Laws will be furnished one without charge upon written request to the Corporate Secretary. A copy of the By-Laws, as amended and restated on May 10, 2006, was filed as an exhibit to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2006, and is available at the SEC's Web site at *www.sec.gov*.

OTHER BUSINESS

The Board of Directors does not intend to bring any business before the meeting other than that stated in this Proxy Statement. The Board knows of no other matter to come before the meeting. If other matters are properly brought before the meeting, it is the intention of the Board of Directors that the persons named in the enclosed proxy will vote on such matters pursuant to the proxy in accordance with their best judgment.

Exhibit A

POLICY AND PROCEDURES WITH RESPECT TO RELATED PERSON TRANSACTIONS

A. Policy Statement

The Company's Board of Directors (the "Board") recognizes that Related Person Transactions (as defined below) can present heightened risks of conflicts of interest or improper valuation or the perception thereof. Accordingly, the Company's general policy is to avoid Related Person Transactions. Nevertheless, the Company recognizes that there are situations where Related Person Transactions might be in, or might not be inconsistent with, the best interests of the Company and its stockholders. These situations could include (but are not limited to) situations where the Company might obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when the Company provides products or services to Related Persons (as defined below) on an arm's length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally. The Company, therefore, has adopted the procedures set forth below for the review, approval or ratification of Related Person Transactions.

This Policy has been approved by the Board. The Corporate Governance Committee (the "Committee") will review and may recommend to the Board amendments to this Policy from time to time.

B. Related Person Transactions

For the purposes of this Policy, a "Related Person Transaction" is a transaction, arrangement or relationship, including any indebtedness or guarantee of indebtedness, (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries) was, is or will be a participant and the amount involved exceeds $120,000, and in which any Related Person had, has or will have a direct or indirect material interest.

For purposes of this Policy, a "Related Person" means:

1. any person who is, or at any time since the beginning of the Company's last fiscal year was, a director or executive officer (i.e. members of the Senior Management Committee and the Controller) of the Company, Progress Energy Carolinas, Inc., or Progress Energy Florida, Inc. or a nominee to become a director of the Company, Progress Energy Carolinas, Inc., or Progress Energy Florida, Inc.;

2. any person who is known to be the beneficial owner of more than 5% of any class of the voting securities of the Company or its subsidiaries;

3. any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner; and

4. any firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

C. Approval Procedures

1. The Board has determined that the Committee is best suited to review and approve Related Person Transactions. Accordingly, at each calendar year's first regularly scheduled Committee meeting, management shall recommend Related Person Transactions to be entered into by the Company for that calendar year, including the proposed aggregate value of such transactions if applicable. After review, the Committee shall approve or disapprove such transactions and at each subsequently scheduled meeting, management shall update the Committee as to any material change to those proposed transactions.

2. In determining whether to approve or disapprove each related person transaction, the Committee will consider various factors, including the following:

   - the identity of the related person;
   - the nature of the related person's interest in the particular transaction;
   - the approximate dollar amount involved in the transaction;
   - the approximate dollar value of the related person's interest in the transaction;
   - whether the related person's interest in the transaction conflicts with his obligations to the Company and its shareholders;
   - whether the transaction will provide the related person with an unfair advantage in his dealings with the Company; and
   - whether the transaction will affect the related person's ability to act in the best interests of the Company and its shareholders

   The Committee will only approve those related person transactions that are in, or are not inconsistent with, the best interests of the Company and its shareholders.

3. In the event management recommends any further Related Person Transactions subsequent to the first calendar year meeting, such transactions may be presented to the Committee for approval at the next Committee meeting. In these instances in which the Legal Department, in consultation with the President and Chief Operating Officer, determines that it is not practicable or desirable for the Company to wait until the next Committee meeting, any further Related Person Transactions shall be submitted to the Chair of the Committee (who will possess delegated authority to act between Committee meetings). The Chair of the Committee shall report to the Committee at the next Committee meeting any approval under this Policy pursuant to his/her delegated authority

4. No member of the Committee shall participate in any review, consideration or approval of any Related Person Transaction with respect to which such member or any of his or her immediate family members is the Related Person. The Committee (or the Chair) shall approve only those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its stockholders, as the Committee (or the Chair) determines in good faith. The Committee or Chair, as applicable, shall convey the decision to the President and Chief Operating Officer, who shall convey the decision to the appropriate persons within the Company.

D. Ratification Procedures

In the event the Company's Chief Executive Officer, President and Chief Operating Officer, Chief Financial Officer or General Counsel becomes aware of a Related Person Transaction that has not been previously approved or previously ratified under this Policy, said officer shall immediately notify the Committee or Chair of the Committee, and the Committee or Chair shall consider all of the relevant facts and circumstances regarding the Related Person Transaction. Based on the conclusions reached, the Committee or the Chair shall evaluate all options, including but not limited to ratification, amendment, termination or recession of the Related Person Transaction, and determine how to proceed.

E. Review of Ongoing Transactions

At the Committee's first meeting of each calendar year, the Committee shall review any previously approved or ratified Related Person Transactions that remain ongoing and have a remaining term of more than six months or remaining amounts payable to or receivable from the Company of more than $120,000. Based on all relevant facts and circumstances, taking into consideration the Company's contractual obligations, the Committee shall determine if it is in the best interests of the Company and its stockholders to continue, modify or terminate the Related Person Transaction.

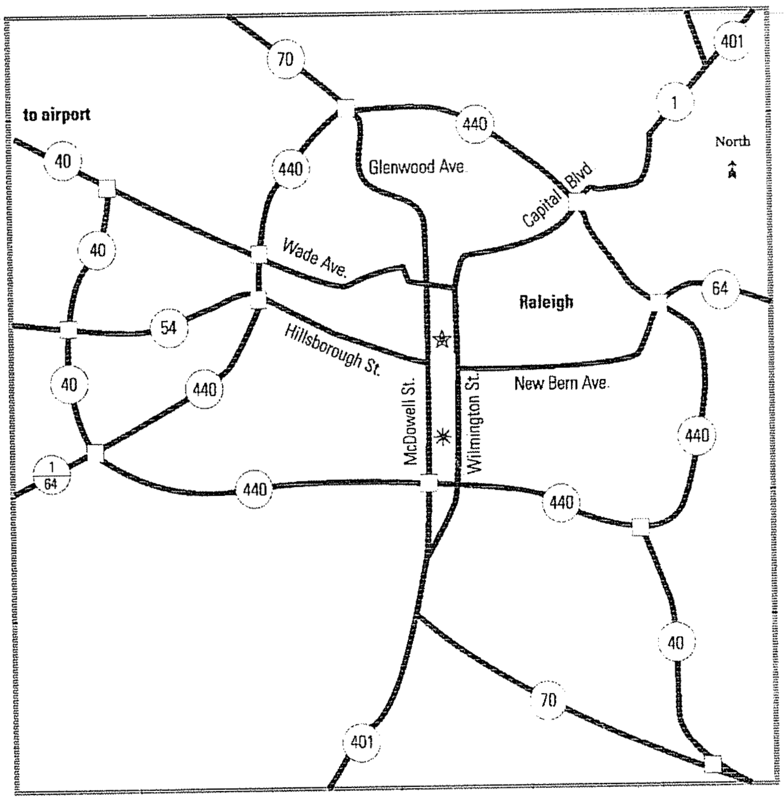
F. Disclosure

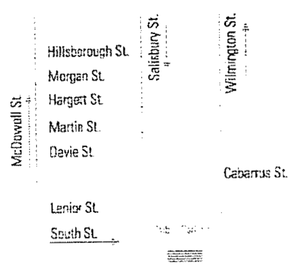
All Related Person Transactions are to be disclosed in the filings of the Company, Progress Energy Carolinas, Inc. or Progress Energy Florida, Inc., as applicable, with the Securities and Exchange Commission as required by the Securities Act of 1933 and the Securities Exchange Act of 1934 and related rules. Furthermore, all Related Person Transactions shall be disclosed to the Corporate Governance Committee of the Board and any material Related Person Transaction shall be disclosed to the full Board of Directors.

The material features of this Policy shall be disclosed in the Company's annual report on Form 10-K or in the Company's proxy statement, as required by applicable laws, rules and regulations.

Directions to Progress Energy's 2010 Annual Shareholders' Meeting

Progress Energy Center for the Performing Arts
2 E. South Street, Raleigh, North Carolina





Progress Energy Center for the Performing Arts

002CS-61034

Progress Energy

Progress Energy, Inc.
410 S. Wilmington Street
Raleigh, NC 27601-1849

March 31, 2011

Dear Shareholder:

I am pleased to invite you to attend the 2011 Annual Meeting of the Shareholders of Progress Energy, Inc. The meeting will be held at 10:00 a.m. on May 11, 2011, at the Progress Energy Center for the Performing Arts, 2 East South Street, Raleigh, North Carolina.

As described in the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement, the matters scheduled to be acted upon at the meeting for Progress Energy, Inc. are the election of directors; an advisory (nonbinding) vote on executive compensation; an advisory (nonbinding) vote to determine whether to approve executive compensation every one, two or three years; and the ratification of the selection of the independent registered public accounting firm for Progress Energy, Inc.

We are pleased to take advantage of the Securities and Exchange Commission rules that permit companies to electronically deliver proxy materials to their shareholders. This process allows us to provide our shareholders with the information they need while lowering printing and mailing costs and more efficiently complying with our obligations under the securities laws. On or about March 31, 2011, we mailed to our registered and beneficial shareholders a Notice containing instructions on how to access our combined Proxy Statement and Annual Report and vote online.

Regardless of the size of your holdings, it is important that your shares be represented at the meeting. IN ADDITION TO VOTING IN PERSON AT THE MEETING, SHAREHOLDERS OF RECORD MAY VOTE VIA A TOLL-FREE TELEPHONE NUMBER OR OVER THE INTERNET. SHAREHOLDERS WHO RECEIVED A PAPER COPY OF THE PROXY STATEMENT AND THE ANNUAL REPORT MAY ALSO VOTE BY COMPLETING, SIGNING AND MAILING THE ACCOMPANYING PROXY CARD IN THE RETURN ENVELOPE PROVIDED AS SOON AS POSSIBLE. IF YOUR SHARES ARE HELD IN THE NAME OF A BANK, BROKER OR OTHER HOLDER OF RECORD, CHECK YOUR PROXY CARD TO SEE WHICH OPTIONS ARE AVAILABLE TO YOU. Voting by any of these methods will ensure that your vote is counted at the Annual Meeting if you do not attend in person.

I am delighted that you have chosen to invest in Progress Energy, Inc., and look forward to seeing you at the meeting. On behalf of the management and directors of Progress Energy, Inc., thank you for your continued support and confidence in 2011.

Sincerely,

William D. Johnson

William D. Johnson
Chairman of the Board, President and
Chief Executive Officer

VOTING YOUR PROXY IS IMPORTANT

Your vote is important. To ensure your representation at the Annual Meeting, please vote your shares as promptly as possible. In addition to voting in person, shareholders of record may **VOTE VIA A TOLL-FREE TELEPHONE NUMBER OR OVER THE INTERNET**, as instructed in the materials.

If you received this Proxy Statement by mail, please promptly **SIGN, DATE and RETURN** the enclosed proxy card or **VOTE BY TELEPHONE** in accordance with the instructions on the enclosed proxy card so that as many shares as possible will be represented at the Annual Meeting. A self-addressed envelope, which requires no postage if mailed in the United States, is enclosed for your convenience.

PROGRESS ENERGY, INC.

410 S. Wilmington Street
Raleigh, North Carolina 27601-1849

NOTICE OF THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON

MAY 11, 2011

The Annual Meeting of the Shareholders of Progress Energy, Inc. (the "Company") will be held at 10:00 a.m. on May 11, 2011, at the Progress Energy Center for the Performing Arts, 2 East South Street, Raleigh, North Carolina. The meeting will be held in order to:

(1) Elect fourteen (14) directors of the Company, each to serve a one-year term. The Board of Directors recommends a vote **FOR** each of the nominees for director.

(2) Vote on an advisory (nonbinding) proposal to approve executive compensation. The Board of Directors recommends a vote **FOR** this proposal.

(3) Vote on an advisory (nonbinding) proposal to determine whether the advisory (nonbinding) vote to approve executive compensation will occur every one, two or three years. The Board of Directors recommends a vote **FOR** the option of one year on this proposal.

(4) Ratify the selection of Deloitte & Touche LLP as the independent registered public accounting firm for the Company. The Board of Directors recommends a vote **FOR** the ratification of the selection of Deloitte & Touche LLP as the Company's independent registered public accounting firm.

(5) Transact any other business as may properly be brought before the meeting.

All holders of the Company's Common Stock of record at the close of business on March 4, 2011, are entitled to attend the meeting and to vote. The stock transfer books will remain open.

By order of the Board of Directors

JOHN R. MCARTHUR
Executive Vice President, General Counsel
and Corporate Secretary

Raleigh, North Carolina
March 31, 2011

PROXY STATEMENT

TABLE OF CONTENTS

PROGRESS ENERGY, INC.
410 S. Wilmington Street
Raleigh, North Carolina 27601-1849

PROXY STATEMENT
GENERAL

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors (at times referred to as the "Board") of proxies to be used at the Annual Meeting of Shareholders. That meeting will be held at 10:00 a.m. on May 11, 2011, at the Progress Energy Center for the Performing Arts, 2 East South Street, Raleigh, North Carolina. (For directions to the meeting location, please see the map included at the end of this Proxy Statement.) Throughout this Proxy Statement, Progress Energy, Inc. is at times referred to as "Progress Energy," "we," "our" or "us." This Proxy Statement and form of proxy were first sent to shareholders on or about March 31, 2011.

An audio webcast of the Annual Meeting of Shareholders will be available online in Windows Media Player format at *www.progress-energy.com/investor*. The webcast will be archived on the site for three months following the date of the meeting.

Copies of our Annual Report on Form 10-K, as amended, for the year ended December 31, 2010, including financial statements and schedules, are available upon written request, without charge, to the persons whose proxies are solicited. Any exhibit to the Form 10-K, as amended, is also available upon written request at a reasonable charge for copying and mailing. Written requests should be made to Ms. Sherri L. Green, Treasurer, Progress Energy, Inc., P.O. Box 1551, Raleigh, North Carolina 27602-1551. Our Form 10-K, as amended, is also available through the Securities and Exchange Commission's (the "SEC") website at *www.sec.gov* or through our website at *www.progress-energy.com/investor*. The contents of these websites are not, and shall not be deemed to be, a part of this Proxy Statement or proxy solicitation materials.

In accordance with the "notice and access" rule adopted by the SEC, we are making our proxy materials available to our shareholders on the Internet, and we are mailing to our registered and beneficial holders a "Notice of Internet Availability of Proxy Materials" containing instructions on how to access our proxy materials and how to vote on the Internet and by telephone. If you received a "Notice of Internet Availability of Proxy Materials" and would like to receive a printed copy of our proxy materials, free of charge, you should follow the instructions for requesting such materials below.

We have adopted a procedure approved by the SEC called "householding." Under this procedure, shareholders of record who have the same address and last name and do not participate in the electronic delivery of proxy materials will receive only one copy of our Proxy Statement and Annual Report, unless one or more of the shareholders at that address notifies us that they wish to continue receiving individual copies. We believe this procedure provides greater convenience to our shareholders and saves money by reducing our printing and mailing costs and fees.

If you prefer to receive a separate copy of our combined Proxy Statement and Annual Report, please write to Shareholder Relations, Progress Energy, Inc., P.O. Box 1551, Raleigh, North Carolina 27602-1551 or telephone our Shareholder Relations Section at 919-546-3014, and we will promptly send you a separate copy. If you are currently receiving multiple copies of the Proxy Statement and Annual Report at your address and would prefer that a single copy of each be delivered there, you may contact us at the address or telephone number provided in this paragraph.

PROXIES

The accompanying proxy is solicited by our Board of Directors, and we will bear the entire cost of solicitation. We expect to solicit proxies primarily by telephone, mail, e-mail or other electronic media or personally by our and our subsidiaries' officers and employees, who will not be specially compensated for such services. In addition, the Company will engage Phoenix Advisory Partners, if necessary, to assist in the solicitation of proxies on behalf of the Board. It is anticipated that the cost of the solicitation services to the Company will be approximately $50,000, plus out-of-pocket expenses.

You may vote shares either in person or by duly authorized proxy. In addition, you may vote your shares by telephone or via the Internet by following the instructions provided on the enclosed proxy card. Please be aware that if you vote via the Internet, you may incur costs such as telecommunication and Internet access charges for which you will be responsible. The Internet and telephone voting facilities for shareholders of record will close at 12:01 a.m. E.D.T. on the morning of the meeting. Any shareholder who has executed a proxy and attends the meeting may elect to vote in person rather than by proxy. You may revoke any proxy given by you in response to this solicitation at any time before the proxy is exercised by (i) delivering a written notice of revocation to our Corporate Secretary, (ii) timely filing, with our Corporate Secretary, a subsequently dated, properly executed proxy, or (iii) attending the Annual Meeting and electing to vote in person. Your attendance at the Annual Meeting, by itself, will not constitute a revocation of a proxy. If you vote by telephone or via the Internet, you may also revoke your vote by any of the three methods noted above, or you may change your vote by voting again by telephone or via the Internet. If you decide to vote by completing and mailing the enclosed proxy card, you should retain a copy of certain identifying information found on the proxy card in the event that you decide later to change or revoke your proxy by accessing the Internet. You should address any written notices of proxy revocation to: Progress Energy, Inc., P.O. Box 1551, Raleigh, North Carolina 27602-1551, Attention: Corporate Secretary.

All shares represented by effective proxies received by the Company at or before the Annual Meeting, and not revoked before they are exercised, will be voted in the manner specified therein. Executed proxies that do not contain voting instructions will be voted **"FOR"** the election of all directors as set forth in this Proxy Statement; **"FOR"** the proposal approving the Company's executive compensation, as set forth in this Proxy Statement; **"FOR"** the option of one year for the frequency of the advisory "nonbinding" vote on executive compensation, as set forth in this Proxy Statement; and **"FOR"** the ratification of the selection of Deloitte & Touche LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011, as set forth in this Proxy Statement. Proxies will be voted at the discretion of the named proxies on any other business properly brought before the meeting.

If you are a participant in our 401(k) Savings & Stock Ownership Plan, shares allocated to your Plan account will be voted by the Trustee only if you execute and return your proxy, or vote by telephone or via the Internet. Plan participants must provide voting instructions on or before 11:59 p.m. E.D.T. on May 11, 2011.

If you are a participant in the Savings Plan for Employees of Florida Progress Corporation (the "FPC Savings Plan"), shares allocated to your Plan account will be voted by the Trustee when you execute and return your proxy, or vote by telephone or via the Internet. If no direction is given, your shares will be voted in proportion with the shares held in the FPC Savings Plan and in the best interest of the FPC Savings Plan.

Special Note for Shares Held in "Street Name"

If your shares are held by a brokerage firm, bank or other nominee (i.e., in "street name"), you will receive directions from your nominee that you must follow in order to have your shares voted. "Street name" shareholders who wish to vote in person at the meeting will need to obtain a special proxy form from the brokerage firm, bank or other nominee that holds their shares of record. You should contact your brokerage firm, bank or other nominee for details regarding how you may obtain this special proxy form.

If your shares are held in "street name" and you do not give instructions as to how you want your shares voted (a "nonvote"), the brokerage firm, bank or other nominee who holds Progress Energy shares on your behalf may vote the shares at its discretion with regard to "routine" matters. However, such brokerage firm, bank or other nominee is not required to vote the shares of Common Stock, and therefore these unvoted shares would be counted as "broker nonvotes."

With respect to "routine" matters, such as the ratification of the selection of the independent registered public accounting firm, a brokerage firm, bank or other nominee has authority (but is not required) under the rules governing self-regulatory organizations (the "SRO rules"), including the New York Stock Exchange ("NYSE"), to vote its clients' shares if the clients do not provide instructions. When a brokerage firm, bank or other nominee votes its clients' Common Stock shares on routine matters without receiving voting instructions, these shares are counted both for establishing a quorum to conduct business at the meeting and in determining the number of shares voted **"FOR"** or **"AGAINST"** such routine matters. The NYSE recently amended its rules to make any matter relating to executive compensation a "nonroutine matter." Matters relating to executive compensation include advisory votes to approve the compensation of executives and to determine how frequently to hold an advisory vote to approve executive compensation.

With respect to "nonroutine" matters, including the election of directors, matters relating to executive compensation and shareholder proposals, a brokerage firm, bank or other nominee is not permitted under the SRO rules to vote its clients' shares if the clients do not specifically instruct their brokerage firm, bank or other nominee on how to vote their shares. The brokerage firm, bank or other nominee will so note on the vote card, and this constitutes a "broker nonvote." "Broker nonvotes" will be counted for purposes of establishing a quorum to conduct business at the meeting but not for determining the number of shares voted **"FOR," "AGAINST"** or **"ABSTAINING"** from such nonroutine matters. At the 2011 Annual Meeting of Shareholders, the following three nonroutine matters will be presented for a vote: the election of 14 directors of the Company with terms expiring in 2012; an advisory (nonbinding) vote on executive compensation; and an advisory (nonbinding) vote to determine whether the vote on executive compensation will occur every one, two or three years.

Accordingly, if you do not vote your proxy, your brokerage firm, bank or other nominee may either: (i) vote your shares on routine matters and cast a "broker nonvote" on nonroutine matters, or (ii) leave your shares unvoted altogether. Therefore, we encourage you to provide instructions to your brokerage firm, bank or other nominee by voting your proxy. This action ensures that your shares and voting preferences will be fully represented at the meeting.

VOTING SECURITIES

Our directors have fixed March 4, 2011, as the record date for shareholders entitled to vote at the Annual Meeting. Only holders of our Common Stock of record at the close of business on that date are entitled to notice of and to vote at the Annual Meeting. Each share is entitled to one vote. As of March 4, 2011, there were outstanding 293,558,966 shares of Common Stock.

Consistent with state law and our By-Laws, the presence, in person or by proxy, of holders of at least a majority of the total number of Common Stock shares entitled to vote is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Once a share of Common Stock is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and any adjournment thereof, unless a new record date is or must be set in connection with any adjournment. Common Stock shares held of record by shareholders or their nominees who do not vote by proxy or attend the Annual Meeting in person will not be considered present or represented at the Annual Meeting and will not be counted in determining the presence of a quorum. Proxies that withhold authority or reflect abstentions or "broker nonvotes" will be counted for purposes of determining whether a quorum is present.

Pursuant to the provisions of our Articles of Incorporation, as amended effective May 10, 2006, a candidate for director will be elected upon receipt of at least a majority of the votes cast by the holders of Common Stock entitled to vote. Accordingly, assuming a quorum is present, each director shall be elected by a vote of the majority of the votes cast with respect to that director. A majority of the votes cast means that the number of shares voted **"FOR"** a director must exceed the number of votes cast **"AGAINST"** that director. Shares voting **"ABSTAIN"** and shares held in "street name" that are not voted in the election of directors will not be included in determining the number of votes cast.

Approval of an advisory (nonbinding) proposal regarding executive compensation as disclosed in this Proxy Statement will require the affirmative vote of a majority of votes actually cast by holders of Common Stock entitled to vote. Assuming a quorum is present, the number of **"FOR"** votes cast at the meeting for this proposal must exceed the number of **"AGAINST"** votes cast at the meeting in order for this proposal to be approved. Abstentions from voting and "broker nonvotes" will not count as votes cast and will not have the effect of a "negative" vote with respect to any such matters.

With regard to the advisory (nonbinding) proposal to determine whether the frequency vote to approve executive compensation will occur every one, two or three years, assuming a quorum is present, the option of once every year, two years or three years that receives the highest number of **"FOR"** votes cast at the meeting will be the frequency option for the advisory (nonbinding) vote on the compensation of our named executive officers that is approved on an advisory basis. Abstentions from voting and "broker nonvotes" will not count as votes cast and will not have the effect of a "negative" vote with respect to the vote on this proposal.

Approval of the proposal to ratify the selection of our independent registered public accounting firm, and other matters properly brought before the Annual Meeting, if any, generally will require the affirmative vote of a majority of votes actually cast by holders of Common Stock entitled to vote. Assuming a quorum is present, the number of **"FOR"** votes cast at the meeting for this proposal must exceed the number of **"AGAINST"** votes cast at the meeting in order for this proposal to be approved. Abstentions from voting and "broker nonvotes" will not count as votes cast and will not have the effect of a "negative" vote with respect to any such matters.

We will announce preliminary voting results at the Annual Meeting. We will publish the final results in a Current Report on Form 8-K within four (4) business days of the Annual Meeting. In addition, we will disclose the decision about how frequently the Company will conduct future votes on executive compensation in a Current Report on Form 8-K within 150 calendar days of our Annual Meeting, but no later than October 3, 2011. A copy of these Forms 8-K may be obtained without charge by any of the means outlined above for obtaining a copy of our Annual Report on Form 10-K, as amended.

PROPOSAL 1—ELECTION OF DIRECTORS

The Company's amended By-Laws provide that the number of directors of the Company shall be between eleven (11) and fifteen (15). The amended By-Laws also provide for annual elections of each director. Directors will serve one-year terms upon election at the 2011 Annual Meeting of Shareholders.

Our Articles of Incorporation require that a candidate in an uncontested election for director receive a majority of the votes cast in order to be elected as a director (i.e., the number of votes cast **"FOR"** a director must exceed the number of votes cast **"AGAINST"** that director). In a contested election (i.e., a situation in which the number of nominees exceeds the number of directors to be elected), the standard for election of directors will be a plurality of the votes cast. Under North Carolina law, a director continues to serve in office until his or her successor is elected or until there is a decrease in the number of directors, even if the director is a candidate for re-election and does not receive the required vote, referred to as a "holdover director." To address the potential for such a "holdover director," our Board of Directors approved a provision in our Corporate Governance Guidelines. That provision states that if an incumbent director is nominated, but not re-elected by a majority vote, the director shall tender his or her resignation to the Board. The Corporate Governance Committee (the "Governance Committee") would then make a recommendation to the Board about whether to accept or reject the resignation. The Board will act on the Governance Committee's recommendation and publicly disclose its decision and the rationale regarding it within 90 days after receipt of the tendered resignation. Any director who tenders his or her resignation pursuant to this provision shall not participate in the Governance Committee's recommendation or Board of Directors' action regarding the acceptance of the resignation offer. However, if all members of the Governance Committee do not receive a vote sufficient for re-election, then the independent directors who did not fail to receive a sufficient vote shall appoint a committee among themselves to consider the resignation offers and recommend to the Board of Directors whether to accept them. If the only directors who did not fail to receive a sufficient vote for re-election constitute three or fewer directors, all directors may participate in the action regarding whether to accept the resignation offers.

Based on the report of the Governance Committee (see page 17), the Board of Directors nominates the following 14 nominees to serve as directors with terms expiring in 2012 and until their respective successors are elected and qualified: John D. Baker II, James E. Bostic, Jr., Harris E. DeLoach, Jr., James B. Hyler, Jr., William D. Johnson, Robert W. Jones, W. Steven Jones, Melquiades R. "Mel" Martinez, E. Marie McKee, John H. Mullin, III, Charles W. Pryor, Jr., Carlos A. Saladrigas, Theresa M. Stone, and Alfred C. Tollison, Jr.

There are no family relationships between any of the directors, any executive officers or nominees for director of the Company or its subsidiaries, and there is no arrangement or understanding between any director or director nominee and any other person pursuant to which the director or director nominee was selected.

The election of directors will be determined by a majority of the votes cast at the Annual Meeting at which a quorum is present. This means that the number of votes cast **"FOR"** a director must exceed the number of votes cast **"AGAINST"** that director in order for the director to be elected. Abstentions and broker nonvotes, if any, are not treated as votes cast and, therefore, will have no effect on the proposal to elect directors. Shareholders do not have cumulative voting rights in connection with the election of directors.

Valid proxies received pursuant to this solicitation will be voted in the manner specified. Where specifications are not made, the shares represented by the accompanying proxy will be voted **"FOR"** the election of each of the 14 nominees. Votes (other than abstentions) will be cast pursuant to the accompanying proxy for the election of the nominees listed above unless, by reason of death or other unexpected occurrence, one or more of such nominees shall not be available for election, in which event it is intended that such votes will be cast for such substitute nominee or nominees as may be determined by the persons named in such proxy. The Board of Directors has no reason to believe that any of the nominees listed above will not be available for election as a director.

The Board of Directors, acting through the Governance Committee, is responsible for assembling for shareholder consideration a group of nominees that, taken together, have the experience, qualifications, attributes and skills appropriate for functioning effectively as a board. The Governance Committee regularly reviews the composition of the Board in light of the Company's changing requirements and its assessment of the Board's performance. A discussion of the characteristics the Governance Committee looks for in evaluating director candidates appears in the "Governance Committee Process for Identifying and Evaluating Director Candidates" section on page 19 of this Proxy Statement.

The names of the 14 nominees for election to the Board of Directors, along with their ages, principal occupations or employment for the past five years, directorships of public companies held during the past five years, and disclosures regarding the specific experience, qualifications, attributes or skills that led the Board to conclude that such individual should serve on the Board, are set forth below. (Carolina Power & Light Company d/b/a Progress Energy Carolinas, Inc. ("PEC") and Florida Power Corporation d/b/a Progress Energy Florida, Inc. ("PEF"), which are noted below, are wholly owned subsidiaries of the Company.) Information concerning the number of shares of our Common Stock beneficially owned, directly or indirectly, by all current directors appears on page 11 of this Proxy Statement.

The Board of Directors recommends a vote **"FOR"** each nominee for director.

Nominees for Election

JOHN D. BAKER II, age 62, is Executive Chairman of Patriot Transportation Holding, Inc., which is engaged in the transportation and real estate businesses, since October 2010. He served as President and Chief Executive Officer of Patriot Transportation Holding from February 2008 to October 2010. Mr. Baker was President and Chief Executive Officer of Florida Rock Industries, Inc., a producer of cement, aggregates, concrete and concrete products, from 1997 to 2007. As a lawyer and business executive with more than 35 years of experience in the construction materials and trucking industries, Mr. Baker brings to the Board business insight and expertise that are valuable to the Company as it navigates a complex and changing business environment. He has first-hand knowledge of the economic and business development issues facing companies in the State of Florida. Mr. Baker's executive experience and service on the boards of other public companies have prepared him to respond to financial and operational challenges and have enhanced his ability to work effectively with other directors, understand board processes and functions, and oversee management. **Mr. Baker has served as a director of the Company since 2009. He is a member of the Board's Finance Committee and the Organization and Compensation Committee.**

Other public directorships in past five years:
Patriot Transportation Holding, Inc. (1986 to present)
Wells Fargo & Company (January 2009 to present)
Texas Industries, Inc. (October 2010 to present)
Vulcan Materials Co. (November 2007 until February 2009)
Wachovia Bank, N.A. (2001 until December 2008)
Florida Rock Industries, Inc. (1979 until November 2007)
Hughes Supply, Inc. (1994 until 2006)

JAMES E. BOSTIC, JR., age 63, has been Managing Director of HEP & Associates, a business consulting firm, and a partner of Coleman Lew & Associates, an executive search consulting firm, since 2006. He retired as Executive Vice President of Georgia-Pacific Corporation, a manufacturer and distributor of tissue, paper, packaging, building products, pulp and related chemicals, in 2006. During his 20 years at Georgia-Pacific, Mr. Bostic served in various senior positions, including service as Senior Vice President–Environmental, Government Affairs and Communications. Mr. Bostic's business background and his expertise on environmental and regulatory issues are significant assets to the Company and the Board of Directors. That expertise will be particularly helpful as we continue to address new laws and regulations regarding alternative and renewable energy, emission reductions and other environmental issues. Additionally, as a result of his extensive service on the Board, Mr. Bostic has developed a keen understanding of how the Company operates, the key issues it faces, and the Company's strategy for addressing those issues as it carries out its responsibilities to its shareholders and other stakeholders. **Mr. Bostic has served as a director of the Company since 2002. He is a member of the Board's Audit and Corporate Performance Committee, the Nuclear Project Oversight Committee and the Operations and Nuclear Oversight Committee.**

HARRIS E. DELOACH, JR., age 66, is Chairman and Chief Executive Officer of Sonoco Products Company, a manufacturer of paperboard and paper and plastic packaging products, since December 2010. He served as Chairman, President and Chief Executive Officer of Sonoco Products from April 2005 to December, 2010, and as President and Chief Executive Officer from July 2000 to April 2005. Mr. DeLoach joined Sonoco Products in 1986 and has served in various management positions during his tenure there. Prior to joining Sonoco, Mr. DeLoach was in private law practice and served as an outside counsel to Sonoco for 15 years. As a business leader in the State of South Carolina, Mr. DeLoach has first-hand knowledge of the economic and business development issues facing the communities we serve. Mr. DeLoach's legal background and years of experience leading a global packaging company are valuable to the Company as it undertakes the long-range projects and initiatives necessary to optimize its balanced solution strategy for meeting its customers' future energy needs and complying with public policies while creating long-term value in a challenging economy and changing business environment. **Mr. DeLoach has served as a director of the Company since 2006. He is Chair of the Board's Operations and Nuclear Oversight Committee and a member of the Executive Committee, the Governance Committee, the Nuclear Project Oversight Committee and the Organization and Compensation Committee.**

Other public directorships in past five years:
Sonoco Products Company (1998 to present)
Goodrich Corporation (2001 to present)

JAMES B. HYLER, JR., age 63, retired as Vice Chairman and Chief Operating Officer of First Citizens Bank in 2008. He served in these positions from 1994 until 2008. Mr. Hyler was President of First Citizens Bank from 1988 to 1994, and served as Chief Financial Officer of First Citizens Bank from 1980 to 1988. Prior to joining First Citizens Bank, Mr. Hyler was an auditor with Ernst & Young for 10 years. He has more than 37 years of experience in the financial services industry. Mr. Hyler's knowledge and expertise in financial services and corporate finance provide him with the skills needed to assist the Board in its analysis and decision making regarding financial matters as our utilities continue to move forward with the long-range projects and initiatives necessary to optimize our balanced solution strategy for meeting our customers' future energy needs and complying with public policy while creating long-term value in a challenging economy and changing business environment. **Mr. Hyler has served as a director of the Company since 2008. He is a member of the Board's Finance Committee and the Organization and Compensation Committee.**

Other public directorships in past five years:
First Citizens BancShares (August 1988 until January 2008)

WILLIAM D. JOHNSON, age 57, is Chairman, President and Chief Executive Officer of Progress Energy, since October 2007. Mr. Johnson is also Chairman of PEC and PEF. Mr. Johnson has served as Chairman of the Company since July 2007. Mr. Johnson previously served as President and Chief Operating Officer of Progress Energy, from January 2005 to October 2007. In that role, Mr. Johnson oversaw the generation and delivery of electricity by PEC and PEF. Mr. Johnson has been with Progress Energy (formerly CP&L) in a number of roles since 1992, including Group President for Energy Delivery, President and Chief Executive Officer for Progress Energy Service Company, LLC and General Counsel and Corporate Secretary for Progress Energy. Before joining Progress Energy, Mr. Johnson was a partner with the Raleigh, N.C., law office of Hunton & Williams LLP, where he specialized in the representation of utilities. Mr. Johnson has served in a variety of senior management positions during his tenure with the Company. His background as a lawyer representing utilities, coupled with his years of hands-on experience at the Company, provides him with a unique perspective and a keen understanding of the opportunities and challenges facing the Company and our industry. Mr. Johnson's breadth of knowledge and experience in addressing key operational, policy, legislative and strategic issues, and his proven leadership skills will be significant assets to the Company as it focuses on optimizing its balanced solution strategy for meeting our customers' future energy needs in the face of a challenging economy, and a changing regulatory and legislative environment. **Mr. Johnson is Chair of the Board's Executive Committee.**

ROBERT W. JONES, age 60, is the sole owner of Turtle Rock Group, LLC, founded in May 2009. From 1974 until May 2009, Mr. Jones held various management positions at Morgan Stanley, a global provider of financial services to companies, governments and investors. He served as a Senior Advisor from 2006 until May 2009, and as Managing Director and Vice Chairman from 1997 until 2006. While at Morgan Stanley, Mr. Jones specialized in the utility industry for many years before being named Vice Chairman. Turtle Rock Group, LLC is a financial advisory consulting firm whose sole current client is Morgan Stanley. During his career, Mr. Jones has participated in many major international and domestic utility and project financing transactions, with a particular focus on strategic advisory and capital-raising assignments. He has testified before numerous state public utility commissions and has been a frequent speaker on regulatory and corporate governance issues. Mr. Jones's expertise in financial services and his experience in the regulatory arena provide him with a unique perspective that will be beneficial to the Company as it undertakes the long-range projects and initiatives necessary to optimize its balanced solution strategy for meeting its customers' future energy needs in a challenging economy and uncertain regulatory environment. **Mr. Jones has served as a director of the Company since 2007. He is Chair of the Board's Finance Committee and a member of the Executive Committee, the Governance Committee and the Organization and Compensation Committee.**

W. STEVEN JONES, age 59, is Dean (Emeritus) and Professor of Strategy and Organizational Behavior at the Kenan-Flagler Business School at the University of North Carolina at Chapel Hill, since 2008. He served as Dean of the Kenan-Flagler Business School from August 2003 until August 2008. Prior to joining the Kenan-Flagler Business School in 2003, Mr. Jones had a 30-year career in business. That career included serving as Chief Executive Officer and Managing Director of Suncorp-Metway Ltd., which provides banking, insurance and investing services in Brisbane, Queensland, Australia. He also worked for ANZ, one of Australia's four major banks, in various capacities for eight years. Mr. Jones has international experience in developing strategy, leading change and building organizational capability in a variety of industries. His expertise in the financial services arena continues to be beneficial as the Company undertakes the long-range projects and initiatives necessary to optimize its balanced solution strategy for meeting its customers' future energy needs and complying with public policies while creating long-term value in a challenging economy and changing business environment. **Mr. Jones has served as a director of the Company since 2005. He is a member of the Board's Audit and Corporate Performance Committee, the Nuclear Project Oversight Committee and the Operations and Nuclear Oversight Committee.**

Other public directorships in past five years:
Premiere Global Services, Inc. (2007 to present)
State Farm Mutual Automobile Insurance Co. (June 2010 to present)
Bank of America (April 2005 until April 2008)

MELQUIADES R. "MEL" MARTINEZ, age 64, is a Managing Director of JPMorgan Chase & Co., since August 2010. Mr. Martinez has had a distinguished career in both the public and private sectors, most recently as partner in the law firm of DLA Piper in its Orlando, Florida office from September 2009 to July 2010 and as a United States Senator from Florida from 2005 to 2009. While serving in the U.S. Senate, he addressed multiple policy and legislative issues as a member of the following Senate committees: Armed Services; Banking, Housing & Urban Affairs; Foreign Relations; Energy and Natural Resources; Commerce; and Special Committee on Aging. Prior to his election, Mr. Martinez served as the Secretary of Housing and Urban Development from 2001 to 2004. His extensive legal, policy and legislative experience will be valuable to the Company as we address new laws and regulations in areas such as environmental compliance, renewable energy standards and energy policy. Prior to representing the State of Florida in the U.S. Senate, Mr. Martinez served as Mayor of Orange County, Florida, and as a board member of the Orlando Utilities Commission. He also spent over 25 years in private legal practice, conducting numerous trials in state and federal courts throughout Florida. As a resident and public servant of the State of Florida, Mr. Martinez brings to our Board a unique perspective and first-hand knowledge that continues to be beneficial as we address key regulatory issues in that state. Mr. Martinez's diversified experience and background are significant assets to our Company's Board. **Mr. Martinez has served as a director of the Company since March 1, 2010. He is a member of the Operations and Nuclear Oversight Committee and the Organization and Compensation Committee.**

E. MARIE MCKEE, age 60, is President of the Corning Museum of Glass, since 1998, and served as Senior Vice President of Corning Incorporated, a manufacturer of components for high-technology systems for consumer electronics, mobile emissions controls, telecommunications and life sciences, from 1996 to 2010. Ms. McKee has over 30 years of experience at Corning, where she held a variety of positions with increasing levels of responsibility. She initially served in various human resources manager positions including Human Resources Director for Corning's Electronics Division, its Research & Development Division and its Centralized Engineering Division. While serving in these positions, Ms. McKee gained significant experience in designing and implementing human resources strategies, business processes and organizational change efforts. She then served in various management positions, including Division Vice President of Corporate Strategic Staffing, Vice President, Human Resources and Senior Vice President, Human Resources and Corporate Diversity Officer. Ms. McKee served as Chairman of Steuben Glass from 1998 until the company was sold in 2008. During her tenure on the Board, Ms. McKee's business experience and perspective have proven valuable to the Company as it has addressed various operational and human resources issues. Ms. McKee's depth of experience has provided her with a thorough knowledge of employment and compensation practices and strategies that enables her to assist the Organization and Compensation Committee and the Board in its analysis and decision making regarding executive compensation, succession planning, diversity and other matters. Her experience will continue to be beneficial to the Company as shareholders, regulators and legislators continue to focus on executive compensation and corporate governance issues. **Ms. McKee has served as a director of the Company and its predecessors since 1999. She is Chair of the Board's Organization and Compensation Committee and a member of the Executive Committee, the Governance Committee, the Nuclear Project Oversight Committee and the Operations and Nuclear Oversight Committee.**

JOHN H. MULLIN, III, age 69, is Chairman of Ridgeway Farm, LLC, a limited liability company engaged in farming and timber management, since 1989. He is a former Managing Director of Dillon, Read & Co., a former investment banking firm. Mr. Mullin was employed by Dillon Read for approximately 20 years. During that time, he worked with a diversified mix of clients and was involved in a variety of corporate assignments, including private and public offerings, and corporate restructurings. Since 1989, Mr. Mullin has managed the diversified businesses of Ridgeway Farm. He has served on the boards of a number of other major publicly traded companies, providing him with substantial experience in the areas of corporate strategy, oversight and governance. Mr. Mullin's executive and board experience have enabled him to develop the skills needed to work effectively with other directors, understand board processes and functions, and oversee management. Additionally, as a result of his many years of service on the Board, Mr. Mullin has developed a keen understanding of the Company's operations, the key issues it faces and the Company's strategy for addressing those issues as it carries out its responsibilities to its shareholders and other stakeholders. He has effectively utilized his broad and extensive business experiences and knowledge of the Company to provide leadership to the Company's Board as Lead Director. **Mr. Mullin has served as a director of the Company and its predecessors since 1999. He is Chair of the Board's Governance Committee and a member of the Executive Committee, the Finance Committee and the Organization and Compensation Committee.**

Other public directorships in past five years:
Sonoco Products Company (2002 to present)
Hess Corporation (2007 to present)
Liberty Corporation (1989 until 2006)
Putnam Funds – Trustee (1997 until 2006)

CHARLES W. PRYOR, JR., age 66, is Chairman of Urenco USA Inc. (formerly Urenco Investments, Inc.), a global provider of services and technology to the nuclear generation industry worldwide, since January 2007. He served as President and Chief Executive Officer of Urenco Investments, Inc. from 2004 to 2006. Mr. Pryor served as President and Chief Executive Officer of the Utilities Business Group of British Nuclear Fuels from 2002 to 2004. From 1997 to 2002, he served as President and Chief Executive Officer of Westinghouse Electric Co., a supplier of nuclear fuel, nuclear services and advanced nuclear plant designs to utilities operating nuclear power plants. Mr. Pryor's former service as chief executive officer of a multi-billion dollar company provides him with experience that enables him to understand the financial statements and financial affairs of the Company. He has extensive experience in managing capital-intensive industries and skillfully addressing regulatory matters, strategic planning and corporate development. Mr. Pryor's knowledge and experience in engineering, power generation, nuclear fuel and the utility industry will be tremendous assets to the Board in the years ahead as our Company executes its plan to improve the performance of its nuclear fleet and optimizes its balanced solution strategy for meeting its customers' future energy needs and complying with public policies while creating long-term value in a challenging economy and a changing business environment. **Mr. Pryor has served as a director of the Company since 2007. He is Chair of the Board's Nuclear Project Oversight Committee and a member of the Audit and Corporate Performance Committee and the Operations and Nuclear Oversight Committee.**

Other public directorships in past five years:
DTE Energy Co. (1999 to present)

CARLOS A. SALADRIGAS, age 62, is Chairman and Chief Executive Officer of Regis HRG, which offers a full suite of outsourced human resources services to small and mid-sized businesses. He has served in these positions since July 2008. Mr. Saladrigas served as Vice Chairman, from 2007 to 2008, and Chairman, from 2002 to 2007, of Premier American Bank in Miami, Florida. In 2002, Mr. Saladrigas retired as Chief Executive Officer of ADP Total Source (previously the Vincam Group, Inc.), a Miami-based human resources outsourcing company that provides services to small and mid-sized businesses. Mr. Saladrigas has extensive expertise in both the human resources and financial services arenas. His accounting background provides him with an understanding of the principles used to prepare the Company's financial statements and enables him to effectively analyze those financial statements. Mr. Saladrigas is a resident of Florida and is familiar with the economic policy issues facing that state. As a result of his years of service on the Board, Mr. Saladrigas has gained institutional knowledge about the Company and its operations. His unique perspective and business acumen will continue to be valuable assets to the Board as the Company executes its plans to optimize its balanced solution strategy for meeting customer needs and complying with public policies while creating long-term value in a challenging economy and a changing business environment. **Mr. Saladrigas has served as a director of the Company since 2001. He is a member of the Board's Audit and Corporate Performance Committee and the Finance Committee. Mr. Saladrigas is one of the Board's two designated Audit Committee Financial Experts.**

Other public directorships in past five years:
Advance Auto Parts, Inc. (2003 to present)

THERESA M. STONE, age 66, has been Executive Vice President and Treasurer of the Massachusetts Institute of Technology Corporation ("M.I.T."), since February 2007. In her role as Executive Vice President and Treasurer, Ms. Stone is responsible for M.I.T.'s capital programs, facilities, human resources and information technology, and serves as M.I.T.'s Chief Financial Officer and Treasurer. From November 2001 to March 2006, Ms. Stone served as Executive Vice President and Chief Financial Officer of Jefferson-Pilot Financial (now Lincoln Financial Group). Ms. Stone began her career as an investment banker, advising clients primarily in the financial services industry on financial and strategic matters and has held senior financial executive officer positions at various companies since that time. Ms. Stone's knowledge and expertise in finance make her uniquely qualified to understand and effectively analyze the Company's financial statements. Her depth of experience in finance and management provide her with the skills needed to assist the Board in its analysis and decision making regarding financial matters as the Company undertakes the long-range projects and initiatives necessary to optimize its balanced solution strategy for meeting its customers' future energy needs and complying with public policies while creating long-term value in a challenging economy and a changing business environment. **Ms. Stone has served as a director of the Company since 2005. She is Chair of the Board's Audit and Corporate Performance Committee and a member of the Executive Committee, the Finance Committee and the Governance Committee. Ms. Stone is one of the Board's two designated Audit Committee Financial Experts.**

ALFRED C. TOLLISON, JR., age 68, retired as Chairman and Chief Executive Officer of the Institute of Nuclear Power Operations ("INPO"), a nuclear industry-sponsored nonprofit organization, in March 2006. He was employed by INPO from 1987 until March 2006. During his tenure there, Mr. Tollison's responsibilities included industry and government relations, communications, information systems and administrative activities. He also served as the executive director of the National Academy for Nuclear Training. From 1970 until 1987, Mr. Tollison was employed by PEC, where he served in a variety of management positions, including plant general manager of the Brunswick Nuclear Plant and manager of nuclear training. His management experience as a chief executive officer of a large nonprofit entity in the energy industry, as well as his in-depth knowledge of that industry, enables him to bring a unique perspective to the Company's Board. Mr. Tollison's track record and expertise in promoting the safe and reliable operations of our nation's nuclear generating plants will continue to be a significant asset to our Board as the Company executes its plan for improving the performance of its nuclear fleet and optimizes its balanced solution strategy for meeting the future energy needs of its customers safely, reliably and affordably. **Mr. Tollison has served as a director of the Company since 2006. He is Vice Chair of the Board's Nuclear Project Oversight Committee and a member of the Audit and Corporate Performance Committee and the Operations and Nuclear Oversight Committee. Mr. Tollison also serves as the Nuclear Oversight Director.**

PRINCIPAL SHAREHOLDERS

The table below sets forth the only shareholder we know to beneficially own more than 5 percent (5%) of the outstanding shares of our Common Stock as of December 31, 2010. We do not have any other class of voting securities.

Title of Class	Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percentage of Class
Common Stock	State Street Corporation One Lincoln Street Boston, MA 02111	26,315,197[1]	9.0

[1] Consists of shares of Common Stock held by State Street Corporation, acting in various fiduciary capacities. State Street Corporation has sole power to vote with respect to 0 shares, sole dispositive power with respect to 0 shares, shared power to vote with respect to 26,315,197 shares and shared power to dispose of 26,315,197 shares. State Street Corporation has disclaimed beneficial ownership of all shares of Common Stock. (Based solely on information contained in a Schedule 13G filed by State Street Corporation on February 11, 2011.)

MANAGEMENT OWNERSHIP OF COMMON STOCK

The following table describes the beneficial ownership of our Common Stock as of February 28, 2011, of (i) all current directors and nominees for director, (ii) each executive officer named in the Summary Compensation Table presented later in this Proxy Statement, and (iii) all directors and nominees for director and executive officers as a group. As of February 28, 2011, none of the individuals or the group in the above categories owned one percent (1%) or more of our voting securities. Unless otherwise noted, all shares of Common Stock set forth in the table are beneficially owned, directly or indirectly, with sole voting and investment power, by such shareholder.

Name	Number of Shares of Common Stock Beneficially Owned[1,2]
John D. Baker II	7,450
James E. Bostic, Jr.	8,569[1]
Harris E. DeLoach, Jr.	5,000
James B. Hyler, Jr.	1,000
William D. Johnson	204,278[2]
Robert W. Jones	1,000
W. Steven Jones	1,000
Jeffrey J. Lyash	24,930[2]
Melquiades R. "Mel" Martinez	500
John R. McArthur	66,718[2]
E. Marie McKee	3,000[1]
Mark F. Mulhern	50,874[2]
John H. Mullin, III	10,000[1]
Charles W. Pryor, Jr.	1,042
Carlos A. Saladrigas	7,000[1]
Theresa M. Stone	1,000
Alfred C. Tollison, Jr.	1,000
Lloyd M. Yates	48,784[2]
Shares of Common Stock beneficially owned by all directors and executive officers of the Company as a group (24 persons)	614,533[3]

[1] Includes shares of our Common Stock such director has the right to acquire beneficial ownership of within 60 days through the exercise of certain stock options, as follows:

Director	Stock Options
James E. Bostic, Jr.	4,000
E. Marie McKee	2,000
John H. Mullin, III	6,000
Carlos A. Saladrigas	6,000

[2] Includes shares of Restricted Stock currently held, and shares of our Common Stock such officer has the right to acquire beneficial ownership of within 60 days through the exercise of certain stock options, as follows:

Officer	Restricted Stock	Stock Options
William D. Johnson	5,534	—
Jeffrey J. Lyash	1,367	—
John R. McArthur	1,667	—
Mark F. Mulhern	1,167	7,000
Lloyd M. Yates	1,367	—

[3] Includes shares each group member (shares in the aggregate) has the right to acquire beneficial ownership of within 60 days through the exercise of certain stock options.

Ownership of Units Representing Common Stock

The table below shows ownership of units representing our Common Stock under the Non-Employee Director Deferred Compensation Plan and units under the Non-Employee Director Stock Unit Plan as of February 28, 2011. A unit of Common Stock does not represent an equity interest in the Company, and possesses no voting rights, but is equal in economic value at all times to one share of Common Stock.

Director	Directors' Deferred Compensation Plan	Non-Employee Director Stock Unit Plan
John D. Baker II	3,884	2,971
James E. Bostic, Jr.	13,594	11,999
Harris E. DeLoach, Jr.	13,652	7,734
James B. Hyler, Jr.	2,305	4,665
Robert W. Jones	10,436	6,198
W. Steven Jones	15,111	9,357
Melquiades R. "Mel" Martinez	1,365	1,395
E. Marie McKee	31,748	15,026
John H. Mullin, III	21,494	15,552
Charles W. Pryor, Jr.	3,017	6,198
Carlos A. Saladrigas	8,148	13,053
Theresa M. Stone	12,015	9,357
Alfred C. Tollison, Jr.	13,186	7,734

The table below shows ownership as of February 28, 2011, of (i) performance units under the Long-Term Compensation Program; (ii) performance units recorded to reflect awards deferred under the Management Incentive Compensation Plan ("MICP"); (iii) performance shares awarded under the Performance Share Sub-Plan of the 1997, 2002 and 2007 Equity Incentive Plans ("PSSP") (see "Outstanding Equity Awards at Fiscal Year-End Table" on page 53); (iv) units recorded to reflect awards deferred under the PSSP; (v) replacement units representing the value of our contributions to the 401(k) Savings & Stock Ownership Plan that would have been made but for the deferral of salary under the Management Deferred Compensation Plan and contribution limitations under Section 415 of the Internal Revenue Code of 1986, as amended; and (vi) Restricted Stock Units ("RSUs") awarded under the 2002 and 2007 Equity Incentive Plans.

Officer	Long-Term Compensation Program	MICP	PSSP	PSSP Deferred	MDCP	RSUs
William D. Johnson	—	1,812	122,314	—	1,121	66,714
Jeffrey J. Lyash	—	—	28,446	—	3,726	16,192
John R. McArthur	—	—	30,665	—	—	16,632
Mark F. Mulhern	—	1,808	25,611	911	—	14,558
Lloyd M. Yates	—	2,829	28,129	6,749	168	16,087

CHANGES IN CONTROL

On January 8, 2011, Duke Energy Corporation ("Duke Energy") and Progress Energy entered into a Merger Agreement, pursuant to which Progress Energy will be acquired by Duke Energy in a stock-for-stock transaction and continue as a wholly owned subsidiary of Duke Energy (the "Proposed Merger"). Both companies' boards of directors have unanimously approved the Merger Agreement. However, consummation of the Proposed Merger is subject to customary conditions, including, among other things, approval of the shareholders of each company, expiration or termination of the applicable Hart-Scott-Rodino Act waiting period, and receipt of approval, to the extent required, from the Federal Energy Regulatory Commission, the Federal Communications Commission, the Nuclear Regulatory Commission, the North Carolina Utilities Commission, the Kentucky Public Service Commission, the South Carolina Public Service Commission, the Florida Public Service Commission, the Indiana Utility Regulatory Commission, and the Ohio Public Utilities Commission.

TRANSACTIONS WITH RELATED PERSONS

There were no transactions in 2010, and there are no currently proposed transactions involving more than $120,000, in which the Company or any of its subsidiaries was or is to be a participant and in which any of the Company's directors, executive officers, nominees for director or any of their immediate family members had a direct or indirect material interest.

Our Board of Directors has adopted policies and procedures for the review, approval or ratification of Related Person Transactions under Item 404(a) of Regulation S-K (the "Policy"), which is attached to this Proxy Statement as Exhibit A. The Board has determined that the Governance Committee is best suited to review and approve Related Person Transactions because the Governance Committee oversees the Board of Directors' assessment of our directors' independence. The Governance Committee will review and may recommend to the Board amendments to this Policy from time to time.

For the purposes of the Policy, a "Related Person Transaction" is a transaction, arrangement or relationship, including any indebtedness or guarantee of indebtedness (or any series of similar transactions, arrangements or relationships), in which we (including any of our subsidiaries) were, are or will be a participant and the amount involved exceeds $120,000, and in which any Related Person had, has or will have a direct or indirect material interest. The term "Related Person" is defined under the Policy to include our directors, executive officers, nominees to become directors and any of their immediate family members.

Our general policy is to avoid Related Person Transactions. Nevertheless, we recognize that there are situations where Related Person Transactions might be in, or might not be inconsistent with, our best interests and those of our shareholders. These situations could include (but are not limited to) situations where we might obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when we provide products or services to Related Persons on an arm's length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally. In determining whether to approve or disapprove each Related Person Transaction, the Governance Committee considers various factors, including (i) the identity of the Related Person, (ii) the nature of the Related Person's interest in the particular transaction; (iii) the approximate dollar amount involved in the transaction; (iv) the approximate dollar value of the Related Person's interest in the transaction; (v) whether the Related Person's interest in the transaction conflicts with his obligations to the Company and its shareholders; (vi) whether the transaction will provide the Related Person with an unfair advantage in his dealings with the Company, and (vii) whether the transaction will affect the Related Person's ability to act in the best interests of the Company and its shareholders. The Governance Committee will only approve those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its shareholders.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers to file reports of their holdings and transactions in our securities with the SEC and the NYSE. Based on our records and other information, we believe that all Section 16(a) filing requirements applicable to our directors and executive officers with respect to the Company's 2010 fiscal year were met, except as previously disclosed in our 2010 Annual Meeting Proxy Statement, dated March 31, 2010, as filed with the SEC.

CORPORATE GOVERNANCE GUIDELINES AND CODE OF ETHICS

The Board of Directors operates pursuant to an established set of written Corporate Governance Guidelines (the "Governance Guidelines") that set forth our corporate governance philosophy and the governance policies and practices we have implemented in support of that philosophy. The three core governance principles the Board embraces are integrity, accountability and independence.

The Governance Guidelines describe Board membership criteria, the Board selection and orientation process and Board leadership. The Governance Guidelines require that a minimum of 80 percent of the Board's members be independent and that the membership of each Board committee, except the Executive Committee, consist solely of independent directors. Directors who are not full-time employees of the Company must retire from the Board at age 73. Directors whose job responsibilities or other factors relating to their selection to the Board change materially after their election are required to submit a letter of resignation to the Board. The Board will have an opportunity to review the continued appropriateness of the individual's Board membership under these circumstances, and the Governance Committee will make the initial recommendation as to the individual's continued Board membership. The Governance Guidelines also describe the stock ownership guidelines that are applicable to Board members and prohibit compensation to Board members other than directors' fees and retainers.

The Governance Guidelines provide that the Organization and Compensation Committee of the Board will evaluate the performance of the Chief Executive Officer on an annual basis, using objective criteria, and will communicate the results of its evaluation to the full Board. The Governance Guidelines also provide that the Governance Committee is responsible for conducting an annual assessment of the performance and effectiveness of the Board, and its standing committees, and reporting the results of each assessment to the full Board annually.

The Governance Guidelines provide that Board members have complete access to our management and can retain, at our expense, independent advisors or consultants to assist the Board in fulfilling its responsibilities, as it deems necessary. The Governance Guidelines also state that it is the Board's policy that the nonmanagement directors meet in executive session on a regularly scheduled basis. Those sessions are chaired by the Lead Director, John H. Mullin, III, who is also Chair of the Governance Committee. He can be contacted by writing to John H. Mullin, III, Lead Director, Progress Energy, Inc. Board of Directors, c/o John R. McArthur, Executive Vice President, General Counsel and Corporate Secretary, P.O. Box 1551, Raleigh, North Carolina 27602-1551. We screen mail addressed to Mr. Mullin for security purposes and to ensure that it relates to discrete business matters relevant to the Company. Mail addressed to Mr. Mullin that satisfies these screening criteria will be forwarded to him.

In keeping with the Board's commitment to sound corporate governance, we have adopted a comprehensive written Code of Ethics that incorporates an effective reporting and enforcement mechanism. The Code of Ethics is applicable to all of our employees, including our Chief Executive Officer, our Chief Financial Officer and our Controller. The Board has adopted the Company's Code of Ethics as its own standard. Board members, our officers and our employees certify their compliance with our Code of Ethics on an annual basis.

Our Governance Guidelines and Code of Ethics are posted on our Internet website and can be accessed at *www.progress-energy.com/investor*

DIRECTOR INDEPENDENCE

The Board of Directors has determined that the following current members of the Board are independent, as that term is defined under the general independence standards contained in the listing standards of the NYSE:

John D. Baker II	E. Marie McKee
James E. Bostic, Jr.	John H. Mullin, III
Harris E. DeLoach, Jr.	Charles W. Pryor, Jr.
James B. Hyler, Jr.	Carlos A. Saladrigas
Robert W. Jones	Theresa M. Stone
W. Steven Jones	Alfred C. Tollison, Jr.
Melquiades R. "Mel" Martinez	

In addition to considering the NYSE's general independence standards, the Board has adopted categorical standards to assist it in making determinations of independence. The Board's categorical independence standards are outlined in our Governance Guidelines. The Governance Guidelines are available on our Internet website and can be accessed at *www.progress-energy.com/investor*. All directors and director nominees identified as independent in this Proxy Statement meet these categorical standards.

In determining that the individuals named above are or were independent directors, the Governance Committee considered their involvement in various ordinary course commercial transactions and relationships during 2010 as described below:

- Messrs. DeLoach and Mullin and Ms. McKee served as officers and/or directors of companies that have been among the purchasers of the largest amounts of electric energy sold by PEC during the last three preceding calendar years. These transactions involve the rendering of services by a public utility at rates fixed in conformity with governmental authorities.
- Messrs. Baker, Hyler, W. Steven Jones and Saladrigas served as directors of companies that purchase electric energy from PEC, and Messrs. Baker, W. Steven Jones, Mullin and Saladrigas served as directors of companies that purchase electric energy from PEF. These transactions involve the rendering of services by public utilities at rates fixed in conformity with governmental authorities.
- Mr. Baker currently serves as a director of Wells Fargo & Company and is a former director of Wachovia Corporation. Both of these entities have been part of our core bank group and have provided a variety of banking and investment services to us during the past several years.
- Mr. W. Steven Jones serves as a director of a communications technology company that provided services to us in 2010.
- Mr. Martinez is a Managing Director of JPMorgan Chase & Co., which has provided a variety of investment banking services to us during the past several years.
- Mr. Pryor is a director of a company that has affiliates that provide uranium enrichment services to PEC and PEF.
- Mr. Tollison is a former employee of PEC and thus receives a modest pension from us.

All of the described transactions were ordinary course commercial transactions conducted at arm's length and in compliance with the NYSE's standards for director independence. In addition, the Governance Committee considers the relationships our directors have with tax-exempt organizations that receive contributions from the Company. The Governance Committee considered each of these transactions and relationships and determined that none of them was material or affected the independence of the directors involved under either the general independence standards contained in the NYSE's listing standards or our categorical independence standards.

BOARD, BOARD COMMITTEE AND ANNUAL MEETING ATTENDANCE

The Board of Directors is currently comprised of fourteen (14) members. The Board of Directors met 10 times in 2010. Average attendance of the directors at the meetings of the Board and its committees held during 2010 was 96 percent, and no director attended less than 87 percent of all Board and his/her respective committee meetings held in 2010.

Our Company expects all directors to attend its annual meetings of shareholders. Such attendance is monitored by the Governance Committee. All directors who were serving as directors as of May 12, 2010, the date of the 2010 Annual Meeting of Shareholders, attended that meeting.

BOARD COMMITTEES

The Board of Directors appoints from its members an Executive Committee, an Audit and Corporate Performance Committee, a Governance Committee, a Finance Committee, a Nuclear Project Oversight Committee, an Operations and Nuclear Oversight Committee, and an Organization and Compensation Committee. The charters of all committees of the Board are posted on our Internet website and can be accessed at *www.progress-energy.com/investor*. The current membership and functions of the standing Board committees are discussed below.

Executive Committee

The Executive Committee is presently composed of one director who is an officer and five nonmanagement directors: Messrs. William D. Johnson—Chair, Harris E. DeLoach, Jr., Robert W. Jones, and John H. Mullin, III, Ms. E. Marie McKee, and Ms. Theresa M. Stone. The authority and responsibilities of the Executive Committee are described in our By-Laws. Generally, the Executive Committee will review routine matters that arise between meetings of the full Board and require action by the Board. The Executive Committee did not meet in 2010.

Audit and Corporate Performance Committee

The Audit and Corporate Performance Committee (the "Audit Committee") is presently composed of the following six nonmanagement directors: Ms. Theresa M. Stone—Chair, and Messrs. James E. Bostic, Jr., W. Steven Jones, Charles W. Pryor, Jr., Carlos A. Saladrigas, and Alfred C. Tollison, Jr. All members of the committee are independent as that term is defined under the enhanced independence standards for audit committee members contained in the Securities Exchange Act of 1934 and the related rules, as amended, as incorporated into the listing standards of the NYSE. Mr. Saladrigas and Ms. Stone have been designated by the Board as the "Audit Committee Financial Experts," as that term is defined in the SEC's rules. The work of the Audit Committee includes oversight responsibilities relating to the integrity of our financial statements, compliance with legal and regulatory requirements, the qualifications and independence of our independent registered public accounting firm, performance of the internal audit function and of the independent registered public accounting firm, and the Corporate Ethics Program. The role of the Audit Committee is further discussed under "Report of the Audit and Corporate Performance Committee" below. The Audit Committee held seven meetings in 2010.

Corporate Governance Committee

The Governance Committee is presently composed of the following five nonmanagement directors: Messrs. John H. Mullin, III—Chair/Lead Director, Harris E. DeLoach, Jr., and Robert W. Jones, Ms. E. Marie McKee, and Ms. Theresa M. Stone. All members of the Governance Committee are independent as that term is defined under the general independence standards contained in the NYSE listing standards. The Governance Committee is responsible for making recommendations to the Board with respect to the governance of the Company and the Board. Its responsibilities include recommending amendments to our Charter and By-Laws, making recommendations regarding the structure, charter, practices and policies of the Board, ensuring that processes are in place for annual Chief Executive Officer performance appraisal and review of succession planning and management development; recommending a process for the annual assessment of Board performance; recommending criteria for Board membership; and reviewing the qualifications of and recommending to the Board nominees for election. The Governance Committee is responsible for conducting investigations into or studies of matters within the scope of its responsibilities and for retaining outside advisors to identify director candidates. The Governance Committee will consider qualified candidates for director nominated by shareholders at an annual meeting of shareholders, provided, however, that written notice of any shareholder nominations must be received by the Corporate Secretary of the Company no later than the close of business on the 120th calendar day before the date our Proxy Statement was released to shareholders in connection with the previous year's annual meeting. See "Future Shareholder Proposals" below for more information regarding shareholder nominations of directors. The Governance Committee held 10 meetings in 2010.

Finance Committee

The Finance Committee is presently composed of the following six nonmanagement directors: Messrs. Robert W. Jones—Chair, John D. Baker II, James B. Hyler, Jr., John H. Mullin, III, and Carlos A. Saladrigas, and Ms. Theresa M. Stone. The Finance Committee reviews and oversees our financial policies and planning, financial position, strategic planning and investments, pension funds and financing plans. The Finance Committee also monitors our risk management activities and financial position and recommends changes to our dividend policy and proposed budget. The Finance Committee held four meetings in 2010.

Nuclear Project Oversight Committee (*ad hoc*)

The Nuclear Project Oversight Committee is presently composed of the following six nonmanagement directors: Messrs. Charles W. Pryor, Jr.—Chair, Alfred C. Tollison, Jr.—Vice Chair, James E. Bostic, Jr., Harris E. DeLoach, Jr., and W. Steven Jones, and Ms. E. Marie McKee. The *ad hoc* Nuclear Project Oversight Committee serves as the primary point of contact for Board oversight of the construction of new nuclear projects, and advises the Board of construction status, including schedule, cost and legal, legislative and regulatory activities. The Nuclear Project Oversight Committee did not meet in 2010.

Operations and Nuclear Oversight Committee

The Operations and Nuclear Oversight Committee is presently composed of the following seven nonmanagement directors: Messrs. Harris E. DeLoach, Jr—Chair, James E. Bostic, Jr., W. Steven Jones, Melquiades R. "Mel" Martinez, Charles W. Pryor, Jr., and Alfred C. Tollison, Jr., and Ms. E. Marie McKee. The Operations and Nuclear Oversight Committee reviews our load forecasts and plans for generation, transmission and distribution, fuel procurement and transportation, customer service, energy trading and term marketing, and other Company operations. The Operations and Nuclear Oversight Committee reviews and assesses our policies, procedures, and practices relative to the protection of the environment and the health and safety of our employees, customers, contractors and the public. The Operations and Nuclear Oversight Committee advises the Board and makes recommendations for the Board's consideration regarding operational, environmental and safety-related issues. The Operations and Nuclear Oversight Committee held six meetings in 2010.

Organization and Compensation Committee

The Organization and Compensation Committee (the "Compensation Committee") is presently composed of the following seven nonmanagement directors: Ms. E. Marie McKee—Chair, and Messrs. John D. Baker II, Harris E. DeLoach, Jr., James B. Hyler, Jr., Robert W. Jones, Melquiades R. "Mel" Martinez, and John H. Mullin, III. All members of the Compensation Committee are independent as that term is defined under the general independence standards contained in the NYSE listing standards. The Compensation Committee verifies that personnel policies and procedures are in keeping with all governmental rules and regulations and are designed to attract and retain competent, talented employees and develop the potential of these employees. The Compensation Committee reviews all executive development plans, makes executive compensation decisions, evaluates the performance of the Chief Executive Officer and oversees plans for management succession.

The Compensation Committee may hire outside consultants, and the Compensation Committee has no limitations on its ability to select and retain consultants as it deems necessary or appropriate. Annually, the Compensation Committee evaluates the performance of its compensation consultant to assess its effectiveness in assisting the Committee with implementing the Company's compensation program and principles. For 2010, the Compensation Committee retained Meridian Compensation Partners, LLC ("Meridian") as its executive compensation and benefits consultant to assist the Compensation Committee in meeting its compensation objectives for our Company. Under the terms of its engagement, in 2010, Meridian reported directly to the Compensation Committee.

The Compensation Committee relies on its compensation consultant to advise it on various matters relating to our executive compensation and benefits program. These services include:

- Advising the Compensation Committee on general trends in executive compensation and benefits;
- Summarizing developments relating to disclosure, risk assessment process and other technical areas;
- Performing benchmarking and competitive assessments;
- Assisting in designing incentive plans;
- Performing financial analysis related to plan design and assisting the Compensation Committee in making pay decisions in light of results; and
- Recommending appropriate performance metrics and financial targets.

The Compensation Committee has adopted a policy for Pre-Approval of Compensation Consultant Services (the "Policy"). Pursuant to the Policy, the compensation consultant may not provide any services or products to the Company without the express prior approval of the Compensation Committee. The compensation consultant did not provide any services or products to the Company other than those that are provided to the Committee and that are related to the Company's executive compensation and benefits program.

The Compensation Committee's chair or the chairman of our Board of Directors may call meetings, other than previously scheduled meetings, as needed. The Compensation Committee may form subcommittees for any purpose that the Compensation Committee deems appropriate and may delegate to such subcommittees such power and authority as the Compensation Committee deems appropriate. Appropriate executive officers of the Company ensure that the Compensation Committee receives administrative support and assistance, and make recommendations to the Committee to ensure that compensation plans are aligned with our business strategy and compensation philosophy. John R. McArthur, our Executive Vice President, General Counsel and Corporate Secretary, serves as management's liaison to the Compensation Committee. William D. Johnson, our Chief Executive Officer, is responsible for conducting annual performance evaluations of the other executive officers and making recommendations to the Compensation Committee regarding those executives' compensation.

The Compensation Committee held eight meetings in 2010.

Compensation Committee Interlocks and Insider Participation

None of the directors who served as members of the Compensation Committee during 2010 was our employee or former employee and none of them had any relationship requiring disclosure under Item 404 of Regulation S-K. During 2010, none of our executive officers served on the compensation committee (or equivalent), or the board of directors of another entity whose executive officer(s) served on our Compensation Committee or Board of Directors.

DIRECTOR NOMINATING PROCESS AND COMMUNICATIONS WITH BOARD OF DIRECTORS

Governance Committee

The Governance Committee performs the functions of a nominating committee. The Governance Committee's Charter describes its responsibilities, including recommending criteria for membership on the Board, reviewing qualifications of candidates and recommending to the Board nominees for election to the Board. As noted above, the Governance Guidelines contain information concerning the Committee's responsibilities with respect to reviewing with the Board on an annual basis the qualification standards for Board membership and identifying, screening and recommending potential directors to the Board. All members of the Governance Committee are independent as defined under the general independence standards of the NYSE's listing standards. Additionally, the Governance Guidelines require that all members of the Governance Committee be independent.

Director Candidate Recommendations and Nominations by Shareholders

Shareholders should submit any director candidate recommendations in writing in accordance with the method described under "Communications with the Board of Directors" below. Any director candidate recommendation that is submitted by one of our shareholders to the Governance Committee will be acknowledged, in writing, by the Corporate Secretary. The recommendation will be promptly forwarded to the Chair of the Governance Committee, who will place consideration of the recommendation on the agenda for the Governance Committee's regular December meeting. The Governance Committee will discuss candidates recommended by shareholders at its December meeting and present information regarding such candidates, along with the Governance Committee's recommendation regarding each candidate, to the full Board for consideration. The full Board will determine whether it will nominate a particular candidate for election to the Board.

Additionally, in accordance with Section 11 of our By-Laws, any shareholder of record entitled to vote for the election of directors at the applicable meeting of shareholders may nominate persons for election to the Board of Directors if that shareholder complies with the notice procedure set forth in the By-Laws and summarized in "Future Shareholder Proposals" below.

Governance Committee Process for Identifying and Evaluating Director Candidates

The Governance Committee evaluates all director candidates, including those nominated or recommended by shareholders, in accordance with the Board's qualification standards, which are described in the Governance Guidelines. The Committee evaluates each candidate's qualifications and assesses them against the perceived needs of the Board. Qualification standards for all Board members include: integrity; sound judgment; independence as defined under the general independence standards contained in the NYSE listing standards and the categorical standards adopted by the Board; financial acumen; strategic thinking; ability to work effectively as a team member; demonstrated leadership and excellence in a chosen field of endeavor; experience in a field of business; professional or other activities that bear a relationship to our mission and operations; appreciation of the business and social environment in which we operate; an understanding of our responsibilities to shareholders, employees, customers and the communities we serve; and service on other boards of directors that would not detract from service on our Board.

Although the Company does not have an official policy regarding the consideration of diversity in identifying director nominees, diversity is among the factors that are considered in selecting Board nominees. The Company values diversity among its Board members and seeks to create a Board that reflects the demographics of the areas we serve, and includes a complementary mix of individuals with diverse backgrounds, viewpoints, professional experiences, education and skills that reflect the broad set of challenges the Board confronts.

Communications with the Board of Directors

The Board has approved a process for shareholders and other interested parties to send communications to the Board. That process provides that shareholders and other interested parties can send communications to the Board and, if applicable, to the Governance Committee or to specified individual directors, including the Lead Director, in writing c/o John R. McArthur, Executive Vice President, General Counsel and Corporate Secretary, Progress Energy, Inc., P.O. Box 1551, Raleigh, North Carolina 27602-1551.

We screen mail addressed to the Board, the Governance Committee or any specified individual director for security purposes and to ensure that the mail relates to discrete business matters relevant to the Company. Mail that satisfies these screening criteria is forwarded to the appropriate director.

BOARD LEADERSHIP STRUCTURE AND ROLE IN RISK OVERSIGHT

Board Leadership Structure

Our Governance Guidelines allow the Board to select a Chairman based on the needs of the Company at the time. The Board may appoint the Chief Executive Officer or it may choose another director for the Chairman position. Thus, the Board has the authority to separate the Chairman and Chief Executive Officer positions if it chooses to do so, but it is not required to do so.

Currently, the Board believes that the Company's interests are best served by having the Chief Executive Officer also serve as Chairman because it allows the Board to most effectively and directly leverage the Chief Executive Officer's day-to-day familiarity with the Company's operations. This is particularly beneficial for the Board at this time given the rapidly evolving nature of the energy industry and the complexity of the projects being considered by the Company, including the construction of new nuclear facilities.

Our Governance Guidelines provide that if the Chief Executive Officer currently holds the position of Chairman, then the full Board shall appoint an independent director to serve as Chair of the Governance Committee and Lead Director of the Board. The clearly delineated and comprehensive duties of the Lead Director include presiding over all meetings of the Board at which the Chairman is not present, including executive sessions and other meetings of the non-management and independent directors and serving as liaison and facilitating communication between the independent directors and the Chairman. The Lead Director also provides input to the Chairman and CEO with respect to information sent to the Board and the agendas and schedules for Board and committee meetings. Any independent director, including the Lead Director, has the authority to call meetings of the independent directors. If requested by major shareholders, the Lead Director is available for consultation and direct communication. In addition, the Lead Director serves as a mentor and advisor to the Chairman and Chief Executive Officer and assures that the Chairman and Chief Executive Officer understands the Board's views on critical matters. Pursuant to the Governance Guidelines, Mr. Mullin, an independent director and Chair of the Governance Committee, has served as Lead Director of the Board since 2004.

In our view, our current leadership structure has fostered sound corporate governance practices and strong independent Board leadership that have benefitted the Company and its shareholders.

Board Role in Risk Oversight

We have established a framework that supports the risk management activities that occur across Progress Energy. The framework establishes processes for identifying, measuring, managing and monitoring risk across the Company and its subsidiaries. We also maintain an ongoing oversight structure that details risk types and the internal organizations and Board Committees that have oversight and governance responsibility for each risk type. Our Chief Executive Officer and Senior Management have responsibility for assessing and managing the Company's exposure to risk. In this regard, we have established a Risk Management Committee, comprised of various senior executives, that provides guidance and direction in the identification and management of financial risks. The Board is not involved in the Company's day-to-day risk management activities; however, the Board and its various Committees are involved in different aspects of overseeing those activities.

The risks associated with our strategic plan are discussed annually with the Board of Directors. Because overseeing risk is an ongoing process and inherent in the Company's strategic decisions, the Board also discusses risk throughout the year at other meetings in relation to specific proposed actions.

The Audit and Corporate Performance Committee is responsible for ensuring that appropriate risk management guidelines and controls are in place and reviews the oversight structure for managing risk. The Audit and Corporate Performance Committee reviews and discusses with management the Company's guidelines and policies governing risk assessment and risk management. The Audit and Corporate Performance Committee is also responsible for oversight of the risks associated with financial reporting and the Company's compliance with legal and regulatory requirements.

The Finance Committee is responsible for the oversight of the Risk Management Committee Policy and Guidelines. It oversees the financial risks associated with guarantees, risk capital, corporate financing activities and debt structure. The Finance Committee ensures that dollar amounts and limits are managed within the established framework. The Finance Committee reports to the full Board at least once a quarter.

The Operations and Nuclear Oversight Committee is charged with oversight of risks related to operations, major capital projects and environmental, health and safety issues.

The Organization and Compensation Committee is responsible for the oversight of risks that can result from personnel issues and misalignment between compensation and performance plans and the interests of the Company's shareholders.

Our risk management structure is designed to enable the Board to stay informed about and understand the key risks facing the Company, how those risks relate to the Company's business and strategy, and the steps the Company is taking to manage those risks.

COMPENSATION DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY

We are an integrated electric utility primarily engaged in the regulated utility business. Our executive compensation philosophy is designed to provide competitive compensation consistent with key principles that we believe are critical to our long-term success.

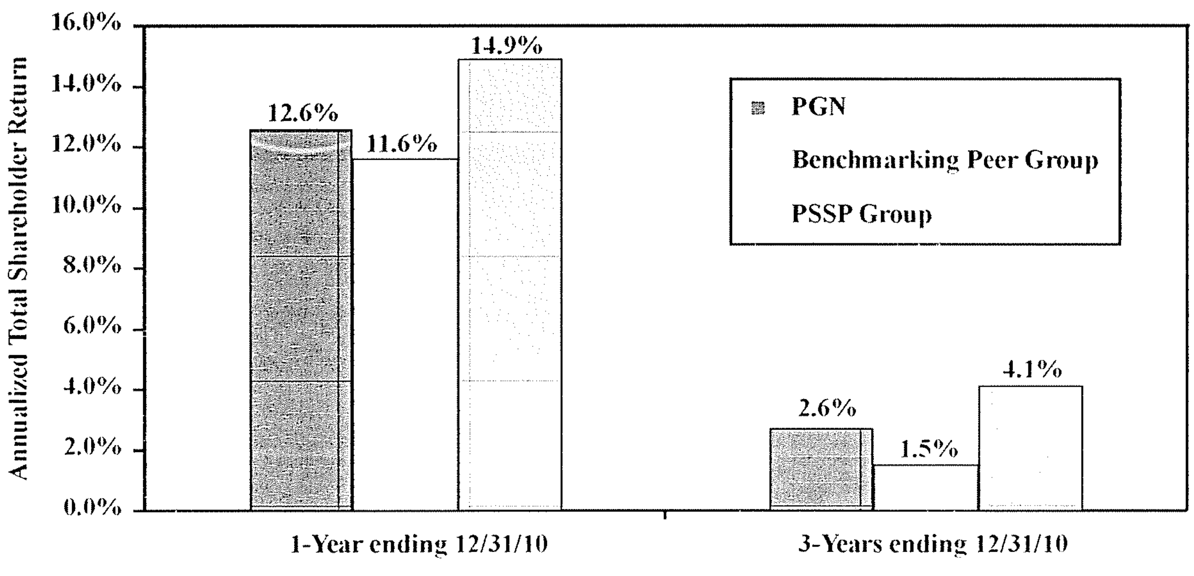
We are committed to providing an executive compensation program that supports the following goals and philosophies:

- Aligning our management team's interests with shareholders' expectations of earnings per share growth and a competitive dividend yield;
- Effectively compensating our management team for actual performance over the short and long term;
- Rewarding operating performance results that are sustainable and consistent with reliable and efficient electric service;
- Attracting and retaining an experienced and effective management team;
- Motivating and rewarding our management team to produce growth and performance for our shareholders that are sustainable and consistent with prudent risk-taking and based on sound corporate governance practices; and
- Providing market competitive levels of target (i.e., opportunity) compensation.

Highlights of the 2010 executive compensation program are:

- As the chart below indicates, the Company delivered total shareholder return for 2010 and annualized total shareholder return for the three-years ending December 31, 2010 that were between the median of the total shareholder returns of the Company's Benchmarking and PSSP Peer Group as defined on pages 27 and 34, respectively.

Relative Total Shareholder Return:
Progress Energy vs. Median of Benchmarking and PSSP Peer Groups



- Our chief executive officer's (CEO) total compensation, as shown in the "Summary Compensation Table" on page 47 of this Proxy Statement is largely flat since 2008 (+0.6%) (the first full year he was in the position) and decreased 3.5% from the amount of total compensation he received in 2009.

- Met our commitment to our customers to provide safe, reliable and competitively priced electric service.

- The Company reported ongoing earnings for 2010 of $889 million, or $3.06 per share, compared to $846 million, or $3.03 per share in 2009.

- Our named executive officers' (NEOs) target (i.e., opportunity) total compensation levels were approximately 25% below the 50th percentile of our benchmarking peer group as defined below in the Competitive Benchmarking section on page 27.

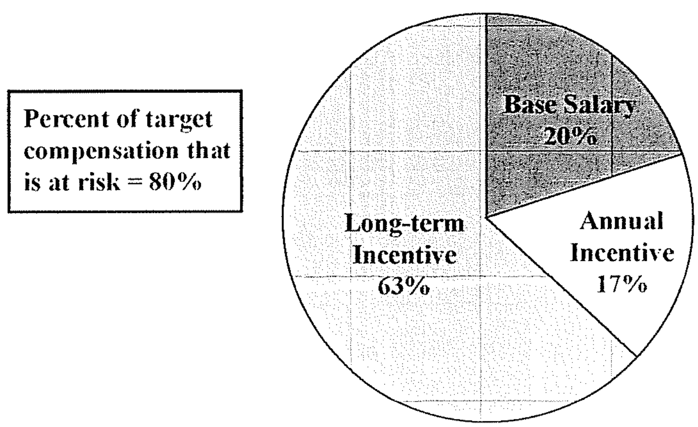
- We continue to provide only minimal executive perquisites (only those prevalent in the marketplace and that are conducive to promoting our desired business outcomes). No tax gross-ups were made on any perquisites.

- All of our NEOs currently meet or exceed the Company's market competitive executive stock ownership guidelines (as shown below in the table on page 28).

- Payments under the Management Incentive Compensation Plan ("MICP") and the Performance Share Sub-Plan ("PSSP") are based on the achievement of multiple performance factors that we believe drive shareholder value.

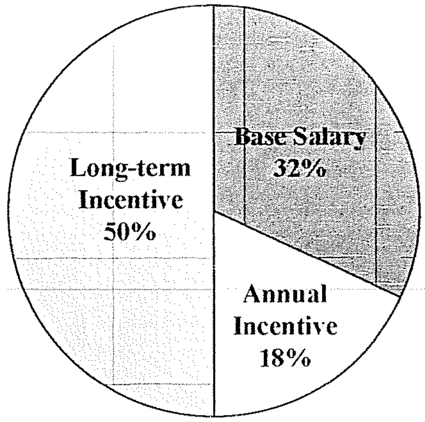
- We continue to strongly believe in a pay-for-performance culture. The charts below illustrate the percentage of performance-based compensation for our CEO and our NEOs.

CEO Mix of Target Compensation



NEO (Excluding CEO) Mix of Target Compensation

Percent of target compensation that is at risk = 68%



- The Organization and Compensation Committee of the Company's Board of Directors (in this Compensation Discussion and Analysis section, the "Committee") made a number of its decisions in consideration of the challenging economic environment such as:
  - no increases to the CEO's and other NEOs' base salaries other than one market-based adjustment, and
  - a 20% reduction in the annual grant of restricted stock units (RSUs).
- The Company will adopt a compensation recoupment policy that will, at a minimum, comply with the final rules issued under the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"). Pursuant to the Dodd-Frank Act, in the event the Company is required to prepare an accounting restatement due to material non-compliance with financial reporting requirements under the U.S. securities laws, the Company would be required to recover compensation regardless of whether the executive officers covered by the recoupment policy engaged in misconduct or otherwise caused or contributed to the requirement for restatement.
- Our CEO has agreed that if he is involuntarily terminated without "cause" or resigns for "good reason" on or prior to the second anniversary of the completion of the proposed merger with Duke Energy Corporation, he will not receive a tax gross-up for any of his excise tax obligation (as disclosed below on page 38).

For 2010, the Company's NEOs were:

- William D. Johnson, Chairman, President and Chief Executive Officer;
- Mark F. Mulhern, Senior Vice President and Chief Financial Officer;
- Jeffrey J. Lyash, Executive Vice President – Energy Supply (formerly Executive Vice President – Corporate Development);
- Lloyd M. Yates, President and Chief Executive Officer, Progress Energy Carolinas, Inc. (PEC); and
- John R. McArthur, Executive Vice President, General Counsel and Corporate Secretary.

I. COMPENSATION OVERVIEW

ASSESSMENT OF RISK

Our Company is highly regulated at both the federal and state levels, therefore, significant swings in earnings performance or growth over time are less influenced by any particular individual or groups of individuals. We believe our compensation program for executive officers does not incentivize excessive risk taking for the following reasons:

- Our compensation program is evaluated annually by the Committee, with the assistance of its compensation consultant, for its effectiveness and consistency with the Company's goals.
- Our incentive compensation practices do not reward the executive officers for meeting or exceeding volume or revenue targets.
- Our compensation program appropriately balances short- and long-term incentives with approximately 63% of total target compensation for the CEO and approximately 50% of total target compensation for the other NEOs provided in equity and focused on long-term performance.
- The PSSP rewards significant and sustainable performance over the longer term by focusing on three-year earnings per share growth and relative total shareholder return targets.
- The MICP focuses on ongoing earnings per share and legal entity net income, because we believe that these are the best measures to assess the change in the intrinsic value of the Company over time and therefore to determine how successful the Company is in its fundamental business.
- The executive officers receive restricted stock units that generally have a three-year vesting period so that their upside potential and downside risk are aligned with that of our shareholders and promote long-term performance over the vesting period.
- The executive officers are subject to stock ownership guidelines independently set by the Committee to align with our shareholders' interests over the long-term.
- The Committee has discretion to adjust all incentive awards based on factors it deems appropriate, including the Company's and the individual executive's performance and how results are achieved.

We have determined that the compensation program for executive officers who are in senior management positions does not encourage excessive risk taking for all the reasons stated above.

PROGRAM ADMINISTRATION

Our executive compensation program is administered by the Committee, which is composed of seven independent directors (as defined under the NYSE Corporate Governance Rules). Members of the Committee do not receive compensation under any compensation program in which our executive officers participate. For a discussion of director compensation, see the "Director Compensation" section on page 71 of this Proxy Statement.

The Committee's charter authorizes the Committee to hire outside consultants. The Committee evaluates the performance of its compensation consultant annually to assess the consultant's effectiveness in assisting the Committee with implementing the Company's compensation program and principles. The Committee retained Meridian Compensation Partners, LLC ("Meridian") as its independent executive compensation consultant to assist the Committee in meeting the Company's compensation objectives. The Committee regularly meets with its consultant in executive session to discuss matters independent of management. Under the terms of its engagement, in 2010 Meridian reported directly to the Committee. Meridian solely provides executive compensation advisory services to the Committee and provides no other services to the Committee or the Company.

Our executive officers and other members of management periodically meet with the compensation consultant to ensure the consultant understands the Company's business strategy. Our executive officers and other Company employees provide the consultant with information regarding our executive compensation and benefit plans and how we administer them on an as-needed basis. In addition, the executive officers ensure that the Committee receives administrative support and assistance, and make recommendations to the Committee to ensure that compensation plans are aligned with our business strategy and meet the principles described above. John R. McArthur, our Executive Vice President, serves as management's liaison to the Committee. William D. Johnson, our Chief Executive Officer, is responsible for conducting annual performance evaluations of the other executive officers and making recommendations to the Committee regarding those executives' compensation. The independent directors of the Board conduct an annual performance evaluation of Mr. Johnson. The Committee discusses the results of the evaluation with Mr. Johnson and makes compensation decisions for him giving consideration to the evaluation results.

COMPETITIVE POSITIONING PHILOSOPHY

The Committee believes its compensation philosophy is aligned with our executive compensation objective of linking pay to performance. When we benchmark and set compensation for our executives against a peer group, we focus on "target" compensation. Target compensation is the value of a pay opportunity as of the beginning of the year. For short-term incentives, this means the value of that incentive opportunity based on the target percentage of salary if our performance objectives are achieved. For example, the Chief Executive Officer's target incentive opportunity is 85% of salary. This means if we reach our targeted financial objectives for the year, a target incentive award would likely be paid. Correspondingly, if performance should fall short or rise above these goals, then the earned incentive award would typically be lesser or greater than targeted. In any event, target incentive opportunities are not a certainty but are a function of business results.

For the performance shares, the ultimate value of any earned award is entirely a function of performance against the pre-established 3-year performance goals as well as the value of the underlying stock price. Also, for the restricted shares the value of any earned award is a function of continued service and the value of the underlying stock price. The target value is not a certainty but only the value of the opportunity.

What ultimately might be earned from either short- or long-term incentives is a function of performance and extended service. With respect to our variable pay programs, it is generally not the Company's purpose to deliver comparable pay outcomes versus that of other companies since outcomes can differ by company based on their performance. Rather, our general compensation objective is to deliver comparable pay opportunities. Realized results will then be a significant function of performance and continued service. This is a common convention among companies; nonetheless, it is an important context to consider when reviewing the remainder of this CD&A where regular references to targets and/or grant date values for our compensation programs appear.

Target total compensation opportunities are intended to approximate the 50th percentile of our peer group (as defined below) with flexibility to pay higher or lower amounts based on individual contribution, competition, retention, succession planning and the uniqueness and complexity of a position. To assess overall compensation, the Committee utilizes tally sheets that provide a summary of the elements of compensation for each senior executive. The tally sheets indicate target and actual pay earned. They also summarize potential retirement benefits at age 65, current equity holdings and potential value from severance.

The compensation opportunities vary significantly from individual to individual based on the specific nature of the executive position. For example, our CEO is responsible for the overall performance of the Company and, as such, his position has a greater scope of responsibility than our other executive positions and is benchmarked accordingly. From a market perspective, the position of chief executive officer receives a greater compensation opportunity than other executive positions. The Committee therefore sets our CEO's compensation opportunity at a level that reflects the responsibilities of his position and the Committee's expectations.

COMPETITIVE BENCHMARKING

On an annual basis, the Committee's compensation consultant provides the Committee with a written analysis comparing base salaries, target annual incentives and the grant date value of long-term incentives of our executive officers to compensation opportunities provided to executive officers of our peers. For 2010, the Committee approved the use of a peer group of 18 integrated utilities used in the prior year and added three new companies: CenterPoint Energy, Inc., CMS Energy Corporation, and NiSource, Inc. (the "Benchmarking Peer Group"). These companies were added to further the Benchmarking Peer Group's alignment with the executive market in which the Company competes for talent. Further, the addition of the new peer companies positioned the Company's revenue more closely to the overall median than the previous peer group. The Benchmarking Peer Group is comprised of utilities that have transmission, distribution and generation assets and was chosen based primarily on revenues. The median revenue of the Benchmarking Peer Group is $10.3 billion compared to the Company's $10.2 billion. These companies would likely be companies with which we primarily compete for executive talent. The table below lists the companies in the Benchmarking Peer Group.

Benchmarking Peer Group		
Allegheny Energy, Inc.	Duke Energy Corporation	PG&E Corporation
Ameren Corporation	Edison International	Pinnacle West Capital Corporation
American Electric Power Co., Inc.	Entergy Corporation	PPL Corporation
CenterPoint Energy, Inc.	Exelon Corporation	SCANA Corporation
CMS Energy Corporation	FirstEnergy Corporation	Southern Company
Dominion Resources, Inc.	NextEra Energy, Inc.	TECO Energy, Inc.
DTE Energy Company	NiSource, Inc.	Xcel Energy, Inc.

The electric utility industry has subsectors identified frequently as competitive merchant, regulated delivery, regulated integrated, and unregulated integrated (typically state-regulated delivery and unregulated generation). Each of these subsectors typically differs in financial performance and market valuation characteristics such as earnings multiples, earnings growth prospects and dividend yields. Progress Energy generally is identified as being in the regulated integrated subsector. This means Progress Energy and its peer companies are primarily rate-of-return regulated, operate in the full range of the value chain (generation, transmission and/or delivery), and typically have requirements to serve all customers under state utility regulations. The Committee annually evaluates the Benchmarking Peer Group to ensure that it remains appropriate for compensation comparisons.

SECTION 162(m) IMPACTS

Section 162(m) of the Internal Revenue Code of 1986, as amended, limits, with certain exceptions, the amount a publicly held company may deduct each year for compensation over $1 million paid or accrued with respect to its chief executive officer and any of the other three most highly compensated officers (excluding the chief financial officer). Certain performance-based compensation is, however, specifically exempt from the deduction limit. To qualify as performance-based, compensation must be paid pursuant to a plan that is:

- administered by a committee of outside directors;
- based on achieving objective performance goals; and
- disclosed to and approved by the shareholders.

The Committee considers the impact of Section 162(m) when designing executive compensation elements and attempts to minimize nondeductible compensation. The Company received shareholder approval of the Progress Energy 2009 Executive Incentive Plan (the "EIP"), an annual cash incentive plan for the Company's named executive officers, at its 2009 Annual Meeting of Shareholders. The MICP and EIP were designed to work together to enable the Company to preserve the tax deductibility of incentive awards under Section 162(m) of the Internal Revenue Code, as amended, to the extent practicable. The sole purpose of the EIP is to preserve the tax deductibility of incentive awards that are qualified performance-based compensation.

STOCK OWNERSHIP GUIDELINES

To align the interests of our executives with the interests of shareholders, the Committee utilizes stock ownership guidelines for all executive officers. The guidelines are designed to ensure that our management maintains a significant financial stake in the Company's long-term success. The guidelines require each senior executive to own a multiple of his or her base salary in the form of Company common stock within five years of assuming his or her position. The required levels of ownership are designed to reflect the level of responsibility that the executive positions entail.

The Committee benchmarked both the position levels and the multiples in our guidelines against those of the Benchmarking Peer Group and general industry practices. The benchmarking for 2010 indicated that the Company's guidelines were "at market" with respect to ownership levels, the types of equity that count toward ownership, and the timeframe for compliance. The Committee also considered the results of the vote on a shareholder proposal included in the Company's 2010 Proxy Statement that proposed the Committee adopt a policy requiring senior executives to retain no less than 75% of net after-tax shares acquired through equity compensation programs until the year following termination of employment through retirement or otherwise. The Committee did not adopt such a policy in 2010 based in part on the fact that approximately 76% of the votes cast were against the proposal. The stock ownership guidelines for our executive officer positions are shown in the table below:

Stock Ownership Guidelines	
Chief Executive Officer	5.0 times Base Salary
Chief Operating Officer	4.0 times Base Salary
Chief Financial Officer	3.0 times Base Salary
Presidents/Executive Vice Presidents/Senior Vice Presidents	3.0 times Base Salary

For purposes of meeting the applicable guidelines, the following are considered as common stock owned by an executive: (i) shares owned outright by the executive; (ii) stock held in a defined contribution, Employee Stock Ownership Plan, or other stock-based plan; (iii) phantom stock deferred under an annual incentive or base salary deferral plan; (iv) stock earned and deferred in any long-term incentive plan account; (v) restricted stock awards and RSUs; and (vi) stock held in a family trust or immediate family holdings.

As of February 25, 2011, our named executive officers exceeded the guidelines (see Management Ownership table on page 11 of this Proxy Statement for specific details). As an indication of Mr. Johnson's alignment of his interests with that of our shareholders, he currently holds equity valued at more than 12 times his base salary (based on the closing share price on February 25, 2011), which exceeds the 5-times base salary required under the guidelines

II. ELEMENTS OF COMPENSATION

The table below summarizes the current elements of our executive compensation program.

Element	Brief Description	Primary Purpose	Short- or Long-Term Focus
Base Salary	Fixed compensation. Annual merit increases reward individual performance and growth in the position.	Basic element of compensation that pays for expertise and experience and necessary to attract and retain.	Short-term (annual)
Annual Incentive	Variable compensation based on achievement of annual performance goals.	Rewards operating performance results that are consistent with reliable and efficient electric service.	Short-term (annual)
Long-Term Incentives — Performance Shares	Variable compensation based on achievement of long-term performance goals.	Align interests of shareholders and management and aid in attracting and retaining executives.	Long-term
Long-Term Incentives — Restricted Stock/Restricted Stock Units	Variable compensation based on target levels. Service-based vesting.	Align interests of shareholders and management and essential in attracting and retaining executives.	Long-term
Supplemental Senior Executive Retirement Plan	Formula-based compensation, based on salary, annual incentives and eligible years of service.	Provides long-term retirement benefit influenced by service and performance. Aids in attracting and retaining executives.	Long-term
Management Change-In-Control Plan	Defines Company's relationship with executives in the event of a change-in-control.	Aligns interests of shareholders and management and aids in (i) attracting executives; (ii) retaining executives during transition following a change-in-control; and (iii) focusing executives on maximizing value for shareholders.	Long-term
Employment Agreements	Define Company's relationship with its executives and provide protection to each of the parties in the event of termination of employment.	Aid in attracting and retaining executives.	Long-term
Executive Perquisites	Personal benefits awarded outside of base pay and incentives.	Aid in attracting and retaining executives and allowing executives to focus their energies on Company priorities.	Short-term (annual)
Other Broad-Based Benefits	Employee benefits such as health and welfare benefits, 401(k) and pension plan.	Basic elements of compensation expected in the marketplace. Aid in attracting and retaining executives.	Both Short- and Long-term
Deferred Compensation	Provides executives with tax deferral options in addition to those available under our qualified plans	Aids in attracting and retaining executives.	Long-term

The table below shows the target awards of short-term and long-term incentives to each NEO for 2010. Percentages for incentives are expressed as a percentage of base salary. Additional elements of compensation are discussed further in this section.

Incentive Targets					
		Short-Term (annual)	Long-Term Incentive Targets as a Percentage of Salary		
Named Executive Officer	Base Salary (as of 1/1/11)	Incentive Target[1]	Performance Shares[2]	Restricted Stock	Total Incentive Target
William D. Johnson	$990,000	85%	233%	117%	435%
Mark F. Mulhern	$450,000	55%	117%	58%	230%
Jeffrey J. Lyash	$453,000	55%	117%	58%	230%
Lloyd M. Yates	$448,000	55%	117%	58%	230%
John R. McArthur	$488,000	55%	117%	58%	230%

[1] Annual incentive awards can range from 0%-200% of target percentages

[2] Payout opportunities can range from 0%-200% of target percentages

1. BASE SALARY

The primary purpose of base salaries is to provide a basic element of compensation necessary to attract and retain executives. Base salary levels are established based on data from the Benchmarking Peer Group identified on page 27 and consideration of each executive officer's skills, experience, responsibilities and performance. Market compensation levels that approximate the 50th percentile of the Benchmarking Peer Group are used to assist in establishing each executive's job value (commonly called the "midpoint" at other companies). Job values serve as the market reference for determining base salaries.

Each year, the compensation consultant provides the market values for our executive officer positions. Based, in part, on these market values and, in part, on the executives' achievement of individual and Company goals, the Chief Executive Officer then recommends to the Committee base salary adjustments for our executive officers (excluding himself). The Committee reviews the proposed base salaries, adjusts them as it deems appropriate based on the executives' achievement of individual and Company goals and market trends that result in changes to job values, and approves them in the first quarter of each year. The Committee meets in executive session with the compensation consultant to review and establish the Chief Executive Officer's base salary.

2. ANNUAL INCENTIVE

We sponsor the MICP, an annual cash incentive plan, in which our executives, managers and supervisors participate. The Company includes managers and supervisors in the MICP to increase accountability for all levels of the Company's management team and to better align compensation with management performance. Annual incentive opportunities are provided to executive officers to promote the achievement of annual performance objectives. MICP targets are based on a percentage of each executive's base salary and are intended to offer target award opportunities that approximate the 50th percentile of the market for the Benchmarking Peer Group.

Each year, the Committee establishes, based on the recommendations of the CEO, the threshold, target and outstanding levels for the performance measures applicable to the named executive officers. The 2010 MICP performance measures were ongoing earnings per share (Ongoing EPS) and legal entity net income for PEC and PEF as shown in the table below:

2010 MICP Financial Performance Goals			
(in millions except EPS)	**Threshold**	**Target**	**Outstanding**
Company Ongoing EPS	$2.75	$2.95	$3.05
PEC Net Income	$572	$605	$623
PEF Net Income	$405	$429	$441

The MICP's performance targets are designed to align with our financial plan and are intended to appropriately motivate the executive officers to achieve the desired corporate financial objectives. Effective January 1, 2010, the legal entity net income performance measure was implemented as a result of the Company's desire to increase its legal entity focus on net income results. The potential MICP funding for each performance measure is 50% at threshold, 100% at target and 200% at outstanding (maximum). Interpolation is applied when actual performance is between the identified levels. Each performance measure is assigned a weight based on the relative importance of that measure to the Company's performance. During the year, updates are provided to the Committee on the Company's performance as compared to the performance measures. For 2010, the named executive officers' performance measures under the MICP were weighted among Ongoing EPS and legal entity net income as follows:

		Performance Measures (Relative Percentage Weight)		
Named Executive Officer	**Target Opportunity**	**Company Ongoing EPS**	**PEC Net Income**	**PEF Net Income**
William D. Johnson	85%	100%	—	—
Mark F. Mulhern	55%	100%	—	—
Jeffrey J. Lyash	55%	35%	32.5%	32.5%
Lloyd M. Yates	55%	45%	55%	—
John R. McArthur	55%	100%	—	—

The determination of the annual MICP award that each named executive officer receives has two steps: i) funding the MICP awards based on the performance as compared to the financial goals specified above; and ii) determining individual MICP awards.

First, the Committee approves the total amount that will be made available to fund MICP awards to managers and executives, including the NEOs. To determine the total amount available to fund all MICP awards, we calculate an amount for each MICP participant by multiplying each participant's base salary by a performance factor (based on the sum of a participant's weighted target award achievements). The performance factor ranges between 0 and 200% of a participant's target award, depending upon the results of each applicable performance measure. The sum of these amounts for all participants is the total amount of funds available to pay to all participants, including the named executive officers.

Second, the CEO recommends to the Committee an MICP payment for executives (excluding the CEO) based on the executive's target award opportunity, the degree to which the Company achieved certain goals, and the executive's individual performance based on achieving individual goals and operating results. The Committee reviews the CEO's recommendations and approves and/or makes adjustments as appropriate. The CEO's MICP payment is determined by the Committee based upon the Committee's annual evaluation of the CEO's performance. The Committee may reduce but cannot increase the amount payable to a participant according to business factors determined by the Committee, including the performance measures under the MICP.

As allowed by the MICP, the Committee uses discretion to adjust funding amounts up or down depending on factors that it deems appropriate, such as weather, storm costs, impairments, restructuring costs, and gains/losses on sales of assets. The Committee uses Ongoing EPS as defined and reported by the Company in its annual earnings release.

Based on management's recommendations, with respect to 2010, the Committee exercised discretion for the three performance measures: the Company's Ongoing EPS, PEC net income and PEF net income. The Committee approved adjusting the Company's earnings per share results downward by $0.22 to account for favorable weather, storm and regulatory costs. The Committee approved adjusting PEC net income for favorable weather, storm and regulatory costs for a net downward adjustment of $32 million. The Committee approved adjusting PEF net income downward by $42 million to account for favorable weather and regulatory costs. These adjustments resulted in the Company's Ongoing EPS, PEC net income and PEF net income performance at 73%, 74% and 82% of target, respectively. As a result of these downward adjustments, the 2010 MICP payments were below the target award opportunity for each of the NEOs.

3. LONG-TERM INCENTIVES

The 2007 Equity Incentive Plan (the "Equity Incentive Plan") was approved by our shareholders in 2007 and allows the Committee to make various types of long-term incentive awards to Equity Incentive Plan participants, including the named executive officers. The awards are provided to the named executive officers to align the interests of each executive with those of the Company's shareholders. Long-term incentive awards are intended to offer target award opportunities that approximate the 50th percentile of the peer group. Currently, the Committee utilizes two types of equity-based incentives: restricted stock units and performance shares.

The Committee has determined that to accomplish our compensation program's purposes effectively, equity-based awards should consist of one-third restricted stock units and two-thirds performance shares. This allocation reflects the Committee's strategy of utilizing long-term incentives to retain officers, align officers' interests with those of the Company's shareholders and drive specific financial performance.

Performance shares are intended to focus executive officers on the multi-year sustained achievement of financial and shareholder value objectives. RSUs are intended to further align executives' interests with shareholder interests while providing strong retention for the executive to remain with the Company long enough for the restricted stock units to vest.

The table below shows the 2010 long-term incentive targets for the NEOs' positions.

Long-Term Incentive Award Target[1]		
Position[2]	Performance Shares Target Award 2010	Restricted Stock Units Target Award 2010[3]
Chief Executive Officer	233%	117%
Executive Vice President	117%	58%
Chief Financial Officer	117%	58%
President, PEC	117%	58%

[1] Target award amounts are expressed as percentages of base salaries for the listed positions.

[2] Position held at Progress Energy, Inc. unless otherwise noted.

[3] NEOs' 2010 RSU target award amounts were reduced by 20%.

After October 2004, we ceased granting stock options. All previously granted stock options remain valid in accordance with their terms and conditions.

Performance Shares

The Performance Share Sub-Plan under the Equity Incentive Plan authorizes the Committee to issue performance shares to executives as selected by the Committee in its sole discretion. The value of a performance share is equal to the value of a share of the Company's common stock, and earned performance share awards are paid in Company common stock. The performance period for a performance share is the three-consecutive-calendar-year period beginning in the year in which it is granted. Dividends or dividend equivalents are not paid on unvested performance shares. Rather, dividend equivalents accrue quarterly and are reinvested in additional shares that are only paid on earned performance shares at the end of each three-year performance cycle.

To determine the number of shares granted at the beginning of each performance cycle, the Company divides the target award value by the closing stock price on the last trading day of the year prior to the beginning of the performance period. The performance shares must then be earned over the three-year performance cycle. The granting of performance shares does not provide the participant with any guarantee of actually receiving the awards.

Notwithstanding the above calculation, the Committee may exercise discretion in determining the size of each performance share grant, with the maximum grant size at 125% of target. In 2010, the Committee did not exercise this discretion with respect to any grant of the named executive officers.

2007 Performance Share Sub-Plan (the "2007 PSSP")

The 2007 PSSP provides for an adjusted measure of total shareholder return (referred to as "Total Business Return" or TBR) to be utilized as the sole measure for determining the amount of a performance share award upon vesting. TBR is computed assuming a constant price to earnings ratio, which was set at the beginning of each performance period. During a period when the Company was undergoing transformation of its underlying operating portfolio, this measure was intended to filter out external or market-based variations in the Company's stock price and focus on internal restructuring. The performance measure also uses the Company's publicly reported ongoing earnings as the earnings component for determining performance share awards. The Committee chose this method as the sole performance measure to support its desire to better align the long-term incentives with the interests of our shareholders and to emphasize our focus on dividend and Ongoing EPS growth. TBR was used for the 2007 – 2009 and 2008 – 2010 performance share grants made under the 2007 PSSP. The performance measures for the 2008 – 2010 performance cycle are shown in the table below.

	Threshold	**Target**	**Outstanding**
2007 Total Business Return[1]	5%	8%	≥10.5%
2007 Percentage of Target Award Earned	50%	100%	200%
2008 Total Business Return[1]	5%	8%	≥11%
2008 Percentage of Target Award Earned	25%	100%	200%

[1] Total shareholder return, adjusted to reflect a constant price to earnings ratio set at January 1 of the grant year and to reflect the Company's ongoing earnings per share for each year of the performance period

Additionally, the Committee retained the discretion to reduce the number of performance shares awarded if it determines that the payouts resulting from the TBR do not appropriately reflect the Company's actual performance

In the first quarter of 2010, the Committee approved a payout of 125% of the target value for the 2007 – 2009 PSSP grants

2009 Performance Share Sub-Plan (the "2009 PSSP")

The 2009 PSSP uses two equally weighted performance measures: relative total shareholder return (TSR) and earnings growth. TSR, unlike the previously discussed TBR, is based on the conventional metric of annual share price appreciation and dividends. By using a combination of relative TSR and absolute earnings growth, the 2009 PSSP allows the Committee to consider the Company's performance as compared to the PSSP Peer Group (as defined below), and management's achievement of internal goals.

Relative TSR

The relative TSR performance is calculated using the Company's three-year annualized TSR ranked against the PSSP Peer Group. TSR is defined as the appreciation or depreciation in the value of the stock, plus dividends paid during the year, divided by the closing value of the stock on the last trading day of the preceding year. The table below shows the percent of target awards that may be earned based on the Company's relative TSR percentile ranking:

Performance and Award Structure (50%)	
Percentile Ranking	**Percent of Target Award Earned**
80th	200%
50th	100%
40th	50%
<40th	0%

However, regardless of the relative ranking, if the Company's TSR is negative for the performance period, no award above the threshold can be earned.

In making awards under the 2009 PSSP, the Committee used a group of highly regulated companies with a business strategy similar to ours based on a percentage of regulated earnings (the "PSSP Peer Group"). These companies have a significant amount of their earnings generated from regulated assets. In addition, the PSSP Peer Group was selected based on other factors including revenues, market capitalization, and enterprise value. The PSSP Peer Group differs from the Benchmarking Peer Group the Committee uses for purposes of benchmarking compensation. The Benchmarking Peer Group is a broader group that represents those companies with which we primarily compete for executive talent and includes companies that are not regulated integrated utilities. The Committee believes that for purposes of our long-term incentive plan, it is more appropriate to use the PSSP Peer Group comprised of companies that derive a significant percentage of their earnings from regulated businesses. The table below lists the companies in the PSSP Peer Group.

PSSP Peer Group		
Alliant Energy Corporation	Great Plains Energy, Inc.	SCANA Corporation
American Electric Power, Inc.	NV Energy, Inc.	Southern Company
Consolidated Edison, Inc.	PG&E Corporation	Westar Energy, Inc.
DPL, Inc.	Pinnacle West Capital Corporation	Wisconsin Energy Corp.
Duke Energy Corporation	Portland General Electric Company	Xcel Energy, Inc.

Earnings Growth

Earnings growth is based on the Company's annual Ongoing EPS. Ongoing EPS is determined in accordance with the Company's "Policy for Press Release Earnings Disclosure of Non-GAAP Measures." The earnings growth component of the PSSP award is based on the Company's earnings growth performance as measured against pre-established goals set at the beginning of the performance period. The Committee determined the earnings growth targets for the 2010 annual grant were appropriate in consideration of a challenging economy.

consistency with analysts' expectations, the 2010 projected analysts' consensus on earnings growth for the PSSP Peer Group, and continued uncertainties of the Florida regulatory environment. The table below shows the percent of target awards that may be earned based on the Company's earnings growth performance:

Performance and Award Structure (50%)			
Performance	Three-Year Average Ongoing EPS Growth		Percent of Target Award Earned
	2009-2011	2010-2012	
Threshold	2%	1%	50%
Target	4%	3%	100%
Maximum	6%	5%	200%

Restricted Stock Units

The restricted stock unit component of the current long-term incentive program helps us retain executives and aligns the interests of management with those of our shareholders and management by rewarding executives for increasing and sustaining shareholder value. The Committee believes that the service-based nature of RSUs is essential in retaining an experienced and capable management team.

Executive officers typically receive a grant of service-based RSUs in the first quarter of each year which are subject to a three-year graded vesting schedule. The size of each grant is based on the executive officer's target award percentage and is determined by using the closing price of the Company's common stock on the last trading day of the year prior to the date of the award. The Committee establishes target levels based on the peer group information discussed under the caption "Competitive Positioning Philosophy" on page 26 above. The 2010 RSU targets for the NEOs are shown in the "Long-Term Incentive Award Target" table on page 32 above. The granting of RSUs does not provide the participant with any guarantee of vesting in the awards. Holders of RSUs receive quarterly cash dividend equivalents equal to the amount of any quarterly dividends paid on our common stock.

To further accent the retention quality of the Equity Incentive Plan and to recognize the contribution of the officer team, including the named executive officers, the Committee may also issue in its discretion service-based ad hoc grants of restricted stock units to executives. No ad hoc grants were awarded by the Committee during 2010.

4. SUPPLEMENTAL SENIOR EXECUTIVE RETIREMENT PLAN

The Supplemental Senior Executive Retirement Plan ("SERP") provides a supplemental, unfunded pension benefit for executive officers who have at least 10 years of service with at least three years of service on our Senior Management Committee ("SMC"), i.e., service as a Senior Vice President or above. The SERP is designed to provide pension benefits above those earned under our qualified pension plan. Current tax laws place various limits on the benefits payable under our qualified pension, including a limit on the amount of annual compensation that can be taken into account when applying the plan's benefit formulas. Therefore, the retirement incomes provided to the named executive officers by the qualified plans generally constitute a smaller percentage of final pay than is typically the case for other Company employees. To make up for this shortfall and to maintain the market-competitiveness of the Company's executive retirement benefits, we maintain the SERP for members of the SMC, including the NEOs.

The SERP defines covered compensation as annual base salary plus the annual cash incentive award. The qualified plans define covered compensation as base salary only. The Committee believes it is appropriate to include annual cash incentive awards in the definition of covered compensation for purposes of determining pension plan benefits for the named executive officers to ensure that the named executive officers can replace in retirement a portion of total compensation received during employment. This approach takes into account the fact that base pay alone comprises a relatively smaller percentage of a named executive officer's total compensation than of other Company employees' total compensation.

The Committee believes that the SERP is a valuable and effective tool for attraction and retention due to its significant benefit and vesting requirements. It is also a common tool among the Benchmarking Peer Group and utilities in general. Total years of service attributable to an eligible executive officer may consist of actual or deemed years. The Committee grants deemed years of service on a case-by-case basis depending upon our need to attract and retain a particular executive officer. All of our named executive officers participate in the SERP and are fully vested in the SERP other than John R. McArthur, who will begin participation and vest on January 1, 2012.

Payments under the SERP are made in the form of an annuity, payable at age 65. The monthly SERP payment is calculated using a formula that equates to 4% per year of service (capped at 62%) multiplied by the average monthly eligible pay for the highest completed 36 months of eligible pay within the preceding 120-month period. Eligible pay includes base salary and annual incentive. (For those executives who became SERP participants on or after January 1, 2009, the target benefit percentage is 2.25% rather than 4% per year of service. None of the named executive officers for 2010 is subject to the new benefit percentage.) Benefits under the SERP are fully offset by Social Security benefits and by benefits paid under our qualified pension plan. An executive officer who is age 55 or older with at least 15 years of service may elect to retire and commence his or her SERP benefit prior to age 65. The early retirement benefit will be reduced by 2.5% for each year the participant receives the benefit prior to reaching age 65.

5. MANAGEMENT CHANGE-IN-CONTROL PLAN

We sponsor a Management Change-In-Control Plan (the "CIC Plan") for selected employees. The purpose of the CIC Plan is to retain key management employees who are critical to the negotiation and subsequent success of any transition resulting from a change-in-control ("CIC") of the Company. Providing such protection to executive officers in general minimizes disruption during a pending or anticipated CIC. Under our CIC Plan, we generally define a CIC as occurring at the earliest of the following:

- the date any person or group becomes the beneficial owner of 25% or more of the combined voting power of our then outstanding securities; or
- the date a tender offer for the ownership of more than 50% of our then outstanding voting securities is consummated; or
- the date we consummate a merger, share exchange or consolidation with any other corporation or entity, regardless of whether we are the surviving company, unless our outstanding securities immediately prior to the transaction continue to represent more than 60% of the combined voting power of the outstanding voting securities of the surviving entity immediately after the transaction; or
- the date, when, as a result of a tender offer, exchange offer, proxy contest, merger, share exchange, consolidation, sale of assets or any combination of the foregoing, the directors serving as of the effective date of the change-in-control plan, or elected thereafter with the support of not less than 75% of those directors, cease to constitute at least two-thirds (⅔) of the members of the Board of Directors; or
- the date when our shareholders approve a plan of complete liquidation or winding-up or an agreement for the sale or disposition by us of all or substantially all of our assets; or
- the date of any other event that our Board of Directors determines should constitute a CIC.

The purposes of the CIC Plan and the levels of payment it provides are designed to:

- focus executives on maximizing shareholder value;
- ensure business continuity during a transition and thereby maintain the value of the acquired company;

- allow executives to focus on their jobs and not alternative future employment if they should be terminated; and
- retain key executives during a period of potentially protracted transition for the benefit of shareholders and customers.

The Committee has the sole authority and discretion to designate employees and/or positions for participation in the CIC Plan. The Committee has designated certain positions, including all of the NEO positions, for participation in the CIC Plan. The benefits provided under the CIC Plan do not duplicate the employment agreement severance benefits in the case of CIC Plan participants. Participants are not eligible to receive any of the CIC Plan's benefits absent both a CIC of the Company and an involuntary termination of the participant's employment without cause, including voluntary termination for good reason. Good reason termination includes changes in employment circumstances such as a:

- reduction of base salary or material reduction of incentive compensation opportunity;
- material adverse change in position or scope of authority;
- significant change in work location; or
- breach of provisions of the CIC Plan.

Rather than allowing benefit amounts to be determined at the discretion of the Committee, the CIC Plan has specified multipliers designed to be competitive with current market practices. With the assistance of its compensation consultant, the Committee has reviewed the design of the CIC Plan to ensure that it meets the Company's business objectives and falls within competitive parameters. The Committee has determined that the current CIC Plan is effective at meeting the goals described above.

The CIC Plan provides separate tiers of severance benefits based on the position a participant holds within our Company. The continuation of health and welfare benefits coverage and the degree of excise tax gross-up for terminated participants align with the length of time during which they will receive severance benefits.

The following table sets forth the key provisions of the CIC Plan benefits as it relates to our NEOs:

	Tier I	**Tier II**
Eligible Positions	Chief Executive Officer, Chief Operating Officer, Presidents and Executive Vice Presidents	Senior Vice Presidents
Cash Severance	300% of base salary and annual incentive[1]	200% of base salary and annual incentive[1]
Health & Welfare Coverage Period	Coverage up to 36 months	Coverage up to 24 months
Gross-ups	Full gross-up of excise tax	Conditional gross-up of excise tax

[1] The cash severance payment will be equal to the sum of the applicable percentage of annual base salary and the greater of the average of the participant's annual incentive award for the three years immediately preceding the participant's employment termination date, or the participant's target annual incentive award for the year the participant's employment with the Company terminates.

Additionally, the CIC Plan has the following key provisions:

Benefit	Description
Annual Incentive	100% of target incentive if terminated within coverage period after CIC.
Restricted Stock Agreements	Restrictions are fully waived on all outstanding grants if terminated during coverage period (unless outstanding awards are not assumed by the acquiring company in which case they would vest at CIC).
Performance Share Sub-Plan	Outstanding awards vest (at the target level) as of the termination date (unless outstanding awards are not assumed by the acquiring company in which case they would vest at CIC).
Stock Option Agreements	Unvested awards if assumed by acquiring company would vest according to their normal schedule; otherwise they would vest if participant is terminated during coverage period after the CIC (there are no unvested stock option awards currently outstanding).
Supplemental Senior Executive Retirement Plan	Participant shall be deemed to have met minimum service requirements for benefit purposes, and participant shall be entitled to payment of benefit under the SERP.
Deferred Compensation	Entitled to payment of accrued benefits in all accrued nonqualified deferred compensation plans.

In the event an NEO is terminated following a change-in-control of the Company, benefits payable under the CIC Plan will be paid in lieu of any severance benefits payable under the NEO's employment agreement if the transaction qualifies as a change in control under Section 409A of the Internal Revenue Code of 1986, as amended. If the transaction is not a Section 409A change in control, the NEO will receive the same level of CIC Plan benefits except that a portion of the cash severance will be paid in installments rather than in a lump sum. Accordingly, the amounts shown in the "Involuntary or Good Reason Termination (CIC)" columns in the tables captioned "Potential Payments Upon Termination," on pages 61 through 70 below show only the potential payments each of our NEOs would be eligible to receive under the CIC Plan in the event of a CIC.

The CIC Plan also permits the Board to establish a nonqualified trust to protect the benefits of the impacted participants. This type of trust generally is established to protect nonqualified and/or deferred compensation against various risks such as a CIC or a management change-of-heart. Any such trust the Board establishes will be irrevocable and inaccessible to future or current management, and may be currently funded. To date, no such trust has been funded with respect to any of our NEOs.

Application of the CIC Plan and Other Compensation Related Consequences of the Proposed Merger with Duke Energy

On January 8, 2011, Duke Energy Corporation ("Duke Energy") and the Company entered into an Agreement and Plan of Merger (the "Merger Agreement"). Pursuant to the Merger Agreement, if the merger is consummated, the Company will become a wholly owned subsidiary of Duke Energy and shareholders of the Company will receive shares of Duke Energy common stock. Consummation of the merger is subject to customary conditions, including among other things, approval of the shareholders of each company.

Our NEOs will not receive additional compensation or benefits under their employment agreements or the CIC Plan solely on account of the consummation of the merger with Duke Energy. However, subject to the limitations described below, if an NEO is terminated without "cause" or resigns with "good reason" within twenty-four months after consummation of the merger, they will be entitled to severance benefits under the CIC Plan as set forth in the "Involuntary or Good Reason Termination (CIC)" column of the tables captioned "Potential Payments Upon Termination," on pages 61 through 70 below. The eligibility of certain NEOs to receive the CIC Plan benefits is limited by the following:

- Each of our NEOs are expected to assume new positions with Duke Energy effective upon consummation of the merger. Thus, we do not expect that these executives' employment will be terminated in connection with consummation of the merger.

- In connection with the execution of the Merger Agreement, Duke Energy, Diamond Acquisition Corporation and Mr Johnson executed a term sheet pursuant to which the parties agreed to enter into an employment agreement upon consummation of the merger. Pursuant to the term sheet, Mr. Johnson has waived his right to resign with "good reason," and receive CIC Plan benefits or to assert a "constructive termination" under his existing employment agreement, on account of (i) his required relocation to Charlotte, North Carolina, (ii) any changes to his positions, duties and responsibilities in connection with his acceptance of the new position with Duke Energy, or (iii) any changes to his total incentive compensation opportunity following the merger with Duke Energy. In addition, Mr. Johnson's term sheet specifies that if he is involuntarily terminated without "cause" or resigns for "good reason" on or prior to the second anniversary of the completion of the merger, he will not receive a tax gross-up for the parachute payment excise tax under Sections 280G and 4999 of the Internal Revenue Code. In addition to the waivers described above, Mr. Johnson's term sheet also specifies that if he is involuntarily terminated without "cause" or resigns for "good reason" following the second anniversary of, but prior to the third anniversary of, the consummation of the merger, he will be entitled to the severance benefits provided under his current employment agreement. If the merger with Duke Energy is not completed, the waivers described in this paragraph will not take effect.

- Also in connection with the execution of the Merger Agreement, each of Messrs. Yates, Lyash, McArthur and Mulhern entered into a letter agreement with the Company waiving certain rights of such executive officer under the CIC Plan and such executive officer's employment agreement. Messrs. Yates, Lyash, McArthur and Mulhern have each waived the right to resign with "good reason," and receive the CIC Plan benefits or to assert a "constructive termination" under their employment agreements, on account of (i) a required relocation to Charlotte, North Carolina, (ii) a change in his position, duties or responsibilities in connection with his acceptance of the new position with Duke Energy or (iii) a reduction in his total incentive compensation opportunity by virtue of his participation in Duke Energy's incentive compensation plans (provided that his target incentive compensation opportunity is substantially similar to that of similarly situated Duke Energy executives). Thus, Messrs. Yates, Lyash, McArthur and Mulhern cannot claim entitlement to CIC Plan benefits or severance under their employment agreements upon a resignation following the merger for any of these reasons. The letter agreements will be terminated in the event that the Merger Agreement is terminated prior to the merger with Duke Energy being consummated.

Upon consummation of the merger, outstanding options to purchase shares of Company common stock and outstanding awards of restricted stock, restricted stock units, phantom shares and performance shares will be converted into equity or equity-based awards in respect of a number of shares of Duke Energy common stock equal to the number of shares of Company common stock represented by such award multiplied by the exchange ratio under the Merger Agreement and will remain subject to the same vesting requirements as were applicable to such awards prior to consummation of the merger with Duke Energy. In other words, the vesting of options and other equity awards held by our NEOs will not be accelerated on account of the completion of the merger. The outstanding annual incentive awards of our NEOs also will remain subject to their original vesting requirements and will remain subject to performance criteria. The compensation committee of the Duke Energy board of directors will adjust the original performance criteria for outstanding performance shares and annual incentive awards as it determines is appropriate and equitable to reflect the merger, Progress Energy's performance prior to completion of the merger and the performance criteria of awards made to similarly situated Duke Energy employees.

Notwithstanding the provisions of the CIC Plan providing for the funding of a nonqualified trust to protect the benefits of the impacted participants, the terms of the Merger Agreement prohibit the funding of any such trust and stipulate that the CIC Plan must be amended prior to the consummation of the merger to eliminate any funding requirement.

On March 16, 2011, the Board amended the SERP in two respects. The SERP was amended to provide that all service with the Company and its affiliates, including Duke Energy and its affiliates, after completion of the merger will be treated as service as a Senior Vice President or above for purposes of meeting the SERP's eligibility requirements. Second, the SERP was amended to limit participation in the SERP to executives who were members of the SMC on January 8, 2011.

6. EMPLOYMENT AGREEMENTS

Each named executive officer has an employment agreement that documents the Company's relationship with that executive. We provide these agreements to the executives as a means of attracting and retaining them. Each agreement has a term of three years. When an agreement's remaining term diminishes to two years, the agreement automatically adds another year to the term, unless we give a 60-day advance notice that we do not want to extend the agreement. If a named executive officer is terminated without cause during the term of the agreement, he is entitled to severance payments equal to his base salary times 2.99, as well as up to 18 months of COBRA reimbursement. A description of each named executive officer's employment agreement is discussed under the "Employment Agreement" section of the "Discussion of Summary Compensation Table and Grants of Plan-Based Awards Table" on page 52 of this Proxy Statement.

The Committee provides employment agreements to the named executive officers because it believes that such agreements are important for the Company to be competitive and retain a cohesive management team. The employment agreements also provide for a defined employment arrangement with the executives and provide various protections for the Company, such as prohibiting competition with the Company, solicitation of the Company's employees and disclosure of confidential information or trade secrets. The Committee believes that the terms of the employment agreements are in line with general industry practice.

7. EXECUTIVE PERQUISITES

We provide limited perquisites and other benefits to our executives. Amounts attributable to perquisites are disclosed in the "All Other Compensation" column of the Summary Compensation Table on page 47.

The Committee has determined that the current perquisites are appropriate and consistent with market practices. The perquisites available to the named executive officers during 2010 include:

Perquisites for 2010	Description
Personal Travel on Corporate Aircraft and "Business-Related" Spousal Travel[1]	Personal and spousal travel on corporate aircraft is permitted under very limited circumstances.
Financial and Estate Planning	An annual allowance of up to $16,500 for the purpose of purchasing financial and estate planning counseling and services and preparation of personal tax return.
Luncheon and Health Club Dues	Membership in an approved luncheon club and membership in a health club of executive officer's choice.
Executive Physical	Reimbursement of up to $2,500 for an extensive physical at a clinic specializing in executive physicals, every other year.
Internet and Telecom Service[2]	Monthly fees for Internet and telecom access.
Home Security	An installed home security system and payment of monitoring fees.
Accidental Death and Dismemberment Insurance	$500,000 of AD&D insurance for each executive officer.

[1] Personal travel on the Company's aircraft in the event of a family emergency or similar situation is permitted with the approval of the Chief Executive Officer. Executives' spouses may travel on the Company's aircraft to accompany the executives to "business-related" events executives' spouses are requested to attend. For 2010, the named executive officers whose perquisites included spousal travel on corporate aircraft for business purposes were Messrs. Johnson, Lyash, and Yates.

[2] Including home use of Company-owned computer.

The Committee believes that the perquisites we provide to our executives are reasonable, competitive and consistent with our overall executive compensation program in that they help us attract and retain skilled and qualified executives. We believe that these benefits generally allow our executives to work more efficiently and, in the case of the tax and financial planning services, help them to optimize the value received from all of the compensation and benefits programs offered. The costs of these benefits constitute only a small percentage of each named executive officer's total compensation.

8. OTHER BROAD-BASED BENEFITS

The named executive officers receive our general corporate benefits provided to all of our regular, full-time, nonbargaining employees. These broad-based benefits include the following:

- participation in our 401(k) Plan (including a limited Company match of up to 6% of eligible compensation);
- participation in our funded, tax-qualified, noncontributory defined-benefit pension plan, which uses a cash balance formula to accrue benefits; and
- general health and welfare benefits such as medical, dental, vision and life insurance, as well as long-term disability coverage.

9. DEFERRED COMPENSATION

We sponsor the Management Deferred Compensation Plan (the "MDCP"), an unfunded, deferred compensation arrangement. The plan is designed to provide executives with tax deferral options, in addition to those available under the existing qualified plans. An executive may elect to defer, on a pre-tax basis, payment of up to 50% of his or her salary for a minimum of five years or until his or her date of retirement. As a make-up for the 401(k) statutory compensation limits, executives receive deferred compensation credits of 6% of their base salary over the Internal Revenue Code statutory compensation limit on 401(k) retirement plans. The Committee views the matching feature as a restoration benefit designed to restore the matching contribution the executive would have received under the 401(k) retirement plan in the absence of the Internal Revenue Service compensation limits. Each executive may allocate his or her deferred compensation among available deemed investment funds that mirror those options available under the 401(k) plan.

Executives can elect to defer up to 100% of their MICP and/or performance share awards. The deferral option is provided as an additional benefit to executive officers to provide flexibility in the receipt of compensation. Deferred awards may be allocated among deemed investment options that mirror the Company's 401(k) Plan. Effective September 1, 2010, the named executive officers cannot allocate deferred awards to the deemed Company stock investment fund.

III. 2010 COMPENSATION DECISIONS

Company Performance

The Committee made decisions for the executive officers' compensation following the provisions of the compensation plans and benefit programs described in Article II. Elements of Compensation. The Committee also considered a number of factors in exercising its permitted discretion under the plans, including the challenging economic environment, the performance of the Company's nuclear fleet, and the Company's overall operational and financial results. Highlights of the Company's 2010 performance include the following:

- Returned value to shareholders including increasing dividends from $693 million in 2009 to $717 million in 2010; maintained the dividend rate in the face of a challenging economic environment;

- Total shareholder return in 2010 was 12.6% as compared to the median 2010 total shareholder return for the PSSP Peer Group of 14.9%; the Company's three-year annualized total shareholder return was 2.6% as compared to the median three-year annualized total shareholder return for the PSSP Peer Group of 4.1%;

- Delivered ongoing earnings of $889 million, or $3.06 per share, compared to $846 million, or $3.03 per share in 2009;

- PEC ongoing net income was $618 million and PEF ongoing net income was $462 million for 2010;

- Experienced higher operations and maintenance expense primarily due to higher nuclear plant outage and maintenance costs driven by expanded scope and more emergent work in 2010 as compared to 2009;

- Received approval from the Florida Public Service Commission to recover all proposed costs in Progress Energy Florida's annual filings for fuel and purchased power, environmental projects, conservation programs and new nuclear generation, including approval to collect, subject to refund, replacement power costs related to the Crystal River 3 Nuclear Plant outage;

- Received approval from the North Carolina Utilities Commission to recover all proposed costs of fuel, energy-efficiency programs and renewable energy resource; and

- Completed successful refueling and maintenance outage at Harris Nuclear Plant, executing several major projects, including an electric generator replacement, cooling tower fill project, and a fire protection enhancement.

Chief Executive Officer Compensation

William D. Johnson

In March 2010, the Committee considered Mr. Johnson's salary against the salaries of the chief executive officers in the Benchmarking Peer Group, the Company's performance, the difficult external economic climate and the performance of our nuclear fleet. Based on these factors, the Committee did not approve an increase to Mr. Johnson's salary of $990,000. Mr. Johnson's current target total base compensation is approximately 9% below the 50th percentile of the Benchmarking Peer Group due to his relatively short tenure in the Chief Executive Officer position, and more significantly, the challenging economic environment. It is the Committee's intention to increase Mr. Johnson's salary over time to a level that is at the 50th percentile of the Benchmarking Peer Group. For 2010, the Committee set Mr. Johnson's MICP target award opportunity at 85% of base salary. This target award was the same as the target Mr. Johnson had in 2007 after he assumed his new position, and represents a target award opportunity that is below the 50th percentile of market. The payout of the 2010 MICP award was based on the extent to which Mr. Johnson achieved his performance goals, which were focused on the following general areas of Company success:

- Delivering on fundamentals of safety, operational excellence and customer satisfaction;
- Strengthening nuclear performance through a fleet alignment initiative;
- Achieving financial objectives and strengthening financial accountability and understanding throughout the Company;
- Managing capital projects and programs effectively;
- Executing the energy-efficiency and emerging technology features of the Company's Balanced Solution Strategy;
- Fostering a more constructive regulatory environment in Florida;
- Advocating effectively for achievable, affordable climate and renewable energy policies;
- Achieving sustainable internal efficiency improvements through the application of the Company's Continuous Business Excellence ("CBE") initiative; and
- Demonstrating leadership behaviors that fully engage employees in executing our strategy and that foster a positive culture of people, performance and excellence.

In recognition of his accomplishments during 2010, the Committee awarded Mr. Johnson an MICP payout of $715,000, which is equal to 85% of Mr. Johnson's target award. The Committee considered, among other things, Mr. Johnson's leadership in achieving ongoing EPS of $3.06 which was higher than the upper end of the Company's guidance range of $3.00 to $3.05; managing 21 major capital projects that collectively came in 6% under budget for the year-end; increasing renewable energy capacity; successfully applying CBE resulting in all business units, except nuclear, holding operations and maintenance ("O&M") expenses flat at 2009 levels; and guiding the strategic direction of the Company that resulted in the execution of the Merger Agreement with Duke Energy. The Committee also considered the Company's challenges in the nuclear business unit, including higher than budgeted utility non-fuel O&M related to unplanned nuclear outages at the Robinson Nuclear Plant. The Committee recognized Mr. Johnson's focus on improving nuclear fleet performance by strengthening the leadership of the entire generating fleet and developing a comprehensive nuclear fleet renewal plan. The Committee also considered Mr. Johnson's emphasis on specific leadership behaviors and expectations throughout the year, which were communicated to the Company's management team in clear and direct terms. The Committee also noted Mr. Johnson's increasing leadership in key national industry organizations, including frequent, direct engagement with policymakers and regulators at the federal and state levels.

With respect to his long-term incentive compensation during 2010, Mr. Johnson was granted 22,596 restricted stock units and 56,248 performance shares in accordance with his pre-established targets of 117% and 233%, respectively, of his base salary. The performance shares are earned based on performance over the three years ending December 31, 2012. Additionally, 29,456 shares of the 2007 annual grant vested in 2010 and were paid out at 125% of target. The total year-over-year compensation to Mr. Johnson for 2010, as compared to 2009, as noted in the "Summary Compensation Table" on page 47 of this Proxy Statement, was largely flat.

Chief Financial Officer Compensation

Mark F. Mulhern

In March 2010, Mr. Johnson recommended the Committee approve a market-based adjustment to Mr. Mulhern's base salary. The Committee approved a base salary of $450,000 for Mr. Mulhern, representing a 5.9% increase to his previous salary of $425,000. The new base salary was set at 15.9% below the 50th percentile of the Benchmarking Peer Group. Mr. Mulhern's base salary was established at this level due to his relatively short tenure in the Chief Financial Officer position, and more significantly, the challenging economic environment. It is the Committee's intention to increase Mr. Mulhern's salary over time to a level that is at the 50th percentile of the Benchmarking Peer Group.

For 2010, Mr. Mulhern's MICP target award was set at 55% of his base salary. This target award is the same target Mr. Mulhern had in 2009 after he assumed the Chief Financial Officer position and represents a target award opportunity that is below the 50th percentile of the market. Mr. Mulhern's performance goals for 2010 focused on the following general areas of Company success:

- Achieving financial objectives;
- Successfully communicating to the financial market modifications of financial goals that reflect changes resulting from PEF regulatory outcomes;
- Focusing on capital discipline and O&M expense management; and
- Providing financial support for and ensuring strategic alignment of the Company's Balanced Solution Strategy.

In recognition of his accomplishments in 2010 and on Mr. Johnson's recommendation, the Committee awarded Mr. Mulhern an MICP payout of $205,000, which is equal to 84% of Mr. Mulhern's target award. The Committee considered, among other things, Mr. Mulhern's significant role in the Company achieving a 12.6% shareholder return as of the end of the year; implementation of an integrated strategic planning process including appropriate focus on capital discipline, O&M expense management, and long-term workforce planning; supporting a successful rate settlement for PEF requiring adaptation of the Company's financial plan to absorb no new cash revenue during the settlement period; and negotiating and executing the Merger Agreement with Duke Energy. The Committee also noted Mr. Mulhern's leadership in coordinating the development of the financial components for the Company's regulatory strategy and strategic scenario planning.

With respect to his long-term incentive compensation, in 2010, Mr. Mulhern was granted 4,809 restricted stock units and 12,126 performance shares in accordance with his pre-established targets of 58% and 117%, respectively, of base salary. The performance shares are earned based on performance over the three years ending December 31, 2012. Additionally, 7,131 shares of the 2007 annual grant vested in 2010 and were paid out at 125% of target. Mr. Mulhern's compensation in 2010, as noted in the "Summary Compensation Table" on page 47 of this Proxy Statement, increased by 8.2% from the amount of total compensation he received in 2009, largely due to an increase in his accrued pension benefits.

Compensation of Other Named Executive Officers

For 2010, Mr. Johnson recommended and the Committee approved no increases to the base salaries for Messrs. Lyash, Yates, and McArthur.

On Mr. Johnson's recommendation, the Committee awarded Messrs. Lyash, Yates, and McArthur 2010 MICP awards as described in the table below.

Named Executive Officer	2010 MICP Award	Percent of Target	Explanation of Award
Jeffrey J. Lyash	$195,000	78%	Mr. Lyash played a significant role in developing and implementing a comprehensive nuclear fleet renewal plan; accelerating the CBE initiative into nuclear outages; improving performance of the Brunswick Nuclear Plant; and maintaining regulatory confidence in the Company's nuclear generation group's leadership.
Lloyd M. Yates	$195,000	79%	Mr. Yates played a significant role in achieving the successful financial and operational performance of PEC which contributed to the Company achieving its ongoing EPS goal; effectively managing PEC's O&M expenses, particularly for nuclear outages and in the supply chain business unit; and effectively communicating the Company's climate change policy and Balanced Solution Strategy to external stakeholders and industrial customers.
John R. McArthur	$220,000	82%	Mr. McArthur played a significant role in developing a North Carolina legislative approach for 2011 to support consistent regulated earnings and cost recovery for nuclear investment, improving our business planning process through better alignment and deeper understanding of our business objectives and cost drivers; achieving success in all clause recovery dockets in Florida; recovering all fuel and efficiency and renewable costs and incentives in North Carolina and South Carolina; and negotiating and executing the Merger Agreement with Duke Energy.

With respect to long-term compensation, in 2010 each of the other named executive officers received annual grants of restricted stock units and performance shares in accordance with their pre-established targets. The table below describes those grants.

Named Executive Officer	Restricted Stock Units Vesting in 1/3 Increments in 2011, 2012 and 2013	Performance Shares Vesting 2013
Jeffrey J. Lyash	5,126	12,924
Lloyd M. Yates	5,069	12,782
John R. McArthur	5,522	13,923

Mr. Lyash's total compensation as shown in the "Summary Compensation Table" on page 47 of this Proxy Statement decreased 10.6% from the amount of total compensation he received in 2009.

Mr. Yates' total compensation as shown in the "Summary Compensation Table" on page 47 of this Proxy Statement decreased 3.2% from the amount of total compensation he received in 2009.

Mr. McArthur's total compensation as shown in the "Summary Compensation Table" on page 47 of this Proxy Statement decreased 3.3% from the amount of total compensation he received in 2009.

IV. COMPENSATION COMMITTEE REPORT

The Committee has reviewed and discussed this CD&A with management as required by Item 402(b) of Regulation S-K. Based on such review and discussions, the Committee recommended to the Company's Board of Directors that the CD&A be included in this Proxy Statement.

Organization and Compensation Committee

E. Marie McKee, Chair
John D. Baker II
Harris E. DeLoach, Jr.
James B. Hyler, Jr.
Robert W. Jones
Melquiades R. "Mel" Martinez
John H. Mullin, III

Unless specifically stated otherwise in any of the Company's filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, the foregoing Compensation Committee Report shall not be deemed soliciting material, shall not be incorporated by reference into any such filings and shall not otherwise be deemed filed under such Acts.

SUMMARY COMPENSATION TABLE FOR 2010

The following Summary Compensation Table discloses the compensation during 2010 of our Chief Executive Officer, Chief Financial Officer, and the other three most highly paid executive officers who were serving at the end of 2010. Additionally, column (h) is dependent upon actuarial assumptions for determining the amounts included. A change in these actuarial assumptions would impact the values shown in this column. Where appropriate, we have indicated the major assumptions in the footnote to column (h).

Name and Principal Position (a)	Year (b)	Salary[1] ($) (c)	Bonus ($) (d)	Stock Awards[2] ($) (e)	Option Awards[3] ($) (f)	Non-Equity Incentive Plan Compensation[4] ($) (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[5] ($) (h)	All Other Compensation[6] ($) (i)	Total ($) (j)
William D. Johnson,	2010	$990,000	N/A	$3,109,607	—	$715,000	$1,096,829	$316,051	$6,227,487
Chairman, President and	2009	979,231		3,090,605	—	950,000	1,144,448	289,726	6,454,010
Chief Executive Officer[7]	2008	950,000		2,911,701	—	929,000	1,091,256	304,571	6,186,528
Mark F. Mulhern,	2010	$443,269	N/A	$667,916	—	$205,000	$517,696	$77,672	$1,911,553
Senior Vice President and	2009	414,231		655,990	—	225,000	369,822	102,137	1,767,180
Chief Financial Officer	2008	355,385		433,473	—	200,000	820,419	141,354	1,950,631
Jeffrey J. Lyash,	2010	$453,000	N/A	$711,892	—	$195,000	$281,882	$102,290	$1,744,064
Executive Vice President –	2009	450,846		728,120	—	235,000	244,369	292,061	1,950,396
Energy Supply	2008	432,885		612,952	—	225,000	323,904	140,812	1,735,553
Lloyd M. Yates, President	2010	$448,000	N/A	$704,043	—	$195,000	$342,925	$80,548	$1,770,516
and Chief Executive	2009	445,846		720,683	—	235,000	308,815	119,432	1,829,776
Officer, PEC	2008	429,231		612,952	—	210,000	777,983	155,042	2,185,208
John R. McArthur,	2010	$488,000	N/A	$766,911	—	$220,000	$81,601	$92,677	$1,649,189
Executive Vice President,	2009	485,846		780,070	—	250,000	74,001	116,381	1,706,298
General Counsel and	2008	459,423		571,390	—	250,000	46,028	137,536	1,464,377
Corporate Secretary									

[1] Consists of base salary earnings prior to (i) employee contributions to the Progress Energy 401(k) Savings & Stock Ownership Plan and (ii) voluntary deferrals, if any, under the Management Deferred Compensation Plan. See "Deferred Compensation" discussion in Part II of the CD&A. Salary adjustments, if deemed appropriate, generally occur in March of each year.

[2] Includes the fair value of stock awards as of the grant date computed in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 718. Assumptions made in the valuation of material stock awards are discussed in Note 9 B. to our consolidated financial statements for the year ended December 31, 2010. The values reflected for 2008 in columns (e) and (j) are different than originally disclosed because these values represent the fair value of stock awards as of the grant date rather than the expense related to equity awards for financial statement reporting purposes in accordance with ASC Topic 718. Fair value of stock awards granted in 2010 and the maximum potential payout for the performance shares granted in 2010 are based on the March 16, 2010 closing stock price of $39.44 as shown in the table below:

	2010 Stock Awards (column (e))			Maximum Potential Payout for Performance Shares	
	Grant Date Fair Value				
Name	Restricted Stock Units	Performance Shares	Total (column (e))	Maximum Percentage	Maximum Value
William D. Johnson	$891,186	$2,218,421	$3,109,607	200%	$4,436,842
Mark F. Mulhern	189,667	478,249	667,916	200%	956,498
Jeffrey J. Lyash	202,169	509,723	711,892	200%	1,019,446
Lloyd M. Yates	199,921	504,122	704,043	200%	1,008,244
John R. McArthur	217,788	549,123	766,911	200%	1,098,246

[3] We ceased granting stock options in 2004. No additional expense remains with respect to our stock option program.

[4] Includes the awards given under the Management Incentive Compensation Plan (MICP) for 2008, 2009 and 2010 performance.

[5] Includes the change in present value of the accrued benefit under Progress Energy's Pension Plan, SERP, and/or Restoration Plan where applicable. The current incremental present values were determined using actuarial present value factors as provided by our actuarial consultants, Buck Consultants, based on FAS mortality assumptions post-age 65 and FAS discount rates for the years shown as follows:

FAS Discount Rates			
Year	Pension Plan	SERP	Restoration Retirement Plan
2010	5.50%	5.70%	5.00%
2009	5.95%	6.10%	5.45%
2008	6.30%	6.30%	6.25%

In addition, it includes the above market earnings on deferred compensation under the Deferred Compensation Plan for Key Management Employees. The 1996-1999 Deferred Compensation Plan for Key Management Employees provided a fixed rate of return of 10.0% on deferred amounts, which was 2.7% above the market interest rate of 7.3% at the time the plan was frozen in 1996. The Deferred Compensation Plan for Key Management Employees was discontinued in 2000 and replaced with the Management Deferred Compensation Plan, which does not have a guaranteed rate of return. Named executive officers who were participants in the 1996-1999 Deferred Compensation Plan for Key Management Employees continue to receive plan benefits with respect to amounts deferred prior to its discontinuance in 2000. The above market earnings under the Deferred Compensation Plan for Key Management Employees are included in this column for Mr. Johnson. Changes in the accrued benefit under each plan for named executive officers are shown in the table below:

2010 Change in Pension Value and Nonqualified Deferred Compensation Earnings (column (h))					
Name	Change in Pension Plan	Change in SERP	Change in Restoration Plan	Above Market Earnings on Deferred Compensation Plan	Total (column (h))
William D. Johnson	$80,055	$1,005,387	—	$11,387	$1,096,829
Mark F. Mulhern	57,308	460,388	—	—	517,696
Jeffrey J. Lyash	60,279	221,603	—	—	281,882
Lloyd M. Yates	41,092	301,833	—	—	342,925
John R. McArthur	41,256	—	40,345	—	81,601

[6] Includes the following items: Company match contributions under the Progress Energy 401(k) Savings & Stock Ownership Plan; deferred credits under Management Deferred Compensation Plan (MDCP); perquisites; the Company's payment of the FICA tax on the non-qualified retirement accrual and the tax gross-up on the imputed income of that tax payment; and dividends paid under provisions of the Restricted Stock Award/Unit Plans. The total value of perquisites and personal benefits received by Messrs. Mulhern and Yates was less than $10,000 each. Thus, those amounts are excluded from this column. Named executive officers were compensated for these items as follows:

2010 All Other Compensation (column (i))						
Name	Company Contributions under 401(k)	Deferred Credits under the MDCP	Perquisites (detailed in table below)	Imputed Income and Tax Gross-ups	Dividends	Total (column (i))
William D. Johnson	$14,700	$44,700	$65,145	$6,201	$185,305	$316,051
Mark F. Mulhern	14,700	11,601	—	5,521	45,850	77,672
Jeffrey J. Lyash	14,700	12,480	24,012	315	50,784	102,291
Lloyd M. Yates	14,700	12,180	—	3,125	50,543	80,548
John R. McArthur	13,569	14,580	11,058	722	52,748	92,677

Perquisites that exceed the greater of $25,000 or 10% of the total amount of perquisites and personal benefits for each officer are quantified in the table below. "Other" perquisites include health club dues, spousal meals, spousal travel, Internet and telecom access, AD&D insurance, residential telephone, meals (family other than spouse), and registration fee (family other than spouse)

2010 Perquisites (Component of column (i))						
Name	Luncheon Club Dues	Financial/Tax Planning	Home Security	Spousal Travel on Corporate Aircraft*	Other	Total Perquisites
William D. Johnson	$1,508	$7,500	$30,128	$20,228	$5,781	$65,145
Jeffrey J. Lyash	2,088	6,583	918	11,934	2,489	24,012
John R. McArthur	1,476	7,500	840	0	1,242	11,058

* Executives' spouses may travel on the Company's aircraft only to accompany executives on "business-related" events that spouses are requested to attend

' Mr. Johnson did not receive additional compensation for his service on the Board of Directors

GRANTS OF PLAN-BASED AWARDS

Name (a)	Grant Date (b)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1] Threshold ($) (c)	Target ($) (d)	Maximum ($) (e)	Estimated Future Payouts Under Equity Incentive Plan Awards[2] Threshold (#) (f)	Target (#) (g)	Maximum (#) (h)	All Other Stock Awards: Number of Shares of Stock or Units[3] (#) (i)	Grant Date Fair Value of Stock and Option Awards[4] ($) (j)
William D. Johnson, Chairman, President and Chief Executive Officer	MICP 3/4/11	$420,750	$841,500	$1,683,000					
	Restricted Stock Units 3/16/10							22,596	$891,186
	PSSP 3/16/10				28,124	56,248	112,496		$2,218,421
Mark F. Mulhern, Senior Vice President and Chief Financial Officer	MICP 3/4/11	$121,899	$243,798	$487,596					
	Restricted Stock Units 3/16/10							4,809	$189,667
	PSSP 3/16/10				6,063	12,126	24,252		$478,249
Jeffrey J. Lyash, Executive Vice President – Energy Supply	MICP 3/4/11	$124,575	$249,150	$498,300					
	Restricted Stock Units 3/16/10							5,126	$202,169
	PSSP 3/16/10				6,462	12,924	25,848		$509,723
Lloyd M. Yates, President and Chief Executive Officer, PEC	MICP 3/4/11	$123,200	$246,400	$492,800					
	Restricted Stock Units 3/16/10							5,069	$199,921
	PSSP 3/16/10				6,391	12,782	25,564		$504,122
John R. McArthur, Executive Vice President, General Counsel and Corporate Secretary	MICP 3/4/11	$134,200	$268,400	$536,800					
	Restricted Stock Units 3/16/10							5,522	$217,788
	PSSP 3/16/10				6,962	13,923	27,846		$549,123

[1] The Management Incentive Compensation Plan is considered a non-equity incentive compensation plan. Award amounts are shown at threshold, target, and maximum levels. The target award is calculated using the 2010 eligible earnings times the executive's target percentage. See target percentage in table on page 31 of the CD&A. Threshold is calculated at 50% of target and maximum is calculated at 200% of target. Actual award amounts paid are reflected in the Summary of Compensation Table under the "Non-Equity Incentive Plan Compensation" column.

[2] Reflects the potential payouts in shares of the 2010 PSSP grants. The grant size was calculated by multiplying the executive's salary as of January 1, 2010, times his 2010 PSSP target and dividing by the December 31, 2009, closing stock price of $41.01. The Threshold column reflects the minimum payment level under our PSSP, which is 50% of the target amount shown in the Target column. The amount shown in the maximum column is 200% of the target amount.

[5] Reflects the number of restricted stock units granted during 2010 under the 2007 Equity Incentive Plan. The number of shares granted was determined by multiplying the executive's salary as of January 1, 2010, times his 2010 restricted stock target and dividing by the December 31, 2009, closing stock price of $41.01

[6] Reflects the grant date fair value of the award based on the following assumptions. Market value of restricted stock granted on March 16, 2010, based on closing price of $39.44 per share, times the shares granted in column (i). Market value of PSSP granted on March 16, 2010, based on closing stock price on March 16, 2010, of $39.44 times target number of shares in column (g). The 2010 PSSP grant payout is expected to be 100% of target.

DISCUSSION OF SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS TABLE

EMPLOYMENT AGREEMENTS

In 2007, Messrs. Johnson, Mulhern, Lyash, Yates and McArthur entered into employment agreements with the Company or one of its subsidiaries, referred to collectively in this section as the "Company." The employment agreements replaced the previous employment agreements in effect for each of these officers.

The employment agreements provide for base salary, annual incentives, perquisites and participation in the various executive compensation plans offered to our senior executives. Upon expiration, the agreements are automatically extended by an additional year on January 1 of each year. We may elect not to extend an executive officer's agreement and must notify the officer of such an election at least 60 days prior to the automatic extension date. Each employment agreement contains restrictive covenants imposing non-competition obligations, restricting solicitation of employees and protecting our confidential information and trade secrets for specified periods if the applicable officer is terminated without cause or otherwise becomes eligible for the benefits under the agreement.

Except for the application of previously granted years of service credit to our post-employment health and welfare plans as discussed below, the employment agreements do not affect the compensation, benefits or incentive targets payable to the applicable officers.

With respect to Mr. Johnson, the Employment Agreement specifies that the years of service credit we previously granted to him for purposes of determining eligibility and benefits in the SERP will also be applicable for purposes of determining eligibility and benefits in our post-employment health and welfare benefit plans. Mr. Johnson was awarded seven years of deemed service toward the benefits and vesting requirements of the SERP. However, as of 2008, Mr. Johnson reached the maximum service accrual and therefore benefit augmentation for deemed service is $0. Three of those years also were deemed to have been in service on the Senior Management Committee for purposes of SERP eligibility.

Each Employment Agreement provides that if the applicable officer is terminated without cause or is constructively terminated (as defined in Paragraph 8(a)(i) of the agreement), then the officer will receive (i) severance equal to 2.99 times the officer's then-current base salary and (ii) reimbursement for the costs of continued coverage under certain of our health and welfare benefit plans for a period of up to 18 months.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards[1]					Stock Awards			
Name (a)	Number of Securities Underlying Unexercised Options (#) Exercisable (b)	Number of Securities Underlying Unexercised Options (#) Unexercisable (c)	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#) (d)	Option Exercise Price ($) (e)	Option Expiration Date (f)	Number of Shares or Units of Stock That Have Not Vested (#) (g)[2]	Market Value of Shares or Units of Stock That Have Not Vested ($) (h)[3]	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (i)[4]	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($) (j)[4]
William D. Johnson, Chairman, President and Chief Executive Officer	—	—	—	—	—	72,248	$3,141,343	112,869	$4,907,526
Mark F. Mulhern, Senior Vice President and Chief Financial Officer	7,000	—	—	$44.75	9/30/2013	15,725	$683,723	20,733	$901,486
Jeffrey J. Lyash, Executive Vice President – Energy Supply	—	—	—	—	—	17,559	$763,465	24,941	$1,084,416
Lloyd M. Yates, President and Chief Executive Officer, PEC	—	—	—	—	—	17,454	$758,900	24,792	$1,077,968
John R. McArthur, Executive Vice President, General Counsel and Corporate Secretary	—	—	—	—	—	18,299	$795,641	25,178	$1,094,716

[1] All outstanding stock options were vested as of December 31, 2006. The Company ceased granting stock options in 2004.

[2] Consists of outstanding restricted stock grants and restricted stock units as follows:

Number of Shares or Units of Stock That Have Not Vested (column (g))						
Stock Award	Vesting Date	William D. Johnson	Mark F. Mulhern	Jeffrey J. Lyash	Lloyd M. Yates	John R. McArthur
Restricted Stock	March 14, 2011	5,534	1,167	1,367	1,367	1,667
Restricted Stock Units	March 16, 2011	7,532	1,603	1,708	1,689	1,840
Restricted Stock Units	March 17, 2011	9,297	1,868	2,159	2,135	2,329
Restricted Stock Units	March 18, 2011	7,651	1,136	1,597	1,597	1,497
Restricted Stock Units	March 20, 2011	4,936	1,189	1,576	1,576	1,477
Restricted Stock Units	March 16, 2012	7,532	1,603	1,709	1,690	1,841
Restricted Stock Units	March 17, 2012	17,298	4,368	4,159	4,135	4,329
Restricted Stock Units	March 20, 2012	4,936	1,188	1,575	1,575	1,478
Restricted Stock Units	March 16, 2013	7,532	1,603	1,709	1,690	1,841
Total (column (g))		**72,248**	**15,725**	**17,559**	**17,454**	**18,299**

[3] Market value of shares or units of stock that have not vested is based on a December 31, 2010, closing price of $43.48 per share.

[4] The 2008 grant vests on January 1, 2011; the 2009 grant vests on January 1, 2012; and the 2010 grant vests on January 1, 2013. Performance share value for the 2009 annual grant is expected to be at 0% of target while the 2008 annual grant and 2010 annual grant are expected to be 100% of target. The value in Column (j) is derived by multiplying the shares (rounded to the nearest whole share) times the December 31, 2010 closing stock price ($43.48). The difference between the calculated value and the noted value is attributable to fractional shares. See further discussion under "Performance Shares" in Part II of the CD&A. Outstanding performance shares for named executive officers are shown in the table below:

Number of Unearned Shares, Units or Other Rights That Have Not Vested (column (i))						
Stock Award	Vesting Date	William D. Johnson	Mark F. Mulhern	Jeffrey J. Lyash	Lloyd M. Yates	John R. McArthur
Performance Shares	January 1, 2011	54,125	8,069	11,443	11,443	10,637
Performance Shares	January 1, 2012	0	0	0	0	0
Performance Shares	January 1, 2013	58,744	12,664	13,498	13,349	14,541
Total (column (i))		**112,869**	**20,733**	**24,941**	**24,792**	**25,178**

OPTION EXERCISES AND STOCK VESTED

	Option Awards		Stock Awards	
Name (a)	Number of Shares Acquired on Exercise (#) (b)	Value Realized on Exercise ($) (c)	Number of Shares Acquired on Vesting (#) (d)[1]	Value Realized on Vesting ($) (e)[2]
William D. Johnson, Chairman, President and Chief Executive Officer	—	—	76,448	$3,080,112
Mark F. Mulhern, Senior Vice President and Chief Financial Officer	—	—	26,504	$1,064,791
Jeffrey J. Lyash, Executive Vice President – Energy Supply	—	—	31,031	$1,248,972
Lloyd M. Yates, President and Chief Executive Officer, PEC	—	—	31,006	$1,247,986
John R. McArthur, Executive Vice President, General Counsel and Corporate Secretary	—	—	30,632	$1,231,050

[1] Reflects the number of restricted stock shares, restricted stock units, and performance shares that vested in 2010 for named executive officers as shown in the table below.

Number of Shares Acquired on Vesting (column (d))							
Stock Award	Vesting Date	Vesting Price	William D. Johnson	Mark F. Mulhern	Jeffrey J. Lyash	Lloyd M. Yates	John R. McArthur
Performance Shares	January 1, 2010	$41.01	43,965	10,644	14,232	14,232	13,229
Restricted Stock	March 14, 2010	$38.60	5,533	1,167	1,367	1,367	1,667
Restricted Stock	March 15, 2010	$38.60	5,067	—	1,100	1,100	1,434
Restricted Stock	March 21, 2010	$39.45	—	3,500	—	—	—
Restricted Stock Units	March 17, 2010	$39.44	9,297	1,868	2,159	2,134	2,328
Restricted Stock Units	March 18, 2010	$39.82	7,650	1,136	1,597	1,597	1,497
Restricted Stock Units	March 22, 2010	$39.84	4,936	8,189	10,576	10,576	10,477
Total (column (d))			**76,448**	**26,504**	**31,031**	**31,006**	**30,632**

[2] The value realized is the sum of the vested shares for each vesting date times the vesting price. Values realized on vesting during 2010 for named executive officers are shown in the table below:

Value Realized on Vesting (column (e))							
Stock Award	Vesting Date	Vesting Price	William D. Johnson	Mark F. Mulhern	Jeffrey J. Lyash	Lloyd M. Yates	John R. McArthur
Performance Shares	January 1, 2010	$41.01	$1,803,005	$436,510	$583,654	$583,654	$542,521
Restricted Stock	March 14, 2010	$38.60	$213,574	$45,046	$52,766	$52,766	$64,346
Restricted Stock	March 15, 2010	$38.60	$195,586	—	$42,460	$42,460	$55,352
Restricted Stock	March 21, 2010	$39.45	—	$138,075	—	—	—
Restricted Stock Units	March 17, 2010	$39.44	$366,674	$73,674	$85,151	$84,165	$91,816
Restricted Stock Units	March 18, 2010	$39.82	$304,623	$45,236	$63,593	$63,593	$59,611
Restricted Stock Units	March 22, 2010	$39.84	$196,650	$326,250	$421,348	$421,348	$417,404
Total (column (e))			**$3,080,112**	**$1,064,791**	**$1,248,972**	**$1,247,986**	**$1,231,050**

PENSION BENEFITS TABLE

Name (a)	Plan Name (b)	Number of Years Credited Service (#) (c)	Present Value of Accumulated Benefit[1] ($) (d)	Payments During Last Fiscal Year ($) (e)
William D. Johnson, Chairman, President and Chief Executive Officer	Progress Energy Pension Plan	18.3	$528,633	$0
	Supplemental Senior Executive Retirement Plan	25.3[2]	$8,287,871[3]	$0
Mark F. Mulhern, Senior Vice President and Chief Financial Officer	Progress Energy Pension Plan	14.8	$326,707	$0
	Supplemental Senior Executive Retirement Plan	14.8	$1,605,155[4]	$0
Jeffrey J. Lyash, Executive Vice President – Energy Supply	Progress Energy Pension Plan	17.6	$334,696	$0
	Supplemental Senior Executive Retirement Plan	17.6	$1,640,811[5]	$0
Lloyd M. Yates, President and Chief Executive Officer, PEC	Progress Energy Pension Plan	12.1	$198,700	$0
	Supplemental Senior Executive Retirement Plan	12.1	$1,367,539[6]	$0
John R. McArthur, Executive Vice President, General Counsel and Corporate Secretary	Progress Energy Pension Plan	9.1	$192,479	$0
	Restoration Retirement Plan	9.1	$162,615	$0

[1] Actuarial present value factors as provided by our actuarial consultants, Buck Consultants, based on FAS mortality assumptions post-age 65 and FAS discount rates as of December 31, 2010, for computation of accumulated benefit under the Supplemental Senior Executive Retirement Plan and the Progress Energy Pension Plan were 5.70% and 5.50% respectively. Additional details on the formulas for computing benefits under the Supplemental Senior Executive Retirement Plan and Progress Energy Pension Plan can be found under the headings "Supplemental Senior Executive Retirement Plan" and "Other Broad-Based Benefits," respectively, in the CD&A.

[2] Includes seven years of deemed service. However, as of 2008, Mr. Johnson reached the maximum service accrual and therefore benefit augmentation for deemed service is $0.

[3] Based on an estimated annual benefit payable at age 65 of $1,046,261.

[4] Based on an estimated annual benefit payable at age 65 of $282,595.

[5] Based on estimated annual benefit payable at age 65 of $322,742.

[6] Based on estimated annual benefit payable at age 65 of $254,485.

NONQUALIFIED DEFERRED COMPENSATION

The table below shows the nonqualified deferred compensation for each of the named executive officers Information regarding details of the deferred compensation plans currently in effect can be found under the heading "Deferred Compensation" in the CD&A on page 41 of this Proxy Statement In addition, the Deferred Compensation Plan for Key Management Employees is discussed in footnote 5 to the "Summary Compensation Table."

Name and Position (a)	Executive Contributions in Last FY[1] ($) (b)	Registrant Contributions in Last FY[2] ($) (c)	Aggregate Earnings in Last FY[3] ($) (d)	Aggregate Withdrawals/ Distributions ($) (e)	Aggregate Balance at Last FYE[4] ($) (f)
William D. Johnson, Chairman, President and Chief Executive Officer	$0	$44,700	$68,932[5]	$0	$849,703
Mark F. Mulhern, Senior Vice President and Chief Financial Officer	$22,163	$11,601	$20,715	($147,094)[6]	$233,261
Jeffrey J. Lyash, Executive Vice President – Energy Supply	$0	$12,480	$20,359	$0	$168,012
Lloyd M. Yates, President and Chief Executive Officer, PEC	$22,400	$12,180	$66,737	$0	$601,121
John R. McArthur, Executive Vice President, General Counsel and Corporate Secretary	$73,200	$14,580	$29,600	$0	$301,215

[1] Reflects salary deferred under the Management Deferred Compensation Plan, which is reported as "Salary" in the Summary Compensation Table For 2010, named executive officers deferred the following percentages of their base salary: (i) Mulhern – 5%; Yates – 5%; and McArthur – 15%.

[2] Reflects registrant contributions under the Management Deferred Compensation Plan, which is reported as "All Other Compensation" in the Summary Compensation Table.

[3] Includes aggregate earnings in the last fiscal year under the following nonqualified plans: Management Incentive Compensation Plan, Management Deferred Compensation Plan, Performance Share Sub-Plan, and Deferred Compensation Plan for Key Management Employees.

[4] Includes December 31, 2010 balances under the following deferred compensation plans. Management Incentive Compensation Plan, Performance Share Sub-Plan, Management Deferred Compensation Plan, and Deferred Compensation Plan for Key Management Employees. Balances for named executive offices under each deferral plan are shown in the table below.

Aggregate Balance at Last FYE (column (f))					
Name	**Management Deferred Compensation Plan**	**Management Incentive Compensation Plan**	**Deferred Compensation for Key Management Employees**	**Performance Share Sub-Plan**	**Total (column (f))**
William D. Johnson	$492,740	$77,712	$279,251	—	$849,703
Mark F. Mulhern	$116,631	$77,537	—	$39,093	$233,261
Jeffrey J. Lyash	$168,012	—	—	—	$168,012
Lloyd M. Yates	$190,251	$121,356	—	$289,514	$601,121
John R. McArthur	$301,215	—	—	—	$301,215

[5] Includes above market earnings of $11,387 under the Deferred Compensation Plan for Key Management Employees, which is reported as "Change in Pension Value and Nonqualified Deferred Compensation Earnings" in the Summary Compensation Table.

[6] Mr. Mulhern received distributions from his Management Incentive Deferred Compensation Plan: $84,465; Management Deferred Compensation Plan: $0; and Performance Share Sub-Plan: $62,629.

CASH COMPENSATION AND VALUE OF VESTING EQUITY TABLE

The following table shows the actual cash compensation and value of vesting equity received in 2010 by the named executive officers. The Committee believes that this table is important in order to distinguish between the actual cash and vested value received by each named executive officer as opposed to the grant date fair value of equity awards as shown in the Summary Compensation Table.

Name and Position	Base Salary (a)[1]	Annual Incentive (paid in 2010) (b)[2]	Deferred Compensation under MDCP and MICP (c)[3]	Restricted Stock / Units Vesting (d)[4]	Performance Shares Vesting (e)[5]	Restricted Stock / Unit Dividends (f)[6]	Stock Options Vesting (g)[7]	Perquisite (h)[8]	Tax Gross-ups (i)[9]	Total
William D. Johnson, Chairman, President and Chief Executive Officer	$990,000	$950,000	$0	$1,277,107	$1,803,005	$185,305	$0	$65,145	$6,201	$5,276,763
Mark F. Mulhern, Senior Vice President and Chief Financial Officer	$443,269	$225,000	$22,163	$628,280	$436,510	$45,850	$0	$8,408	$5,521	$1,792,838
Jeffrey J. Lyash, Executive Vice President – Energy Supply	$453,000	$235,000	$0	$665,318	$583,654	$50,784	$0	$24,012	$315	$2,012,083
Lloyd M. Yates, President and Chief Executive Officer, PEC	$448,000	$235,000	$22,400	$664,332	$583,654	$50,543	$0	$9,874	$3,125	$1,994,528
John R. McArthur, Executive Vice President, General Counsel and Corporate Secretary	$488,000	$250,000	$73,200	$688,529	$542,521	$52,748	$0	$11,058	$722	$2,033,578

[1] Consists of the total 2010 base salary earnings prior to (i) employee contributions to the Progress Energy 401(k) Savings & Stock Ownership Plan and (ii) voluntary deferrals, if applicable, under the Management Deferred Compensation Plan (MDCP) shown in column (c).

[2] Awards given under the Management Incentive Compensation Plan (MICP) attributable to Plan Year 2009 and paid in 2010.

[3] Consists of amounts deferred under the MDCP and the MICP. These deferral amounts are part of Base Pay and/or Annual Incentive and therefore are not included in the Total column.

[4] Reflects the value of restricted stock and restricted stock units vesting in 2010. The value of the restricted stock was calculated using the opening stock price for Progress Energy Common Stock three days prior to the day vesting occurred. The value of the restricted stock units was calculated using the closing stock price for Progress Energy Common Stock on the business day prior to when vesting occurred.

[5] Reflects the value of performance shares vesting on January 1, 2010. The value of the 2007 performance share units were calculated using the closing stock price for Progress Energy Common Stock on the business day prior to when distribution occurred.

[6] Reflects dividends and dividend equivalents paid as the result of outstanding restricted stock or restricted stock units held in Company Plan accounts.

[7] Reflects the value of any stock options vesting in 2010. Since we ceased granting stock options under our Incentive Plans in 2004, all outstanding options had fully vested by 2006.

[8] Reflects the value of all perquisites provided during 2010. For a complete listing of the perquisites, see the "Executive Perquisites" section of the "Elements of Compensation" discussion of the CD&A on page 40 of this Proxy Statement. Perquisite details for each named executive officer are discussed in the Summary Compensation Table footnotes.

[9] Reflects the Company's payment of the Medicare portion of the FICA tax on the non-qualified retirement accrual and the tax gross-up on the imputed income of that tax payment provided during 2010.

POTENTIAL PAYMENTS UPON TERMINATION
William D. Johnson, Chairman, President and Chief Executive Officer

	Voluntary Termination ($)	Early Retirement[1] ($)	Involuntary Not for Cause Termination ($)	For Cause Termination ($)	Involuntary or Good Reason Termination (CIC)[12] ($)	Disability ($)	Death ($)
Compensation							
Base Salary—$990,000[2]	$0	$0	$2,960,100	$0	$5,712,500	$594,000	$0
Annual Incentive[3]	$0	$715,000	$0	$0	$841,500	$715,000	$715,000
Long-term Incentives:							
Performance Shares (PSSP)[4]							
2008 PSSP Grant	$0	$2,353,332	$0	$0	$2,353,332	$2,353,332	$2,353,332
2009 PSSP Grant	$0	$0	$0	$0	$2,692,674	$0	$1,795,116
2010 PSSP Grant	$0	$851,398	$0	$0	$2,554,194	$851,398	$851,398
Restricted Stock Units[5]							
2007 RSU Grant	$0	$362,188	$0	$0	$429,235	$429,235	$429,235
2008 RSU Grant	$0	$304,925	$0	$0	$332,665	$332,665	$332,665
2009 RSU Grant	$0	$792,466	$0	$0	$1,156,351	$1,156,351	$1,156,351
2010 RSU Grant	$0	$450,322	$0	$0	$982,474	$0	$0
Restricted Stock[6]							
2006 RS Grant	$0	$240,618	$0	$0	$240,618	$240,618	$240,618
Benefits and Perquisites							
Incremental Nonqualified Pension[7]	$0	$0	$0	$0	$0	$0	$0
Deferred Compensation[8]	$849,703	$849,703	$849,703	$849,703	$849,703	$849,703	$849,703
Post-retirement Health Care[9]	$0	$0	$24,682	$0	$48,396	$0	$0
Executive AD&D Proceeds[10]	$0	$0	$0	$0	$0	$500,000	$500,000
280G Tax Gross-up[11]	$0	$0	$0	$0	$5,488,512	$0	$0
TOTAL	**$849,703**	**$6,919,952**	**$3,834,485**	**$849,703**	**$23,682,154**	**$8,022,302**	**$9,223,418**

[1] Mr. Johnson became eligible for early retirement at age 55 in January 2009. Therefore, under the voluntary termination and involuntary not for cause termination scenarios, Mr. Johnson would be treated as having met the early retirement criteria under the Equity Incentive Plan and would be paid out under the early retirement provisions of that plan. Mr. Johnson is not eligible for normal retirement.

[2] There is no provision for payment of salary under voluntary termination, early retirement, for cause termination or death. In the event of involuntary not for cause termination, the salary continuation provision of Mr. Johnson's employment agreement requires a severance equal to 2.99 times his then current base salary ($990,000) payable in equal installments over a period of 2.99 years. In the event of involuntary or good reason termination (CIC), the maximum benefit allowed under the cash payment provision of the Management Change-in-Control Plan equals three times the sum of annual salary plus average MICP award for the three years prior (($990,000 + $914,167) x 3). In the event of a long-term disability, Mr. Johnson would receive 60% of base salary during the period of his disability, offset by any Social Security benefits and Progress Energy Pension Plan payments. The long-term disability payment as shown in the table above represents an annual amount before offsets.

[3] There is no provision for payment of annual incentive under voluntary termination, involuntary not for cause termination, or for cause termination. In the event of involuntary or good reason termination (CIC), Mr. Johnson would receive 100% of his target award under the Annual Cash Incentive Compensation Plan provisions of the Management Change-in-Control Plan, calculated as 85% times $990,000. In the event of early retirement, death or disability, Mr. Johnson would receive a pro-rata incentive award for the period worked during the year. For December 31, 2010, this is based on the full award. For 2010, Mr. Johnson's MICP award was $715,000.

[4] Amounts shown for performance shares are based on a December 31, 2010, closing price of $43.48 per share. Unvested performance shares would be forfeited under for cause termination. Voluntary termination and involuntary not for cause termination are not applicable. See footnote 1. In the event of early retirement or disability, a pro rata percentage of performance shares would vest based upon the period of employment during the performance measurement period and the extent that the performance factors are satisfied. In the event of involuntary or good reason termination (CIC), unvested performance shares vest as of the date of Management

Change-in-Control and payment is made based upon the target value of the award. In the event of death, the 2008 performance shares would vest 100% and be paid in an amount using performance factors determined at the time of the event. For the 2009 and 2010 performance grants, a pro-rata payment would be made based upon the target value of the award and time in the plan.

[5] Amounts shown for restricted stock units are based on a December 31, 2010, closing price of $43.48 per share. For a detailed description of outstanding restricted stock units, see the "Outstanding Equity Awards at Fiscal Year-End Table." Unvested units would be forfeited under for cause termination. Voluntary termination and involuntary not for cause termination are not applicable. See footnote 1. In the event of early retirement, Mr. Johnson would receive a pro-rata percentage of all unvested units, based upon the number of full months elapsed between the grant date and the date of early retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock units would vest immediately. Upon death or disability, all outstanding restricted stock units that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. Mr. Johnson would immediately vest restricted stock units granted in 2007, 2008, and 2009, and would forfeit restricted stock units granted in 2010.

[6] Amounts shown for restricted stock shares are based on a December 31, 2010, closing price of $43.48 per share. For a detailed description of outstanding restricted stock shares, see "Outstanding Equity Awards at Fiscal Year-End Table." Unvested shares would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. In the event of early retirement, all outstanding shares may vest at the Committee's discretion. In the event of involuntary or good reason termination (CIC), all outstanding shares would vest immediately. Upon death or disability, all outstanding restricted stock shares that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. All of Mr. Johnson's restricted stock grant dates are beyond the one-year threshold; therefore, all outstanding restricted stock shares would vest immediately.

[7] No accelerated vesting or incremental nonqualified pension benefit applies under any of these scenarios. Mr. Johnson was vested under the SERP as of December 31, 2010, so there is no incremental value due to accelerated vesting under involuntary or good reason termination (CIC). For a detailed description of the accumulated SERP benefit and estimated annual benefit payable at age 65, see "Pension Benefits Table." In the event of early retirement, Mr. Johnson would receive a 2.5% decrease in his accrued SERP benefit for each year that he is younger than age 65.

[8] All outstanding deferred compensation balances will be paid immediately following termination, subject to IRC Section 409(a) regulations, under voluntary termination, early retirement, involuntary not for cause termination, for cause termination, involuntary or good reason termination (CIC), death and disability. Unvested MICP deferral premiums would be forfeited. Mr. Johnson would forfeit $0 of unvested deferred MICP premiums.

[9] No post-retirement health care benefits apply under voluntary termination, for cause termination, death or disability. In the event of early retirement, Mr. Johnson would receive no additional benefits above what all full-time, nonbargaining employees would receive. Under involuntary not for cause termination, Mr. Johnson would be reimbursed for 18 months of COBRA premiums at $1,371.22 per month as provided in his employment agreement. In the event of involuntary or good reason termination (CIC), the Management Change-in-Control Plan provides for Company-paid medical, dental and vision coverage in the same plan Mr. Johnson was participating in prior to termination for 36 months at $1,344.33 per month.

[10] Mr. Johnson would be eligible to receive $500,000 proceeds from the executive AD&D policy.

[11] Upon a change in control, the Management Change-in-Control Plan provides for the Company to pay all excise taxes under IRC Section 280G plus applicable gross-up amounts for Mr. Johnson. Under IRC Section 280G, Mr. Johnson would be subject to excise tax on $10,222,095 of excess parachute payments above his base amount. Those excess parachute payments result in $2,044,419 of excise taxes, $3,365,647 of tax gross-ups, and $78,446 of employer Medicare tax related to the excise tax payment. As discussed above, in connection with the merger with Duke Energy, Duke Energy, Diamond Acquisition Corporation and Mr. Johnson executed a term sheet pursuant to which the parties agreed to enter into an employment agreement upon consummation of the merger. Pursuant to the term sheet, if Mr. Johnson is involuntarily terminated without "cause" or resigns for "good reason" following, but prior to the second anniversary of, the consummation of the merger, no tax gross-up will be provided.

[12] See "Management Change-in-Control Plan – Application of the CIC Plan and Other Compensation Related Consequences of the Proposed Merger with Duke Energy" on pages 38 through 39 above for a discussion regarding "involuntary" or "good reason" termination following the merger with Duke Energy.

POTENTIAL PAYMENTS UPON TERMINATION
Mark F. Mulhern, Senior Vice President and Chief Financial Officer

	Voluntary Termination ($)	Early Retirement ($)	Involuntary Not for Cause Termination ($)	For Cause Termination ($)	Involuntary or Good Reason Termination (CIC)[11] ($)	Disability ($)	Death ($)
Compensation							
Base Salary—$450,000[1]	$0	$0	$1,345,500	$0	$1,395,000	$270,000	$0
Annual Incentive[2]	$0	$0	$0	$0	$247,500	$205,000	$205,000
Long-term Incentives:							
Performance Shares (PSSP)[3]							
2008 PSSP Grant	$0	$0	$0	$0	$350,850	$350,850	$350,850
2009 PSSP Grant	$0	$0	$0	$0	$547,978	$0	$365,319
2010 PSSP Grant	$0	$0	$0	$0	$550,636	$183,545	$183,545
Restricted Stock Units[4]							
2007 RSU Grant	$0	$0	$0	$0	$103,352	$103,352	$103,352
2008 RSU Grant	$0	$0	$0	$0	$49,393	$49,393	$49,393
2009 RSU Grant	$0	$0	$0	$0	$271,141	$271,141	$271,141
2010 RSU Grant	$0	$0	$0	$0	$209,095	$0	$0
Restricted Stock[5]							
2006 RS Grant	$0	$0	$0	$0	$50,741	$50,741	$50,741
Benefits and Perquisites							
Incremental Nonqualified Pension[6]	$0	$0	$0	$0	$0	$0	$0
Deferred Compensation[7]	$233,262	$0	$233,262	$233,262	$233,262	$233,262	$233,262
Post-retirement Health Care[8]	$0	$0	$15,249	$0	$19,934	$0	$0
Executive AD&D Proceeds[9]	$0	$0	$0	$0	$0	$500,000	$500,000
280G Tax Gross-up[10]	$0	$0	$0	$0	$1,141,872	$0	$0
TOTAL	**$233,262**	**$0**	**$1,594,011**	**$233,262**	**$5,170,754**	**$2,217,284**	**$2,312,603**

[1] There is no provision for payment of salary under voluntary termination, for cause termination or death. Mr. Mulhern is not eligible for early retirement or normal retirement. In the event of involuntary not for cause termination, the salary continuation provision of Mr. Mulhern's employment agreement requires a severance equal to 2.99 times his then current base salary ($450,000) payable in equal installments over a period of 2.99 years. In the event of involuntary or good reason termination (CIC), the maximum benefit allowed under the cash payment provision of the Management Change-in-Control Plan equals two times the sum of annual salary plus annual target MICP award (($450,000 + $247,500) x 2). In the event of a long-term disability, Mr. Mulhern would receive 60% of base salary during the period of his disability, offset by any Social Security benefits and Progress Energy Pension Plan payments. The long-term disability payment as shown in the table above represents an annual amount before offsets.

[2] There is no provision for payment of annual incentive under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Mulhern is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), Mr. Mulhern would receive 100% of his target award under the Annual Cash Incentive Compensation Plan provisions of the Management Change-in-Control Plan, calculated as 55% times $450,000. In the event of death or disability, Mr. Mulhern would receive a pro-rata incentive award for the period worked during the year. For December 31, 2010, this is based on the full award. For 2010, Mr. Mulhern's MICP award was $205,000.

[3] Amounts shown for performance shares are based on a December 31, 2010, closing price of $43.48 per share. Unvested performance shares would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Mulhern is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), unvested performance shares vest as of the date of Management Change-in-Control and payment is made based upon the target value of the award. In the event of disability, a pro rata percentage of performance shares would vest based upon the period of employment during the performance measurement period and the extent that the performance factors are satisfied. In the event of death, the 2008 performance shares would vest 100% and be paid in an amount using performance factors determined at the time of the event. For the 2009 and 2010 performance grants, the target value of the award would be paid based upon time in the plan.

[4] Amounts shown for restricted stock units are based on a December 31, 2010, closing price of $43.48 per share. For a detailed description of outstanding restricted stock units, see the "Outstanding Equity Awards at Fiscal Year-End Table." Unvested restricted stock units would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Mulhern is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock units would vest immediately. Upon death or disability, all outstanding restricted stock units that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. Mr. Mulhern would immediately vest restricted stock units granted in 2007, 2008, and 2009; and would forfeit restricted stock units granted in 2010.

[5] Amounts shown for restricted stock shares are based on a December 31, 2010, closing price of $43.48 per share. For a detailed description of outstanding restricted stock shares, see the "Outstanding Equity Awards at Fiscal Year-End Table." Unvested restricted stock would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Mulhern is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock shares would vest immediately. Upon death or disability, all outstanding restricted stock shares that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. All of Mr. Mulhern's restricted stock grant dates are beyond the one-year threshold; therefore, all outstanding restricted stock shares would vest immediately.

[6] No accelerated vesting or incremental nonqualified pension benefit applies under any of these scenarios. Mr. Mulhern was vested under the SERP as of December 31, 2010, so there is no incremental value due to accelerated vesting under involuntary or good reason termination (CIC).

[7] All outstanding deferred compensation balances will be paid immediately following termination, subject to IRC Section 409(a) regulations, under voluntary termination, involuntary not for cause termination, for cause termination, involuntary or good reason termination (CIC), death and disability. Mr. Mulhern is not eligible for early retirement or normal retirement. Unvested MICP deferral premiums would be forfeited. Mr. Mulhern would forfeit $0 of unvested deferred MICP premiums.

[8] No post-retirement health care benefits apply under voluntary termination, for cause termination, death or disability. Mr. Mulhern is not eligible for early retirement or normal retirement. Under involuntary not for cause termination, Mr. Mulhern would be reimbursed for 18 months of COBRA premiums at $847.18 per month as provided in his employment agreement. In the event of involuntary or good reason termination (CIC), the Management Change-in-Control Plan provides for Company-paid medical, dental and vision coverage in the same plan Mr. Mulhern was participating in prior to termination for 24 months at $830.57 per month.

[9] Mr. Mulhern would be eligible to receive $500,000 proceeds from the executive AD&D policy.

[10] Upon a change in control, the Management Change-in-Control Plan provides for the Company to pay all excise taxes under IRC Section 280G plus applicable gross-up amounts for Mr. Mulhern. Under IRC Section 280G, Mr. Mulhern would be subject to excise tax on $2,126,683 of excess parachute payments above his base amount. Those excess parachute payments result in $425,337 of excise taxes, $700,215 of tax gross-ups, and $16,320 of employer Medicare tax related to the excise tax payment.

[11] See "Management Change-in-Control Plan – Application of the CIC Plan and Other Compensation Related Consequences of the Proposed Merger with Duke Energy" on pages 38 through 39 above for a discussion regarding "involuntary" or "good reason" termination following the merger with Duke Energy.

POTENTIAL PAYMENTS UPON TERMINATION
Jeffrey J. Lyash, Executive Vice President – Energy Supply

	Voluntary Termination ($)	Early Retirement ($)	Involuntary Not for Cause Termination ($)	For Cause Termination ($)	Involuntary or Good Reason Termination (CIC)[11] ($)	Disability ($)	Death ($)
Compensation							
Base Salary—$453,000[1]	$0	$0	$1,354,470	$0	$2,106,450	$271,800	$0
Annual Incentive[2]	$0	$0	$0	$0	$249,150	$195,000	$195,000
Long-term Incentives:							
Performance Shares (PSSP)[3]							
2008 PSSP Grant	$0	$0	$0	$0	$497,544	$497,544	$497,544
2009 PSSP Grant	$0	$0	$0	$0	$633,345	$0	$422,230
2010 PSSP Grant	$0	$0	$0	$0	$586,872	$195,624	$195,624
Restricted Stock Units[4]							
2007 RSU Grant	$0	$0	$0	$0	$137,005	$137,005	$137,005
2008 RSU Grant	$0	$0	$0	$0	$69,438	$69,438	$69,438
2009 RSU Grant	$0	$0	$0	$0	$274,707	$274,707	$274,707
2010 RSU Grant	$0	$0	$0	$0	$222,878	$0	$0
Restricted Stock[5]							
2006 RS Grant	$0	$0	$0	$0	$59,437	$59,437	$59,437
Benefits and Perquisites							
Incremental Nonqualified Pension[6]	$0	$0	$0	$0	$0	$0	$0
Deferred Compensation[7]	$168,012	$0	$168,012	$168,012	$168,012	$168,012	$168,012
Post-retirement Health Care[8]	$0	$0	$17,420	$0	$34,158	$0	$0
Executive AD&D Proceeds[9]	$0	$0	$0	$0	$0	$500,000	$500,000
280G Tax Gross-up[10]	$0	$0	$0	$0	$1,565,051	$0	$0
TOTAL	**$168,012**	**$0**	**$1,539,902**	**$168,012**	**$6,604,047**	**$2,368,567**	**$2,518,997**

[1] There is no provision for payment of salary under voluntary termination, for cause termination or death. Mr. Lyash is not eligible for early retirement or normal retirement. In the event of involuntary not for cause termination, the salary continuation provision of Mr. Lyash's employment agreement requires a severance equal to 2.99 times his then current base salary ($453,000) payable in equal installments over a period of 2.99 years. In the event of involuntary or good reason termination (CIC), the maximum benefit allowed under the cash payment provision of the Management Change-in-Control Plan equals three times the sum of annual salary plus annual target MICP award (($453,000 + $249,150) x 3). In the event of a long-term disability, Mr. Lyash would receive 60% of base salary during the period of his disability, offset by any Social Security benefits and Progress Energy Pension Plan payments. The long-term disability payment as shown in the table above represents an annual amount before offsets.

[2] There is no provision for payment of annual incentive under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Lyash is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), Mr. Lyash would receive 100% of his target award under the Annual Cash Incentive Compensation Plan provisions of the Management Change-in-Control Plan, calculated as 55% times $453,000. In the event of death or disability, Mr. Lyash would receive a pro-rata incentive award for the period worked during the year. For December 31, 2010, this is based on the full award. For 2010, Mr. Lyash's MICP award was $195,000.

[3] Amounts shown for performance shares are based on a December 31, 2010, closing price of $43.48 per share. Unvested performance shares would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Lyash is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), unvested performance shares vest as of the date of Management Change-in-Control and payment is made based upon the target value of the award. In the event of disability, a pro rata percentage of performance shares would vest based upon the period of employment during the performance measurement period and the extent that the performance factors are satisfied. In the event of death, the 2008 performance shares would vest 100% and be paid in an amount using performance factors determined at the time of the event. For the 2009 and 2010 performance grants, the target value of the award would be paid based upon time in the plan.

[4] Amounts shown for restricted stock units are based on a December 31, 2010, closing price of $43.48 per share. For a detailed description of outstanding restricted stock units, see the "Outstanding Equity Awards at Fiscal Year-End Table." Unvested restricted stock units would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Lyash is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock units would vest immediately. Upon death or disability, all outstanding restricted stock units that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. Mr. Lyash would immediately vest restricted stock units granted in 2007, 2008, and 2009; and would forfeit restricted stock units granted in 2010.

[5] Amounts shown for restricted stock shares are based on a December 31, 2010, closing price of $43.48 per share. For a detailed description of outstanding restricted stock shares, see the "Outstanding Equity Awards at Fiscal Year-End Table." Unvested restricted stock would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Lyash is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock shares would vest immediately. Upon death or disability, all outstanding restricted stock shares that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. All of Mr. Lyash's restricted stock grant dates are beyond the one-year threshold; therefore, all outstanding restricted stock shares would vest immediately.

[6] No accelerated vesting or incremental nonqualified pension benefit applies under any of these scenarios. Mr. Lyash was vested under the SERP as of December 31, 2010, so there is no incremental value due to accelerated vesting under involuntary or good reason termination (CIC).

[7] All outstanding deferred compensation balances will be paid immediately following termination, subject to IRC Section 409(a) regulations, under voluntary termination, involuntary not for cause termination, for cause termination, involuntary or good reason termination (CIC), death and disability. Mr. Lyash is not eligible for early retirement or normal retirement. Unvested MICP deferral premiums would be forfeited. Mr. Lyash would forfeit $0 of unvested deferred MICP premiums.

[8] No post-retirement health care benefits apply under voluntary termination, for cause termination, death or disability. Mr. Lyash is not eligible for early retirement or normal retirement. Under involuntary not for cause termination, Mr. Lyash would be reimbursed for 18 months of COBRA premiums at $967.80 per month as provided in his employment agreement. In the event of involuntary or good reason termination (CIC), the Management Change-in-Control Plan provides for Company-paid medical, dental and vision coverage in the same plan Mr. Lyash was participating in prior to termination for 36 months at $948.83 per month.

[9] Mr. Lyash would be eligible to receive $500,000 proceeds from the executive AD&D policy.

[10] Upon a change in control, the Management Change-in-Control Plan provides for the Company to pay all excise taxes under IRC Section 280G plus applicable gross-up amounts for Mr. Lyash. Under IRC Section 280G, Mr. Lyash would be subject to excise tax on $2,914,834 of excess parachute payments above his base amount. Those excess parachute payments result in $582,967 of excise taxes, $959,715 of tax gross-ups, and $22,369 of employer Medicare tax related to the excise tax payment.

[11] See "Management Change-in-Control Plan – Application of the CIC Plan and Other Compensation Related Consequences of the Proposed Merger with Duke Energy" on pages 38 through 39 above for a discussion regarding "involuntary" or "good reason" termination following the merger with Duke Energy.

POTENTIAL PAYMENTS UPON TERMINATION
Lloyd M. Yates, President and Chief Executive Officer, PEC

	Voluntary Termination ($)	Early Retirement ($)	Involuntary Not for Cause Termination ($)	For Cause Termination ($)	Involuntary or Good Reason Termination (CIC)[11] ($)	Disability ($)	Death ($)
Compensation							
Base Salary—$448,000[1]	$0	$0	$1,339,520	$0	$2,083,200	$268,800	$0
Annual Incentive[2]	$0	$0	$0	$0	$246,400	$195,000	$195,000
Long-term Incentives:							
Performance Shares (PSSP)[3]							
2008 PSSP Grant	$0	$0	$0	$0	$497,544	$497,544	$497,544
2009 PSSP Grant	$0	$0	$0	$0	$626,219	$0	$417,479
2010 PSSP Grant	$0	$0	$0	$0	$580,424	$193,475	$193,475
Restricted Stock Units[4]							
2007 RSU Grant	$0	$0	$0	$0	$137,005	$137,005	$137,005
2008 RSU Grant	$0	$0	$0	$0	$69,438	$69,438	$69,438
2009 RSU Grant	$0	$0	$0	$0	$272,620	$272,620	$272,620
2010 RSU Grant	$0	$0	$0	$0	$220,400	$0	$0
Restricted Stock[5]							
2006 RS Grant	$0	$0	$0	$0	$59,437	$59,437	$59,437
Benefits and Perquisites							
Incremental Nonqualified Pension[6]	$0	$0	$0	$0	$0	$0	$0
Deferred Compensation[7]	$601,121	$0	$601,121	$601,121	$601,121	$601,121	$601,121
Post-retirement Health Care[8]	$0	$0	$24,682	$0	$48,396	$0	$0
Executive AD&D Proceeds[9]	$0	$0	$0	$0	$0	$500,000	$500,000
280G Tax Gross-up[10]	$0	$0	$0	$0	$1,554,752	$0	$0
TOTAL	**$601,121**	**$0**	**$1,965,323**	**$601,121**	**$6,996,956**	**$2,794,440**	**$2,943,119**

[1] There is no provision for payment of salary under voluntary termination, for cause termination or death. Mr. Yates is not eligible for early retirement or normal retirement. In the event of involuntary not for cause termination, the salary continuation provision of Mr. Yates' employment agreement requires a severance equal to 2.99 times his then current base salary ($448,000) payable in equal installments over a period of 2.99 years. In the event of involuntary or good reason termination (CIC), the maximum benefit allowed under the cash payment provision of the Management Change-in-Control Plan equals three times the sum of annual salary plus annual target MICP award (($448,000 + $246,400) x 3). In the event of a long-term disability, Mr. Yates would receive 60% of base salary during the period of his disability, offset by any Social Security benefits and Progress Energy Pension Plan payments. The long-term disability payment as shown in the table above represents an annual amount before offsets.

[2] There is no provision for payment of annual incentive under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Yates is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), Mr. Yates would receive 100% of his target award under the Annual Cash Incentive Compensation Plan provisions of the Management Change-in-Control Plan, calculated as 55% times $448,000. In the event of death or disability, Mr. Yates would receive a pro-rata incentive award for the period worked during the year. For December 31, 2010 this is based on the full award. For 2010, Mr. Yates' MICP award was $195,000.

[3] Amounts shown for performance shares are based on a December 31, 2010, closing price of $43.48 per share. Unvested performance shares would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Yates is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), unvested performance shares vest as of the date of Management Change-in-Control and payment is made based upon the target value of the award. In the event of disability, a pro rata percentage of performance shares would vest and the extent that the performance factors are satisfied. In the event of death, the 2008 performance shares would vest 100% and be paid in an amount using performance factors determined at the time of the event. For the 2009 and 2010 performance grants, the target value of the award would be paid based upon time in the plan

[4] Amounts shown for restricted stock units are based on a December 31, 2010, closing price of $43.48 per share. For a detailed description of outstanding restricted stock units, see the "Outstanding Equity Awards at Fiscal Year-End Table." Unvested restricted stock units would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Yates is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock units would vest immediately. Upon death or disability, all outstanding restricted stock units that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. Mr. Yates would immediately vest restricted stock units granted in 2007, 2008, and 2009; and would forfeit restricted stock units granted in 2010.

[5] Amounts shown for restricted stock shares are based on a December 31, 2010, closing price of $43.48 per share. For a detailed description of outstanding restricted stock shares, see the "Outstanding Equity Awards at Fiscal Year-End Table." Unvested restricted stock would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. Yates is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock shares would vest immediately. Upon death or disability, all outstanding restricted stock shares that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. All of Mr. Yates' restricted stock grant dates are beyond the one-year threshold; therefore, all outstanding restricted stock shares would vest immediately.

[6] No accelerated vesting or incremental nonqualified pension benefit applies under any of these scenarios. Mr. Yates was vested under the SERP as of December 31, 2010, so there is no incremental value due to accelerated vesting under involuntary or good reason termination (CIC).

[7] All outstanding deferred compensation balances will be paid immediately following termination, subject to IRC Section 409(a) regulations, under voluntary termination, involuntary not for cause termination, for cause termination, involuntary or good reason termination (CIC), death and disability. Mr. Yates is not eligible for early retirement or normal retirement. Unvested MICP deferral premiums would be forfeited. Mr. Yates would forfeit $0 of unvested deferred MICP premiums.

[8] No post-retirement health care benefits apply under voluntary termination, for cause termination, death or disability. Mr. Yates is not eligible for early retirement or normal retirement. Under involuntary not for cause termination, Mr. Yates would be reimbursed for 18 months of COBRA premiums at $1,371.22 per month as provided in his employment agreement. In the event of involuntary or good reason termination (CIC), the Management Change-in-Control Plan provides for Company-paid medical, dental and vision coverage in the same plan Mr. Yates was participating in prior to termination for 36 months at $1,344.33 per month.

[9] Mr. Yates would be eligible to receive $500,000 proceeds from the executive AD&D policy.

[10] Upon a change in control, the Management Change-in-Control Plan provides for the Company to pay all excise taxes under IRC Section 280G plus applicable gross-up amounts for Mr. Yates. Under IRC Section 280G, Mr. Yates would be subject to excise tax on $2,895,652 of excess parachute payments above his base amount. Those excess parachute payments result in $579,130 of excise taxes, $953,400 of tax gross-ups, and $22,222 of employer Medicare tax related to the excise tax payment.

[11] See "Management Change-in-Control Plan – Application of the CIC Plan and Other Compensation Related Consequences of the Proposed Merger with Duke Energy" on pages 38 through 39 above for a discussion regarding "involuntary" or "good reason" termination following the merger with Duke Energy.

POTENTIAL PAYMENTS UPON TERMINATION
John R. McArthur, Executive Vice President, General Counsel and Corporate Secretary

	Voluntary Termination ($)	Early Retirement ($)	Involuntary Not for Cause Termination ($)	For Cause Termination ($)	Involuntary or Good Reason Termination (CIC)[11] ($)	Disability ($)	Death ($)
Compensation							
Base Salary—$488,000[1]	$0	$0	$1,459,120	$0	$2,269,200	$292,800	$0
Annual Incentive[2]	$0	$0	$0	$0	$268,400	$220,000	$220,000
Long-term Incentives:							
Performance Shares (PSSP)[3]							
2008 PSSP Grant	$0	$0	$0	$0	$462,480	$462,480	$462,480
2009 PSSP Grant	$0	$0	$0	$0	$683,179	$0	$455,453
2010 PSSP Grant	$0	$0	$0	$0	$632,237	$210,746	$210,746
Restricted Stock Units[4]							
2007 RSU Grant	$0	$0	$0	$0	$128,483	$128,483	$128,483
2008 RSU Grant	$0	$0	$0	$0	$65,090	$65,090	$65,090
2009 RSU Grant	$0	$0	$0	$0	$289,490	$289,490	$289,490
2010 RSU Grant	$0	$0	$0	$0	$240,097	$0	$0
Restricted Stock[5]							
2006 RS Grant	$0	$0	$0	$0	$72,481	$72,481	$72,481
Benefits and Perquisites							
Incremental Nonqualified Pension[6]	$0	$0	$0	$0	$1,483,339	$0	$0
Deferred Compensation[7]	$301,215	$0	$301,215	$301,215	$301,215	$301,215	$301,215
Post-retirement Health Care[8]	$0	$0	$16,626	$0	$32,599	$0	$0
Executive AD&D Proceeds[9]	$0	$0	$0	$0	$0	$500,000	$500,000
280G Tax Gross-up[10]	$0	$0	$0	$0	$2,347,525	$0	$0
TOTAL	**$301,215**	**$0**	**$1,776,961**	**$301,215**	**$9,275,815**	**$2,542,785**	**$2,705,438**

[1] There is no provision for payment of salary under voluntary termination, for cause termination or death. Mr. McArthur is not eligible for early retirement or normal retirement. In the event of involuntary not for cause termination, the salary continuation provision of Mr. McArthur's employment agreement requires a severance equal to 2.99 times his then current base salary ($488,000) payable in equal installments over a period of 2.99 years. In the event of involuntary or good reason termination (CIC), the maximum benefit allowed under the cash payment provision of the Management Change-in-Control Plan equals three times the sum of annual salary plus annual target MICP award (($488,000 + $268,400) x 3). In the event of a long-term disability, Mr. McArthur would receive 60% of base salary during the period of his disability, offset by any Social Security benefits and Progress Energy Pension Plan payments. The long-term disability payment as shown in the table above represents an annual amount before offsets.

[2] There is no provision for payment of annual incentive under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. McArthur is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), Mr. McArthur would receive 100% of his target bonus under the Annual Cash Incentive Compensation Plan provisions of the Management Change-in-Control Plan, calculated as 55% times $488,000. In the event of death or disability, Mr. McArthur would receive a pro-rata incentive award for the period worked during the year. For December 31, 2010, this is based on the full award. For 2010, Mr. McArthur's MICP award was $220,000.

[3] Amounts shown for performance shares are based on a December 31, 2010, closing price of $43.48 per share. Unvested performance shares would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. McArthur is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), unvested performance shares vest as of the date of Management Change-in-Control and payment is made based upon the target value of the award. In the event of disability, a pro rata percentage of performance shares would vest based upon the period of employment during performance measurement period and the extent that the performance factors are satisfied. In the event of death, the 2008 performance shares would vest 100% and be paid in an amount using performance factors determined at the time of the event. For the 2009 and 2010 performance grants, the target value of the award would be paid based upon time in the plan

[4] Amounts shown for restricted stock units are based on a December 31, 2010, closing price of $43.48 per share. For a detailed description of outstanding restricted stock units, see the "Outstanding Equity Awards at Fiscal Year-End Table." Unvested restricted stock units would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. McArthur is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock units would vest immediately. Upon death or disability, all outstanding restricted stock units that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. Mr. McArthur would immediately vest restricted stock units granted in 2007, 2008, and 2009, and would forfeit restricted stock units granted in 2010.

[5] Amounts shown for restricted stock shares are based on a December 31, 2010, closing price of $43.48 per share. For a detailed description of outstanding restricted stock shares, see the "Outstanding Equity Awards at Fiscal Year-End Table." Unvested restricted stock would be forfeited under voluntary termination, involuntary not for cause termination, or for cause termination. Mr. McArthur is not eligible for early retirement or normal retirement. In the event of involuntary or good reason termination (CIC), all outstanding restricted stock shares would vest immediately. Upon death or disability, all outstanding restricted stock shares that are more than one year past their grant date would vest immediately. Shares that are less than one year past their grant date would be forfeited. All of Mr. McArthur's restricted stock grant dates are beyond the one-year threshold; therefore, all outstanding restricted stock shares would vest immediately.

[6] Mr. McArthur was not vested under the SERP as of December 31, 2010, so this is the incremental value due to accelerated vesting under involuntary or good reason termination (CIC). No accelerated vesting or incremental nonqualified pension benefit applies under any other scenario above.

[7] All outstanding deferred compensation balances will be paid immediately following termination, subject to IRC Section 409(a) regulations, under voluntary termination, involuntary not for cause termination, for cause termination, involuntary or good reason termination (CIC), death and disability. Mr. McArthur is not eligible for early retirement or normal retirement. Unvested MICP deferral premiums would be forfeited. Mr. McArthur would forfeit $0 of unvested deferred MICP premiums.

[8] No post-retirement health care benefits apply under voluntary termination, for cause termination, death or disability. Mr. McArthur is not eligible for early retirement or normal retirement. Under involuntary not for cause termination, Mr. McArthur would be reimbursed for 18 months of COBRA premiums at $923.64 per month as provided in his employment agreement. In the event of involuntary or good reason termination (CIC), the Management Change-in-Control Plan provides for Company-paid medical, dental and vision coverage in the same plan Mr. McArthur was participating in prior to termination for 36 months at $905.53 per month.

[9] Mr. McArthur would be eligible to receive $500,000 proceeds from the executive AD&D policy.

[10] Upon a change in control, the Management Change-in-Control Plan provides for the Company to pay all excise taxes under IRC Section 280G plus applicable gross-up amounts for Mr. McArthur. Under IRC Section 280G, Mr. McArthur would be subject to excise tax on $4,372,154 of excess parachute payments above his base amount. Those excess parachute payments result in $874,431 of excise taxes, $1,439,541 of tax gross-ups, and $33,553 of employer Medicare tax related to the excise tax payment.

[11] See "Management Change-in-Control Plan – Application of the CIC Plan and Other Compensation Related Consequences of the Proposed Merger with Duke Energy" on pages 38 through 39 above for a discussion regarding "involuntary" or "good reason" termination following the merger with Duke Energy.

DIRECTOR COMPENSATION

The following includes the required table and related narrative detailing the compensation each director received for his or her services in 2010.

Name (a)	Fees Earned or Paid in Cash[1] ($) (b)	Stock Awards[2] ($) (c)	Option Awards ($) (d)	Non-Equity Incentive Plan Compensation ($) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) (f)	All Other Compensation[3] ($) (g)	Total ($) (h)
John D. Baker II	$93,500	$60,000	—	—	—	$20,581	$174,081
James E. Bostic, Jr.	$93,500	$60,000	—	—	—	$112,696	$266,196
Harris E. DeLoach, Jr.	$103,500	$60,000	—	—	—	$89,058	$252,558
James B. Hyler, Jr.	$93,500	$60,000	—	—	—	$23,881	$177,381
Robert W. Jones	$103,500	$60,000	—	—	—	$66,607	$230,107
W. Steven Jones	$93,500	$60,000	—	—	—	$104,240	$257,740
Melquiades R. "Mel" Martinez	$78,188	$0	—	—	—	$2,424	$80,612
E. Marie McKee	$107,000	$60,000	—	—	—	$214,542	$381,542
John H. Mullin, III	$108,500	$60,000	—	—	—	$168,244	$336,744
Charles W. Pryor, Jr.	$93,500	$60,000	—	—	—	$35,787	$189,287
Carlos A. Saladrigas	$93,500	$60,000	—	—	—	$92,831	$246,331
Theresa M. Stone	$107,000	$60,000	—	—	—	$90,827	$257,827
Alfred C. Tollison, Jr.	$101,500	$60,000	—	—	—	$86,944	$248,444

[1] Reflects the annual retainer plus any Board or Committee fees earned in 2010. Amounts may have been paid in cash or deferred into the Non-Employee Director Deferred Compensation Plan.

[2] Reflects the grant date fair value of awards granted under the Non-Employee Director Stock Unit Plan in 2010. The assumptions made in the valuation of awards granted pursuant to the Non-Employee Director Stock Unit Plan are not addressed in our consolidated financial statements, footnotes to our consolidated financial statements or in Management's Discussion and Analysis because the Director Plan is immaterial to our consolidated financial statements. As a liability plan under FASB ASC Topic 718, the fair value of the Director Plan is re-measured at each financial statement date. The grant date fair value for each stock unit granted to each director on January 4, 2010 was $40.93. The numbers of stock units outstanding in the Non-Employee Director Stock Unit Plan as of December 31, 2010 for each Director listed above are shown in the table in footnote 3 below.

[3] Includes the following items: The dollar value of dividend reinvestments and unit appreciation/depreciation accrued under the Non-Employee Director Stock Unit Plan; and dividend reinvestments and unit appreciation/depreciation accrued under the Non-Employee Director Deferred Compensation Plan. The dollar values of dividend reinvestments and unit appreciation for each Director listed above are in the table below. The total value of the perquisites and personal benefits received by each director was less than $10,000. Thus, those amounts are excluded from this column. The numbers of stock units outstanding in the Non-Employee Director Deferred Compensation Plan as of December 31, 2010 for each Director listed above are in the table below.

	Non-Employee Director Stock Unit Plan		Non-Employee Director Deferred Compensation Plan		
Name	Stock Units Outstanding as of Dec. 31, 2010 (see footnote 2 above)	Dividend Reinvestments and Unit Appreciation/ Depreciation in column (g) ($) (see footnote 3 above)	Stock Units Outstanding as of Dec. 31, 2010 (see footnote 3 above)	Dividend Reinvestments and Unit Appreciation/ Depreciation in column (g) ($) (see footnote 3 above)	Total (column (g))
John D. Baker II	1,555	$7,619	3,153	$12,962	$20,581
James E. Bostic, Jr.	10,462	$50,586	13,104	$62,110	$112,696
Harris E. DeLoach, Jr.	6,255	$30,290	12,698	$58,768	$89,058
James B. Hyler, Jr.	3,227	$15,684	1,849	$8,197	$23,881
Robert W. Jones	4,739	$22,978	9,560	$43,629	$66,607
W. Steven Jones	7,856	$38,013	14,195	$66,227	$104,240
Melquiades R. "Mel" Martinez	0	$0	633	$2,424	$2,424
E. Marie McKee	13,449	$64,994	31,151	$149,548	$214,542
John H. Mullin, III	13,968	$67,498	21,034	$100,746	$168,244
Charles W. Pryor, Jr.	4,739	$22,978	2,805	$12,809	$35,787
Carlos A. Saladrigas	11,502	$55,603	7,867	$37,228	$92,831
Theresa M. Stone	7,856	$38,013	11,098	$52,814	$90,827
Alfred C. Tollison, Jr.	6,255	$30,290	12,250	$56,654	$86,944

DISCUSSION OF DIRECTOR COMPENSATION TABLE

RETAINER AND MEETING FEES

During 2010, Directors who were not employees of the Company received an annual retainer of $80,000, of which $30,000 was automatically deferred under the Non-Employee Director Deferred Compensation Plan (see below). The Lead Director/Chair of the following Board Committees received an additional retainer of $15,000: Audit and Corporate Performance Committee; Governance Committee; and Organization and Compensation Committee. The Chair of each of the following standing Board Committees received an additional retainer of $10,000: Finance Committee and Operations and Nuclear Oversight Committee. The nonchair members of the following standing Board Committees received an additional retainer of $7,500: Audit and Corporate Performance Committee and Organization and Compensation Committee. The nonchair members of the following standing Board Committees received an additional retainer of $6,000: Governance Committee; Finance Committee; and Operations and Nuclear Oversight Committee. In addition, a special meeting fee of $1,500 was paid to members of the Operations and Nuclear Oversight Committee in the January 1, 2011 retainer. The special meeting was held on September 15, 2010, and the special meeting fee was approved by the Governance Committee on December 7, 2010. The Nuclear Oversight Director received an additional retainer of $8,000. The Chair of the Nuclear Project Oversight Committee receives an attendance fee of $2,000 per meeting held by that Committee. Additionally, each member of the Nuclear Project Oversight Committee receives an attendance fee of $1,500 per meeting held by that Committee. Directors who are not employees of the Company received a fee of $1,500 per meeting, paid with the next quarterly retainer, for noncustomary meetings or reviews of the Company's operations that are approved by the Governance Committee. Directors who are employees of our Company do not receive an annual retainer or attendance fees. All Directors are reimbursed for expenses incidental to their service as Directors. Committee positions held by the Directors are discussed in the "Board Committees" section of this Proxy Statement.

Effective January 1, 2011, the cash component of the annual retainer was increased by $25,000. The annual retainer is now $105,000, of which $30,000 will be automatically deferred under the Non-Employee Director Deferred Compensation Plan (see below).

The Non-Employee Director Stock Unit Plan provides that each Director will receive an annual grant of stock units that is equivalent to $60,000.

NON-EMPLOYEE DIRECTOR DEFERRED COMPENSATION PLAN

In addition to $30,000 from the annual retainer that is automatically deferred, outside Directors may elect to defer any portion of the remainder of their annual retainer and Board attendance fees until after the termination of their service on the Board under the Non-Employee Director Deferred Compensation Plan. Any deferred fees are deemed to be invested in a number of units of Common Stock of the Company, but participating Directors receive no equity interest or voting rights in any shares of the Common Stock. The number of units credited to the account of a participating Director is equal to the dollar amount of the deferred fees divided by the average of the high and low selling prices (i.e., market value) of the Common Stock on the day the deferred fees would otherwise be payable to the participating Director. The number of units in each account is adjusted from time to time to reflect the payment of dividends on the number of shares of Common Stock represented by the units. Unless otherwise agreed to by the participant and the Board, when the participant ceases to be a member of the Board of Directors, he or she will receive cash equal to the market value of a share of the Company's Common Stock on the date of payment multiplied by the number of units credited to the participant's account.

NON-EMPLOYEE DIRECTOR STOCK UNIT PLAN

Effective January 1, 1998, we established the Non-Employee Director Stock Unit Plan ("Stock Unit Plan"). The Stock Unit Plan provides for an annual grant of stock units equivalent to $60,000 to each non-employee Director. Each unit is equal in economic value to one share of the Company's Common Stock, but does not represent an equity interest or entitle its holder to vote. The number of units is adjusted from time to time to reflect the payment of dividends with respect to the Common Stock of the Company. Effective January 1, 2007, a Director shall be fully vested at all times in the stock units credited to his or her account.

OTHER COMPENSATION

Directors are eligible to receive certain perquisites, including tickets to various cultural arts and sporting events, which are *de minimis* in value. Each retiring Director also receives a gift valued at approximately $1,500 in appreciation for his/her service on the Board.

We charge Directors with imputed income in connection with (i) their travel on Company aircraft for non-Company related purposes and (ii) their spouses' travel on Company aircraft.

EQUITY COMPENSATION PLAN INFORMATION
as of December 31, 2010

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	4,309,620	$44.08	5,570,969
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	4,309,620	$44.08	5,570,969

Column (a) includes stock options outstanding, outstanding performance units assuming maximum payout potential, and outstanding restricted stock units.

Column (b) includes only the weighted-average exercise price of outstanding options.

Column (c) includes reduction for unissued, outstanding performance units assuming maximum payout potential and unissued, outstanding restricted stock units, and issued restricted stock.

PROPOSAL 2—ADVISORY (NONBINDING) VOTE ON EXECUTIVE COMPENSATION

Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("the Dodd-Frank Act") requires that companies seek a nonbinding shareholder vote to approve the compensation package of their named executive officers ("NEOs"), as disclosed in the annual proxy statement. On January 25, 2011, the SEC adopted final rules to implement the provisions of the Dodd-Frank Act that relate to shareholder approval of executive compensation arrangements. This proposal, commonly known as a "say-on-pay" proposal, gives you as a shareholder the opportunity to express your views on the Company's executive compensation program.

The advisory vote on executive compensation is a nonbinding vote on the compensation of the Company's NEOs, as described in the Compensation Discussion and Analysis section, the tabular disclosure regarding such compensation and the accompanying narrative disclosure set forth in this Proxy Statement. The advisory vote is not a vote on the compensation of the Company's Board of Directors or the Company's compensation policies as they relate to risk management. Your vote will not directly affect or otherwise limit any existing compensation or award arrangements of any of our NEOs. Your vote is advisory and is not binding on the Board of Directors; however, the Compensation Committee of the Board will take the outcome of the vote into account when considering future executive compensation arrangements.

The Company's executive compensation philosophy is designed to provide competitive compensation consistent with key principles we believe are critical to our long-term success. The Company is committed to providing an executive compensation program that aligns our management team's interests with shareholders' expectations of earnings per share growth and a competitive dividend yield; effectively compensates our management team for actual performance over the short- and long-term; rewards operating performance results that are sustainable and consistent with reliable and efficient electric service; attracts and retains an experienced and effective management team; motivates and rewards our management team to produce growth and performance for our shareholders that are sustainable, consistent with prudent risk-taking and based on sound corporate governance practices; and provides market competitive levels of target (i.e., opportunity) compensation.

We urge you to consider the following highlights of our 2010 executive compensation program in connection with your vote on this proposal:

- The Company delivered total shareholder return for 2010 and annualized total shareholder return for the three-years ending December 31, 2010 that were between the median of the total shareholder returns of the Company's Benchmarking and Performance Share Sub-Plan Peer Group.
- Our Chief Executive Officer's total compensation is largely flat since 2008 (+0.6%) (the first full year he was in the position) and decreased 3.5% from the amount of total compensation he received in 2009.
- Met our commitment to our customers to prove safe, reliable and competitively priced electric service.
- The Company reported ongoing earnings for 2010 of $889 million, or $3.06 per share, compared to $846 million, or $3.03 per share, in 2009.
- Our NEOs' target (i.e., opportunity) total compensation levels were approximately 25% below the 50th percentile of our benchmarking peer group.
- We continue to provide only minimal executive perquisites (only those prevalent in the marketplace and that are conducive to promoting our desired business outcomes). No tax gross-ups were made on any perquisites.
- All of our NEOs currently meet or exceed the Company's market competitive executive stock ownership guidelines.

- Payments under the Management Incentive Compensation Plan and the Performance Share Sub-Plan are based on the achievement of multiple performance factors that we believe drive shareholder value.

- We continue to strongly believe in a pay-for-performance culture. In 2010, a significant portion of our NEOs' compensation (80% for the CEO and 68% for the other NEOs) was performance-based.

- The Compensation Committee made a number of its decisions in consideration of the challenging economic environment. Those decisions included no increases to the CEO's and the other NEOs' base salaries other than one market-based adjustment and a 20% reduction in the annual grant of Restricted Stock Units.

- The Company will adopt a compensation recoupment policy that will, at a minimum, comply with the final rules issued under the Dodd-Frank Act. Pursuant to the Dodd-Frank Act, in the event the Company is required to prepare an accounting restatement due to material non-compliance with financial reporting requirements under the U.S. securities laws, the Company would be required to recover compensation regardless of whether the executive officers covered by the recoupment policy engaged in misconduct or otherwise caused or contributed to the requirement for restatement.

- Our CEO has agreed that if he is involuntarily terminated without "cause" or resigns for "good reason" on or prior to the second anniversary of the completion of the proposed merger with Duke Energy Corporation, he will not receive a tax gross-up for any of his excise tax obligation (as disclosed above on page 38).

See pages 29 to 45 of this Proxy Statement for more information regarding these elements of our executive compensation program and decisions.

FOR THESE REASONS, THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE SHAREHOLDERS VOTE, ON AN ADVISORY BASIS, "FOR" THE FOLLOWING RESOLUTION:

RESOLVED, THAT OUR SHAREHOLDERS APPROVE, ON AN ADVISORY BASIS, THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS, AS DISCLOSED IN THE COMPENSATION DISCUSSION AND ANALYSIS, THE COMPENSATION TABLES AND ANY RELATED DISCUSSION CONTAINED IN THIS PROXY STATEMENT.

PROPOSAL 3—ADVISORY (NONBINDING) VOTE ON THE FREQUENCY OF SHAREHOLDER VOTES ON EXECUTIVE COMPENSATION

In addition to the advisory vote on executive compensation, the Dodd-Frank Act and the SEC rules require companies to seek a nonbinding shareholder vote to advise whether the say-on-pay vote should occur every one, two or three years. Shareholders also have the option to abstain from voting on the matter.

The Board of Directors has determined that an annual advisory vote on executive compensation is the best approach for the Company. In making its determination, the Board was influenced by the fact that the compensation of our named executive officers ("NEOs") is evaluated, adjusted and approved on an annual basis. The Board believes that our shareholders' sentiment should be a factor that the Compensation Committee and the Board should consider as part of the annual compensation review and determination process. An annual advisory vote on executive compensation will enable our shareholders to provide us with direct input regarding our compensation philosophy, policies and practices as disclosed in the proxy statement every year.

You may cast your vote by choosing the option of one year, two years, three years, or abstain from voting in response to the resolution set forth below:

"RESOLVED, that the option of once every year, two years, or three years that receives the highest number of votes cast will be determined to be the preferred frequency with which the Company is to hold an advisory vote by shareholders to approve the compensation of our NEOs, as disclosed in the Compensation Discussion and Analysis section, the compensation tables and any related discussion contained in our annual meeting proxy statement."

The option of one year, two years or three years that receives the highest number of votes cast will be the frequency of the vote on the compensation of our NEOs that has been approved by our shareholders on an advisory basis. Although the vote is nonbinding, our Board of Directors will take the outcome of the vote into account when making future decisions about the Company's executive compensation policies and procedures.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE, ON AN ADVISORY BASIS, FOR THE OPTION OF "1 YEAR" AS THE FREQUENCY WITH WHICH SHAREHOLDERS ARE PROVIDED AN ADVISORY VOTE ON EXECUTIVE COMPENSATION.

REPORT OF THE AUDIT AND CORPORATE PERFORMANCE COMMITTEE

The Audit and Corporate Performance Committee of the Company's Board of Directors (the "Audit Committee") has reviewed and discussed the audited financial statements of the Company for the fiscal year ended December 31, 2010, with the Company's management and with Deloitte & Touche LLP, the Company's independent registered public accounting firm. The Audit Committee discussed with Deloitte & Touche LLP the matters required to be discussed by Statement on Auditing Standards No. 114, as amended (AICPA, Professional Standards, Vol. 1 AU Section 380) as adopted by the Public Company Accounting Oversight Board in Rule 3200T, by the SEC's Regulation S-X, Rule 2-07, and by the NYSE's Corporate Governance Rules, as may be modified, amended or supplemented.

The Audit Committee has received the written disclosures and the letter from Deloitte & Touche LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communication with the Audit Committee concerning independence and has discussed with Deloitte & Touche LLP its independence.

Based upon the review and discussions noted above, the Audit Committee recommended to the Board of Directors that the Company's audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, for filing with the SEC.

Audit and Corporate Performance Committee

Theresa M. Stone, Chair
James E. Bostic, Jr.
W. Steven Jones
Charles W. Pryor, Jr.
Carlos A. Saladrigas
Alfred C. Tollison, Jr.

Unless specifically stated otherwise in any of the Company's filings under the Securities Act of 1933 or the Securities Exchange Act of 1934, the foregoing Report of the Audit Committee shall not be incorporated by reference into any such filings and shall not otherwise be deemed filed under such Acts.

DISCLOSURE OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S FEES

The Audit Committee has actively monitored all services provided by its independent registered public accounting firm. Deloitte & Touche LLP, the member firms of Deloitte & Touche Tohmatsu, and their respective affiliates (collectively, "Deloitte") and the relationship between audit and non-audit services provided by Deloitte. We have adopted policies and procedures for pre-approving all audit and permissible non-audit services rendered by Deloitte, and the fees billed for those services. Our Controller (the "Controller") is responsible to the Audit Committee for enforcement of this procedure, and for reporting noncompliance. Pursuant to the pre-approval policy, the Audit Committee specifically pre-approved the use of Deloitte for audit, audit-related and tax services.

The pre-approval policy requires management to obtain specific pre-approval from the Audit Committee for the use of Deloitte for any permissible non-audit services, which generally are limited to tax services, including tax compliance, tax planning, and tax advice services such as return review and consultation and assistance. Other types of permissible non-audit services will not be considered for approval except in limited instances, which could include circumstances in which proposed services provide significant economic or other benefits to us. In determining whether to approve these services, the Audit Committee will assess whether these services adversely impair the independence of Deloitte. Any permissible non-audit services provided during a fiscal year that (i) do not aggregate more than 5 percent of the total fees paid to Deloitte for all services rendered during that fiscal year and (ii) were not recognized as non-audit services at the time of the engagement must be brought to the attention of the Controller for prompt submission to the Audit Committee for approval. These *de minimis* non-audit services must be approved by the Audit Committee or its designated representative before the completion of the services. Non-audit services that are specifically prohibited under the Sarbanes-Oxley Act Section 404, SEC rules, and Public Company Accounting Oversight Board ("PCAOB") rules are also specifically prohibited under the policy.

Prior to approval of permissible tax services by the Audit Committee, the policy requires Deloitte to (1) describe in writing to the Audit Committee (a) the scope of the service, the fee structure for the engagement and any side letter or other amendment to the engagement letter or any other agreement between the Company and Deloitte relating to the service and (b) any compensation arrangement or other agreement, such as a referral agreement, a referral fee or fee-sharing arrangement, between Deloitte and any person (other than the Company) with respect to the promoting, marketing or recommending of a transaction covered by the service; and (2) discuss with the Audit Committee the potential effects of the services on the independence of Deloitte.

The policy also requires the Controller to update the Audit Committee throughout the year as to the services provided by Deloitte and the costs of those services. The policy also requires Deloitte to annually confirm its independence in accordance with SEC and NYSE standards. The Audit Committee will assess the adequacy of this policy as it deems necessary and revise accordingly.

Set forth in the table below is certain information relating to the aggregate fees billed by Deloitte for professional services rendered to us for the fiscal years ended December 31, 2010 and 2009.

	2010	2009
Audit fees	$3,395,000	$3,581,000
Audit-related fees	64,000	91,000
Tax fees	22,000	19,000
Other fees	—	—
Total fees	$3,481,000	$3,691,000

Audit fees include fees billed for services rendered in connection with (i) the audits of our annual financial statements and those of our SEC reporting subsidiaries (Carolina Power & Light Company and Florida Power Corporation); (ii) the audit of the effectiveness of our internal control over financial reporting; (iii) the reviews of the financial statements included in our Quarterly Reports on Form 10-Q and those of our SEC reporting subsidiaries; (iv) accounting consultations arising as part of the audits; and (v) audit services in connection with statutory, regulatory or other filings, including comfort letters and consents in connection with SEC filings and financing transactions. Audit fees for 2010 and 2009 also include $1,175,000 and $1,265,000, respectively, for services in connection with the Sarbanes-Oxley Act Section 404 and the related PCAOB Standard No. 2 relating to our internal control over financial reporting.

Audit-related fees include fees billed for (i) special procedures and letter reports; (ii) benefit plan audits when fees are paid by us rather than directly by the plan; and (iii) accounting consultations for prospective transactions not arising directly from the audits.

Tax fees include fees billed for tax compliance matters and tax planning and advisory services.

The Audit Committee has concluded that the provision of the non-audit services listed above as "Tax fees" is compatible with maintaining Deloitte's independence.

None of the services provided required approval by the Audit Committee pursuant to the *de minimis* waiver provisions described above.

PROPOSAL 4—RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit and Corporate Performance Committee of our Board of Directors (the "Audit Committee") has selected Deloitte & Touche LLP ("Deloitte & Touche") as our independent registered public accounting firm for the fiscal year ending December 31, 2011, and has directed that management submit the selection of that independent registered public accounting firm for ratification by the shareholders at the 2011 Annual Meeting of the Shareholders. Deloitte & Touche has served as the independent registered public accounting firm for our Company and its predecessors since 1930. In selecting Deloitte & Touche, the Audit Committee considered carefully Deloitte & Touche's previous performance for us, its independence with respect to the services to be performed and its general reputation for adherence to professional auditing standards. A representative of Deloitte & Touche will be present at the Annual Meeting of Shareholders, will have the opportunity to make a statement and will be available to respond to appropriate questions. Shareholder ratification of the selection of Deloitte & Touche as our independent registered public accounting firm is not required by our By-Laws or otherwise. However, we are submitting the selection of Deloitte & Touche to the shareholders for ratification as a matter of good corporate practice. If the shareholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain Deloitte & Touche. Even if the shareholders ratify the selection, the Audit Committee, in its discretion, may direct the appointment of a different independent registered public accounting firm at any time during the year if it is determined that such a change would be in the best interest of the Company and its shareholders.

Valid proxies received pursuant to this solicitation will be voted in the manner specified. Where no specification is made, the shares represented by the accompanying proxy will be voted "**FOR**" the ratification of the selection of Deloitte & Touche as our independent registered public accounting firm. Votes (other than votes withheld) will be cast pursuant to the accompanying proxy for the ratification of the selection of Deloitte & Touche.

The proposal to ratify the selection of Deloitte & Touche to serve as our independent registered public accounting firm for the fiscal year ending December 31, 2011, requires approval by a majority of the votes actually cast by holders of Common Stock present in person or represented by proxy at the Annual Meeting of Shareholders and entitled to vote thereon. Abstentions from voting and broker nonvotes will not count as shares voted and will not have the effect of a "negative" vote, as described in more detail under the heading "PROXIES" on page 2.

The Audit Committee and the Board of Directors recommend a vote "**FOR**" the ratification of the selection of Deloitte & Touche as our independent registered public accounting firm.

FINANCIAL STATEMENTS

Our 2010 Annual Report, which includes financial statements as of December 31, 2010 and 2009, and for each of the three years in the period ended December 31, 2010, together with the report of Deloitte & Touche LLP, our independent registered public accounting firm, was sent to those who were shareholders of record as of the close of business on March 4, 2011.

FUTURE SHAREHOLDER PROPOSALS

Shareholder proposals submitted for inclusion in the proxy statement for our 2012 Annual Meeting must be received no later than December 2, 2011, at our principal executive offices, addressed to the attention of:

John R. McArthur
Executive Vice President, General Counsel and Corporate Secretary
Progress Energy, Inc.
P.O. Box 1551
Raleigh, North Carolina 27602-1551

Upon receipt of any such proposal, we will determine whether or not to include such proposal in the proxy statement and proxy in accordance with regulations governing the solicitation of proxies.

In order for a shareholder to nominate a candidate for director, under our By-Laws timely notice of the nomination must be received by the Corporate Secretary of the Company either by personal delivery or by United States registered or certified mail, postage pre-paid, not later than the close of business on the 120th calendar day before the date our proxy statement was released to shareholders in connection with the previous year's annual meeting. In no event shall the public announcement of an adjournment or postponement of an annual meeting or the fact that an annual meeting is held after the anniversary of the preceding annual meeting commence a new time period for a shareholder's giving of notice as described above. The shareholder filing the notice of nomination must include:

- As to the shareholder giving the notice:
  - the name and address of record of the shareholder who intends to make the nomination, the beneficial owner, if any, on whose behalf the nomination is made and of the person or persons to be nominated;
  - the class and number of our shares that are owned by the shareholder and such beneficial owner;
  - a representation that the shareholder is a holder of record of our shares entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; and
  - a description of all arrangements, understandings or relationships between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder.
- As to each person whom the shareholder proposes to nominate for election as a director:
  - the name, age, business address and, if known, residence address of such person;
  - the principal occupation or employment of such person;
  - the class and number of shares of our stock that are beneficially owned by such person;

- any other information relating to such person that is required to be disclosed in solicitations of proxies for election of directors or is otherwise required by the rules and regulations of the SEC promulgated under the Securities Exchange Act of 1934; and

- the written consent of such person to be named in the proxy statement as a nominee and to serve as a director if elected.

In order for a shareholder to bring other business before a shareholder meeting, we must receive timely notice of the proposal not later than the close of business on the 60th day before the first anniversary of the immediately preceding year's annual meeting. Such notice must include:

- the information described above with respect to the shareholder proposing such business;

- a brief description of the business desired to be brought before the annual meeting, including the complete text of any resolutions to be presented at the annual meeting, and the reasons for conducting such business at the annual meeting; and

- any material interest of such shareholder in such business.

These requirements are separate from the requirements a shareholder must meet to have a proposal included in our proxy statement.

Any shareholder desiring a copy of our By-Laws will be furnished one without charge upon written request to the Corporate Secretary. A copy of the By-Laws, as amended and restated on May 10, 2006, was filed as an exhibit to our Quarterly Report on Form 10-Q for the quarter ended June 30, 2006, and is available at the SEC's website at *www.sec.gov*.

OTHER BUSINESS

The Board of Directors does not intend to bring any business before the meeting other than that stated in this Proxy Statement. The Board knows of no other matter to come before the meeting. If other matters are properly brought before the meeting, it is the intention of the Board of Directors that the persons named in the enclosed proxy will vote on such matters pursuant to the proxy in accordance with their best judgment.

Exhibit A

POLICY AND PROCEDURES WITH RESPECT TO RELATED PERSON TRANSACTIONS

A. Policy Statement

The Company's Board of Directors (the "Board") recognizes that Related Person Transactions (as defined below) can present heightened risks of conflicts of interest or improper valuation or the perception thereof. Accordingly, the Company's general policy is to avoid Related Person Transactions. Nevertheless, the Company recognizes that there are situations where Related Person Transactions might be in, or might not be inconsistent with, the best interests of the Company and its stockholders. These situations could include (but are not limited to) situations where the Company might obtain products or services of a nature, quantity or quality, or on other terms, that are not readily available from alternative sources or when the Company provides products or services to Related Persons (as defined below) on an arm's length basis on terms comparable to those provided to unrelated third parties or on terms comparable to those provided to employees generally. The Company, therefore, has adopted the procedures set forth below for the review, approval or ratification of Related Person Transactions.

This Policy has been approved by the Board. The Corporate Governance Committee (the "Committee") will review and may recommend to the Board amendments to this Policy from time to time.

B. Related Person Transactions

For the purposes of this Policy, a "Related Person Transaction" is a transaction, arrangement or relationship, including any indebtedness or guarantee of indebtedness, (or any series of similar transactions, arrangements or relationships) in which the Company (including any of its subsidiaries) was, is or will be a participant and the amount involved exceeds $120,000, and in which any Related Person had, has or will have a direct or indirect material interest.

For purposes of this Policy, a "Related Person" means:

1. any person who is, or at any time since the beginning of the Company's last fiscal year was, a director or executive officer (i.e. members of the Senior Management Committee and the Controller) of the Company, Progress Energy Carolinas, Inc., or Progress Energy Florida, Inc. or a nominee to become a director of the Company, Progress Energy Carolinas, Inc., or Progress Energy Florida, Inc.;

2. any person who is known to be the beneficial owner of more than 5% of any class of the voting securities of the Company or its subsidiaries;

3. any immediate family member of any of the foregoing persons, which means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the director, executive officer, nominee or more than 5% beneficial owner, and any person (other than a tenant or employee) sharing the household of such director, executive officer, nominee or more than 5% beneficial owner; and

4. any firm, corporation or other entity in which any of the foregoing persons is employed or is a general partner or principal or in a similar position or in which such person has a 5% or greater beneficial ownership interest.

C. Approval Procedures

1. The Board has determined that the Committee is best suited to review and approve Related Person Transactions. Accordingly, at each calendar year's first regularly scheduled Committee meeting, management shall recommend Related Person Transactions to be entered into by the Company for that calendar year, including the proposed aggregate value of such transactions if applicable. After review, the Committee shall approve or disapprove such transactions and at each subsequently scheduled meeting, management shall update the Committee as to any material change to those proposed transactions.

2. In determining whether to approve or disapprove each related person transaction, the Committee will consider various factors, including the following:

   - the identity of the related person;
   - the nature of the related person's interest in the particular transaction;
   - the approximate dollar amount involved in the transaction;
   - the approximate dollar value of the related person's interest in the transaction;
   - whether the related person's interest in the transaction conflicts with his obligations to the Company and its shareholders;
   - whether the transaction will provide the related person with an unfair advantage in his dealings with the Company; and
   - whether the transaction will affect the related person's ability to act in the best interests of the Company and its shareholders

The Committee will only approve those related person transactions that are in, or are not inconsistent with, the best interests of the Company and its shareholders.

3. In the event management recommends any further Related Person Transactions subsequent to the first calendar year meeting, such transactions may be presented to the Committee for approval at the next Committee meeting. In these instances in which the Legal Department, in consultation with the President and Chief Operating Officer, determines that it is not practicable or desirable for the Company to wait until the next Committee meeting, any further Related Person Transactions shall be submitted to the Chair of the Committee (who will possess delegated authority to act between Committee meetings). The Chair of the Committee shall report to the Committee at the next Committee meeting any approval under this Policy pursuant to his/her delegated authority

4. No member of the Committee shall participate in any review, consideration or approval of any Related Person Transaction with respect to which such member or any of his or her immediate family members is the Related Person. The Committee (or the Chair) shall approve only those Related Person Transactions that are in, or are not inconsistent with, the best interests of the Company and its stockholders, as the Committee (or the Chair) determines in good faith. The Committee or Chair, as applicable, shall convey the decision to the President and Chief Operating Officer, who shall convey the decision to the appropriate persons within the Company.

D. Ratification Procedures

In the event the Company's Chief Executive Officer, President and Chief Operating Officer, Chief Financial Officer or General Counsel becomes aware of a Related Person Transaction that has not been previously approved or previously ratified under this Policy, said officer shall immediately notify the Committee or Chair of the Committee, and the Committee or Chair shall consider all of the relevant facts and circumstances regarding the Related Person Transaction. Based on the conclusions reached, the Committee or the Chair shall evaluate all options, including but not limited to ratification, amendment, termination or recession of the Related Person Transaction, and determine how to proceed.

E. Review of Ongoing Transactions

At the Committee's first meeting of each calendar year, the Committee shall review any previously approved or ratified Related Person Transactions that remain ongoing and have a remaining term of more than six months or remaining amounts payable to or receivable from the Company of more than $120,000. Based on all relevant facts and circumstances, taking into consideration the Company's contractual obligations, the Committee shall determine if it is in the best interests of the Company and its stockholders to continue, modify or terminate the Related Person Transaction.

F. Disclosure

All Related Person Transactions are to be disclosed in the filings of the Company, Progress Energy Carolinas, Inc. or Progress Energy Florida, Inc., as applicable, with the Securities and Exchange Commission as required by the Securities Act of 1933 and the Securities Exchange Act of 1934 and related rules. Furthermore, all Related Person Transactions shall be disclosed to the Corporate Governance Committee of the Board and any material Related Person Transaction shall be disclosed to the full Board of Directors.

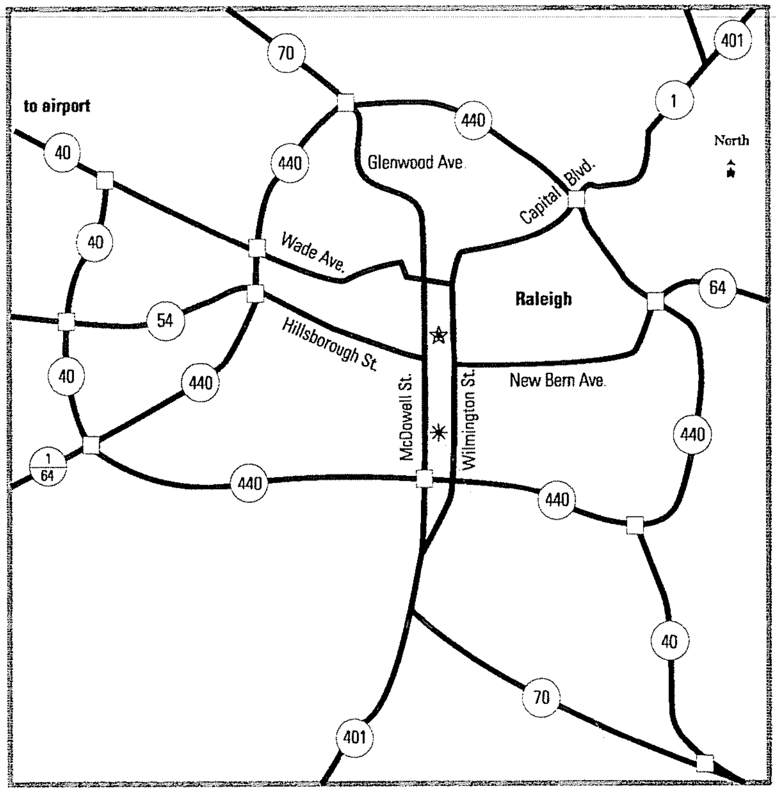
The material features of this Policy shall be disclosed in the Company's annual report on Form 10-K or in the Company's proxy statement, as required by applicable laws, rules and regulations.

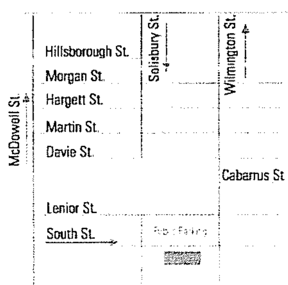
This page is intentionally left blank.

This page is intentionally left blank.

Directions to Progress Energy's 2011 Annual Shareholders' Meeting

Progress Energy Center for the Performing Arts
2 E. South Street, Raleigh, North Carolina





Progress Energy Center for the Performing Arts

002CS-61034

Duke Energy®

March 22, 2010

Dear Shareholder:

I am pleased to invite you to our annual meeting to be held on Thursday, May 6, 2010, in the O. J. Miller Auditorium located in our Charlotte headquarters building.

As explained in the enclosed proxy statement, at this year's meeting you will be asked to vote for the election of directors, to approve the Duke Energy Corporation 2010 Long-Term Incentive Plan, to ratify the selection of the independent public accountant, to vote on three shareholder proposals and to consider any other business that may properly come before the meeting.

It is important that all Duke Energy shareholders, regardless of the number of shares owned, participate in the affairs of the Company. At Duke Energy's last annual meeting, in May 2009, over 82 percent of Duke Energy's shares were represented in person or by proxy.

This year we will again be using the Securities and Exchange Commission ("SEC") rule that allows us to provide our proxy materials to our shareholders over the internet. By doing so, most of our shareholders will only receive a notice containing instructions on how to access the proxy materials over the internet and vote online, by telephone or by mail. If you would still like to request paper copies of the proxy materials, you may follow the instructions on the notice. If you receive paper copies of the proxy materials, we ask you to consider signing up to receive these materials electronically in the future by following the instructions contained in this proxy statement. By delivering proxy materials electronically, we can reduce the consumption of natural resources and the cost of printing and mailing our proxy materials.

Even if you plan to attend this year's meeting, it is a good idea to vote your shares now, before the meeting, in the event your plans change. This notice and proxy statement contains instructions on how you can vote your shares over the internet, by telephone or by mail. Whether you choose to vote by mail, telephone or internet, your response is greatly appreciated.

We hope you will find it possible to attend this year's annual meeting, and thank you for your continued interest in Duke Energy.

Sincerely,

James E. Rogers

James E. Rogers
Chairman, President and
Chief Executive Officer

Duke Energy Corporation
526 South Church Street
Charlotte, NC 28202-1802

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
May 6, 2010

March 22, 2010

We will convene the annual meeting of shareholders of Duke Energy Corporation on Thursday, May 6, 2010, at 10:00 a.m. in the O. J. Miller Auditorium in the Energy Center located at 526 South Church Street in Charlotte, North Carolina.

The purpose of the annual meeting is to consider and take action on the following:

1. Election of directors;

2. Approval of the Duke Energy Corporation 2010 Long-Term Incentive Plan;

3. Ratification of Deloitte & Touche LLP as Duke Energy's independent public accountant for 2010;

4. A shareholder proposal relating to preparation of a report on Duke Energy's global warming-related lobbying activities;

5. A shareholder proposal regarding an amendment to our organizational documents to require majority voting for the election of directors;

6. A shareholder proposal regarding the adoption of a policy requiring senior executives to hold a portion of their equity grants until after retirement; and

7. Any other business that may properly come before the meeting (or any adjournment or postponement of the meeting).

Shareholders of record as of the close of business on March 11, 2010, are entitled to vote at the annual meeting. It is important that your shares be represented at this meeting.

Whether or not you expect to be present at the annual meeting, please vote by marking, dating and signing the proxy card and returning it to us. You may also vote by telephone or internet. Please follow the voting instructions that are included on your proxy card. Regardless of the manner in which you vote, we urge and greatly appreciate your prompt response.

By order of the Board of Directors,

Marc E. Manly

Marc E. Manly
Group Executive, Chief Legal Officer
and Corporate Secretary

TABLE OF CONTENTS

This proxy statement was first made available to shareholders on or about March 22, 2010.

FREQUENTLY ASKED QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Q: ***On what am I voting?***

A:
- Election of directors;
- Approval of the Duke Energy Corporation 2010 Long-Term Incentive Plan;
- Ratification of Deloitte & Touche LLP ("Deloitte") as Duke Energy Corporation's ("Duke Energy" or the "Company") independent public accountant for 2010;
- A shareholder proposal relating to preparation of a report on Duke Energy's global warming-related lobbying activities;
- A shareholder proposal relating to majority voting for the election of directors; and
- A shareholder proposal regarding the retention of equity compensation by senior executives.

Q: ***Who can vote?***

A: Holders of Duke Energy's common stock as of the close of business on the record date, March 11, 2010, are entitled to vote, either in person or by proxy, at the annual meeting. Each share of Duke Energy common stock has one vote.

Q: ***How do I vote?***

A: *By Proxy*—Before the annual meeting, you can give a proxy to vote your shares of Duke Energy common stock in one of the following ways:

- by telephone;
- by internet; or
- by completing and signing your proxy card and mailing it in time to be received prior to the annual meeting.

The telephone and internet voting procedures are designed to confirm your identity, to allow you to give your voting instructions and to verify that your instructions have been properly recorded. If you wish to vote by telephone or internet, please follow the instructions that are included on your notice.

If you mail us your properly completed and signed proxy card, or vote by telephone or internet, your shares of Duke Energy common stock will be voted according to the choices that you specify. If you sign and mail your proxy card without marking any choices, your proxy will be voted:

- FOR the election of all nominees for director;
- FOR the approval of the Duke Energy Corporation 2010 Long-Term Incentive Plan;
- FOR the ratification of Deloitte as Duke Energy's independent public accountant for 2010;
- AGAINST the shareholder proposal relating to preparation of a report on Duke Energy's global warming-related lobbying activities;
- AGAINST the shareholder proposal relating to majority voting for the election of directors; and
- AGAINST the shareholder proposal regarding the retention of equity compensation by senior executives.

We do not expect that any other matters will be brought before the annual meeting. However, by giving your proxy, you appoint the persons named as proxies as your representatives at the annual meeting. If an issue should arise for vote at the annual meeting that is not included in the proxy material, the proxy holders will vote your shares in accordance with their best judgment.

In Person—You may come to the annual meeting and cast your vote there. If your shares are held in the name of your broker, bank or other nominee and you wish to vote at the annual meeting, you must bring an account statement or letter from the nominee indicating that you were the owner of the shares on March 11, 2010.

Q: ***May I change or revoke my vote?***

A: Yes. You may change your vote or revoke your proxy at any time prior to the annual meeting by:

- notifying Duke Energy's Corporate Secretary in writing that you are revoking your proxy;
- providing another signed proxy that is dated after the proxy you wish to revoke;
- using the telephone or internet voting procedures; or
- attending the annual meeting and voting in person.

Q: ***Will my shares be voted if I do not provide my proxy?***

A: It depends on whether you hold your shares in your own name or in the name of a bank or brokerage firm. If you hold your shares directly in your own name, they will not be voted unless you provide a proxy or vote in person at the meeting.

Brokerage firms generally have the authority to vote customers' unvoted shares on certain "routine" matters. If your shares are held in the name of a brokerage firm, the brokerage firm can vote your shares for the approval of the Duke Energy Corporation 2010 Long-Term Incentive Plan and for the ratification of Deloitte as Duke Energy's independent public accountant for 2010 if you do not timely provide your proxy because these matters are considered "routine" under the applicable rules. The other items are not considered "routine" and therefore may not be voted by your broker without instruction.

Q: ***As a participant in the Duke Energy Retirement Savings Plan, the Duke Energy Retirement Savings Plan for Legacy Cinergy Union Employees (Midwest) or the Duke Energy Retirement Savings Plan for Legacy Cinergy Union Employees (IBEW 1393), how do I vote shares held in my plan account?***

A: If you are a participant in any of these plans, you have the right to provide voting directions to the plan trustee, by submitting your proxy card, for those shares of Duke Energy common stock that are held by the plan and allocated to your account. Plan participant proxies are treated confidentially.

If you elect not to provide voting directions to the plan trustee, the plan trustee will vote the Duke Energy shares allocated to your plan account in the same proportion as those shares held by the plan for which the plan trustee has received voting directions from other plan participants. The plan trustee will follow participants' voting directions and the plan procedure for voting in the absence of voting directions, unless it determines that to do so would be contrary to the Employee Retirement Income Security Act of 1974. Because the plan trustee must process voting instructions from participants before the date of the annual meeting, you are urged to deliver your instructions no later than April 30, 2010.

Q: ***What constitutes a quorum?***

A: As of the record date, 1,310,533,533 shares of Duke Energy common stock were issued and outstanding and entitled to vote at the annual meeting. In order to conduct the annual meeting, a majority of the shares entitled to vote must be present in person or by proxy. This is referred to as a "quorum." If you submit a properly executed proxy card or vote by telephone or on the internet, you will be considered part of the quorum. Abstentions and broker "non-votes" will be counted as present and entitled to vote for purposes of determining a quorum. A broker "non-vote" occurs when a bank, broker or other nominee who holds shares for another person has not received voting instructions from the owner of the shares and, under New York Stock Exchange ("NYSE") listing standards, does not have discretionary authority to vote on a matter.

Q: ***What vote is needed to approve the matters submitted?***

A: Directors are elected by a plurality of the votes cast at the meeting, subject to the Board of Directors' policy regarding resignations for directors who do not receive a majority of "FOR" votes. "Plurality" means that the nominees receiving the largest number of votes cast are elected as directors up to the maximum number of directors to be chosen at the meeting. The affirmative vote of a majority of the shares present and entitled to vote at the annual meeting is required to approve the ratification of Deloitte as Duke Energy's independent public accountant for 2010 and to approve the Duke Energy Corporation 2010 Long-Term Incentive Plan. Similarly, each of the three shareholder proposals require the affirmative vote of a majority of the shares present and entitled to vote at the annual meeting in order to be approved. In tabulating the vote on any matter other than the election of directors, abstentions will have the same effect as votes against the matter and shares that are the subject of a broker "non-vote" will be deemed absent and will have no effect on the outcome of the vote.

Q: ***Who conducts the proxy solicitation and how much will it cost?***

A: Duke Energy is requesting your proxy for the annual meeting and will pay all the costs of requesting shareholder proxies. We have hired Georgeson Shareholder Communications, Inc. to help us send out the proxy materials and request proxies. Georgeson's fee for these services is $25,000, plus out-of-pocket expenses. We can request proxies through the mail or personally by telephone, fax or other means. We can use directors, officers and other employees of Duke Energy to request proxies. Directors, officers and other employees will not receive additional compensation for these services. We will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding solicitation material to the beneficial owners of Duke Energy common stock.

PROPOSAL 1: ELECTION OF DIRECTORS

The Board of Directors

The Board of Directors of Duke Energy has nominated the following 11 candidates to serve on the Board. We have a declassified Board of Directors, which means all of the directors are voted on every year at the annual meeting. Effective at the conclusion of the annual meeting, the Board will consist of 11 members.

If any director is unable to stand for election, the Board of Directors may reduce the number of directors or designate a substitute. In that case, shares represented by proxies may be voted for a substitute director. We do not expect that any nominee will be unavailable or unable to serve. The Corporate Governance Committee, comprised of only independent directors, has recommended each of the current directors, other than Dudley S. Taft who will be retiring from our Board of Directors at the annual meeting, per the retirement policy in our Principles for Corporate Governance, as nominees for directors and the Board of Directors has approved their nomination for election:

William Barnet, III
Director of Duke Energy or its predecessor companies since 2005
Chairman, President and Chief Executive Officer
The Barnet Company Inc. and Barnet Development Corporation
Age 67

Mr. Barnet has served as Chairman, President and CEO of The Barnet Company Inc. since 2001 and Barnet Development Corporation since 1990. Both companies are real estate and investment firms. Mr. Barnet served two terms as mayor of Spartanburg, S.C. and is a former director of Bank of America. In March 2006, Mr. Barnet was named as a Trustee of the Duke Endowment.

Mr. Barnet's qualifications for election include his management experience, his understanding of Duke Energy's South Carolina service territory, and his knowledge of finance and risk management.

G. Alex Bernhardt, Sr.
Director of Duke Energy or its predecessor companies since 1991
Chairman and CEO
Bernhardt Furniture Company
Age 66

Mr. Bernhardt has been associated with Bernhardt Furniture Company, a furniture manufacturer, since 1965. He was named President and a director in 1976 and became Chairman and CEO in 1996. Mr. Bernhardt is a director of Communities In Schools and the North Carolina Nature Conservancy.

Mr. Bernhardt's qualifications for election include his management experience and his knowledge and understanding of industry in Duke Energy's North Carolina service territory.

Michael G. Browning
Director of Duke Energy or its predecessor companies since 1990
Chairman and President
Browning Investments, Inc.
Age 63

Mr. Browning has been Chairman and President of Browning Investments, Inc., a real estate development firm, since 1981. He also serves as owner, general partner or managing member of various real estate entities. Mr. Browning is a former director of Standard Management Corporation, Conseco, Inc. and Indiana Financial Corporation.

Mr. Browning's qualifications for election include his management experience and business acumen and his knowledge and understanding of Duke Energy's midwest service territory. Mr. Browning's financial and investment background adds a valuable perspective to the Board and its committees.

Daniel R. DiMicco
Director of Duke Energy or its predecessor companies since 2007
Chairman, President and Chief Executive Officer
Nucor Corporation
Age 59

Mr. DiMicco has served as President and Chief Executive Officer of Nucor Corporation, a steel company, since 2000. He has been a member of the Nucor Board of Directors since 2000 and has served as its Chairman since 2006. Mr. DiMicco is a former chair of the American Iron and Steel Institute.

Mr. DiMicco's qualifications for election include his management experience, including Chief Executive Officer of a Fortune 500 company and successfully operating a company serving many constituencies. In addition, Mr. DiMicco's experience as Chief Executive Officer of a large industrial corporation provides a valuable perspective on Duke Energy's industrial customer class.

John H. Forsgren
Director of Duke Energy or its predecessor companies since 2009
Retired Vice Chairman, Executive Vice President and Chief Financial Officer
Northeast Utilities
Age 63

Mr. Forsgren was Vice Chairman, Executive Vice President and Chief Financial Officer of Northeast Utilities from 1996 until his retirement in 2004. He is a board member of Solar Africa LLC, a charitable organization focused on providing renewable energy for the benefit of impoverished communities throughout Africa. Mr. Forsgren also is currently a director of The Phoenix Companies, Inc. and CuraGen Corporation and a former director of Neon Communications Group, Inc., which was subsequently merged into RCN Telecom Services.

Mr. Forsgren's qualifications for election include his management experience and financial acumen as Vice Chairman and Chief Financial Officer of a large utility company, and his extensive knowledge of the energy industry and insight on renewable energy.

Ann Maynard Gray
Director of Duke Energy or its predecessor companies since 1994
Former Vice President, ABC, Inc. and
Former President, Diversified Publishing Group of ABC, Inc.
Age 64

Ms. Gray was President, Diversified Publishing Group of ABC, Inc., a television, radio and publishing company, from 1991 until 1997, and was a Corporate Vice President of ABC, Inc. and its predecessors from 1979 to 1998. Ms. Gray has served as a director for various public companies, including Duke Energy Corporation, for a number of years. She is currently a director of The Phoenix Companies, Inc. and a former director of Elan Corporation, plc.

Ms. Gray's qualifications for election include her business experience, both from a management perspective and as a result of her experience as a director at several public companies. Ms. Gray's public company experience has also given her in-depth knowledge of governance principles which she utilizes on a variety of matters, including, among other things, succession planning, executive compensation and corporate governance.

James H. Hance, Jr.
Director of Duke Energy or its predecessor companies since 2005
Retired Vice Chairman and Chief Financial Officer
Bank of America
Age 65

Mr. Hance was Vice Chairman of Bank of America from 1994 until his retirement in 2005 and served as Chief Financial Officer from 1988 to 2004. Since retiring in 2005, Mr. Hance has served as a director for various public companies, including Duke Energy Corporation. Mr. Hance is a certified public accountant and spent 17 years with Price Waterhouse (now PricewaterhouseCoopers LLP). He is currently a director of Sprint Nextel Corporation, Cousins Properties Incorporated, Morgan Stanley and Rayonier Inc. and a former director of Bank of America and EnPro Industries, Inc. Mr. Hance also serves as a Senior Advisor to the Carlyle Group.

Mr. Hance's qualifications for election include his management experience and business acumen as Vice Chairman and Chief Financial Officer of one of our nation's largest financial institutions, his broad background as a director of a number of large financial and industrial corporations, and his expertise in finance.

E. James Reinsch
Director of Duke Energy or its predecessor companies since 2009
Retired Senior Vice President and Partner
Bechtel Group
Age 66

Mr. Reinsch was Senior Vice President and Partner of Bechtel Group from 2003 to 2008 and past president of Bechtel Nuclear from 2000 to 2008 until his retirement in January 2009. He has served on the boards of several international nuclear energy organizations, including the International Nuclear Energy Academy. He has also served on the U.S. Department of Energy's Hydrogen and Fuel Cell Technical Advisory Committee.

Mr. Reinsch's qualifications for election include his management experience and extensive knowledge of the nuclear industry and construction business.

James T. Rhodes
Director of Duke Energy or its predecessor companies since 2001
Retired Chairman, President and CEO
Institute of Nuclear Power Operations
Age 68

Dr. Rhodes was Chairman and CEO of the Institute of Nuclear Power Operations, a nonprofit corporation promoting safety, reliability and excellence in nuclear plant operation, from 1998 to 1999 and Chairman, President and CEO from 1999 until his retirement in 2001. He served as President and CEO of Virginia Electric & Power Company, a subsidiary of Dominion Resources, Inc., from 1989 until 1997. Dr. Rhodes is a member of the Advisory Council for the Electric Power Research Institute.

Dr. Rhodes' qualifications for election include his management experience as Chief Executive Officer of a large non-profit in the energy industry, as well as his in-depth knowledge of the energy and nuclear industry.

James E. Rogers
Director of Duke Energy or its predecessor companies since 1988
Chairman, President and Chief Executive Officer
Duke Energy Corporation
Age 62

Mr. Rogers has served as President, CEO and a member of the Board of Directors of Duke Energy since its merger with Cinergy Corp. in 2006 and has served as Chairman since 2007. Mr. Rogers was Chairman and CEO of Cinergy Corp. from 1994 until its merger with Duke Energy. He was formerly Chairman, President and CEO of PSI Energy, Inc. from 1988 until 1994. Mr. Rogers is currently a director of Applied Materials, Inc. and CIGNA Corporation and a former director of Fifth Third Bancorp.

Mr. Rogers' qualifications for election include his 22 years as Chief Executive Officer of a utility company, and his expertise in the energy industry, the affairs of the Company and its businesses.

Philip R. Sharp
Director of Duke Energy or its predecessor companies since 2007
President
Resources for the Future
Age 67

Dr. Sharp has served as President of Resources for the Future since 2005. He joined Duke Energy's Board of Directors in 2007, having previously served on the board of directors of one of its predecessor companies from 1995 to 2006. Dr. Sharp was a member of Congress from Indiana for 20 years, serving on the House Energy and Commerce Committee. He is a member of the Blue Ribbon Commission on America's Nuclear Future, and he currently serves as Congressional Chair of the non-profit National Commission on Energy Policy.

Dr. Sharp's qualifications for election include broad experience in government, including regulatory and legislative processes, as well as his understanding of governmental relations, public policy and the energy industry.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" EACH NOMINEE.

INFORMATION ON THE BOARD OF DIRECTORS

Board of Directors' Leadership Structure and Meeting Attendance

The Board currently combines the role of Chairman of the Board with the role of Chief Executive Officer. Combining the Chairman and CEO roles fosters clear accountability, effective decision-making, and alignment on corporate strategy. To assure effective independent oversight, the Board has adopted a number of governance practices, including having an independent lead director with the following responsibilities: (i) leading, in conjunction with the Corporate Governance Committee, the process for review of the Chief Executive Officer and Board, (ii) presiding at Board of Directors' meetings when the Chairman is not present, (iii) presiding at executive sessions of the non-management directors, (iv) assisting in the setting of the Board of Directors' meeting agendas with the Chairman and (v) serving as a liaison between the independent directors and the Chairman and the Chief Executive Officer. Ms. Gray was appointed by the Board of Directors as lead independent director on April 4, 2006.

The Board of Directors of Duke Energy met 6 times during 2009, and has met 2 times so far in 2010. No director attended less than 75 percent of the total of the Board of Directors' meetings and the meetings of the committees upon which he or she served. Directors are encouraged to attend the annual meeting of shareholders. All members of the Board of Directors attended Duke Energy's last annual meeting of shareholders on May 7, 2009.

Risk Oversight

The Board is actively involved in the oversight of risks that could affect Duke Energy. This oversight is conducted primarily through the Finance and Risk Management Committee of the Board but also through the other committees of the Board, as appropriate. See below for descriptions of each of the committees. The Board and its committees, including the Finance and Risk Management Committee, satisfy this responsibility through reports by each committee chair regarding the committee's considerations and actions, as well as through regular reports directly from officers responsible for oversight of particular risks within Duke Energy.

Independence of Directors

The Board of Directors may determine a director to be independent if the Board of Directors has affirmatively determined that the director has no material relationship with Duke Energy or its subsidiaries (references in this proxy statement to Duke Energy's subsidiaries shall mean its consolidated subsidiaries), either directly or as a shareholder, director, officer or employee of an organization that has a relationship with Duke Energy or its subsidiaries. Independence determinations are generally made on an annual basis at the time the Board of Directors approves director nominees for inclusion in the annual proxy statement and, if a director joins the Board of Directors in the interim, at such time.

The Board of Directors has determined that none of the directors, other than Mr. Rogers, has a material relationship with Duke Energy or its subsidiaries, and all are, therefore, independent under the listing standards of the NYSE and the rules and regulations of the SEC. In arriving at this determination, the Board of Directors considered all transactions and the materiality of any relationship with Duke Energy and its subsidiaries in light of all facts and circumstances.

The Board also considers its Standards for Assessing Director Independence which set forth certain relationships between Duke Energy and directors and their immediate family members, or affiliated entities, that the Board, in its judgment, has deemed to be material or immaterial for purposes of assessing a director's independence. In the event a director has a relationship with Duke Energy that is not addressed in the Standards for Assessing Director Independence, the independent members of the Board determine whether such relationship is material. For Mr. DiMicco, the Board considered his position at Nucor Corporation ("Nucor") and its relationship with Duke Energy Indiana, Inc. ("Duke Energy Indiana") as Nucor's electric service provider to one of its plants located in the Duke Energy Indiana service territory. See Related Person Transactions on page 91 for further information. This relationship was deemed not to impair Mr. DiMicco's independence as the amount received by Duke Energy in each of the last three years is less than 2% of Nucor's consolidated gross revenues, as required by the NYSE and our Standards for Assessing Director Independence. The Board also considered Mr. Reinsch's former position at Bechtel Group ("Bechtel"), which is affiliated with Bechtel Power Corporation, a company that entered into an agreement with Duke Energy Indiana for the construction of Duke Energy Indiana's new integrated gasification combined cycle generation facility in Edwardsport, Indiana. This relationship was deemed not to impair Mr. Reinsch's independence as he retired from Bechtel in January 2009 prior to his appointment to the Board in August 2009. In addition to these relationships, the Board considered that Duke Energy in the ordinary course of business purchases products and services from, or provides electric service to, companies at which some of our directors are officers.

Board of Directors' Committees

The Board of Directors has the five standing committees described below:

- **Audit Committee Overview**

The *Audit Committee* selects and retains a firm of independent public accountants to conduct audits of the accounts of Duke Energy and its subsidiaries. It also reviews with the independent public accountants the scope and results of their audits, as well as the accounting procedures, internal controls, and accounting and financial reporting policies and practices of Duke Energy and its subsidiaries, and makes reports and recommendations to the Board of Directors as it deems appropriate. The Audit Committee is responsible for approving all audit and permissible non-audit services provided to Duke Energy by its independent public accountants. Pursuant to this responsibility, the Audit Committee adopted the policy on Engaging the Independent Auditor for Services, which provides that the Audit Committee will establish detailed services and related fee levels that may be provided by the independent public accountants and review such policy annually. See page 30 for additional information on the Audit Committee's pre-approval policy.

The Board of Directors has determined that Mr. Browning is an "audit committee financial expert" as such term is defined in Item 401(h) of Regulation S-K. See page 6 for a description of his business experience.

This committee met 12 times in 2009 and has met 2 times so far in 2010. During 2009, the Audit Committee was comprised of Mr. Browning (Chair), Mr. Bernhardt, Mr. DiMicco, Mr. Forsgren, Dr. Rhodes and Dr. Sharp. Currently the members are Mr. Browning (Chair), Mr. Bernhardt, Mr. Forsgren, Dr. Rhodes and Dr. Sharp. Each of these members has been determined to be "independent" within the meaning of the NYSE's listing standards, Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the Company's categorical standards for independence. In addition, each of these members meets the financial literacy requirements for audit committee membership under the NYSE's rules and the rules and regulations of the SEC.

- **Corporate Governance Committee Overview**

The *Corporate Governance Committee* considers matters related to corporate governance and formulates and periodically revises governance principles. It recommends the size and composition of the Board of Directors and its committees and recommends potential successors to the Chief Executive Officer. This committee also recommends to the Board of Directors the slate of nominees, including any nominees recommended by shareholders, for director for each year's annual meeting and, when vacancies occur, names of individuals who would make suitable directors of Duke Energy. This committee may engage an external search firm or a third party to identify or evaluate or to assist in identifying or evaluating a potential nominee. The committee also performs an annual evaluation of the performance of the Chief Executive Officer with input from the full Board of Directors.

This committee met 5 times in 2009 and has met 2 times so far in 2010. During 2009 and currently, the Corporate Governance Committee members are Ms. Gray (Chair), Mr. Browning and Mr. DiMicco. Each of these members has been determined to be "independent" within the meaning of the NYSE's listing standards and the Company's categorical standards for independence.

- **Compensation Committee Overview**

The *Compensation Committee* establishes and reviews the overall compensation philosophy, reviews and approves the salaries and other compensation of certain employees, including all executive officers of Duke Energy, reviews and approves compensatory agreements with executive officers, approves equity grants and reviews the effectiveness of, and approves changes to, compensation programs. This committee also makes recommendations to the Board of Directors on compensation for outside directors.

This committee met 9 times in 2009 and has met 2 times so far in 2010. During 2009, the Compensation Committee was comprised of Mr. Hance (Chair), Mr. Browning, Mr. DiMicco, Mr. Forsgren, Ms. Gray and Mr. Taft. Currently, the members are Mr. Hance (Chair), Mr. DiMicco, Mr. Forsgren, Ms. Gray and Mr. Taft. All current members of the Compensation Committee are considered to be "independent" within the meaning of the NYSE's listing standards and the Company's categorical standards for independence, to be "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code") and, other than Mr. DiMicco, to be "non-employee directors" within the meaning of Rule 16b-3 of the Exchange Act.

The Compensation Committee Charter authorizes the Compensation Committee to engage advisors and compensation consultants. The Compensation Committee has engaged Frederic W. Cook & Company, Inc. to report directly to the Compensation Committee as its independent compensation consultant. Frederic W. Cook & Company, Inc. performs such tasks as the Compensation Committee or its Chairman may request. Management's role in the compensation-setting process is to recommend compensation programs and assemble information as requested by the Compensation Committee, which then exercises discretion in its decisions. The compensation consultant has been instructed that it shall provide completely independent advice to the Compensation Committee and is not permitted to provide any services to Duke Energy other than consulting with the Compensation Committee and, with the consent of the Chairman of the Compensation Committee, the compensation consultant may meet with management to discuss strategic issues with respect to executive compensation. The roles of the compensation consultant and management are described in more detail in the Compensation Discussion and Analysis.

- **Finance and Risk Management Committee Overview**

The *Finance and Risk Management Committee* is primarily responsible for the oversight of risk at the Company. This oversight function includes reviews of Duke Energy's financial and fiscal affairs and makes recommendations to the Board of Directors regarding dividends, financing and fiscal policies. It reviews the financial exposure of Duke Energy, as well as mitigating strategies, reviews Duke Energy's risk exposure as related to overall company portfolio and impact on earnings, and reviews the financial impacts of major projects as well as capital expenditures.

This committee met 6 times in 2009 and has met 1 time so far in 2010. During 2009 and currently, the Finance and Risk Management Committee members are Mr. Barnet (Chair), Mr. Browning, Ms. Gray, Mr. Hance, Mr. Reinsch and Mr. Taft.

- **Nuclear Oversight Committee Overview**

The *Nuclear Oversight Committee* provides oversight of the nuclear safety, operational and financial performance, and long-term plans and strategies of Duke Energy's nuclear power program. The oversight role is one of review, observation and comment and in no way alters management's authority, responsibility or accountability.

This committee met 5 times in 2009 and has met 1 time so far in 2010. During 2009 and currently, the Nuclear Oversight Committee members are Dr. Rhodes (Chair), Mr. Barnet, Mr. Bernhardt, Mr. Reinsch and Dr. Sharp.

Each committee operates under a written charter adopted by the Board of Directors. The charters are posted on our website at *www.duke-energy.com/corporate-governance/board-committee-charters.asp.*

Board of Directors Committee Membership Roster (as of March 22, 2010)

Name	Audit	Compensation	Corporate Governance	Finance and Risk Management	Nuclear Oversight
William Barnet, III				X•	X
G. Alex Bernhardt, Sr.	X				X
Michael G. Browning	X•		X	X	
Daniel R. DiMicco		X	X		
John H. Forsgren	X	X			
Ann Maynard Gray		X	X•	X	
James H. Hance, Jr.		X•		X	
E. James Reinsch				X	X
James T. Rhodes	X				X•
James E. Rogers					
Philip R. Sharp	X				X
Dudley S. Taft		X		X	

• Committee Chair

Director Compensation

Annual Retainer and Fees. During 2009, the retainer and meeting fees paid to our outside directors consisted of:

		Meeting Fees		
Type of Fee	Fee (Other Than for Meetings)($)	In-Person Attendance at Meetings Held in Conjunction With a Regular Board of Directors Meeting($)	In-Person Meetings Not Held in Conjunction With a Regular Board of Directors Meeting($)	Telephonic Participation in Meetings($)
Annual Board of Directors Retainer (Cash)	50,000			
Annual Board of Directors Retainer (Stock)	100,000			
Board of Directors Meeting Fees		2,000	2,500	2,000
Annual Lead Director Retainer	35,000			
Annual Audit Committee Chair Retainer	20,000			
Annual Chair Retainer (Other Committees)	10,000			
Audit Committee Meeting Fees		3,000	2,500	2,000
Nuclear Oversight Committee Meeting Fees		4,000	2,500	2,000
Other Committee Meeting Fees		2,000	2,500	2,000

Annual Stock Retainer for 2009. In 2009, each director, with the exception of Ms. Schapiro whose service on the Board of Directors ended in January 2009 and therefore did not receive an annual retainer grant (which is made in May of each year), received the portion of his or her annual retainer that was payable in stock in the form of fully-vested shares granted under the Duke Energy Corporation 2006 Long-Term Incentive Plan. Each director, other than Mr. Forsgren and Mr. Reinsch, received 7,047 shares of stock. Mr. Forsgren and Mr. Reinsch, each of whom joined the Board of Directors on August 25, 2009, received a prorated portion of the annual stock retainer amounting to 4,467 shares.

Deferral Plans and Stock Purchases. Directors may elect to receive all or a portion of their annual compensation, consisting of retainers and attendance fees, on a current basis, or defer such compensation under the Duke Energy Corporation Directors' Savings Plan (the "Directors' Savings Plan"). Deferred amounts are credited to an unfunded account for the director's benefit, the balance of which is adjusted for the performance of phantom investment options, including the Duke Energy common stock fund, as elected by the director. Each outside director will receive deferred amounts credited to his or her account generally following termination of his or her service from the Board of Directors, in accordance with his or her distribution elections.

Charitable Giving Program. The Duke Energy Foundation, independent of Duke Energy, maintains The Duke Energy Foundation Matching Gifts Program under which directors (and current and retired employees) are eligible for matching contributions of up to $5,000 per director per calendar year to qualifying institutions. In addition, Duke Energy maintains a Directors' Charitable Giving Program. Eligibility for this program has been frozen and only Ms. Gray is eligible. Under this program, Duke Energy will make, upon the director's death, donations of up to $1,000,000 to charitable organizations selected by the director. Ms. Gray may request that donations be made under this program during her lifetime, in which case the maximum donation will be reduced on an actuarially-determined net present value basis. In 2009, no donations were made on behalf of Ms. Gray. Duke Energy maintains life insurance policies upon eligible directors to fund donations under this program.

Expense Reimbursement and Insurance. Duke Energy provides travel insurance to directors in the amount of $500,000, and reimburses directors for expenses reasonably incurred in connection with attendance and participation at Board of Directors and committee meetings and special functions.

Gifts. Duke Energy presented a 2009 holiday gift to each person who was an outside director as of December 31, 2009. The aggregate cost of the gifts to all directors was $3,894.

Stock Ownership Guidelines. Outside directors are subject to stock ownership guidelines, which establish a target level of ownership of Duke Energy common stock (or common stock equivalents). Currently each outside director is required to own shares with a value equal to at least five times the annual Board of Directors cash retainer (*i.e.*, an ownership level of $250,000) or retain 50% of his or her vested annual equity retainer. All outside directors were in compliance with the guidelines as of December 31, 2009.

The following table describes the compensation earned during 2009 by each individual who served as an outside director during 2009.

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)(3)	Stock Awards ($)(4)(5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(6)	All Other Compensation ($)(7)	Total ($)
William Barnet, III	104,000	99,997	0	5,603	209,600
G. Alex Bernhardt, Sr.	106,000	99,997	9,970	3,603	219,570
Michael G. Browning	123,333	99,997	0	5,603	228,933
Daniel R. DiMicco	97,000	99,997	0	603	197,600
John H. Forsgren(1)	35,527	69,775	0	5,437	110,739
Ann Maynard Gray	158,000	99,997	0	1,478	259,475
James H. Hance, Jr.	100,000	99,997	0	5,353	205,350
E. James Reinsch(1)	33,527	69,775	0	5,187	108,489
James T. Rhodes	125,500	99,997	0	4,628	230,125
Mary L. Schapiro(2)	2,917	0	0	11	2,928
Philip R. Sharp	108,000	99,997	0	603	208,600
Dudley S. Taft	84,000	99,997	0	603	184,600

(1) Effective August 25, 2009, Messrs. Forsgren and Reinsch were appointed to the Board of Directors of Duke Energy.

(2) Effective January 15, 2009, Ms. Schapiro resigned from the Board of Directors of Duke Energy to accept a position with the Securities and Exchange Commission.

(3) Messrs. Bernhardt, Browning, DiMicco and Reinsch and Dr. Rhodes deferred $106,000; $123,333; $97,000; $29,451; and $62,750, respectively, of their 2009 cash compensation under the Directors' Savings Plan.

(4) This column reflects the grant date fair value of the stock retainer granted to each director during 2009. The grant date fair value was determined in accordance with the accounting guidance for stock-based compensation. See Note 19 of the Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended December 31, 2009 ("Annual Report") for an explanation of the assumptions made in valuing these awards. Messrs. Bernhardt, Browning and DiMicco and Dr. Rhodes previously elected to defer their 2009 stock retainer of 7,047 Duke Energy shares under the Directors' Savings Plan.

(5) As of December 31, 2009, the aggregate number of outstanding option and phantom share awards, covering Duke Energy and Spectra Energy* shares, for each director was as follows:

Name	Duke Energy Phantom Shares (#)	Spectra Energy Phantom Shares (#)	Duke Energy Stock Options (#)	Spectra Energy Stock Options (#)
William Barnet, III	0	0	0	0
G. Alex Bernhardt, Sr.	472	236	12,000	6,000
Michael G. Browning	0	0	0	0
Daniel R. DiMicco	0	0	0	0
John H. Forsgren	0	0	0	0
Ann Maynard Gray	472	236	12,000	6,000
James H. Hance, Jr.	0	0	0	0
E. James Reinsch	0	0	0	0
James T. Rhodes	472	236	8,000	4,000
Mary L. Schapiro	0	0	0	0
Philip R. Sharp	0	0	0	0
Dudley S. Taft	0	0	0	0

Mr. Bernhardt, Ms. Gray and Dr. Rhodes received phantom shares on February 28, 2005 and May 12, 2005, which vest in equal annual installments on each of the first five anniversaries of the grant date.

*Duke Energy spun off its gas businesses effective January 2, 2007, to form Spectra Energy.

(6) Reflects above-market interest earned on a grandfathered investment fund previously provided under a predecessor plan to the Directors' Savings Plan. Participants can no longer defer compensation into the grandfathered investment fund, but continue to be credited with interest at the fixed rate on amounts previously deferred to such fund.

(7) As described in the following table, All Other Compensation for 2009 includes a business travel accident insurance premium of $2,418 that was prorated among the directors based on their service on the Duke Energy Board of Directors during 2009, matching gift contributions made by The Duke Energy Foundation in the director's name to charitable organizations, and a holiday gift.

Name	Business Travel Accident Insurance ($)	Matching Charitable Contributions ($)	Holiday Gift ($)	Total ($)
William Barnet, III	249	5,000	354	5,603
G. Alex Bernhardt, Sr.	249	3,000	354	3,603
Michael G. Browning	249	5,000	354	5,603
Daniel R. DiMicco	249	0	354	603
John H. Forsgren	83	5,000	354	5,437
Ann Maynard Gray	249	875	354	1,478
James H. Hance, Jr.	249	4,750	354	5,353
E. James Reinsch	83	4,750	354	5,187
James T. Rhodes	249	4,025	354	4,628
Mary L. Schapiro	11	0	0	11
Philip R. Sharp	249	0	354	603
Dudley S. Taft	249	0	354	603

PROPOSAL 2: APPROVAL OF THE DUKE ENERGY CORPORATION 2010 LONG-TERM INCENTIVE PLAN

Introduction

The Board of Directors of Duke Energy considers equity-based compensation an essential tool to attract, motivate and retain our officers, key employees and directors and to align their interests with the interests of our shareholders. Consistent with this view, on February 23, 2010, the Board of Directors unanimously adopted, subject to the approval of Duke Energy's shareholders at the annual meeting, the Duke Energy Corporation 2010 Long-Term Incentive Plan (the "2010 Plan"). The 2010 Plan will maintain the flexibility that we need to keep pace with our competitors and effectively attract, motivate and retain the caliber of employees and directors essential to our success.

Duke Energy currently grants equity awards under the Duke Energy Corporation 2006 Long-Term Incentive Plan, as amended (the "2006 Plan"). If approved by our shareholders, the 2010 Plan will become effective and no further awards will be made under the 2006 Plan. Awards granted under the 2006 Plan prior to shareholder approval of the 2010 Plan will remain outstanding in accordance with their terms.

The following is a summary of the 2010 Plan. The full text of the 2010 Plan has been filed as Appendix A to this Proxy Statement.

Shareholders are asked to approve the 2010 Plan (i) to qualify stock options for treatment as incentive stock options for purposes of Section 422 of the Internal Revenue Code, (ii) to qualify certain compensation under the 2010 Plan as performance-based compensation for purposes of Section 162(m) of the Internal Revenue Code and (iii) to satisfy NYSE guidelines relating to equity compensation.

Plan Highlights

The 2010 Plan authorizes the grant of equity-based compensation to our key employees and non-employee directors in the form of stock options, stock appreciation rights, restricted shares, performance shares, performance units, phantom stock, stock bonuses and dividend equivalents.

The 2010 Plan is substantially similar to the 2006 Plan, except that it authorizes 75,000,000 shares, rather than 60,000,000 shares, for delivery under equity awards and expands the list of performance criteria that can be used for awards that are intended to qualify for the performance-based compensation exception to Section 162(m) of the Internal Revenue Code. Some of these key features are highlighted below and are more fully described under the heading "Summary of the Plan."

- If approved by our shareholders, the 2010 Plan will become effective and no further awards will be made under the 2006 Plan. Awards granted under the 2006 Plan prior to shareholder approval of the 2010 Plan will remain outstanding in accordance with their terms.

- The 2010 Plan contains a fungible share limit, which means that so-called "full value awards" such as restricted shares, performance awards, phantom stock, dividend equivalents paid in the form of Duke Energy common stock and stock bonuses are counted against the 75,000,000 share reserve as four shares for every one share that is issued in connection with such award. The result is that only up to 18,750,000 shares may be issued as full value awards.

- The 2010 Plan imposes certain sub-limits on awards granted to any one individual during any one calendar year. As a result, no individual may be granted, during any calendar year: (i) stock options covering more than 3,000,000 shares of Duke Energy common stock, (ii) stock appreciation rights covering more than 3,000,000 shares of Duke Energy common stock, (iii) restricted shares covering more than 600,000 shares of Duke Energy common stock, (iv) performance units paying a maximum amount of more than $3,750,000 or (v) performance shares covering more than 600,000 shares of Duke Energy common stock.

- The 2010 Plan does not permit what has been labeled by some shareholder groups as "liberal share counting" when determining the number of shares that have been granted. Only awards that are cancelled, forfeited or which are paid in cash can be added back to the 75,000,000 share reserve.

- Stock options and stock appreciation rights must be granted with an exercise price or base price at least equal to the fair market value of a share of Duke Energy's common stock on the date of grant. In other words, the 2010 Plan prohibits the use of "discounted" stock options or stock appreciation rights.

- The repricing of stock options and stock appreciation rights is prohibited without shareholder approval. The payment of cash in cancellation of "underwater" stock options and stock appreciation rights is also prohibited.

- The 2010 Plan is designed to allow awards made under the plan to qualify as "performance-based compensation" under Section 162(m) of the Internal Revenue Code.

Summary of the Plan

Reservation of Shares. Duke Energy has reserved, subject to shareholder approval of the 2010 Plan, 75,000,000 shares of common stock for issuance under the 2010 Plan, which may include authorized but unissued shares, treasury shares, shares acquired in the open market or a combination thereof. Shares of common stock that are issued in connection with all awards other than stock options and stock appreciation rights shall be counted against the 75,000,000 limit described above as four shares of common stock for every one share of common stock that is issued in connection with an award.

Shares covered by an award granted under the 2010 Plan shall not be counted as used unless and until they are actually issued and delivered to a participant. Shares covering awards that expire, are forfeited, are cancelled or are paid out in cash will again be available for issuance under the 2010 Plan. However, the following shares of common stock will not be added back to the aggregate plan limit described above: (1) shares tendered in payment of the option price of a stock option; (2) shares withheld by Duke Energy to satisfy the tax withholding obligation; and (3) shares that are repurchased by Duke Energy in connection with the exercise of a stock option granted under the 2010 Plan. Moreover, all shares of Duke Energy common stock covered by a stock appreciation right, to the extent that it is exercised and settled in shares, and whether or not shares are actually issued to the participant upon exercise of the right, shall be considered issued or transferred pursuant to the 2010 Plan.

In addition to the aggregate limit on awards described above, the 2010 Plan imposes various sub-limits on the number of shares of Duke Energy common stock that may be issued or transferred thereunder. In order to comply with the rules applicable to incentive stock options, the 2010 Plan provides that the aggregate number of shares of Duke Energy common stock actually issued or transferred upon the exercise of incentive stock options may not exceed 75,000,000 shares. In order to comply with the exemption from Section 162(m) of the Internal Revenue Code relating to performance-based compensation, the 2010 Plan imposes the following additional sub-limits on awards granted to any one individual during any calendar year: (i) stock options covering more than 3,000,000 shares of Duke Energy common stock, (ii) stock appreciation rights covering more than 3,000,000 shares of Duke Energy common stock, (iii) restricted shares covering more than 600,000 shares of Duke Energy common stock, (iv) performance units paying a maximum amount of more than $3,750,000 or (v) performance shares covering more than 600,000 shares of Duke Energy common stock.

The maximum number of shares of Duke Energy common stock which may be awarded under the 2010 Plan and the various sub-limits described above are subject to adjustment in the event of any merger, consolidation, liquidation, issuance of rights or warrants to purchase securities, recapitalization, reclassification, stock dividend, spin-off, split-off, stock split, reverse stock split or other distribution with respect to the shares of common stock, or any similar corporate transaction or event in respect of the common stock.

Administration. The 2010 Plan will be administered by the Compensation Committee. Subject to the limitations set forth in the 2010 Plan, the Compensation Committee has the authority to determine the persons to whom awards are granted, the types of awards to be granted, the time at which awards will be granted, the number of shares, units or other rights subject to each award, the exercise, base or purchase price of an award (if any), the time or times at which the award will become vested, exercisable or payable, the performance criteria, performance goals and other conditions of an award, and the duration of the award. The Compensation Committee may provide for the acceleration of the vesting or exercise period of an award at any time prior to its termination or upon the occurrence of specified events. With the consent of the affected participant, the Compensation Committee has the authority to cancel and replace awards previously granted with new awards for the same or a different number of shares and for the same or different exercise or base price and may amend the terms of any outstanding award, provided that the Compensation Committee shall not have the authority to reduce the exercise or base price of an award by amendment or cancellation and substitution of an existing award without approval of Duke Energy's shareholders or provide cash payments for an "underwater" stock option or stock appreciation right. The Compensation Committee shall have the right, from time to time, to delegate to one or more officers or directors of Duke Energy the authority to grant and determine the terms and conditions of awards under the 2010 Plan, subject to such limitations as the Compensation Committee shall determine. With respect to awards granted under the 2010 Plan to non-employee members of the Board of Directors, all rights, powers and authorities vested in the Compensation Committee under the 2010 Plan shall instead be exercised by the Board of Directors.

Eligibility. Key employees of Duke Energy and its subsidiaries (or any person who has agreed to serve in such capacity) and non-employee directors are eligible to be granted awards under the 2010 Plan, as selected from time to time by the Compensation Committee in its sole discretion. It is currently anticipated that approximately 370 employees and 11 non-employee directors are eligible for awards under the 2010 Plan.

Stock Options. The 2010 Plan authorizes the grant of nonqualified stock options and incentive stock options. Nonqualified stock options may be granted to employees and non-employee directors. Incentive stock options may only be granted to employees. The exercise price of an option may be determined by the Compensation Committee, provided that the exercise price per share of an option may not be less than the fair market value of a share of Duke Energy's common stock on the date of grant (which date may not be earlier than the date that the Compensation Committee takes action with respect thereto). The fair market value of a share of Duke Energy's common stock as reported on the New York Stock Exchange on March 18, 2010 was $16.58. The value of common stock (determined at the date of grant) that may be subject to incentive stock options that become exercisable by any one employee in any one year is limited to $100,000. The maximum term of stock options granted under the 2010 Plan is ten years from the date of grant. The Compensation Committee shall determine the extent to which an option shall become and/or remain exercisable in the event of termination of employment or service of a participant under certain circumstances, including retirement, death or disability, subject to certain limitations for incentive stock options. Under the 2010 Plan, the exercise price of an option is payable by the participant (i) in cash, (ii) in the discretion of the Compensation Committee, in shares of common stock that are already owned by the option holder and have a value at the time of exercise equal to the option price, (iii) in the discretion of the Compensation Committee, from the proceeds of sale through a broker on the date of exercise of some or all of the shares of common stock to which the exercise relates, (iv) in the discretion of the Compensation Committee, by withholding from delivery shares of common stock for which the option is otherwise exercised, or (v) by any other method approved of by the Compensation Committee. Nonqualified stock options granted under the 2010 Plan are intended to qualify for exemption under section 162(m) of the Internal Revenue Code.

Stock Appreciation Rights. The 2010 Plan authorizes the grant of awards of stock appreciation rights. A stock appreciation right may be granted either in tandem with an option or without relationship to an option. A stock appreciation right entitles the holder, upon exercise, to receive a payment based on the difference between the base price of the stock appreciation right and the fair market value of a share of Duke Energy common stock on the date of exercise, multiplied by the number of shares as to which such stock appreciation right will have been exercised. A stock appreciation right granted in tandem with an option will have a base price per share equal to the per share exercise price of the option, will be exercisable only at such time or times as the related option is exercisable and will expire no later than the time when the related option expires. Exercise of the option or the stock appreciation right as to a number of shares results in the cancellation of the same number of shares under the tandem right. A stock appreciation right granted without relationship to an option will be exercisable as determined by the Compensation Committee, but in no event after ten years from the date of grant. The base price assigned to a stock appreciation right granted without relationship to an option shall not be less than 100% of the fair market value of a share of Duke Energy's common stock on the date of grant (which date may not be earlier than the date that the Compensation Committee takes action with respect thereto). Stock appreciation rights are payable in cash, in shares of common stock, or in a combination of cash and shares of common stock, in the discretion of the Compensation Committee. Stock appreciation rights granted under the 2010 Plan are intended to qualify for exemption under section 162(m) of the Internal Revenue Code.

Performance Awards. The 2010 Plan authorizes the grant of performance awards, which are units denominated on the date of grant either in shares of common stock ("performance shares") or in specified dollar amounts ("performance units"). Performance awards are payable upon the achievement of performance criteria established by the Compensation Committee at the beginning of the performance period, which may not exceed ten years from the date of grant. At the time of grant, the Compensation Committee establishes the number of units, the duration of the performance period or periods, the applicable performance criteria, and, in the case of performance units, the target unit value or range of unit values for the performance awards. At the end of the performance period, the Compensation Committee determines the payment to be made based on the extent to which the performance goals have been achieved. Performance awards are payable in cash, in shares of common stock, or in a combination of cash and shares of common stock, at the discretion of the Compensation Committee.

The Compensation Committee may grant performance awards that are intended to qualify for exemption under section 162(m) of the Internal Revenue Code, as well as performance awards that are not intended to so qualify. The performance criteria for a section 162(m) qualified award, which may relate to Duke Energy, any subsidiary, any business unit or any participant, and may be measured on an absolute or relative to peer group or other market measure basis, shall be limited to total shareholder return; stock price increase; return on equity; return on capital; earnings per share; EBIT (earnings before interest and taxes); EBITDA (earnings before interest, taxes, depreciation and amortization); ongoing earnings; cash flow (including operating cash flow, free cash flow, discounted cash flow return on investment, and cash flow in excess of costs of capital); EVA (economic value added); economic profit (net operating profit after tax, less a cost of capital charge); SVA (shareholder value added); revenues; net income; operating income; pre-tax profit margin; performance against business plan; customer service; corporate governance quotient or rating; market share; employee satisfaction; safety; reliability; employee engagement; supplier diversity; workforce diversity; operating margins; credit rating; dividend payments; expenses; operations and maintenance expenses; fuel cost per million BTU; costs per kilowatt hour; retained earnings; completion of acquisitions, divestitures and corporate restructurings; and individual goals based on objective business criteria underlying the goals listed above and which pertain to individual effort as to achievement of those goals or to one or more business criteria in the areas of litigation, human resources, information services, production, inventory, support services, site development, plant development, building development, facility development, government relations, product market share or management. In the case of a performance award that is not intended to qualify for exemption under Section 162(m) of the Internal Revenue Code, the Compensation Committee shall designate performance criteria from among the foregoing or such other business criteria as it shall determine it its sole discretion.

Restricted Stock Awards. The 2010 Plan authorizes the grant of awards of restricted stock. An award of restricted stock represents shares of common stock that are issued subject to such restrictions on transfer and on incidents of ownership and such forfeiture conditions as the Compensation Committee deems appropriate. The restrictions imposed upon an award of restricted stock will lapse in accordance with the vesting requirements specified by the Compensation Committee in the award agreement. Such vesting requirements may be based on the continued employment of the participant for a specified time period (not less than one year) or on the attainment of specified business goals or performance criteria established by the Compensation Committee. The Compensation Committee may, in connection with an award of restricted stock, require the payment of a specified purchase price. Subject to the transfer restrictions and forfeiture restrictions relating to the restricted stock award, the participant will otherwise have the rights of a shareholder of Duke Energy, including all voting and dividend rights, during the period of restriction unless the Compensation Committee determines otherwise at the time of the grant. The Compensation Committee may grant awards of restricted stock that are intended to qualify for exemption under section 162(m) of the Internal Revenue Code, as well as awards that are not intended to so qualify. An award of restricted stock that is intended to qualify for exemption under section 162(m) shall have its vesting requirements limited to the performance criteria described above under the heading "Performance Awards."

Phantom Stock. The 2010 Plan authorizes the grant of awards of phantom stock. An award of phantom stock gives the participant the right to receive payment at the end of a fixed vesting period based on the value of a share of Duke Energy's common stock at the time of vesting. No vesting period shall exceed ten years from the date of grant. Phantom stock units are subject to such restrictions and conditions to payment as the Compensation Committee determines are appropriate. Phantom stock awards are payable in cash or in shares of common stock having an equivalent fair market value on the applicable vesting dates, or in a combination thereof, at the discretion of the Compensation Committee.

Stock Bonus. The 2010 Plan authorizes the grant of stock bonuses. A stock bonus represents a specified number of shares of common stock that are issued without restrictions on transfer or forfeiture conditions. The Compensation Committee may require the payment of a specified purchase price for a stock bonus.

Dividend Equivalents. The 2010 Plan authorizes the grant of awards of dividend equivalents. Dividend equivalent awards entitle the holder to a right to receive cash payments determined by reference to dividends declared on Duke Energy common stock during the term of the award, which shall not exceed ten years from the date of grant. Dividend equivalent awards may be granted on a stand-alone basis or in tandem with other awards under the 2010 Plan. Dividend equivalent awards granted on a tandem basis with other awards shall expire at the time the underlying award is exercised, otherwise becomes payable, or expires. Dividend equivalent awards are payable in cash or in shares of Duke Energy's common stock, as determined by the Compensation Committee.

Change in Control. The Compensation Committee may provide for the effect of a "change in control" (as defined in the 2010 Plan) on an award granted under the 2010 Plan. Such provisions may include (i) the acceleration or extension of time periods for purposes of exercising, vesting in, or realizing gain from an award, (ii) the waiver or modification of performance or other conditions related to payment or other rights under an award, (iii) providing for the cash settlement of an award, or (iv) such other modification or adjustment to an award as the Compensation Committee deems appropriate to maintain and protect the rights and interests of participants upon or following the change in control.

Adjustments to Awards. In the event of any merger, consolidation, liquidation, issuance of rights or warrants to purchase securities, recapitalization, reclassification, stock dividend, spin-off, split-off, stock split, reverse stock split or other distribution with respect to the shares of common stock, or any similar corporate transaction or event in respect of the common stock, then the

Compensation Committee shall, in the manner and to the extent that it deems appropriate and equitable to the participants and consistent with the terms of the 2010 Plan, cause a proportionate adjustment to be made in the number and kind of shares of common stock, share units, or other rights subject to the then-outstanding awards, the price for each share or unit or other right subject to then outstanding awards without change in the aggregate purchase price or value as to which such awards remain exercisable or subject to restrictions, the performance targets or goals appropriate to any outstanding performance awards (subject to such limitations as appropriate for awards intended to qualify for exemption under Section 162(m) of the Internal Revenue Code) or any other terms of an award that are affected by the event. Moreover, in the event of any such transaction or event, the Compensation Committee, in its discretion, may provide in substitution for any or all outstanding awards under the 2010 Plan such alternative consideration (including cash) as it, in good faith, may determine to be equitable under the circumstances and may require in connection therewith the surrender of all awards so replaced.

Transferability of Awards. In general, awards granted under the 2010 Plan will not be transferable by a participant other than by will or the laws of descent and distribution, and during the lifetime of a participant the awards shall be exercised by, or paid to, only such participant or by his guardian or legal representative. However, the Compensation Committee may provide in the terms of an award agreement that the participant shall have the right to designate a beneficiary or beneficiaries who shall be entitled to any rights, payments or other specified benefits under an award following the participant's death. Moreover, to the extent permitted by the Compensation Committee, nonqualified stock options may be transferred to members of a participant's immediate family, to certain other entities which are owned or controlled by members of a participant's immediate family, or to any other persons or entities.

Non-United States Participants. The Compensation Committee may provide for such special terms for awards to participants who are foreign nationals, who are employed by Duke Energy or any subsidiary outside of the United States or who provide services to Duke Energy under an agreement with a foreign nation or agency, as the Compensation Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Compensation Committee may approve such supplements to, or amendments, restatements or alternative versions of, the 2010 Plan as it may consider necessary or appropriate for such purposes. However, no such special terms, supplements, amendments or restatements shall include any provisions that are inconsistent with the terms of the 2010 Plan unless it could have been amended to eliminate such inconsistency without further approval by Duke Energy's shareholders.

Term and Amendment. The 2010 Plan has a term of ten years, subject to earlier termination or amendment by the Board of Directors. To the extent permitted under applicable laws and rules, the Board of Directors may amend the 2010 Plan at any time, except that shareholder approval is required for amendments that would change the persons eligible to participate in the 2010 Plan, increase the number of shares of common stock reserved for issuance under the 2010 Plan, allow the grant of stock options or stock appreciation rights at an exercise price below fair market value, or allow the repricing of stock options or stock appreciation rights without shareholder approval.

Federal Income Tax Consequences

The following is a general summary of the United States federal income tax consequences to participants and Duke Energy relating to awards that may be granted under the 2010 Plan. This summary is not intended to be complete and does not describe state, local, foreign or other tax consequences.

A participant will not recognize income upon the grant of a nonqualified stock option to purchase shares of common stock. Upon exercise of the option, the participant will recognize ordinary compensation income equal to the excess of the fair market value of the shares of common stock on the date the option is exercised over the exercise price for such shares. Duke Energy generally will be entitled to a deduction equal to the amount of ordinary compensation income recognized by the participant. The deduction will be allowed at the same time the participant recognizes the income.

A participant will not recognize income upon the grant of an incentive stock option to purchase shares of common stock and will not recognize income upon exercise of the option, provided the participant was an employee of Duke Energy or a subsidiary at all times from the date of grant until three months prior to exercise. Where a participant who has exercised an incentive stock option sells the shares of common stock acquired upon exercise more than two years after the grant date and more than one year after exercise, capital gain or loss will be recognized equal to the difference between the sales price and the exercise price. A participant who sells such shares of common stock within two years after the grant date or within one year after exercise will recognize ordinary compensation income in an amount equal to the lesser of the difference between (a) the exercise price and the fair market value of such shares on the date of exercise, or (b) the exercise price and the sales proceeds. Any remaining gain or loss will be treated as a capital gain or loss. Duke Energy generally will be entitled to a deduction equal to the amount of ordinary compensation income recognized by the optionee in this case. The deduction will be allowable at the same time the participant recognizes the income.

The federal income tax consequences of other awards authorized under the 2010 Plan are generally in accordance with the following: stock appreciation rights are subject to taxation in substantially the same manner as nonqualified stock options; restricted stock subject to a substantial risk of forfeiture results in income recognition in an amount equal to the excess of the fair market value of the shares of common stock over the purchase price (if any) only at the time the restrictions lapse (unless the recipient elects to accelerate recognition as of the date of grant); performance awards, phantom stock and dividend equivalents are generally subject to tax, as ordinary compensation income, at the time of payment. Stock bonuses are generally subject to tax, as ordinary compensation income, on the date of grant. In each of the foregoing cases, Duke Energy will generally have a corresponding deduction at the same time the participant recognizes income.

Registration with the SEC

Duke Energy intends to file a Registration Statement on Form S-8 relating to the issuance of shares of common stock under the 2010 Plan with the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, after approval of the 2010 Plan by Duke Energy's shareholders.

Plan Benefits

It is not possible to determine specific amounts and types of awards that may be awarded in the future under the 2010 Plan because the grant of awards under the 2010 Plan is discretionary.

Current Equity Compensation Plan Information

This table shows information about securities to be issued upon exercise of outstanding options, warrants and rights under Duke Energy's equity compensation plans, along with the weighted-average exercise price of the outstanding options, warrants and rights and the number of securities remaining available for future issuance under the plans as of December 31, 2009.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights(1)	Weighted-average exercise price of outstanding options, warrants and rights(1)	Number of securities remaining available under equity compensation plans (excluding securities reflected in first column)
Equity compensation plans approved by security holders	11,673,881(2)	$19.04	49,385,795(3)
Equity compensation plans not approved by security holders	1,877,646	16.60	None
Total	13,551,527	$18.70	49,385,795(4)

(1) Duke Energy has not granted any warrants or rights under any equity compensation plans. Amounts do not include 3,754,614 outstanding options with a weighted average exercise price of $14.18 assumed in connection with various mergers and acquisitions.

(2) Does not include 9,235,226 shares of Duke Energy Common Stock to be issued upon vesting of phantom stock and performance share awards outstanding as of December 31, 2009.

(3) Includes 4,385,795 shares remaining available for issuance for awards of restricted stock, performance shares or phantom stock under the Duke Energy Corporation 2006 Long-Term Incentive Plan.

(4) As of February 28, 2010, options covering 18,268,807 shares of Duke Energy common stock were outstanding with a weighted average exercise price of $17.71, and a weighted average remaining term of 3.3 years. In addition, as of February 28, 2010, phantom share and performance share awards, assuming maximum performance, covering 10,302,965 shares of Duke Energy common stock were outstanding, and there were 685,138 shares available for future grants of "full value" awards (*i.e.* phantom shares, performance shares and restricted shares) under existing plans.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE DUKE ENERGY CORPORATION 2010 LONG-TERM INCENTIVE PLAN.

PROPOSAL 3: RATIFICATION OF DELOITTE & TOUCHE LLP AS DUKE ENERGY CORPORATION'S INDEPENDENT PUBLIC ACCOUNTANT FOR 2010

Representatives of Deloitte are expected to be present at the annual meeting. They will have an opportunity to make a statement and will be available to respond to appropriate questions. Information on Deloitte's fees for services rendered in 2009 and 2008 follows.

Type of Fees	FY 2009	FY 2008
Audit Fees(a)	$ 8,800,000	$ 9,800,000
Audit-Related Fees(b)	1,750,000	1,650,000
Tax Fees(c)	400,000	400,000
All Other Fees(d)	100,000	100,000
Total Fees	$11,050,000	$11,950,000

(a) Audit Fees are fees billed, or expected to be billed, by Deloitte for professional services for the audit of Duke Energy's consolidated financial statements included in Duke Energy's annual report on Form 10-K and review of financial statements included in Duke Energy's quarterly reports on Form 10-Q, services that are normally provided by Deloitte in connection with statutory, regulatory or other filings or engagements or any other service performed by Deloitte to comply with generally accepted auditing standards. Audit fees also include fees billed or expected to be billed by Deloitte for professional services related to internal controls work under the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and related regulations.

(b) Audit-Related Fees are fees billed by Deloitte for assurance and related services that are reasonably related to the performance of an audit or review of Duke Energy's financial statements, including assistance with acquisitions and divestitures, internal control reviews and employee benefit plan audits.

(c) Tax Fees are fees billed by Deloitte for tax return assistance and preparation, tax examination assistance and professional services related to tax planning and tax strategy.

(d) All Other Fees are fees billed by Deloitte for any services not included in the first three categories, primarily translation of audited financials into foreign languages, accounting training and conferences.

To safeguard the continued independence of the independent public accountants, the Audit Committee adopted a policy that provides that the independent public accountants are only permitted to provide services to Duke Energy and its subsidiaries that have been pre-approved by the Audit Committee. Pursuant to the policy, detailed audit services, audit-related services, tax services and certain other services have been specifically pre-approved up to certain categorical fee limits. In the event that the cost of any of these services may exceed the pre-approved limits, the Audit Committee must pre-approve the service. All other services that are not prohibited pursuant to the SEC's or other applicable regulatory bodies' rules or regulations must be specifically pre-approved by the Audit Committee. All services performed in 2009 and 2008 for Duke Energy by the independent public accountant were approved by the Audit Committee pursuant to its pre-approval policy.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF DELOITTE & TOUCHE LLP AS DUKE ENERGY CORPORATION'S INDEPENDENT PUBLIC ACCOUNTANT FOR 2010.

SHAREHOLDER PROPOSALS

Proposal 4, Proposal 5 and Proposal 6 are proposals we received from our shareholders. If the proponents of these proposals, or representatives who are qualified under state law, are present at our Annual Meeting and submit the proposals for a vote, then the proposals will be voted upon. The shareholder proposals, including any supporting statements, are included exactly as submitted to us by the proponents of these proposals. The Board of Directors recommends voting "against" each proposal. We will promptly provide you with the name, address and, to our knowledge, the number of voting securities held by the proponents of the shareholder proposals, upon receiving a written or oral request.

PROPOSAL 4: SHAREHOLDER PROPOSAL RELATING TO PREPARATION OF A REPORT ON DUKE ENERGY CORPORATION'S GLOBAL WARMING-RELATED LOBBYING ACTIVITIES

Lobbying Report

Resolved: The shareholder requests the Board of Directors prepare a report disclosing the Company's global warming-related lobbying activities. The report, prepared at a reasonable cost and omitting proprietary information, should be published by November 2010. The report should:

1. Disclose the business associations, coalitions and non-profit organizations the company uses to advance its legislative goals relative to global warming.

2. Disclose the policies and procedures that oversee the company's membership in business associations and coalitions and its interaction with non-profit organizations, including financial support, relative to global warming.

3. Describe the benefit to shareholders from the Company's lobbying activities related to global warming.

Supporting Statement

As a long-term shareholder of Duke Energy, I support transparency and accountability regarding the Company's public policy activities.

Disclosure surrounding the company's lobbying activities is in the best interest of the company and its shareholders. Absent a system of accountability, company assets could be used in support of public policy objectives that are not in the Company's long-term interest.

According to the Charlotte Observer (10/9/09), "Duke Energy has spent more the $10 million to lobby Congress since 2008 as electric utilities ratchet up spending to help shape new laws on climate change and other issues."

CEO Jim Rogers has engaged in a high-profile lobbying effort to promote global warming-related cap-and-trade legislation by testifying in Congress, conducting media interviews, speaking at policy forums and appearing in a TV advertising campaign.

Duke Energy's support for cap-and-trade has been controversial, in part because economic studies report cap-and-trade would lead to an increase in energy prices, a decrease in economic growth and an increase in unemployment. These could be detrimental to shareholder interests.

Cap-and-trade could add significant costs to the Company's use of coal.

The Company has worked with non-profit organizations such as the National Resources Defense Council (NRDC) and Environmental Defense (ED) through its membership in the United States Climate Action Partnership—a lobbying coalition seeking cap-and-trade legislation.

NRDC and ED oppose coal use. The organizations have challenged Duke Energy's Cliffside coal-fired power plant in court. In response to the Company seeking air pollution permits, a NRDC attorney said in 2008, "Having already violated the law, Duke is now trying to issue itself a get out of jail free card." An official with ED opposed Duke Energy's Cliffside facility, saying in 2008, "It's hard to understand why Duke Energy believes clean air laws don't apply to them."

In 2009, Jim Rogers appeared in an advertising campaign sponsored by ED's legislative arm promoting cap-and-trade.

Duke Energy's global warming policy has interfered with the Company's relationship with trade associations. The Company ended its membership in the National Association of Manufacturers and the American Coalition for Clean Coal Electricity in part over policy differences on global warming.

Disclosure of the Company's global warming-related activities will provide the transparency shareholders need to evaluate these public policy activities.

Opposing Statement of the Board of Directors:

Your Board recommends a vote "AGAINST" this proposal for the following reasons:

The Board of Directors believes this report is unnecessary as it is duplicative of information that Duke Energy already provides on our website.

Duke Energy's lobbying activities promote its position on climate change, which is described on the website at *www.duke-energy.com/environment/climate-change/duke-energy-position.asp*. As explained there, there is a growing national consensus that steps should be taken to reduce greenhouse gas emissions. As an energy company, we will be greatly affected by any laws or regulations imposed by state and federal lawmakers, or regulatory bodies, on this issue. We believe it is in the best interest of our shareholders and customers that we participate in these discussions in order to present our views on this important public policy issue. We participate in these discussions through a number of different means, including memberships in trade organizations, organizations focused on the science and research surrounding climate change, organizations whose focus is on the development of alternative energy sources and processes, and organizations whose focus is on addressing the issue of climate change as a whole. Our employees also participate through our voluntary, nonpartisan political action committee, DUKEPAC, which makes contributions to qualified candidates running for office based on, among other things, their positions on public policy issues, such as climate change. The procedure by which contributions are made by Duke Energy and DUKEPAC are disclosed on the Political Participation page of our website at *www.duke-energy.com/corporate-governance/political-participation.asp*.

Accordingly, proponent's request that we disclose our policies and procedures regarding our lobbying activities and business associations and the benefits to our shareholders surrounding such activities are already readily available to the public and our shareholders on our website. Similarly, our business associations and coalitions are provided on our website at *www.duke-energy.com/environment/affiliations-partnerships.asp*. Not only do we disclose our business associations, but we disclose more information than the proponent has requested by listing all DUKEPAC contributions through a link on the Political Participation page of our website.

Consequently, we believe that preparation of proponent's requested report would be duplicative and an unnecessary waste of Company resources. Indeed, as we review the proponent's supporting statement and based on discussions with the proponents, we believe the underlying issue is their disagreement with our public policy position in support of responsible legislation that would provide needed clarity on the country's policies involving greenhouse gas emissions. Although many individuals and organizations may disagree, we believe—and engage in lobbying activities accordingly—that responsible legislation will eliminate uncertainty, is preferable to other solutions under consideration, and is therefore in our shareholders' best interest.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "AGAINST" THE SHAREHOLDER PROPOSAL RELATING TO PREPARATION OF A REPORT ON DUKE ENERGY CORPORATION'S GLOBAL WARMING-RELATED LOBBYING ACTIVITIES.

PROPOSAL 5: SHAREHOLDER PROPOSAL RELATING TO MAJORITY VOTING FOR THE ELECTION OF DIRECTORS

Director Election Majority Vote Standard Proposal

Resolved: That the shareholders of Duke Energy Corporation ("Company") hereby request that the Board of Directors initiate the appropriate process to amend the Company's governance documents (certificate of incorporation or bylaws) to provide that director nominees shall be elected by the affirmative vote of the majority of votes cast at an annual meeting of shareholders, with a plurality vote standard retained for contested director elections, that is, when the number of director nominees exceeds the number of board seats.

Supporting Statement

In order to provide shareholders a meaningful role in director elections, the Company's director election vote standard should be changed to a majority vote standard. A majority vote standard would require that a nominee receive a majority of the votes cast in order to be elected. The standard is particularly well-suited for the vast majority of director elections in which only board nominated candidates are on the ballot. We believe that a majority vote standard in board elections would establish a challenging vote standard for board nominees and improve the performance of individual directors and entire boards. Duke Energy presently uses a plurality vote standard in all director elections. Under the plurality vote standard, a nominee for a board can be elected with as little as a single affirmative vote, even if a substantial majority of the votes cast are "withheld" from the nominee.

In response to strong shareholder support for a majority vote standard in director elections, a strong majority of the nation's leading companies, including Intel, General Electric, Motorola, Hewlett-Packard, Morgan Stanley, Wal-Mart, Home Depot, Gannett, Marathon Oil, Safeway, and many Duke Energy competitors have adopted a majority vote standard in company bylaws or articles of incorporation. Additionally, these companies have adopted director resignation policies in their bylaws or corporate governance policies to address post-election issues related to the status of director nominees that fail to win election. However, the Company has responded only partially to the call for change, simply adopting a post-election director resignation policy that sets procedures for addressing the status of director nominees that receive more "withhold" votes than "for" votes. The plurality vote standard remains in place.

We believe that a post-election director resignation policy without a majority vote standard in Company bylaws or articles is an inadequate reform. The critical first step in establishing a meaningful majority vote policy is the adoption of a majority vote standard. With a majority vote standard in place, the Board can then consider action on developing post-election procedures to address the status of directors that fail to win election. A majority vote standard combined with a post-election director resignation policy would establish a meaningful right for shareholders to elect directors, and reserve for the Board an important post-election role in determining the continued status of an unelected director. We feel that this combination of the majority vote standard with a post-election policy represents a true majority vote standard.

Opposing Statement of the Board of Directors:

Your Board recommends a vote "AGAINST" this proposal for the following reasons:

The Board of Directors agrees that sound corporate governance policies and practices are important to the success of the Company. However, after careful review of the proposal in comparison to our current director election policies, and in consideration of the possibility of legislative changes that could control these issues, the Board recommends a vote against this proposal at this time for a number of reasons.

First, the shareholder proposal's characterization of the plurality voting standard, particularly the statement that a director could be elected with a single vote, is simply an unrealistic hypothetical. In the last 3 years since the merger of Duke Energy and Cinergy, no director nominee has received less than approximately 93 percent of the shares voted. As a result, the outcome of director elections in these years would not have been any different under a majority voting standard.

Not only have our Directors historically received very high levels of support, but we maintain a strong director nomination and election process which identifies and proposes qualified independent director nominees to serve the best interests of the Company and our shareholders. This nomination and election process has resulted in a Board that consists of highly-qualified Directors from diverse backgrounds who, except for our Chairman and CEO, all meet the definition of independence under the NYSE listing standards. Because our shareholders have a history of electing highly-qualified and independent directors using a plurality voting system, a change in the director election process is not necessary to improve our corporate governance. In fact, independent corporate governance agencies have recognized our strong corporate governance structure and initiatives. In 2009, RiskMetrics Group ranked our corporate governance policies as being within the top 88 percent of all companies in the S&P 500 and top 93 percent of companies in our industry.

Second, in 2006, the Board amended our Principles for Corporate Governance to include a director resignation policy in order to address the type of concerns expressed in the proposal. The director resignation policy provides that a nominee for director who fails to receive a greater number of votes "for" his or her election than votes "withheld" from his or her election must tender his or her resignation. The Corporate Governance Committee must then recommend to the Board whether or not to accept such resignation. For further information on this policy, see the Report of the Corporate Governance Committee on page 47. We anticipate that any such resignation would be accepted absent unusual circumstances. Therefore, as a practical matter, the majority voting standard under this proposal and our existing director resignation policy would produce the exact same result—any director nominee who fails to obtain a majority of votes would not serve. Because our current director resignation policy already accomplishes the objective of the shareholder proposal, the adoption of a majority vote standard is unnecessary.

Third, the majority vote standard advocated by the proponent is a relatively new practice which could lead to unintended or adverse consequences. For example, this standard could result in an entire slate of nominees' being rejected, or an insufficient number of independent directors being elected to satisfy the NYSE listing standards or securities laws' requirements. In such events, we could be incapable of taking important corporate action until the situation was resolved.

Finally, the Board is mindful of the corporate governance developments and ongoing debate concerning majority voting in the election of directors and believes it is premature to adopt a majority voting policy at this time. Several bills are pending in Congress which could mandate some form of majority voting. However, it is not known what the details surrounding majority voting would require, or how the potential unintended consequences of majority voting identified above will be addressed. To change our organization documents prior to the passage of a law would be premature and possibly incomplete. In addition to potential changes in the law, a recent change in the New York Stock Exchange listing standards would prevent brokers from casting votes to elect directors for underlying shares unless instructed by the shareholder. It is unknown at this time the full impact this rule change will have upon majority voting. Given these pending initiatives by Congress and other organizations, we do not believe it is in our shareholders' best interest to implement the proponent's voting standard at this time.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "AGAINST" THE SHAREHOLDER PROPOSAL RELATING TO MAJORITY VOTING FOR THE ELECTION OF DIRECTORS.

PROPOSAL 6: SHAREHOLDER PROPOSAL REGARDING THE RETENTION OF EQUITY COMPENSATION BY SENIOR EXECUTIVES

Resolved, that stockholders of Duke Energy Corporation ("Company") urge the Compensation Committee of the Board of Directors (the "Committee") to adopt a policy requiring that senior executives retain a significant percentage of shares acquired through equity compensation programs until two years following the termination of their employment (through retirement or otherwise), and to report to stockholders regarding the policy before Company's 2011 annual meeting of stockholders. The stockholders recommend that the Committee not adopt a percentage lower than 75% of net after-tax shares. The policy should address the permissibility of transactions such as hedging transactions which are not sales but reduce the risk of loss to the executive.

Supporting Statement

Equity-based compensation is an important component of senior executive compensation at Company.

Requiring senior executives to hold a significant portion of shares obtained through compensation plans after the termination of employment would focus them on Company long-term success and would better align their interests with those of Company stockholders. In the context of the current financial crisis, we believe it is imperative that companies reshape their compensation policies and practices to discourage excessive risk-taking and promote long-term, sustainable value creation. A 2002 report by a commission of The Conference Board endorsed the idea of a holding requirement, stating that the long-term focus promoted thereby "may help prevent companies from artificially propping up stock prices over the short-term to cash out options and making other potentially negative short-term decisions."

The Company has established stock ownership guidelines for the CEO, other executive officers, and all other officer level employees. The guidelines were increased in 2009 to a minimum level of ownership of seven times base pay for the CEO, three times base pay for direct reports to the CEO, and one times base pay for other officers. Further, each employee covered by this policy is required to hold 50 percent of all vested shares under the long-term incentive program until the ownership requirements are reached.

We believe this policy does not go far enough to ensure that equity compensation builds executive ownership. We also view a retention requirement approach as superior to a stock ownership guideline because a guideline loses effectiveness once it has been satisfied.

We urge stockholders to vote for this proposal.

Opposing Statement of the Board of Directors:

Your Board recommends a vote "AGAINST" this proposal for the following reasons:

The Board of Directors shares the proponent's view that equity-based compensation and mandatory equity ownership for senior executives encourage them to focus on Duke Energy's long-term success. For this reason, we have a substantial Stock Ownership Policy, which is further described in the Compensation Discussion and Analysis on page 67, designed to align the interests of our senior executives and shareholders. We believe that our current executive compensation program and Stock Ownership Policy discourage excessive risk-taking and ensure that our executives have an equity stake in the future of the Company, while also allowing them to manage their personal financial affairs in a prudent manner. The Board of Directors and its Compensation Committee thus believe that our current equity plans, which are constantly reviewed and have been substantially revised in recent years, reflect an appropriate balance between aligning executive interests with those of shareholders without imposing undue burdens and requirements that would undermine the competitiveness of our executive compensation program.

For example, in 2008, we conducted a study of the stock ownership requirements utilized by our peers and practices endorsed by corporate governance experts. As a result, our Compensation Committee and Corporate Governance Committee approved a new Stock Ownership Policy, effective last year, which substantially increased the previous stock ownership requirements for our senior executives. Our Stock Ownership Policy requires all direct reports to the CEO to retain shares equal to three times his or her base salary, and, because our CEO's employment agreement does not provide for a base salary, he is required to retain shares equal to ten times the highest base salary of his direct reports.

Based on these ongoing reviews, we believe that our current executive compensation and equity retention program is comparable or more stringent than those of our peers. It allows our senior executives to realize value from their equity awards during the course of their employment after they have earned them over a substantial vesting period or upon the attainment of long-term performance goals. If we were to adopt a policy requiring executives to hold 75 percent of their equity awards for two years beyond retirement, it would effectively increase the share ownership guidelines we have recently adopted and could compromise our ability to attract and retain management. That is, after reaching their existing share ownership target, our senior executive officers would be limited in their ability to sell a portion of their holdings in order to meet expenses, make charitable gifts or diversify their portfolios during the course of their employment, which is especially important as individuals approach retirement. Similarly, a requirement to hold the equity grants until two years after leaving the Company by retirement or otherwise is unduly restrictive and unnecessary to prevent excessive risk-taking. We adopted a "clawback" policy in 2007 to address this possibility whereby if executive compensation is increased as a result of fraud or misconduct, the Company is committed to attempting to recover the compensation resulting from those activities. For further information on this policy, see our Compensation Discussion and Analysis on page 68.

Finally, these proposed holding requirements could make it necessary for our Compensation Committee to adjust the existing compensation program in order to mitigate these negative effects by increasing the cash portion of compensation and decreasing the equity portion. That pressure to reduce equity grants to senior executives so that they would have currently-available compensation would undermine the ability of the Compensation Committee to find the right balance between cash and equity compensation in order to maintain competitive compensation programs and to align senior executives with shareholders' interests.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "AGAINST" THE SHAREHOLDER PROPOSAL REGARDING THE RETENTION OF EQUITY COMPENSATION BY SENIOR EXECUTIVES.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table indicates the amount of Duke Energy common stock beneficially owned by the current directors, the executive officers listed in the Summary Compensation Table under Executive Compensation (referred to as the named executive officers), and all directors and executive officers as a group as of March 11, 2010.

Name or Identity of Group	Total Shares Beneficially Owned(1)	Percent of Class
William Barnet, III	31,573	*
G. Alex Bernhardt, Sr.	119,459	*
Michael G. Browning	247,585	*
Daniel R. DiMicco	29,947	*
John H. Forsgren	4,467	*
Lynn J. Good	120,688	*
Ann Maynard Gray	90,523	*
James H. Hance, Jr.	76,393	*
David L. Hauser	333,862	*
Marc E. Manly	91,074	*
E. James Reinsch	16,185	*
James T. Rhodes	60,847	*
James E. Rogers	4,389,022	*
Philip R. Sharp	20,096	*
Dudley S. Taft	116,380	*
B. Keith Trent	31,531	*
James L. Turner	349,359	*
Directors and executive officers as a group (20)	6,313,043	*

* Represents less than 1%.

(1) Includes the following number of shares with respect to which directors and executive officers have the right to acquire beneficial ownership within sixty days of March 11, 2010: Mr. Barnet — 3,442; Mr. Bernhardt — 107,784; Mr. Browning — 0; Mr. DiMicco — 27,061; Mr. Forsgren — 0; Ms. Good — 63,501; Ms. Gray — 46,016; Mr. Hance — 0; Mr. Hauser — 97,362; Mr. Manly — 41,718; Mr. Reinsch — 1,718; Dr. Rhodes — 31,180; Mr. Rogers — 2,536,991; Dr. Sharp — 0; Mr. Taft — 0; Mr. Trent — 15,360; Mr. Turner — 184,396; and all directors and executive officers as a group — 3,226,124.

The following table lists the beneficial owners of 5% or more of Duke Energy's outstanding shares of common stock as of December 31, 2009. This information is based on the most recently available reports filed with the SEC and provided to us by the companies listed.

Name or Identity of Beneficial Owner	Shares of common stock Beneficially Owned	Percentage
Capital World Investors	88,516,372(1)	6.8*

(1) According to the Schedule 13G filed by Capital World Investors, these shares are beneficially owned as a result of CRMC acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940, and Capital World Investors has sole voting power with respect to 850,200 shares, zero shares with shared voting power, sole dispositive power with regard to 88,516,372 shares and zero shares with shared dispositive power.

REPORT OF THE AUDIT COMMITTEE

The following is the report of the Audit Committee with respect to Duke Energy's audited financial statements for the fiscal year ended December 31, 2009.

The purpose of the Audit Committee is to assist the Board in its general oversight of Duke Energy's financial reporting, internal controls and audit functions. The Audit Committee Charter describes in greater detail the full responsibilities of the committee and is available on our website at *www.duke-energy.com/corporate-governance/board-committee-charters/audit.asp*.

The Audit Committee has reviewed and discussed the consolidated financial statements with management and Deloitte & Touche LLP ("Deloitte"), the Company's independent public accountants. Management is responsible for the preparation, presentation and integrity of Duke Energy's financial statements; accounting and financial reporting principles; establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)); establishing and maintaining internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)); evaluating the effectiveness of disclosure controls and procedures; evaluating the effectiveness of internal control over financial reporting; and, evaluating any change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. Deloitte is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States ("GAAP"), as well as expressing an opinion on the effectiveness of internal control over financial reporting.

The Audit Committee reviewed the Company's audited financial statements with management and Deloitte, and met separately with both management and Deloitte to discuss and review those financial statements and reports prior to issuance. These discussions also addressed the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements. Management has represented, and Deloitte has confirmed, that the financial statements were prepared in accordance with GAAP.

In addition, management completed the documentation, testing and evaluation of Duke Energy's system of internal control over financial reporting in response to the requirements set forth in Section 404 of the Sarbanes-Oxley Act of 2002, and related regulations. The Audit Committee was kept apprised of the progress of the evaluation and provided oversight and advice to management during the process. In connection with this oversight, the Audit Committee received periodic updates provided by management and Deloitte at each regularly scheduled Audit Committee meeting. At the conclusion of the process, management provided the Audit Committee with, and the Audit Committee reviewed, a report on the effectiveness of the Company's internal control over financial reporting. The Audit Committee also reviewed the report of management contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 ("Form 10-K") filed with the SEC, as well as Deloitte's Report of Independent Registered Public Accounting Firm included in the Company's Form 10-K related to its audit of (i) the consolidated financial statements and financial statement schedules and (ii) the effectiveness of internal control over financial reporting. The Audit Committee continues to oversee the Company's efforts related to its internal control over financial reporting and management's preparations for the evaluation in fiscal 2010.

The Audit Committee has discussed with Deloitte the matters required to be discussed by professional and regulatory requirements, including, but not limited to, the standards of the Public Company Accounting Oversight Board regarding The Auditors' Communications with Those Charged with Governance. In addition, Deloitte has provided the Audit Committee with the written disclosures and the letter required by "Public Company Accounting Oversight Board Ethics and Independence Rule 3526, Communications with Audit Committees Concerning Independence" that relates to Deloitte's independence from Duke Energy and its subsidiaries and the Audit Committee has discussed with Deloitte the firm's independence.

Based on its review of the consolidated financial statements and discussions with and representations from management and Deloitte referred to above, the Audit Committee recommended that the audited financial statements be included in Duke Energy's Form 10-K, for filing with the SEC.

Audit Committee

Michael G. Browning (Chair)
G. Alex Bernhardt, Sr.
John H. Forsgren
James T. Rhodes
Philip R. Sharp

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

The following is the report of the Corporate Governance Committee with respect to its philosophy, responsibilities and initiatives.

Philosophy and Responsibilities

We believe that sound corporate governance has three components: (i) Board of Directors' independence, (ii) processes and practices that foster solid decision-making by both management and the Board of Directors, and (iii) balancing the interests of all of our stakeholders—our investors, customers, employees, the communities we serve and the environment. The Corporate Governance Committee's charter is available on our website at *www.duke-energy.com/corporate-governance/board-committee-charters/corporate.asp* and is summarized below.

Membership. The Committee must be comprised of three or more members, all of whom must qualify as independent directors under the listing standards of the NYSE and other applicable rules and regulations.

Responsibilities. The Committee's responsibilities include, among other things: (i) implementing policies regarding corporate governance matters; (ii) assessing the Board of Directors membership needs and recommending nominees; (iii) recommending to the Board of Directors those directors to be selected for membership on, or removal from, the various Board of Directors' committees and those directors to be designated as chairs of Board of Directors' committees; and (iv) sponsoring and overseeing performance evaluations for the various Board of Directors' committees, the Board of Directors as a whole, and the directors and management, including the Chief Executive Officer.

Investigations and Evaluations. The Committee may conduct or authorize investigations into or studies of matters within the scope of the Committee's duties and responsibilities, and may retain, at the Company's expense, and in the Committee's sole discretion, consultants to assist in such work as the Committee deems necessary. In addition, the Committee has the sole authority to retain or terminate any search firm to be used to identify director candidates, including sole authority to approve the search firm's fees and other retention terms, such fees to be borne by the Company. Finally, the Committee conducts an annual self-evaluation of its performance.

Governance Initiatives

All of our Board of Directors committee charters, as well as our Principles for Corporate Governance, Code of Business Ethics for Employees and Code of Business Conduct & Ethics for Directors are available on our website at *www.duke-energy.com/corporate-governance/board-committee-charters.asp*. The Code of Business Conduct & Ethics for Directors was amended on February 26, 2008 and approved by the Board. Any amendments to or waivers from our Code of Business Ethics for executive officers or Code of Business Conduct & Ethics for directors must be approved by the Board and will be posted on our website. Additionally, during 2009 our Board of Directors held 6 executive sessions with independent directors only.

Director Candidates

Profile. We look for the following characteristics in any candidate for nominee to serve on our Board of Directors:

- fundamental qualities of intelligence, perceptiveness, good judgment, maturity, high ethics and standards, integrity and fairness;
- a genuine interest in Duke Energy and a recognition that, as a member of the Board of Directors, one is accountable to the shareholders of Duke Energy, not to any particular interest group;
- a background that includes broad business experience or demonstrates an understanding of business and financial affairs and the complexities of a large, multifaceted, global business organization;
- diversity among the existing Board members, including racial and ethnic background, gender, experiences, skills and qualifications;
- present or former chief executive officer, chief operating officer, or substantially equivalent level executive officer of a highly complex organization such as a corporation, university or major unit of government, or a professional who regularly advises such organizations;
- no conflict of interest or legal impediment which would interfere with the duty of loyalty owed to Duke Energy and its shareholders;
- the ability and willingness to spend the time required to function effectively as a director;
- compatibility and ability to work well with other directors and executives in a team effort with a view to a long-term relationship with Duke Energy as a director;
- independent opinions and willingness to state them in a constructive manner; and,
- willingness to become a shareholder of Duke Energy (within a reasonable time of election to the Board of Directors).

Nominees. The Committee may engage a third party from time to time to assist it in identifying and evaluating director-nominee candidates, in addition to current members of the Board of Directors standing for re-election. The Committee will provide the third party, based on surveys of the then-current Board of Directors members and the profile described above, the characteristics, skills and experiences that may complement those of our existing members. The third party will then provide recommendations for nominees with such attributes. The Committee considers nominees recommended by shareholders on a similar basis, taking into account, among other things, the profile criteria described above and the nominee's experiences and skills. In addition, the Committee considers the shareholder-nominee's independence with respect to both the Company and the nominating shareholder. All of the nominees on the proxy card are current members of our Board of Directors and were recommended by the Committee.

Shareholders interested in submitting nominees as candidates for election as directors must provide timely written notice to Corporate Governance Committee, c/o Corporate Secretary, Duke Energy Corporation, P.O. Box 1006, Charlotte, NC 28201-1006. The notice must set forth, as to each person whom the shareholder proposes to nominate for election as director:

- the name and address of the recommending shareholder(s), and the class and number of shares of capital stock of Duke Energy that are beneficially owned by the recommending shareholder(s);
- a representation that the recommending shareholder(s) is a holder of record of stock of Duke Energy entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to nominate the person(s) specified in the notice;
- the name, age, business address and principal occupation and employment of the recommended nominee;
- any information relevant to a determination of whether the recommended nominee meets the criteria for Board of Directors membership established by the Board of Directors and/or the Corporate Governance Committee;
- any information regarding the recommended nominee relevant to a determination of whether the recommended nominee would be considered independent under the applicable NYSE rules and Securities and Exchange Commission rules and regulations;
- a description of any business or personal relationship between the recommended nominee and the recommending shareholder(s), including all arrangements or understandings between the recommended nominee and the recommending shareholder(s) and any other person(s) (naming such person(s)) pursuant to which the nomination is to be made by the recommending shareholder(s);
- a statement, signed by the recommended nominee, (1) verifying the accuracy of the biographical and other information about the nominee that is submitted with the recommendation, (2) affirming the recommended nominee's willingness to be a director, and (3) consenting to serve as a director if so elected;
- if the recommending shareholder(s) has beneficially owned more than 5% of Duke Energy's voting stock for at least one year as of the date the recommendation is made, evidence of such beneficial ownership as specified in the rules and regulations of the SEC;
- if the recommending shareholder(s) intends to solicit proxies in support of such recommended nominee, a representation to that effect; and
- all other information relating to the recommended nominee that is required to be disclosed in solicitations for proxies in an election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, including, without limitation, information regarding (1) the recommended nominee's business experience; (2) the class and number of shares of capital stock of Duke Energy, if any, that are beneficially owned by the recommended nominee; and (3) material relationships or transactions, if any, between the recommended nominee and Duke Energy's management.

Resignation Policy

Our Principles for Corporate Governance set forth our procedures to be followed if a director-nominee is elected, but receives a majority of "withheld" votes. In an uncontested election, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election is required to tender his or her resignation following certification of the shareholder vote. The Corporate Governance Committee is then required to make a recommendation to the Board of Directors with respect to any such letter of resignation. The Board of Directors is required to take action with respect to this recommendation and to disclose its decision-making process. Full details of this policy are set out in our Principles for Corporate Governance, which is posted on our website at *www.duke-energy.com/corporate-governance/principles.asp*.

Communications with Directors

Interested parties can communicate with any of our directors by writing to our Corporate Secretary at the following address:

Corporate Secretary
Duke Energy Corporation
P.O. Box 1006
Charlotte, NC 28201-1006

Interested parties can communicate with our lead director by writing to the following address:

Lead Director
c/o Corporate Secretary
Duke Energy Corporation
P.O. Box 1006
Charlotte, NC 28201-1006

Our Corporate Secretary will distribute communications to the Board of Directors, or to any individual director or directors as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the Duke Energy Board of Directors has requested that certain items that are unrelated to the duties and responsibilities of the Board of Directors be excluded, such as: spam; junk mail and mass mailings; service complaints; resumes and other forms of job inquiries; surveys; and business solicitations or advertisements. In addition, material that is unduly hostile, threatening, obscene or similarly unsuitable will be excluded. However, any communication that is so excluded remains available to any director upon request.

Corporate Governance Committee

Ann Maynard Gray (Chair)
Michael G. Browning
Daniel R. DiMicco

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee of Duke Energy has reviewed and discussed the Compensation Discussion and Analysis with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in Duke Energy's Form 10-K and this proxy statement.

Compensation Committee

James H. Hance, Jr. (Chair)
Daniel R. DiMicco
John H. Forsgren
Ann Maynard Gray
Dudley S. Taft

COMPENSATION DISCUSSION AND ANALYSIS

The purpose of this Compensation Discussion and Analysis is to provide information about Duke Energy's compensation objectives and policies for Messrs. Rogers, Hauser, Turner, Manly and Trent and Ms. Good (collectively, the "named executive officers") and give context for the numbers and narrative descriptions that follow.

Objectives of the Compensation Program

Our executive compensation program is designed to:

- attract and retain talented executive officers and key employees by providing total compensation competitive with that of other executives and key employees of similarly-sized companies and with similar complexity and lines of business;
- motivate executives and key employees to achieve strong financial and operational performance;
- emphasize performance-based compensation, which balances rewards for short-term and long-term results;
- reward individual performance;
- link the interests of executives with shareholders by providing a significant portion of total compensation in the form of stock-based incentives and requiring target levels of stock ownership; and
- encourage a long-term commitment to Duke Energy.

The guiding principle of Duke Energy's compensation philosophy is that pay should be linked to performance and that the interests of executives and shareholders should be aligned, with significant upside and downside potential depending upon actual results as compared to predetermined measures of success. This means that a significant portion of our named executive officers' total direct compensation—which consists of base salary, short-term incentives ("STI") and long-term incentives ("LTI")—is directly contingent upon achieving specific results that are important to our long-term success and growth in shareholder value. As described below, the variable and equity-based components of our compensation program are the STI and LTI. These incentives yield varying levels of compensation, including no compensation in the event of poor performance, depending upon our stock price (and relative total shareholder return) and the extent to which predetermined corporate, operational and individual goals are achieved.

As illustrated below, for 2009, approximately 74% of the total direct compensation opportunity (*i.e.*, base salary, STI opportunity and LTI opportunity) for our named executive officers (other than Mr. Rogers) was provided in the form of variable and/or equity-based compensation, assuming target performance, and 100% of Mr. Rogers' total direct compensation opportunity was variable and/or equity-based due to the fact that, as described in detail below, he is compensated primarily through annual grants of stock awards. The following table illustrates this point:

Name	% Variable / Equity-Based Compensation (2009)	% Fixed Cash Compensation (2009)
Mr. Rogers	100%	0%
Other Named Executive Officers	74%	26%

Setting Executive Compensation Levels

In December 2007, the Compensation Committee implemented a new approach for establishing the compensation of executive officers who report directly to the Chief Executive Officer, including Ms. Good and Messrs. Hauser, Turner, Manly and Trent. At that time, the Compensation Committee established the levels for each component of the executives' total direct compensation. The STI opportunities were established at a level intended to provide total cash compensation (*i.e.*, base salary and STI opportunity) at the market median for individuals in comparable positions and markets in the event of the achievement of target performance and above the market median in the event of outstanding financial, operational and individual results. The LTI opportunities were established above the market median for individuals in comparable positions and markets if target performance is achieved and significant upside opportunity if outstanding results are achieved.

The base salary amounts were intended to remain in effect for a three-year period (*i.e.*, for 2008, 2009 and 2010), unless an earlier adjustment is warranted. It was contemplated that, during the three-year cycle, the Compensation Committee would exercise discretion when establishing each named executive officer's STI and LTI opportunities, which amounts would be determined based on each executive's current role, applicable performance and market compensation data.

As part of its executive performance evaluation processes, in December 2008, the Compensation Committee reviewed the total direct compensation levels in light of each executive officer's individual performance during 2008. The Compensation Committee focused on skills, experience and other factors, such as developmental and rotational assignments, that may impact the competitiveness of compensation for a given year. It also considered each executive officer's strategic contributions and overall impact to Duke Energy's goals relative to those of other executive officers, including each executive's performance relative to the individual goals established under the STI plan, and, with respect to Mr. Rogers, under his performance shares, all as described in more detail below.

In addition, the Compensation Committee reviewed the total direct compensation levels for 2009 to confirm that they remained competitive. In this regard, the Compensation Committee considered market surveys comparing each element of total compensation against comparable positions at comparable companies. For utility-specific positions, the market data sources were: (i) the Towers Perrin CDB Energy Services Executive Compensation Database, which consists of the 30 companies listed on Appendix B; and (ii) the Philadelphia Utility Index. For general corporate positions, the market data source was the Towers Perrin CDB General Industry Executive Compensation Database, which consists of the 95 companies listed on Appendix C.

The market surveys and data, however, were merely used as a general reference point by the Compensation Committee. The Compensation Committee retains the flexibility to make adjustments in order to respond to market conditions, promotions, scope of responsibility, and internal equity. Based on its review of these factors, the Compensation Committee determined that no adjustments were warranted to the 2008 total direct compensation levels, other than, as described below, an adjustment to Ms. Good's base salary on June 16, 2009 to reflect her promotion to Group Executive and Chief Financial Officer.

The principal reasons for the difference in the amount of compensation provided to each executive officer are competitive market conditions and the individual performance of each executive officer. Other factors, however, are also relevant. For example, Mr. Rogers' compensation is higher than the compensation of the other executive officers because market forces dictate that a chief executive officer with Mr. Rogers' unique skills and significant experience in the utility industry receive higher compensation than Duke Energy's other executive officers.

Management's Role in the Compensation-Setting Process

When establishing the compensation program for our named executive officers, the Compensation Committee considers input and recommendations from management, including Mr. Rogers, who attends the non-executive sessions of the Compensation Committee meetings. Specifically, as part of the annual compensation planning process for 2009:

- Mr. Rogers performed an annual evaluation of the performance of each of the other named executive officers and initially recommended that the compensation levels established with respect to 2008 should remain in effect without adjustment, which recommendation was subsequently revised upon Ms. Good's mid-year promotion;

- Mr. Rogers provided recommendations to the Compensation Committee for 2009 corporate and individual performance objectives, along with their relative weightings, under the STI plan for our named executive officers;

- Mr. Rogers provided the Compensation Committee with an assessment of the extent to which each of the other named executive officers achieved his or her 2009 individual performance objectives for the year; and

- Management, including Mr. Rogers, provided recommendations to the Compensation Committee for the allocation of the LTI opportunity between performance shares and phantom shares granted in 2009, along with the corporate goals and objectives for the performance shares granted to the named executive officers.

The Compensation Committee exercised its discretion in modifying recommended adjustments and awards for executives. In the case of Mr. Rogers, the Compensation Committee met in executive session to review and approve his new employment agreement. The Corporate Governance Committee, however, conducted Mr. Rogers' 2009 performance review.

named executive officers during 2009, different goals and weights applied to different periods of the year, as noted in detail below. As a result of the aggregate corporate and individual performance, Ms. Good and Messrs. Hauser, Turner, Manly and Trent earned bonuses under the 2009 STI Plan equal to $628,685; $349,710; $744,970, $691,620; and $573,555, respectively. Mr. Hauser's bonus was prorated for 2009 to reflect his retirement on June 30, 2009.

Ms. Good's 2009 individual goals, which resulted in an aggregate score of 135%, were as follows:

Goal	Weighting	Description
Transaction Opportunities	5% applied 1/1/09 to 12/31/09	Identify transaction opportunities that advance Duke Energy's strategic objectives and create shareholder value.
Growth Capital Projects	5% applied 1/1/09 to 6/30/09	Threshold achievement required the successful execution of approved growth capital projects, including hitting key milestones. Target achievement required delivering threshold achievement on-time with delivery of projected economic value. Maximum achievement required delivering threshold achievement ahead of schedule with delivery of enhanced economic value.
Development Opportunities	5% applied 1/1/09 to 6/30/09	Identify additional development opportunities for Duke Energy's commercial businesses, including consideration of expanding renewable investment, international investment, asset acquisitions, and other growth platforms.
Succession Planning	5% applied 1/1/09 to 6/30/09	Develop and execute succession planning and leadership development priorities within the commercial businesses, with a specific focus on the international operations, in order to promote a culture of performance, transparency and business ethics.
Financing Capability/Capital Deployment	10% applied 7/1/09 to 12/31/09	Respond to the changes in capital markets by improving the capital formation process, including identifying and building relationships with new sources of funding, and effectively monitor the deployment of capital across the enterprise.
Financial Objectives	5% applied 7/1/09 to 12/31/09	Deliver quality and timely financial statements and advance Duke Energy's technology development and application.

Mr. Hauser's 2009 individual goals, which resulted in an aggregate score of 137.25%, were as follows:

Goal	Weighting	Description
Support the Growth, Acquisition, Merger and Earnings Objectives	5% applied 1/1/09 to termination on 6/30/09	Enhance the financial condition of Duke Energy; deliver quality and timely financial statements and participate in strategy planning and execution.
Financing Capability/Capital Deployment	15% applied 1/1/09 to termination on 6/30/09	Respond to the changes in capital markets by improving the capital formation process, including identifying and building relationships with new sources of funding, and effectively monitor the deployment of capital across the enterprise.

Mr. Turner's 2009 individual goals, which resulted in an aggregate score of 125%, were as follows:

Goal	Weighting	Description
O&M Expense	10% through 6/30/09 and 4% thereafter	Lead efforts to redesign enterprise wide processes and practices to achieve sustainable reduction in O&M costs.
Effective Use of Capital	5% through 6/30/09 and 4% thereafter	Develop and implement a process for effective monitoring and management of capital spending across the FE&G business unit.
Communication with Customers and Employees	5% through 6/30/09 and 4% thereafter	Lead efforts to effectively serve customers through strong operational performance and engage employees through open communications, leadership visibility and employee development.
Regulatory	4% applied 7/1/09 to 12/31/09	Advance federal and state policy and legislative initiatives to protect customers' and Duke Energy's interests.
Strategy	4% applied 7/1/09 to 12/31/09	Develop and implement strategies to address changing market, including wholesale, economic development, energy efficiency, SmartGrid, renewable and other products and services.

Mr. Manly's 2009 individual goals, which resulted in an aggregate score of 129.13%, were as follows:

Goal	Weighting	Description
Legal Client Support	7% through 6/30/09 and 5% thereafter	Increase efficiencies in the legal support functions and develop related performance metrics.
Corporate Secretary and Audit	6% through 6/30/09 and 5% thereafter	Organize and conduct successful meetings of the Board of Directors; develop and execute the 2009 Internal Audit Plan and promote an organizational culture that encourages ethical conduct and legal compliance.
Human Resources Restructuring	7% applied 1/1/09 to 6/30/09	Continue the implementation of the HR restructuring plan and increase performance through which HR operational services are delivered.
Information Technology (IT)	5% applied 7/1/09 to 12/31/09	Manage IT operations in a cost effective manner and optimize the function through increased efficiencies and the retirement of obsolete technologies; advance the scalable platform to support standardization and build capacity for growth; advance Duke Energy's capabilities to enhance revenues and increase Duke Energy's capacity for innovation through the implementation of new systems and services.
Enterprise Operation Services	5% applied 7/1/09 to 12/31/09	Manage the design and construction of the new headquarters building and develop the related office move criteria, to minimize costs and employee disruption.

Mr. Trent's 2009 individual goals, which resulted in an aggregate score of 125.63%, were as follows:

Goal	Weighting	Description
Improve Regulatory Process	3% applied 1/1/09 to 6/30/09	Reduce regulatory lag and improve regulatory cost recovery.
Regulatory	7% applied 1/1/09 to 6/30/09	Achieve favorable results with respect to state regulatory initiatives.
Federal Regulatory	3% applied 1/1/09 to 6/30/09	Advance federal economic stimulus and carbon legislation to protect customers and enable de-carbonization of fleet.
Communication Strategies	3% applied 1/1/09 to 6/30/09	Execute communications strategies and develop a comprehensive educational advocacy plan.
Strategy Development	3% applied 1/1/09 to 6/30/09	Develop a defined, actionable carbon and product strategy that includes renewable/distributed generation, SmartGrid, energy management products and services, and plug-in electric hybrid vehicles.
Transition	1% applied 1/1/09 to 6/30/09 period	Successfully transition new teams and support of enhancing cost effectiveness.
Capital Projects	4% applied 7/1/09 to 12/31/09	Execute approved growth capital projects.
Development Opportunities	4% applied 7/1/09 to 12/31/09	Identify additional development opportunities for Duke Energy's commercial businesses, including consideration of expanding renewable investment, international investment, asset acquisitions, and other growth platforms.
Strategy	4% applied 7/1/09 to 12/31/09	Identify strategies for the commercial businesses that align with earnings and capital objectives, including exploration of joint venture opportunities and collaboration with the CFO to identify alternative sources of capital.
Succession Planning	4% applied 7/1/09 to 12/31/09	Develop and execute succession planning and leadership development priorities within the commercial businesses, with a specific focus on the international operations, to promote a culture of performance, transparency and business ethics.
Ohio Retail Market	4% applied 7/1/09 to 12/31/09	Develop and execute commercial strategy to successfully compete in Ohio's retail market.

In order to encourage a continued focus on safety, the Compensation Committee included the following safety measures in the 2009 STI Plan:

- *Safety Penalty.* The STI award of each of Duke Energy's leadership employees (*i.e.*, participants in the long-term incentive program), including each of the participating named executive officers, was subject to a safety penalty that could result in a reduction of up to 5% depending on Duke Energy's 2009 enterprise-wide total incident case rate ("TICR"). TICR is a relatively standard industry safety measurement that is used to measure and compare safety-related performance. TICR is calculated based on the number of Occupational Safety and Health Administration recordable injuries per 100 workers per year. In 2009, TICR levels of 1.20 and 1.15, constituted threshold and target performance, respectively. The safety penalty applied such that (1) TICR results worse than threshold performance would correspond to a 5% reduction in the amounts otherwise payable to each of the named executive officers under the STI Plan, (2) TICR results equal to or better than target performance would correspond to no such reduction, and (3) the reductions corresponding to TICR performance between threshold and target would be determined using interpolation. Duke Energy's TICR result of 1.00 was better than target such that the safety penalty was not triggered and did not decrease the 2009 STI Plan awards.

- *Safety Adder.* The STI Plan payments of all eligible employees, including the participating named executive officers, were subject to a safety adder that could result in an increase of 5% if there were no work-related fatalities of any Duke Energy employee, contractor or subcontractor during 2009. Because Duke Energy experienced three contractor fatalities in 2009, the 5% safety adder did not apply to increase the STI Plan payments of eligible employees, including the named executive officers.

2010 Short-Term Incentives. During 2010, each executive officer, except Mr. Rogers, participates in the STI Plan, which provides STI opportunities similar to those provided in 2009, except for the following significant differences:

- *Reduced Maximum Payouts.* The maximum payout attributable to the O&M expense control goal and the reliability goal was reduced from 200% to 150%.

- *EPS Circuit Breaker.* An EPS circuit breaker was approved, which provides that if adjusted diluted EPS is less than a predetermined level in 2010, the named executive officers will not receive any payment under the STI Plan for 2010.

Long-Term Incentive Compensation. Opportunities under the LTI program are provided to the named executive officers (other than Mr. Rogers, who receives separate LTI awards, based in part on the same performance measures that apply to the other named executive officers) to align executive and shareholder interests in an effort to maximize shareholder value. In this regard, each year the Compensation Committee reconsiders the design and amount of the LTI awards and generally grants equity awards at the Compensation Committee's first regularly-scheduled meeting each year. Duke Energy's executive officers do not have a role in selecting the date on which LTI awards are granted, and because the closing price of Duke Energy's common stock is a key factor in determining the number of shares in each employee's LTI award, at times when market volatility is high, the Compensation Committee considers price trends and volatility when determining the size of LTI plan awards.

2007-2009 Performance Shares under the 2007 Long-Term Incentive Program. The 2007 performance share cycle commenced on January 1, 2007, and ended on December 31, 2009. The performance shares generally vest only to the extent two equally weighted performance measures are satisfied. The first measure is based on Duke Energy's relative TSR for the three-year period from January 1, 2007 to December 31, 2009 as compared to the companies in the Philadelphia Utility Index, as follows:

Relative TSR Performance Percentile	Percent Payout of Target 2007-2009 Performance Shares	Result	Payout of Target
70th Percentile or Higher	150%	55.6th Percentile	114%
50th Percentile (Target)	100%		
30th Percentile	50%		
Below 30th Percentile	0%		

The second measure is based on Duke Energy's CAGR with respect to adjusted diluted EPS, as measured against a baseline of $1.07, as follows:

Achieved CAGR	Percent Payout of Target 2007-2009 Performance Shares	Result	Payout of Target
6% or Higher	150%	4.47%	73.5%
5% (Target)	100%		
4%	50%		
Lower than 4%	0%		

In the aggregate, this performance corresponds to a payout of 93.75% of the target number of 2007-2009 performance shares, plus dividend equivalents earned during the 2007-2009 performance period. The following table lists the number of 2007-2009 performance shares to which Ms. Good and Messrs. Hauser, Turner, Manly and Trent became vested at the end of the performance cycle:

Name	2007-2009 Performance Shares
Lynn J. Good	9,668
David L. Hauser	34,725
James L. Turner	28,381
Marc E. Manly	26,750
B. Keith Trent	19,118

2009 Long-Term Incentive Program. The Compensation Committee approved the same LTI opportunities for the named executive officers for 2009 as applied in 2008. Such opportunities, expressed as a percentage of base salary, were 200%, 250%, 200%, 200% and 200%, respectively for Ms. Good and Messrs. Hauser, Turner, Manly and Trent. Under the 2009 LTI program, 30% of each named executive officer's LTI opportunity was provided in the form of phantom shares and the remaining 70% was provided in the form of performance shares, as follows:

		2009-2011 Performance Shares (at Target Level)		
Name	Grant Date	Based on Total Shareholder Return	Based on CAGR EPS	Phantom Shares
Lynn J. Good	2/19/2009	24,140	24,140	20,690
David L. Hauser	2/19/2009	36,205	36,205	31,030
James L. Turner	2/19/2009	31,380	31,380	26,900
Marc E. Manly	2/19/2009	28,965	28,965	24,830
B. Keith Trent	2/19/2009	24,140	24,140	20,690

In order to enhance our retention incentives, the 2009 phantom shares generally vest in equal portions on each of the first three anniversaries of the grant date, provided the recipient continues to be employed by Duke Energy on each vesting date or his or her employment terminates by reason of retirement. In order to emphasize pay for performance, the 2009 performance shares generally vest only to the extent two equally weighted performance measures are satisfied. The first measure is based on Duke Energy's relative TSR for the three-year performance period from January 1, 2009 to December 31, 2011, as compared to the companies in the Philadelphia Utility Index, as follows:

Relative TSR Performance Percentile	Percent Payout of Target Performance Shares
75th Percentile or Higher	150%
50th Percentile (Target)	100%
25th Percentile	50%
Below 25th Percentile	0%

The second measure is based on Duke Energy's CAGR with respect to adjusted diluted EPS over the three-year performance period from January 1, 2009 to December 31, 2011, as measured against a baseline of $1.20, as follows:

Achieved CAGR	Percent Payout of Target Performance Shares
7% or Higher	150%
5% (Target)	100%
4%	50%
Below 4%	0%

2010 Long-Term Incentives. During 2010, each executive officer, except Mr. Rogers, participates in the LTI Plan, which provides LTI opportunities similar to those provided in 2009 (i.e., 30% of each named executive officer's LTI opportunity was provided in the form of phantom shares and the remaining 70% was provided in the form of performance shares), except for the following significant differences:

- *Return on Equity Measure.* Unlike in 2009, the 2010 LTI program does not contain a measure based on Duke Energy's CAGR with respect to adjusted diluted EPS. Instead, one-half of the performance shares are subject to a measure that is based on Duke Energy's return on equity over the 2010-2012 period, and the remaining one-half of the performance shares continue to be subject to a measure that is based on Duke Energy's TSR as compared to the companies in the Philadelphia Utility Index over the 2010-2012 period.

- *Restrictions on Eligibility.* Although all of the named executive officers except Mr. Rogers will continue to be eligible for phantom and performance shares under the LTI program, in order to align the LTI program with market data, the group of employees who are eligible for future stock awards under the LTI program was reduced by approximately one-third.

Retirement and Welfare Benefits and Perquisites. Our named executive officers participate in the retirement and welfare plans generally available to other eligible employees. However, in order to attract and retain key executive talent, we believe that it is important to provide the executive officers, including our named executive officers, with certain limited retirement benefits that are in addition to those generally provided to our other employees. These benefits are comparable to the benefits provided by peers of Duke Energy, as determined based on market surveys. Duke Energy provides employee benefits to the named executive officers under several different plans. Mr. Rogers does not participate in any of these employee benefit plans on a going-forward basis except: (i) with respect to the receipt of health and welfare benefits; and (ii) he can elect to defer his stock awards under the terms of the Duke Energy Corporation Executive Savings Plan, as described below. Mr. Rogers, however, maintains balances under certain of these plans reflecting previously accrued benefits.

The Duke Energy Retirement Savings Plan, a "401(k) plan," is generally available to all Duke Energy employees, including each named executive officer. The plan is a tax-qualified retirement plan that provides a means for employees to save for retirement on a tax-favored basis and to receive an employer matching contribution. The employer matching contribution, for participants covered by the cash balance plan formula under the defined benefit pension plan (described below), is equal to 100% of the named executive officer's before-tax and Roth 401(k) contributions (excluding "catch-up" contributions) with respect to 6% of eligible pay. For employees covered by the final average pay formula under the defined benefit pension plan (described below), the matching contribution is equal to 100% of the named executive officer's before-tax and Roth 401(k) contributions (excluding "catch-up" contributions) with respect to 3% of eligible pay, plus 50% of such contributions on the next 2% of eligible pay, plus an incentive matching contribution of up to 1% of eligible pay. For this purpose, "eligible pay" includes short-term incentive compensation only for those participants who are covered by the cash balance plan formula under the defined benefit pension plan. Earnings on amounts credited to the Duke Energy Retirement Savings Plan are determined by reference to investment funds (including a Duke Energy Common Stock Fund) selected by each participant.

The Duke Energy Corporation Executive Savings Plan is offered to a select group of management, including each named executive officer. The plan enables these employees to defer compensation, and receive employer matching contributions (in accordance with the formulas described above), in excess of the limits of the Internal Revenue Code that apply to qualified retirement plans such as the Duke Energy Retirement Savings Plan. Earnings on amounts credited to the Duke Energy Corporation Executive Savings Plan are determined by reference to investment funds that are similar to those offered under the Duke Energy Retirement Savings Plan.

The Duke Energy Retirement Cash Balance Plan is generally available to all individuals who were employed by Duke Energy prior to its merger with Cinergy, and certain new hires, including Messrs. Hauser and Trent. This plan provides a defined benefit for retirement, the amount of which is based on a participant's cash balance account balance, which increases with monthly pay and interest credits.

The Cinergy Corp. Non-Union Employees' Pension Plan is generally available to all individuals who were employed by Cinergy prior to its merger with Duke Energy, including Ms. Good and Messrs. Turner and Manly. This plan provides a defined benefit for retirement, the amount of which is based either on the participant's cash balance account balance, which increases with monthly pay and interest credits, or on a traditional final average pay formula. Ms. Good and Mr. Turner participate in the plan's cash balance feature, which mirrors the benefit provided under the Duke Energy Retirement Cash Balance Plan, and Mr. Manly earns benefits under the plan's traditional final average pay formula.

The Duke Energy Corporation Executive Cash Balance Plan is offered to a select group of management. The plan provides participants with the retirement benefits to which they would be entitled under the Duke Energy Retirement Cash Balance Plan but for certain limits contained in the Code. Messrs. Hauser and Trent are the only named executive officers who earned additional benefits (other than interest) under this plan in 2009. Additionally, supplemental credits have been made to this plan on behalf of certain executives when determined to be reasonable and appropriate. For example, supplemental credits were made to this plan on behalf of Ms. Good and Messrs. Turner and Manly to reflect the conversion of amounts they previously accrued under the legacy Cinergy nonqualified cash balance and final average pay retirement plans. If Ms. Good or Messrs. Turner or Manly continue in employment with Duke Energy past age 62, he or she would be eligible to commence earning additional benefits, in excess of those permitted under the limits of the Internal Revenue Code, with respect to employment and compensation that occurs after age 62.

With the exception of certain grandfathered life insurance benefits provided to Mr. Hauser, Duke Energy provides the named executive officers with the same health and welfare benefits as it provides to all other similarly-situated employees, and at the same cost charged to all other eligible employees. The named executive officers are also entitled to the same post-retirement health and welfare benefits as those provided to similarly-situated retirees.

Additionally, in 2009, Duke Energy provided the named executive officers with certain other perquisites, which are disclosed in footnote 6 to the Summary Compensation Table. Duke Energy provides these perquisites, as well as other benefits to certain executives, in order to provide competitive compensation packages. The cost of perquisites and other personal benefits are not part of base salary and, therefore, do not affect the calculation of awards and benefits under Duke Energy's other compensation arrangements (*e.g.*, retirement and incentive compensation plans). Unless otherwise noted, each named executive officer receives the perquisites and other benefits described in the following table.

Perquisite	**Description**
Executive Physical	Except as described below, each named executive officer is entitled to the annual reimbursement of up to $2,500 for the cost of a comprehensive physical examination. Pursuant to his employment agreement, in lieu of receiving a payment of up to $2,500, Mr. Rogers can be reimbursed for the cost of a comprehensive physical examination at the Mayo Clinic. Ms. Good and Messrs. Turner and Manly were not eligible to receive this benefit until 2010, at which time the lump sum transition perquisite payment described below was no longer payable.
Airline Membership	Each named executive officer (other than Mr. Rogers) is entitled to Chairman's Preferred Status at U.S. Airways.

Personal Travel on Corporate Aircraft	Mr. Rogers may use corporate aircraft for personal travel in North America, and with advance approval from the Chief Executive Officer, the other named executive officers may use the corporate aircraft for personal travel in North America. If Mr. Rogers or any other executive officer uses the aircraft for personal travel, he or she must reimburse Duke Energy the direct operating costs for such travel. Effective for travel after February 19, 2009, Mr. Rogers will no longer be required to reimburse Duke Energy for the cost of travel to the executive physical described above or to meetings of the board of directors of other companies on whose board he serves. In addition, Mr. Rogers, but no other executive officer, is entitled to reimbursement, including payment of a tax gross-up, for expenses associated with his spouse accompanying him on business travel. Since joining Duke Energy in 2006, Mr. Rogers has never received such a payment. For additional information on the use of the corporate aircraft, see footnote 6 to the Summary Compensation Table.
Financial Planning and Tax Preparation Services	Each year, Duke Energy reimburses each named executive officer (other than Mr. Rogers) for up to $5,000 of expenses incurred for tax and financial planning services. This program is administered on a three-year cycle, such that participating executives can be reimbursed for up to $15,000 of eligible expenses at any time during the three-year cycle. Ms. Good and Messrs. Turner and Manly were not eligible to receive this benefit until 2010, at which time the lump sum transition perquisite payment described below was no longer payable.
Lump Sum Transition Perquisite Payment	In connection with the merger of Duke Energy and Cinergy, certain perquisites previously provided by Cinergy were eliminated and each legacy Cinergy executive who was adversely affected by this change, including Ms. Good and Messrs. Turner and Manly, were provided an annual transition lump sum perquisite payment during the three-year period from 2007-2009 contingent upon continued employment during this time.
Matching Charitable Contributions	The Duke Energy Foundation, independent of Duke Energy, maintains The Duke Energy Foundation Matching Gifts Program under which all employees are eligible for matching contributions of up to $5,000 per calendar year to qualifying institutions.

Severance. Duke Energy has entered into change in control agreements with Ms. Good and Messrs. Hauser, Turner, Manly and Trent. Under these agreements, each such named executive officer would be entitled to certain payments and benefits if a change in control were to occur and Duke Energy terminated the executive's employment without "cause" or the executive terminated his employment for "good reason" within a specified period following a change in control. The severance protection provided by Duke Energy is generally 200% of the executive's annual compensation and becomes payable only if there is both a change in control and a qualifying termination of employment. The Compensation Committee approved the 200% severance multiplier after consulting with its advisors and reviewing the severance protection provided by peer companies. The Compensation Committee believes that the protection provided through these severance arrangements is appropriate in order to diminish the uncertainty and risk to the executives' roles in the context of a potential change in control. The benefit levels under the change in control agreements are described in more detail under the "Potential Payments Upon Termination or Change in Control" section of this proxy statement.

In connection with Mr. Hauser's retirement in 2009, he entered into a Retirement Agreement with Duke Energy effective June 22, 2009. In exchange for Mr Hauser's agreement to provide limited transition services for a period of six months and to comply with certain restrictive covenants (*i.e.*, non-solicitation of employees, non-compete, non-disparagement and non-disclosure), and his execution of a standard release, his three performance share awards, which relate to the 2007-2009, 2008-2010 and 2009-2011 performance periods, were modified such that his payments will be calculated by reference to actual performance, but without prorating to reflect his retirement prior to the end of each performance period.

In order to ensure that Duke Energy provides only reasonable severance benefits, the Compensation Committee has established a policy pursuant to which it generally will seek shareholder approval for any future agreement with certain individuals (*e.g.*, a named executive officer) that provides severance benefits in excess of 2.99 times the sum of the executive's base salary and annual bonus, plus the value of continued participation in welfare, retirement and equity compensation plans determined as if the executive remained employed for 2.99 additional years. Under the policy, Duke Energy also will seek shareholder approval of any such agreement that provides for the payment of any tax gross-ups by reason of the executive's termination of employment, including reimbursement of golden parachute excise taxes.

Compensation of the Chief Executive Officer

As stated above, the Compensation Committee is responsible for establishing the compensation of the Chief Executive Officer. The Compensation Committee's objective in this regard is to motivate and retain a Chief Executive Officer who is committed to delivering sustained superior performance for all of Duke Energy's stakeholders. The Corporate Governance Committee, however, establishes the Chief Executive Officer's individual goals and, based upon input from all of the members of the Board of Directors, determines his performance with respect to those goals.

Effective February 19, 2009, Duke Energy entered into a new employment agreement with Mr. Rogers, as described in more detail in a Form 8-K filed on February 25, 2009. Under this agreement, Mr. Rogers does not receive a base salary and he is generally not eligible to participate in Duke Energy's incentive compensation and benefit plans, including its cash bonus programs, but he is permitted to participate in Duke Energy's medical and dental plans if he pays the required premiums. Mr. Rogers also is entitled to certain fringe benefits, and he remains entitled to benefits under legacy plans and agreements of Cinergy. Provided he remains the Chief Executive Officer, Mr. Rogers will be compensated, for 2009 and future years through 2013, primarily through annual grants of stock options, phantom shares and performance shares, as follows:

- An option with a value of $1,200,000 for 2009 and $1,600,000 for each of the four subsequent years, in each case vesting ratably in three equal annual installments. Mr. Rogers generally may not dispose of any shares acquired upon exercise of any such options until January 1, 2014.

- A phantom stock award with a value of $1,500,000 for 2009 and $2,000,000 for each of the four subsequent years, in each case vesting ratably in four equal quarterly installments following grant. Dividend equivalents are payable currently in cash.

- Two performance share awards for each calendar year covered by the agreement, (i) one based on annual performance metrics consistent with those established for the other named executive officers under the STI Plan with a target value of $1,500,000 ($2,850,000 at maximum performance) for 2009 and a target value of $2,000,000 ($3,800,000 at maximum performance) for each of the four subsequent years, which maximum can be increased by safety goals applicable to other executive officers, and (ii) one based on performance over a three-year performance period based on performance metrics established for the other named executive officers under each year's LTI program, with a target value of $1,800,000 ($2,700,000 at maximum performance) for 2009 and a target value of $2,400,000 ($3,600,000 at maximum performance) for each of the four subsequent years. Dividend equivalents are accumulated and paid only if the underlying performance shares become payable.

The equity awards for 2009 have a value of 75% of those for 2010-2013 in recognition of the fact that the equity awards made under his prior agreement were intended to compensate Mr. Rogers through April 3, 2009. The Compensation Committee believes that the equity awards called for under the agreement strike a balance between awards designed principally to reward continued employment (the phantom stock awards) and awards designed principally to reward both continued employment and stock price and operational performance (the stock options and performance share awards). Moreover, by linking the performance metrics under the performance shares to those applicable to Duke Energy's other executive officers, the Compensation Committee is ensuring that all of the executive officers are focused on achieving the same goals, all of which are designed to increase shareholder value.

The agreement contains non-competition and non-solicitation obligations on Mr. Rogers. The non-competition obligations survive for one year following his termination of employment for any reason, and the non-solicitation obligations survive for two years following his termination of employment for any reason.

For 2009, the performance criteria applicable to the annual portion of Mr. Rogers' performance shares were weighted 50%, 20%, and 10% on the same adjusted diluted EPS goal, O&M expense control goal and reliability goal, respectively, as were applicable for the other named executive officers under the 2009 STI Plan. The vesting of the remaining 20% was based on the following individual goals:

Financing Capability/Capital Deployment (weighting—10%). Respond to the changes in capital markets by improving the capital formation process, including identifying and building relationships with new sources of funding, and effectively monitoring the deployment of capital across the enterprise.

Talent Management (weighting—5%). Develop an integrated talent management strategy and complete annual talent management activities, including accelerating the identification and development of high potential individuals at levels below direct reports, completing talent and succession planning sessions and reporting to the Board of Directors, and completing one-on-one talent review sessions with each direct report.

Public Policy and Regulatory (weighting—5%). Achieve public policy, regulatory and legislative outcomes that balance the needs of customers and shareholders, including developing a comprehensive carbon strategy that incorporates renewable, SmartGrid and other energy management services and products; advance federal economic stimulus and carbon legislation to protect customers and enable de-carbonization of fleet.

The annual portion of Mr. Rogers' 2009 performance share opportunity was subject to the same 5% TICR-based safety penalty and 5% safety adder (in the event of no work-related employee or contractor fatality) that applied to the other executive officers under the 2009 STI Plan. The penalty was not triggered due to the fact that Duke Energy's actual TICR was better than the pre-established target TICR level. In addition, the Compensation Committee determined that the 5% safety adder should not apply to increase the payout of Mr. Rogers' performance shares because there were three contractor fatalities in 2009. Mr. Rogers achieved performance that corresponded to a payout equal to 133%, 143% and 141% of target performance for the financing and capital deployment, talent management and public policy and regulatory goals, respectively. Based on the actual level of achievement of the objectives related to Mr. Rogers' performance shares for 2009, Mr. Rogers earned approximately 145.76% of his 2009 target performance share opportunity, which covered 103,448 shares of Duke Energy, resulting in a payout of 150,786 shares.

For 2009, the performance criteria applicable to the long-term portion of Mr. Rogers' performance shares were the same two equally-weighted predetermined measures based on TSR and CAGR as were applicable for the other named executive officers under the 2009 LTI program, as measured over the 2009-2011 performance period. If earned, such performance shares would be paid in early 2012.

Other Compensation Policies

Stock Ownership Policy. Duke Energy has adopted a stock ownership policy to reinforce the importance of stock ownership. This is intended to align the interests of the executive officers and shareholders, and to focus the executive officers on the long-term success of Duke Energy. In order to ensure that Duke Energy's stock ownership guidelines continue to be consistent with our peer group, general industry practices and governance best practices, the stock ownership guidelines were modified effective January 1, 2009, to apply to directors and the members of the ELT, including the named executive officers, as follows:

Position	Value of Shares
Board of Directors	5 times cash retainer value
President and CEO	7 times base pay, or if none, 10 times base pay of highest CEO direct report
Direct Reports to CEO	3 times base pay
Other ELT Members	1 times base pay

Each employee covered by the amended stock ownership guidelines is required to hold 50% of all shares of Duke Energy common stock in which they become vested under the LTI program (after the payment of any applicable taxes) until the applicable ownership requirement is satisfied.

Option Holding Policy. Duke Energy has adopted a policy that prohibits each executive officer, including each named executive officer, from selling shares of Duke Energy common stock acquired through the exercise of stock options until such executive officer is in compliance with Duke Energy's stock ownership requirements. An executive officer may, however, sell common stock acquired through an option exercise for the limited purpose of paying the exercise price of the stock option and any applicable tax liability.

Clawback Policy. Duke Energy has memorialized its intent to recover any inappropriate payments by formally adopting a clawback policy. Under this policy, to the extent permitted by law and if the Board of Directors determines it to be reasonable and appropriate under the circumstances, Duke Energy will require the reimbursement of the portion of any performance-based bonus or incentive compensation payment paid to any executive officer, where such portion of the payment was predicated upon the achievement of financial results that were subsequently the subject of a restatement caused or partially caused by such executive officer's fraud or misconduct.

Equity Award Granting Policy. As Duke Energy recognizes the importance of adhering to specific practices and procedures in the granting of equity awards, the Compensation Committee has adopted a policy that applies to the granting of all equity awards for employees and directors. Under this policy, the Compensation Committee or Board of Directors may grant equity awards only as follows:

- Annual grants, if any, to employees may be made at any regularly-scheduled meeting, provided that reasonable efforts will be made to make such grants at the first regularly-scheduled meeting of the Board of Directors or Compensation Committee each calendar year.

- Annual grants, if any, to outside directors, may be made by the Board of Directors at any regularly-scheduled meeting, provided that reasonable efforts will be made to make such grants at the regularly-scheduled meeting of the Board of Directors that is held in conjunction with the annual meeting of shareholders each year.

- Grants also may be made at meetings of the Compensation Committee or the Board of Directors that are not regularly-scheduled but that occur during an "open window period," as defined in Duke Energy's insider trading policy.

The Compensation Committee has delegated authority to each of the Chairman of the Board of Directors and the Chairman of the Compensation Committee to grant equity awards, subject to certain limitations, to employees who are not executive officers. Equity awards made by delegated authority must be made on the first or second business day of an "open window period," as defined in Duke Energy's insider trading policy.

Tax and Accounting Implications

Deductibility of Executive Compensation. The Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which provides that Duke Energy generally may not deduct, for federal income tax purposes, annual compensation in excess of $1 million paid to certain employees. Performance-based compensation paid pursuant to shareholder-approved plans is not subject to the deduction limit as long as such compensation is approved by "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code.

Although the Compensation Committee generally intends to structure and administer executive compensation plans and arrangements so that they will not be subject to the deduction limit of Section 162(m) of the Internal Revenue Code, the Compensation Committee may from time to time approve payments that cannot be deducted in order to maintain flexibility in structuring appropriate compensation programs in the interests of shareholders. For example, phantom share awards received by certain employees, and amounts paid to certain employees under the STI Plan with respect to individual objectives, may not be deductible for federal income tax purposes, depending on the amount and other types of compensation received by such employees.

Accounting for Stock Based Compensation. Duke Energy accounts for stock based payments in accordance with the accounting guidance for stock-based compensation. Equity classified stock based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite service period, which generally begins on the date the award is granted and extends through the earlier of the date the award vests or the date the employee otherwise becomes entitled to the award (*e.g.*, upon becoming retirement eligible).

Non-GAAP Financial Measures. As described previously in this Compensation Discussion and Analysis, Duke Energy uses various financial measures, including adjusted diluted EPS and O&M expense, in connection with short-term and long-term incentives. Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations attributable to Duke Energy common stockholders, adjusted for the per share impact of special items and the mark-to-market impacts of economic hedges related to certain generation assets in the Commercial Power segment. Duke Energy's management also uses adjusted diluted EPS as an additional measure to evaluate operations of the Company. The O&M expense measure used for incentive plan purposes also is a non-GAAP financial measure as it too is adjusted for the impact of certain of these items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis, although it is reasonably possible such charges and credits could recur. Mark-to-market adjustments reflect the mark-to-market impact of derivative contracts, which is recognized in GAAP earnings immediately as such derivative contracts do not qualify for hedge accounting or regulatory accounting treatment, used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Power segment. The economic value of the generation assets is subject to fluctuations in fair value due to market price volatility of the input and output commodities (*e.g.*, coal, power) and, as such, the economic hedging involves both purchases and sales of those input and output commodities related to the generation assets. Because the operations of the generation assets are accounted for under the accrual method, management believes that excluding the impact of mark-to-market changes of the economic hedge contracts from adjusted earnings until settlement better matches the financial impacts of the hedge contract with the portion of the economic value of the underlying hedged asset. The most directly comparable GAAP measures for adjusted diluted EPS and O&M expense measures used for incentive plan purposes are reported diluted EPS from continuing operations attributable to Duke Energy Corporation common stockholders and reported O&M expense from continuing operations, which include the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)(6)	Total ($)
James E. Rogers(7)	2009	0	0	4 911.142	1.200.000	0	425 309	391 212	6 927.663
Chairman, President &	2008	0	0	0	0	0	290.601	524,589	815.190
Chief Executive Officer	2007	0	0	0	0	0	269,902	496,271	766,173
Lynn J. Good	2009	540 627	0	1 043.241	0	628 685	820,232	107.012	3,139,797
Group Executive &	2008	500,004	1,124 000	992,487	0	326.238	0	114.742	3 057.471
Chief Financial Officer									
David L. Hauser(8)	2009	300.000	0	1 564.634	0	349.710	369 267	112.096	2 695.707
Group Executive &	2008	600,000	1 000 000	1.488 547	0	402.318	55.626	120.213	3,666,704
Chief Financial Officer	2007	577.500	23,969	1 444.300	0	853.831	225.020	102 012	3 226 632
James L. Turner	2009	650.004	0	1,356,195	0	744 970	1.484.478	116,621	4 352.268
Group Executive.	2008	650,004	900.000	1.290.122	0	430.933	0	146 211	3,417.270
President & Chief Operating Officer	2007	589 956	0	1 180.383	0	870.185	4 562.606(9)	99,741	7 302,871
U.S. Franchised Electric & Gas									
Marc E. Manly	2009	600.000	0	1.251.825	0	691 620	929 366	99 690	3.572 501
Group Executive.	2008	600,000	860.000	1,190,910	0	405,342	0	84,374	3,140,626
Chief Legal Officer and Corporate Secretary	2007	556 008	0	1,112 535	0	730.539	4.972.007(9)	81.078	7,452,167
B. Keith Trent	2009	500.004	0	1,043.241	0	573.555	156.986	72.492	2.346.278
Group Executive & President Commercial Businesses									

(1) The amounts reflected in this column for 2008 represent retention bonuses paid to Messrs. Hauser, Turner and Manly and Ms. Good on April 4, 2008 in consideration for remaining employed with Duke Energy for two years following the merger of Duke Energy and Cinergy

(2) This column does not reflect the value of stock awards that were actually earned or received by the named executive officers during each of the years listed above. Rather, as required by applicable SEC rules, this column reflects the aggregate grant date fair value of the performance shares (*based on the probable outcome of the performance conditions* as of the date of grant) and phantom shares granted to our named executive officers in the applicable year. The aggregate grant date fair value listed above includes both phantom shares and performance shares; the aggregate grant date fair value of the performance shares granted in 2009 to Messrs. Rogers, Hauser, Turner, Manly and Trent and Ms. Good, assuming that the highest level of performance will be achieved, is $5.550.006; $1 574 918; $1 365 030; $1 259 978; $1.050.090; and $1 050 090, respectively. The aggregate grant date fair value of the awards was determined in accordance with the accounting guidance for stock-based compensation. See Note 19 of the Consolidated Financial Statements contained in our Annual Report for an explanation of the assumptions made in valuing these awards

(3) This column does not reflect the value of shares that were actually acquired upon the exercise of stock options by the named executive officers *during each of the years listed above*. As indicated in the Option Exercises and Stock Vested table on page 78, no named executive officer exercised any stock options during 2009. Rather, as required by applicable SEC rules, this column reflects the aggregate grant date fair value of the stock options granted to the named executive officers in the applicable year. The aggregate grant date fair value was determined in accordance with the accounting guidance for stock-based compensation. See Note 19 of the Consolidated Financial Statements contained in our Annual Report for an explanation of the assumptions made in valuing these awards

(4) With respect to the applicable performance period, this column reflects amounts payable under *the Duke Energy Corporation Executive* Short-Term Incentive Plan. Unless deferred, the 2009 amounts were paid in March 2010.

(5) This column includes the amounts listed below. The amounts listed were earned over the 12-month period ending on December 31, 2009.

	James E. Rogers ($)	Lynn J. Good ($)	David L. Hauser ($)	James L. Turner ($)	Marc E. Manly ($)	B. Keith Trent ($)
Change in Actuarial Present Value of Accumulated Benefit Under the Duke Energy Retirement Cash Balance Plan	0	0	127 151	0	0	45 718
Change in Actuarial Present Value of Accumulated Benefit Under the Duke Energy Corporation Executive Cash Balance Plan	0	790 344	239 426	1 405 992	853 556	111 268
Change in Actuarial Present Value of Accumulated Benefit Under the Cinergy Corp. Non-Union Employees' Pension Plan	83 850	29 888	0	78 486	75 810	0
Above-Market Interest Earned on Account Balances in the Duke Energy Corporation Executive Savings Plan *Supplemental Account*	0	0	2 690	0	0	0
Above-Market Interest Earned on Amounts Deferred Under the Deferred Compensation Agreement	341 459	0	0	0	0	0
Total	425 309	820 232	369,267	1 484,478	929 366	156 986

(6) The All Other Compensation column includes the following for 2009:

	James E. Rogers ($)	Lynn J. Good ($)	David L. Hauser ($)	James L. Turner ($)	Marc E. Manly ($)	B. Keith Trent ($)
Premiums for Life Insurance Coverage Provided Under Life Insurance Plans	0	0	3,204	0	0	0
Matching Contributions Under the Duke Energy Retirement Savings Plan	0	14.700	14,700	14.700	11.785	14,700
Make-Whole Matching Contribution Credits Under the Duke Energy Corporation Executive Savings Plan	0	37 312	0	50 156	17 076	35.316
Payout of Unused Vacation	0	0	87 692	0	0	0
Personal Use of Airplane*	363 573	0	0	0	15 829	12 476
Airline Membership	0	0	0	0	0	0
Charitable Contributions Made in the Name of the Executive**	5 000	5 000	5.000	1.765	5 000	5 000
Executive Physical Exam Program	846	0	0	0	0	0
Financial Planning Program	0	0	1 500	0	0	5 000
Lump Sum Transition Perquisite Payment	0	50.000	0	50 000	50.000	0
Security	7 685	0	0	0	0	0
Expenses Incurred in Connection with Preparation of Employment Agreement	14 108	0	0	0	0	0
Total	391 212	107 012	112.096	116 621	99 690	72 492

*Regarding use of corporate aircraft, officers are required to reimburse Duke Energy the direct operating costs of any personal travel. With respect to flights on a leased or chartered airplane, direct operating costs equal the amount that the third party charges Duke Energy for such trip. With respect to flights on the Company-owned airplane, *direct operating costs include the amounts permitted by the Federal Aviation* Regulations for non-commercial carriers. Officers are permitted to invite their spouse or other guests to accompany them on business trips when space is available; however, in such events, the officer is imputed income in accordance with IRS guidelines. The additional cost included in the table above is the amount of the IRS-specified tax deduction disallowance, if any, plus any additional carbon credits purchased with *respect to the executive officer's personal travel.*

**Certain charitable contributions made by the named executive officers are not eligible for reimbursement under the Matching Gifts Program and therefore are not listed above

(7) Mr Rogers did not receive salary or bonus from Duke Energy during 2009. As previously described he is covered under an employment agreement with Duke Energy that provides compensation primarily through stock-based awards

(8) Mr Hauser retired effective June 30 2009

(9) Amounts were credited to the unfunded accounts of Messrs. Turner and Manly under the Duke Energy Corporation Executive Cash Balance Plan pursuant to an amendment to each of their employment agreements that was negotiated in connection with the merger of Cinergy and Duke Energy In particular Duke Energy converted the accrued benefit that each of the executives had earned under the Cinergy Corp Excess Pension Plan Cinergy Corp Supplemental Executive Retirement Plan and his prior employment agreement (collectively the "Cinergy Nonqualified Defined Benefit Plan") plus the additional benefits that Messrs. Turner and Manly would have earned if they continued employment until age 62 into a lump sum credit that was provided in cancellation of his previous rights to a benefit under the Cinergy Nonqualified Defined Benefit Plan and in exchange for each executive's right to future nonqualified defined benefit plan accruals. These benefits are 100% vested Messrs. Turner and Manly will not earn any additional benefits under any nonqualified defined benefit plan (other than future interest credits under the Duke Energy Corporation Executive Cash Balance Plan) unless and until they continue employment with Duke Energy past age 62. Ms. Good earned a similar benefit at the time of the merger of Cinergy and Duke Energy. which is identified in the Pension Benefits Table below

GRANTS OF PLAN-BASED AWARDS

Name	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1) Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards(2) Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	All Other Option Awards: Number of Securities Underlying Options (#)(4)	Exercise or Base Price of Option Awards ($/Sh)(5)	Grant Date Fair Value of Stock and Option Awards ($)(6)
James E. Rogers	2/19/2009				36.853	103.448	206 379				1.499.996
James E Rogers	2/19/2009				31.035	62.069	93,104				1 011,104
James E Rogers	2/19/2009				31 035	62 069	93.104				900.046
James E. Rogers	2/19/2009							103 448			1 499.996
James E. Rogers	2/19/2009								603.015	14.50	1.200.000
Lynn J Good		154.079	432 502	862,841							
Lynn J Good	2/19/2009				12.070	24,140	36,210				393,241
Lynn J. Good	2/19/2009				12.070	24 140	36 210				349.995
Lynn J Good	2/19/2009							20 690			300.005
David L. Hauser		171 000	480 000	957 600							
David L. Hauser	2/19/2009				18,103	36 205	54.308				589.779
David L Hauser	2/19/2009				18 103	36 205	54.308				524.920
David L. Hauser	2/19/2009							31,030			449.935
James L. Turner		185 251	520.003	1 037.406							
James L. Turner	2/19/2009				15.690	31 380	47 070				511.180
James L. Turner	2/19/2009				15.690	31 380	47.070				454 964
James L Turner	2/19/2009							26.900			390 050
Marc E Manly		171 000	480 000	957 600							
Marc E Manly	2/19/2009				14 483	28,965	43.448				471 840
Marc E. Manly	2/19/2009				14.483	28 965	43.448				419 951
Marc E Manly	2/19/2009							24 830			360 035
B Keith Trent		142 501	400 003	798 006							
B. Keith Trent	2/19/2009				12 070	24 140	36.210				393 241
B Keith Trent	2/19/2009				12 070	24.140	36 210				349 995
B. Keith Trent	2/19/2009							20.690			300 005

(1) Reflects the short-term incentive opportunity granted to our named executive officers in 2009 under the Duke Energy Corporation Executive Short-Term Incentive Plan. The information included in the "Threshold" "Target" and "Maximum" columns reflects the range of potential payouts under the plan established by the Compensation Committee The actual amounts earned by each executive under the terms of such plan are disclosed in the Summary Compensation Table.

(2) Reflects the performance shares granted to our named executive officers in 2009 The information included in the "Threshold" "Target," and "Maximum" columns reflects the range of potential payouts under the plan established by the Compensation Committee Earned performance shares will be paid or if elected. deferred following the end of the 2009-2011 performance period (or with respect to Mr Rogers following the 2009-2011 and 2009 performance periods) based on the extent to which the performance goals have been achieved Any shares not earned are forfeited. In addition following a determination that the performance goals have been achieved participants will receive a cash payment

(which will be deferred if so elected by the participant) equal to the amount of cash dividends paid on one share of Duke Energy common stock during the performance period multiplied by the number of performance shares earned

(3) Reflects the phantom shares granted to our named executive officers in 2009. The phantom shares generally vest in equal portions on each of the first three anniversaries of the grant date provided the recipient continues to be employed by Duke Energy on each vesting date or his or her employment terminates by reason of retirement. The phantom shares granted to Mr. Rogers vest ratably in four equal quarterly installments following grant. If dividends are paid during the vesting period, then the participants will receive a current cash payment equal to the amount of cash dividends paid on one share of Duke Energy common stock during the performance period multiplied by the number of unvested phantom shares

(4) Reflects the number of shares that may be issued to Mr. Rogers on exercise of stock options granted in 2009. These options vest in three equal installments on January 1, 2010, January 1, 2011 and January 1, 2012, so long as Mr. Rogers remains employed with Duke Energy or his employment terminates by reason of retirement.

(5) Reflects the exercise price for the stock option granted to Mr. Rogers in 2009, which equals the fair market value of the underlying shares on the date of grant.

(6) Reflects the grant date fair value of each phantom share, performance share (based on the probable outcome of the performance conditions as of the date of grant) and stock option award granted to our named executive officers in 2009, as computed in accordance with the accounting guidance for stock-based compensation

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Effective on January 2, 2007, Duke Energy spun off its gas businesses to form Spectra Energy. Effective with the spin-off, equitable adjustments were made with respect to stock options and outstanding equity awards relating to Duke Energy common stock. All such awards were adjusted into two separate awards, one relating to Duke Energy common stock and one relating to Spectra Energy common stock. The following two tables show each named executive officer's Duke Energy and Spectra Energy equity awards that were outstanding as of December 31, 2009.

DUKE ENERGY CORPORATION
OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable(1)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(3)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
James E. Rogers	214,188		15.26	1/1/2015				
James E. Rogers	213,720		15.50	1/1/2016				
James E. Rogers	1,877,646		16.60	4/4/2016				
James E. Rogers		603,015	14.50	2/19/2019				
James E. Rogers					0	0		
James E. Rogers							31,035	534,104
James E. Rogers							93,104	1,602,311
Lynn J. Good	4,555		12.50	7/22/2013				
Lynn J. Good	14,664		14.15	1/1/2014				
Lynn J. Good	15,132		15.26	1/1/2015				
Lynn J. Good	3,588		15.33	12/14/2015				
Lynn J. Good	24,336		15.50	1/1/2016				
Lynn J. Good					37,446	644,446		
Lynn J. Good							9,505	163,581
Lynn J. Good							28,515	490,743
Lynn J. Good							12,070	207,725
Lynn J. Good							36,210	623,174
David L. Hauser	31,200		24.39	12/20/2010				
David L. Hauser	32,500		21.47	12/19/2011				
David L. Hauser	4,700		21.84	1/17/2012				
David L. Hauser	24,200		7.85	2/25/2013				
David L. Hauser					73,938	1,272,473		
David L. Hauser							14,258	245,372
David L. Hauser							42,773	736,115
David L. Hauser							18,103	311,544
David L. Hauser							54,308	934,632
James L. Turner	24,180		12.82	1/1/2011				
James L. Turner	29,952		12.28	1/1/2012				
James L. Turner	29,952		12.37	1/1/2013				
James L. Turner	30,888		14.15	1/1/2014				
James L. Turner	30,888		15.26	1/1/2015				
James L. Turner	35,100		15.50	1/1/2016				
James L. Turner					57,982	997,870		
James L. Turner							12,358	212,673
James L. Turner							37,073	638,018
James L. Turner							15,690	270,025
James L. Turner							47,070	810,075
Marc E. Manly	4,936		11.54	12/4/2012				
Marc E. Manly	33,540		15.50	1/1/2016				
Marc E. Manly					53,858	926,896		
Marc E. Manly							11,408	196,323
Marc E. Manly							34,223	588,969
Marc E. Manly							14,483	249,244
Marc E. Manly							43,448	747,731
B. Keith Trent	12,700		17.72	7/1/2012				
B. Keith Trent					45,417	781,627		
B. Keith Trent							9,505	163,581
B. Keith Trent							28,515	490,743
B. Keith Trent							12,070	207,725
B. Keith Trent							36,210	623,174

(1) On February 19, 2009 Mr. Rogers received stock options covering 603,015 shares that vest and become exercisable in three equal installments on January 1, 2010, January 1, 2011, and January 1, 2012.

(2) Messrs. Hauser and Trent received phantom shares on February 28, 2005 and April 4, 2006, which vest, subject to certain exceptions, in equal installments on each of the first five anniversaries of the grant date. Ms. Good and Messrs. Turner and Manly received phantom shares on April 4, 2006 and July 1, 2006, which vest, subject to certain exceptions, in equal installments on each of the first five anniversaries of April 4, 2006. Ms. Good and Messrs. Hauser, Turner, Manly and Trent received phantom shares on March 2, 2007, February 26, 2008, and February 19, 2009, which vest, subject to certain exceptions, in equal installments on the first three anniversaries of the date of grant.

(3) Ms. Good and Messrs. Hauser, Turner, Manly and Trent received performance shares on February 26, 2008, that, subject to certain exceptions, are eligible for vesting on December 31, 2010. Ms. Good and Messrs. Rogers, Hauser, Turner, Manly and Trent received performance shares on February 19, 2009, that, subject to certain exceptions, are eligible for vesting on December 31, 2011. Pursuant to applicable SEC rules, (i) one-half of the performance shares (relating to the CAGR performance measure) that were granted in 2008 and 2009 are listed at the threshold number of shares, and (ii) one-half of the performance shares (relating to the TSR performance measure) that were granted in 2008 and 2009 are listed at the maximum number of shares.

SPECTRA ENERGY CORP
OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards			Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(1)	Market Value of Shares or Units of Stock That Have Not Vested ($)
James E. Rogers	46,735	21.39	1/1/2014		
James E. Rogers	107,094	23.07	1/1/2015		
James E. Rogers	106,860	23.43	1/1/2016		
James E. Rogers	938,823	25.09	4/4/2016		
James E. Rogers				0	0
Lynn J. Good	2,277	18.90	7/22/2013		
Lynn J. Good	7,331	21.39	1/1/2014		
Lynn J. Good	7,566	23.07	1/1/2015		
Lynn J. Good	1,794	23.17	12/14/2015		
Lynn J. Good	12,168	23.43	1/1/2016		
Lynn J. Good				1,226	25,145
David L. Hauser	15,600	36.86	12/20/2010		
David L. Hauser	16,250	32.44	12/19/2011		
David L. Hauser	2,350	33.00	1/17/2012		
David L. Hauser	2,700	14.73	1/28/2013		
David L. Hauser	17,100	11.86	2/25/2013		
David L. Hauser				7,133	146,298
James L. Turner	12,090	19.37	1/1/2011		
James L. Turner	14,976	18.57	1/1/2012		
James L. Turner	14,976	18.70	1/1/2013		
James L. Turner	15,443	21.39	1/1/2014		
James L. Turner	15,444	23.07	1/1/2015		
James L. Turner	17,550	23.43	1/1/2016		
James L. Turner				3,436	70,472
Marc E. Manly	1,480	17.44	12/4/2012		
Marc E. Manly	1,866	23.07	1/1/2015		
Marc E. Manly	16,770	23.43	1/1/2016		
Marc E. Manly				3,242	66,493
B. Keith Trent	6,350	26.78	7/1/2012		
B. Keith Trent				3,531	72,421

(1) Messrs. Hauser and Trent received phantom shares on February 28, 2005, which vest in equal installments on each of the first five anniversaries of the grant date. Messrs. Hauser and Trent received phantom shares on April 4, 2006, and Ms. Good and Messrs. Turner and Manly received phantom shares on April 4, 2006 and July 1, 2006, all of which vest, subject to certain exceptions, in equal installments on each of the first five anniversaries of April 4, 2006.

OPTION EXERCISES AND STOCK VESTED

	Option Awards				Stock Awards			
	Duke Energy		Spectra Energy		Duke Energy		Spectra Energy	
Name	Number of Duke Energy Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Spectra Energy Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Duke Energy Shares Acquired on Vesting (#)(1)(2)	Value Realized on Vesting ($)(3)	Number of Spectra Energy Shares Acquired on Vesting (#)(4)	Value Realized on Vesting ($)(5)
James E. Rogers	0	0	0	0	275.749	4.624,849	10.758	169,331
Lynn J. Good	0	0	0	0	19.764	327,129	613	9 115
David L. Hauser	0	0	0	0	64,721	1 087.292	4.752	66 228
James L. Turner	0	0	0	0	48.967	835.512	1,718	25,547
Marc E. Manly	0	0	0	0	46.018	785,639	1.621	24.104
B. Keith Trent	0	0	0	0	35,749	600.506	2.201	31.100

(1) The executives elected to defer the following number and amount of vested Duke Energy stock awards pursuant to the Duke Energy Corporation Executive Savings Plan, which is described in more detail on page 84: Ms. Good: 0 shares ($0); Mr. Hauser: 0 shares ($0); Mr. Turner: 0 shares ($0); Mr. Manly: 0 shares ($0); and Mr. Trent: 35.749 shares ($552.902).

(2) Includes performance shares covering the 2007-2009 performance period for all executives with the exception of Mr. Rogers. Annual performance shares covering the 2009 performance period are included for Mr. Rogers. The Compensation Committee certified the achievement of the applicable performance measures on February 22, 2010

(3) The value realized upon vesting of stock awards was calculated based on the closing price of a share of Duke Energy common stock on the respective vesting date. and includes the following cash payments for dividend equivalents on earned performance shares: Mr. Rogers: 150,786 shares ($107 058); Ms. Good: 9,668 shares ($24,073); Mr. Hauser: 34,725 shares ($86,465); Mr. Turner: 28.381 shares ($70,669); Mr. Manly: 26.750 shares ($66.608); and Mr. Trent: 19.118 shares ($47,604). Dividend equivalents for the first quarter of 2010 are not included above but are also payable due to the fact that the vested performance shares were not distributed until after the certification of performance results on February 22, 2010

(4) The executives elected to defer the following number and amount of vested Spectra Energy stock awards pursuant to the Duke Energy Corporation Executive Savings Plan, which is described in more detail on page 84: Ms. Good: 0 shares ($0); Mr. Hauser: 0 shares ($0); Mr. Turner: 0 shares ($0); Mr. Manly: 0 shares ($0); and Mr. Trent: 2,201 shares ($31.100).

(5) The value realized upon vesting of stock awards was calculated based on the closing price of a share of Spectra Energy common stock on the respective vesting date.

PENSION BENEFITS

Name	Plan Name	Number of Years Credited Service(1)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
James E. Rogers	Cinergy Corp. Non-Union Employees' Pension Plan	16.77	590,094	0
Lynn J. Good	Cinergy Corp. Non-Union Employees' Pension Plan	6.67	73,794	0
Lynn J. Good	Duke Energy Corporation Executive Cash Balance Plan	6.67	3,856,078	0
David L. Hauser	Duke Energy Retirement Cash Balance Plan	35.01	735,027	0
David L. Hauser	Duke Energy Corporation Executive Cash Balance Plan	35.01	1,168,824	18,441
James L. Turner	Cinergy Corp. Non-Union Employees' Pension Plan	13.87	274,001	0
James L. Turner	Duke Energy Corporation Executive Cash Balance Plan	13.87	6,737,110	0
Marc E. Manly	Cinergy Corp. Non-Union Employees' Pension Plan	7.17	228,374	0
Marc E. Manly	Duke Energy Corporation Executive Cash Balance Plan	7.17	7,074,939	0
B. Keith Trent	Duke Energy Retirement Cash Balance Plan	7.66	132,559	0
B. Keith Trent	Duke Energy Corporation Executive Cash Balance Plan	7.66	283,139	0

(1) Mr. Rogers' credited service is frozen as of April 3, 2006, which is the date of the merger of Duke Energy and Cinergy.

Duke Energy provides pension benefits that are intended to assist its retirees with their retirement income needs. A more detailed description of the plans that comprise Duke Energy's pension program follows.

Duke Energy Retirement Cash Balance Plan and Executive Cash Balance Plan

Mr. Trent actively participates in, and prior to his retirement Mr. Hauser earned benefits under, the Duke Energy Retirement Cash Balance Plan ("RCBP"), which is a noncontributory, defined benefit retirement plan that is intended to satisfy the requirements for qualification under

Section 401(a) of the Internal Revenue Code. The RCBP generally covers employees of Duke Energy and affiliates, with certain exceptions for legacy Cinergy employees who are covered under the Cinergy Plan (described below). The RCBP provides benefits under a "cash balance account" formula. Each of the named executive officers who participate in the RCBP has satisfied the eligibility requirements to receive his or her account benefit upon termination of employment. The RCBP benefit is payable in the form of a lump sum in the amount credited to a hypothetical account at the time of benefit commencement. Payment is also available in annuity forms based on the actuarial equivalent of the account balance.

The amount credited to the hypothetical account is increased with monthly pay credits equal to (i) for participants with combined age and service of less than 35 points, 4% of eligible monthly compensation, (ii) for participants with combined age and service of 35 to 49 points, 5% of eligible monthly compensation, (iii) for participants with combined age and service of 50 to 64 points, 6% of eligible monthly compensation, and (iv) for participants with combined age and service of 65 or more points, 7% of eligible monthly compensation. If the participant earns more than the Social Security wage base, the account is credited with additional pay credits equal to 4% of eligible compensation above the Social Security wage base. Interest credits are credited monthly, with the interest rate determined quarterly based on the 30-year Treasury rate.

For the RCBP, eligible monthly compensation is equal to Form W-2 wages, plus elective deferrals under a 401(k), cafeteria, or 132(f) transportation plan, and deferrals under the Duke Energy Corporation Executive Savings Plan. Compensation does not include severance pay (including vacation bank time and payment for unused vacation), expense reimbursements, allowances, cash or noncash fringe benefits, moving expenses, bonuses for performance periods in excess of one year, transition pay, long-term incentive compensation (including income resulting from any stock-based awards such as stock options, stock appreciation rights, phantom stock or restricted stock) and other compensation items to the extent described as not included for purposes of benefit plans or the RCBP. The benefit of participants in the RCBP may not be less than determined under certain prior benefit formulas (including optional forms). In addition, the benefit under the RCBP is limited by maximum benefits and compensation limits under the Internal Revenue Code.

Mr. Trent actively participates in, and prior to his retirement, Mr. Hauser earned benefits under, the Duke Energy Corporation Executive Cash Balance Plan ("ECBP"), which is a noncontributory, defined benefit retirement plan that is not intended to satisfy the requirements for qualification under Section 401(a) of the Internal Revenue Code. Benefits earned under the ECBP are attributable to (i) compensation in excess of the annual compensation limit ($245,000 for 2010) under the Internal Revenue Code that applies to the determination of pay credits under the RCBP, (ii) restoration of benefits in excess of a defined benefit plan maximum annual benefit limit ($195,000 for 2010) under the Internal Revenue Code that applies to the RCBP, and (iii) supplemental benefits granted to a particular participant. Generally, benefits earned under the RCBP and the ECBP vest upon completion of three years of service, and, with certain exceptions, vested benefits generally become payable upon termination of employment with Duke Energy.

Amounts were credited to an account established for each of Messrs. Turner and Manly and Ms. Good under the Duke Energy Corporation Executive Cash Balance Plan pursuant to an amendment to each of their employment agreements that was negotiated in connection with the merger of Cinergy and Duke Energy. Messrs. Turner and Manly and Ms. Good will not earn any additional benefits under any nonqualified defined benefit plan (other than future interest credits under the Duke Energy Corporation Executive Cash Balance Plan) unless and until they continue employment with Duke Energy past age 62.

Cinergy Corp. Non-Union Employees' Pension Plan

Mr. Rogers has an accrued benefit under the Cinergy Corp. Non-Union Employees' Pension Plan ("Cinergy Plan"), but his benefit was "frozen" on April 3, 2006 (*i.e.*, it is not increased by Mr. Rogers' service and pay after April 3, 2006). Messrs. Turner and Manly and Ms. Good participate in the Cinergy Plan. The Cinergy Plan is a tax-qualified defined benefit plan that generally covers legacy Cinergy non-bargaining employees. The Cinergy Plan includes the following two program formulas: (i) a Traditional Program and (ii) the Duke Account Formula (which, in 2007, replaced the Balanced and Investor Programs). The Traditional Program formula is based on service and final average monthly pay. The Duke Account Formula (and the prior Balanced and Investor Programs) are "cash balance account" formulas. In 2007, participants were given the choice of continuing to accrue benefits under the Traditional Program or to retain their accrued benefit under the Traditional Program and participate in the Duke Account Formula. Mr. Turner chose to retain his accrued benefits under the Traditional Program and in the future participate in the Duke Account Formula, Mr. Manly chose to remain in the Traditional Program and Ms. Good has always participated in the Duke Account Formula.

Under the Cinergy Plan's Traditional Program, in which Mr. Rogers participated prior to April 3, 2006, and in which Mr. Turner participated prior to April 1, 2007 and in which Mr. Manly continues to participate, each participant earns a benefit under a final average pay formula, which calculates pension benefits based on a participant's "highest average earnings" and years of plan participation. The Traditional Program benefit is payable following normal retirement at age 65, following early retirement at or after age 50 with five or more years of service (with reduction in the life annuity for commencement before age 62 in accordance with prescribed factors) and at or after age 55 with combined age and service of 85 points (with no reduction in the life annuity for commencement before normal retirement age). Mr. Rogers is eligible for an unreduced early retirement benefit. Messrs. Turner and Manly are eligible for an early retirement benefit, the amount of which would be reduced for early commencement. Payment is available in a variety of annuity forms, and for Mr. Turner is also available in a lump sum.

The Traditional Program benefit formula is the sum of (a), (b), and (c), where (a) is 1.1% of final average monthly pay ("FAP") times years of participation (up to a maximum of 35 years), where (b) is 0.5% times FAP in excess of monthly Social Security covered compensation times years of participation (up to a maximum of 35 years), and where (c) is 1.55% of FAP times years of participation in excess of 35. The benefit under the Traditional Program will not be less than the minimum formula, which is the sum of (x) and (y), where (x) is the lesser of (i) 1.12% of FAP times years of participation (up to a maximum of 35 years) plus 0.5% times FAP in excess of monthly Social Security covered compensation times years of participation (up to a maximum of 35 years) or (ii) 1.163% of FAP pay times years of participation (up to a maximum of 35 years), and where (y) is 1.492% of FAP times years of participation over 35 years. Social Security covered compensation is the average of the Social Security wage bases during the 35 calendar years ending in the year the participant reaches Social Security retirement age.

FAP is the average of the participant's total pay during the three consecutive years of highest pay from the last 10 years of participation. This is determined using the three consecutive calendar years that will result in the highest FAP or by using the last 36 months of participation. If the participant's highest FAP occurs other than using the last 36 months, FAP will be calculated as if accrued vacation pay, if any, was received by the participant during the last month during the period that is used to determine the highest FAP. Mr. Turner's FAP continues to be adjusted for future compensation, but his service after April 1, 2007 does not increase his accrued benefits under the Traditional Program.

Total pay includes base salary or wages, overtime pay, shift premiums, work schedule recognition pay, holiday premiums, unused accrued vacation pay, service watch payments, performance lump sum pay, annual incentive plan awards and annual performance cash awards. Total pay does not include reimbursements or other expense allowances, imputed income, fringe benefits, moving and relocation expenses, deferred compensation, welfare benefits, long-term performance awards and executive individual incentive awards. The benefit under the Cinergy Plan is limited by maximum benefits and compensation limits under the Internal Revenue Code.

As described above, effective April 1, 2007, Mr. Turner participates in the Duke Account Formula. This feature of the Cinergy Plan provides a benefit substantially similar to that provided under the RCBP.

Present Value Assumptions

The valuation method and assumptions used in determining the present value of the current accrued benefit for the Pension Benefits table is as follows: (i) for the RCBP and ECBP, and for the cash balance account benefits under the Cinergy Plan, the value of the cash balance account as of December 31, 2009 is projected to age 65 for Mr. Trent and age 62 for Ms. Good and Messrs. Turner and Manly at the assumed interest crediting rate of 4.5% and is then discounted back to December 31, 2009 using the assumed discount rate of 5.5%, and (ii) for the Cinergy Plan, the assumptions used by Duke Energy in its Annual Report are used, along with the assumption that Messrs. Rogers, Turner and Manly and Ms. Good will remain employed until age 62 (*i.e.*, the earliest retirement date on which unreduced benefits can be paid).

NONQUALIFIED DEFERRED COMPENSATION

Name	Executive Contributions in Last FY ($)(1)	Registrant Contributions in Last FY ($)(2)	Aggregate Earnings in Last FY ($)(3)	Aggregate Withdrawals/ Distributions ($)(4)	Aggregate Balance at Last FYE ($)(5)
James E. Rogers *Duke Energy Corporation Executive Savings Plan*	0	0	(90,361)	(40,304,158)	6,777,328
James E. Rogers *Deferred Compensation Agreement*	0	0	729,613	0	4,898,831(6)
Lynn J. Good *Duke Energy Corporation Executive Savings Plan*	37,844	37,312	5,472	(154,153)	70,169
David L. Hauser *Duke Energy Corporation Executive Savings Plan*	30,000	0	678,794	(3,269,724)	3,655,699
James L. Turner *Duke Energy Corporation Executive Savings Plan*	52,000	50,156	137,772	(634,810)	841,469
Marc E. Manly *Duke Energy Corporation Executive Savings Plan*	196,905	17,076	(7,376)	(673,172)	407,250
B. Keith Trent *Duke Energy Corporation Executive Savings Plan*	723,637	35,316	534,829	0	2,491,331

(1) Includes $37,844, $30,000, $52,000, $24,000, and $45,000 of salary deferrals credited to the plan in 2009 on behalf of Ms. Good and Messrs. Hauser, Turner, Manly and Trent, respectively, which are included in the salary column of the Summary Compensation Table. Includes $172,905 and $57,355 of short-term incentive deferrals earned in 2009 and credited to the plan in 2010 on behalf of Messrs. Manly and Trent, respectively. Includes $621,282 of stock award deferrals and dividend equivalents credited to the plan on behalf of Mr. Trent with respect to 2009.

(2) Reflects make-whole matching contribution credits made under the Duke Energy Corporation Executive Savings Plan, which are reported in the All Other Compensation column of the Summary Compensation Table.

(3) Includes $341,459 of above-market interest as reported for Mr. Rogers in footnote 5 to the Summary Compensation Table on page 71. Includes $2,690 of above-market interest as reported for Mr. Hauser in footnote 5 to the Summary Compensation Table on page 71.

(4) Each of the named executive officers, with the exception of Mr. Trent, made an election pursuant to the transition rules under Section 409A of the Internal Revenue Code to receive a portion of his or her account under the Duke Energy Corporation Executive Savings Plan payable in 2009.

(5) The aggregate balance as of December 31, 2009 for each named executive officer includes the following aggregate amount of prior deferrals of base salary, short-term incentives and long-term incentives, as well as employer matching contributions and nonqualified deferred compensation earnings, that were previously earned and reported as compensation on the Summary Compensation Table for 2006, 2007 and 2008: (i) Mr. Rogers—$695,352; (ii) Ms. Good—$90,948; (iii) Mr. Hauser—$2,965,854; (iv) Mr. Turner—$479,776; (v) Mr. Manly—$414,312 and (vi) Mr. Trent—$0. These amounts have since been adjusted, pursuant to the terms of the Duke Energy Corporation Executive Savings Plan, for investment performance (*e.g.*, earnings and losses), deferrals, contributions and investment performance during 2009, and distributions.

(6) Reflects Mr. Rogers' interest under a Deferred Compensation Agreement that he entered into with PSI Energy, Inc. (subsequently renamed Duke Energy Indiana, Inc.) on December 16, 1992. Except for earnings on previously deferred amounts, Mr. Rogers is not permitted to earn any additional amounts under this plan.

Duke Energy Corporation Executive Savings Plan

Under the Duke Energy Corporation Executive Savings Plan, participants can elect to defer a portion of their base salary, short-term incentive compensation and long-term incentive compensation (other than stock options). Participants also receive a company matching contribution in excess of the contribution limits prescribed by the Internal Revenue Code under the Duke Energy Retirement Savings Plan. In general, payments are made following termination of employment or death in the form of a lump sum or installments, as selected by the participant. Participants may direct the deemed investment of base salary deferrals, short-term incentive deferrals and matching contributions among investments options available under the Duke Energy Retirement Savings Plan, including in the Duke Energy Common Stock Fund. Participants may change their investment elections on a daily basis. Deferrals of equity awards are credited with earnings and losses based on the performance of the Duke Energy Common Stock Fund. The benefits payable under the plan are unfunded and subject to the claims of Duke Energy's creditors.

Deferred Compensation Agreement for Mr. Rogers

In 1992, PSI Energy, Inc. (a predecessor to Cinergy) entered into a deferred compensation agreement with Mr. Rogers. Except for earnings on amounts previously deferred, Mr. Rogers is not accruing any additional benefits under this agreement. The agreement provides Mr. Rogers with the right to receive two 15-year annual cash benefits beginning the first January following his termination of employment for any reason other than death; provided, however, that cash benefits will commence no later than January 2010. Accordingly, the two annual cash payments, in the amount of $554,000 and $247,000, respectively, commenced in January 2010. The deferred payments accrue interest at an annual rate of 17.5%. The benefits payable under the agreement are unfunded and subject to the claims of Duke Energy's creditors.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

Under certain circumstances, each named executive officer would be entitled to compensation in the event his or her employment terminates or upon a change in control. The amount of the compensation is contingent upon a variety of factors, including the circumstances under which he or she terminates employment. The relevant agreements that each named executive officer has entered into with Duke Energy are described below, followed by a table that quantifies the amount that would become payable to each named executive officer as a result of his or her termination of employment.

The amounts shown assume that such termination was effective as of December 31, 2009 and are merely estimates of the amounts that would be paid out to the named executive officers upon their termination. The actual amounts to be paid out can only be determined at the time of such named executive officer's termination of employment.

The table shown below does not include amounts that have been earned and which are payable without regard to the named executive officer's termination of employment. Such earned amounts, however, are described immediately following the table.

Mr. James E. Rogers

On April 4, 2006, Duke Energy entered into a three-year employment agreement with Mr. Rogers (the "April 2006 Agreement") to provide for his employment as Chief Executive Officer and President, effective as of the closing of the merger with Cinergy on April 3, 2006. The employment agreement superseded his employment agreement with Cinergy, except as described below.

Effective February 19, 2009, Duke Energy entered into a new employment agreement with Mr. Rogers (the "February 2009 Agreement") for the period ending December 31, 2013. The severance and change in control provisions under the February 2009 Agreement supersede those under the April 2006 Agreement, effective February 19, 2009, except that the equity awards made before adoption of the February 2009 Agreement continue in accordance with their terms. All of the equity awards that were made prior to the adoption of the February 2009 Agreement have been earned or forfeited, except for Mr. Rogers' stock options. In the event of the termination of Mr. Rogers' employment, his stock options would remain exercisable during the remainder of their ten-year term, except such options shall remain exercisable for no more than 90 days in the event that Mr. Rogers' employment is terminated for cause (as defined in the April 2006 Agreement).

The February 2009 Agreement makes no provision for cash payments upon a termination of employment, whether before or after a change in control of Duke Energy, or for the gross up of "golden parachute" excise taxes. The February 2009 Agreement does provide for the treatment of Mr. Rogers' outstanding equity awards upon termination of employment or upon a change in control.

Under the February 2009 Agreement, if Mr. Rogers' employment terminates without cause or for good reason (each as defined in the February 2009 Agreement) or by reason of his retirement with the approval of the Duke Energy Board of Directors, then (i) his stock options and phantom stock will continue to vest in accordance with their otherwise applicable schedule as if his employment had not terminated, (ii) his stock options will remain exercisable for their full ten-year term, and (iii) his performance shares will be payable (if at all) at the end of the cycle based on actual performance, again determined as if his employment had not terminated. If Mr. Rogers' employment terminates as a result of his death or disability, then his stock options and phantom stock will vest in full, the stock options (whether or not previously vested) will remain exercisable for their full ten-year term, and the performance shares will be pro-rated for actual service and will be payable (if at all) at the end of the cycle based on actual performance. If Mr. Rogers terminates his employment without good reason (as defined in the February 2009 Agreement) or retires without the approval of the Duke Energy Board of Directors, his unvested stock options, phantom stock and performance shares will expire immediately, and any previously vested options will expire 90 days after the termination of employment. If Mr. Rogers' employment is terminated for cause (as defined in the February 2009 Agreement), all stock options, phantom stock and performance shares (whether or not vested) granted to him pursuant to the February 2009 Agreement will expire immediately.

If a change in control of Duke Energy occurs and Mr. Rogers' employment is terminated within two years after the change in control, by Duke Energy without cause or by Mr. Rogers for good reason or by reason of his retirement with the approval of the Board of Directors, then notwithstanding the preceding paragraph, the stock options will vest immediately and the phantom stock and performance shares will immediately vest and be paid (in the case of performance shares, based on the target level of performance). If Mr. Rogers' employment terminates after the expiration of the term of the February 2009 Agreement but before vesting of all options and performance shares, each such award will be subject to the treatment described above, but determined as if termination had occurred during the term of the February 2009 Agreement, and any termination by Mr. Rogers, other than in anticipation of a termination for cause, will be deemed a termination for good reason.

Under the February 2009 Agreement, "cause" generally means (i) if not cured, the willful and continued failure by Mr. Rogers to substantially perform his duties or to comply with Duke Energy's rules or procedures, (ii) the breach of confidentiality, noncompetition and nonsolicitation obligations, or (iii) Mr. Rogers' conviction of a felony, including the entry of a guilty or nolo contendere plea, or any willful or grossly negligent action or inaction by Mr. Rogers that has a materially adverse effect on Duke Energy, and "good reason" generally means (a) the material reduction without Mr. Rogers' consent of his title, authority, duties, or responsibilities from those in effect immediately prior to the reduction, except in the event that Mr. Rogers ceases to serve as President of Duke Energy or, if Duke Energy adopts a policy that its Chief Executive Officer shall no longer serve as Chairman of its Board of Directors, he ceases to serve as Chairman, (b) the failure by Duke Energy without Mr. Rogers' consent to nominate him for re-election to the Board of Directors, (c) a material adverse change in Mr. Rogers' reporting responsibilities, (d) any breach by Duke Energy of any other material provision of Mr. Rogers' agreement or (e) a failure by Duke Energy to require any successor entity to Duke Energy specifically to assume in writing all of Duke Energy's obligations under Mr. Rogers' agreement.

Other Named Executive Officers

Duke Energy originally entered into change in control agreements with Messrs. Hauser and Trent effective as of July 1, 2005 and with Messrs. Turner and Manly and Ms. Good effective as of April 4, 2006, all of which were amended and restated effective as of August 26, 2008. The agreements have an initial term of two years commencing as of the original effective date, after which the agreements automatically extend, unless six months prior written notice is provided, on a month-to-month basis.

The change in control agreements provide for payments and benefits to the executive in the event of termination of employment within two years after a "change in control" by Duke Energy without "cause" or by the executive for "good reason" (each as defined below) as follows: (1) a lump-sum cash payment equal to a pro-rata amount of the executive's target bonus for the year in which the termination occurs; (2) a lump-sum cash payment equal to two times the sum of the executive's annual base salary and target annual bonus opportunity in effect immediately prior to termination or, if higher, in effect immediately prior to the first occurrence of an event or circumstance constituting "good reason"; (3) continued medical, dental and basic life insurance coverage for a two-year period or a lump sum cash payment of equivalent value (reduced by coverage obtained by subsequent employers); and (4) a lump-sum cash payment of the amount Duke Energy would have allocated or contributed to the executive's qualified and nonqualified defined benefit pension plan and defined contribution savings plan accounts during the two years following the termination date, plus the unvested portion, if any, of the executive's accounts as of the date of termination that would have vested during the remaining term of the agreement. If the executive would have become eligible for normal retirement at age sixty-five within the two-year period following termination, the two times multiple or two year period mentioned above will be reduced to the period from the termination date to the executive's normal retirement date. The agreements also provide for enhanced benefits (*i.e.*, two years of additional vesting) with respect to equity awards.

Under the change in control agreements, each named executive officer also is entitled to reimbursement of up to $50,000 for the cost of certain legal fees incurred in connection with claims under the agreements. In the event that any of the payments or benefits provided for in the change in control agreement otherwise would constitute an "excess parachute payment" (as defined in Section 280G of the Code), the amount of payments or benefits would be reduced to the maximum level that would not result in excise tax under Section 4999 of the Code if such reduction would cause the executive to retain an after-tax amount in excess of what would be retained if no reduction were made. In the event a named executive officer becomes entitled to payments and benefits under a change in control agreement, he or she would be subject to a one-year noncompetition and nonsolicitation provision from the date of termination, in addition to certain confidentiality and cooperation provisions.

For purposes of the change in control agreements, "cause" generally means, unless cured within 30 days, (i) a material failure by the executive to carry out, or malfeasance or gross insubordination in carrying out, reasonably assigned duties or instructions consistent with the executive's position, (ii) the final conviction of the executive of a felony or crime involving moral turpitude, (iii) an egregious act of dishonesty by the executive in connection with employment, or a malicious action by the executive toward the customers or employees of Duke Energy, (iv) a material breach by the executive of Duke Energy's Code of Business Ethics, or (v) the failure of the executive to cooperate fully with governmental investigations involving Duke Energy. "Good reason," for this purpose, generally means: (a) a reduction in the executive's annual base salary or target annual bonus as in effect immediately prior to the change in control (exclusive of any across the board reduction similarly affecting substantially all similarly situated employees) or (b) the assignment to the executive of a job position with a total point value under the Hay Point Factor Job Evaluation System that is less than 70% of the total point value of the job position held by the executive immediately before the change in control.

Equity Awards—Consequence of Termination of Employment

As described above, each year Duke Energy grants long-term incentives to its executive officers, and the terms of these awards vary somewhat from year to year. The following table summarizes the consequences under Duke Energy's long-term incentive award agreements, without giving effect to the change in control agreements described above, that would generally occur with respect to outstanding equity awards in the event of the termination of employment of a named executive officer (other than Mr. Rogers, whose treatment is described above).

Event	Consequences
Voluntary termination or involuntary termination (retirement eligible)	Phantom Shares – continue to vest Performance Shares – prorated portion of award vests based on actual performance
Voluntary termination (not retirement eligible)	Phantom Shares and Performance Shares – the executive's right to unvested portion of award terminates immediately
Involuntary termination (not retirement eligible)	Phantom Shares – prorated portion of award vests Performance Shares – prorated portion of award vests based on actual performance
Involuntary termination after a CIC	Phantom Shares – immediate vesting Performance Shares – see impact of change in control below
Death or Disability	Phantom Shares – immediate or prorated vesting Performance Shares – prorated portion of award vests based on actual performance
Change in Control	Phantom Shares – no impact absent termination of employment Performance Shares – prorated portion of award vests based on target performance

POTENTIAL PAYMENTS UPON TERMINATION OR A CHANGE IN CONTROL ("CIC")

Name and Triggering Event	Cash Severance Payment($)(1)	Incremental Retirement Plan Benefit($)(2)	Welfare and Other Benefits($)(3)	Stock Awards($)(4)	Option Awards($)(5)
James E. Rogers					
• Voluntary termination	0	0	0	2,492,691	1,634,171
• Involuntary termination without cause	0	0	0	2,492,691	1,634,171
• Involuntary or good reason termination after a CIC	0	0	0	2,224,553	1,634,171
• Death	0	0	0	830,890	1,634,171
• Disability	0	0	0	830,890	1,634,171
Lynn J. Good					
• Voluntary termination	0	0	0	70,029	0
• Involuntary termination without cause	0	0	0	1,132,572	0
• Involuntary or good reason termination after a CIC	2,070,000	164,964	37,136	2,250,685	0
• Death	0	0	0	1,458,435	0
• Disability	0	0	0	1,458,435	0
David L. Hauser					
• Voluntary termination(6)	349,710	0	0	4,079,165	0
James L. Turner					
• Voluntary termination	0	0	0	196,264	0
• Involuntary termination without cause	0	0	0	1,658,405	0
• Involuntary or good reason termination after a CIC	2,340,014	213,029	31,408	3,123,769	0
• Death	0	0	0	2,030,391	0
• Disability	0	0	0	2,030,391	0
Marc E. Manly					
• Voluntary termination	0	0	0	2,039,290	0
• Involuntary termination without cause	0	0	0	2,039,290	0
• Involuntary or good reason termination after a CIC	2,160,000	168,685	19,560	2,890,708	0
• Death	0	0	0	1,879,055	0
• Disability	0	0	0	1,879,055	0
B. Keith Trent					
• Voluntary termination	0	0	0	0	0
• Involuntary termination without cause	0	0	0	1,205,623	0
• Involuntary or good reason termination after a CIC	1,800,014	279,266	31,408	2,435,142	0
• Death	0	0	0	1,585,895	0
• Disability	0	0	0	1,585,895	0

(1) Amounts listed under "Cash Severance Payment" are payable under the terms of the named executive officer's Change in Control Agreement. The severance benefits set forth above do not include accrued salary and bonus payments earned through December 31, 2009; however, such amounts are reflected in the Summary Compensation Table on page 70.

(2) Pursuant to the Change in Control Agreements of Messrs. Turner, Manly and Trent and Ms. Good, the amount listed under "Incremental Retirement Plan Benefit" represents the additional amount that would be contributed to the Duke Energy Retirement Cash Balance Plan, Cinergy Corp. Non-Union Employee's Pension Plan, Duke Energy Executive Cash Balance Plan, Duke Energy Retirement Savings Plan and the Duke Energy Executive Savings Plan in the event the named executive officer continued to be employed by Duke Energy, at his or her rate of base salary as in effect on December 31, 2009, for two additional years.

(3) Amounts listed under "Welfare and Other Benefits" include the amount that would be paid to each named executive officer who has entered into a Change in Control Agreement in lieu of providing continued welfare benefits for 24 months.

(4) The amounts listed under "Stock Awards" do not include amounts attributable to the performance shares that vested on December 31, 2009; such amounts are included in the Option Exercises and Stock Vested Table on page 78.

(5) As of December 31, 2009, and without regard to any acceleration of vesting that would otherwise occur upon a triggering event, Messrs. Rogers, Hauser, Turner, Manly and Trent and Ms. Good held vested stock options with respect to the following number of Duke Energy shares: 2,305,554; 92,600; 180,960; 38,476; 12,700 and 62,275, respectively, and with respect to the following number of Spectra Energy shares: 1,199,512; 54,000; 90,479; 20,116; 6,350 and 31,136, respectively.

(6) Mr. Hauser retired effective June 30, 2009. On June 22, 2009, the Compensation Committee approved the modification of Mr. Hauser's outstanding performance share awards such that his payments will be calculated by reference to actual performance, but without prorating to reflect his retirement. As a result, Mr. Hauser will receive the amounts listed in the "voluntary termination" row in addition to other earned and accrued amounts, subject to compliance with applicable restrictive covenants, and no other amounts will be payable to Mr. Hauser as a result of his retirement. The amounts listed above include a prorated payment for 2009 under the Duke Energy Corporation Executive Short-Term Incentive Plan, which amount is also reported in the Summary Compensation Table on page 70, and continued vesting of his phantom shares and the applicable dividend equivalents, and payments with respect to performance shares that were calculated assuming target performance.

The amounts listed in the preceding table have been determined based on a variety of assumptions, including reasonable increases to the limits on qualified retirement plan benefits under the Internal Revenue Code, and the actual amounts to be paid out can only be determined at the time of each named executive officer's termination of employment. The amounts described in the table do not include compensation to which each named executive officer would be entitled without regard to his or her termination of employment, including (i) base salary and short-term incentives that have been earned but not yet paid, (ii) amounts that have been earned, but not yet paid, under the terms of the plans listed under the Pension Benefits and Nonqualified Deferred Compensation tables on pages 79 and 83, and (iii) the potential reimbursement of legal fees.

The amounts shown above do not reflect the fact that, under the Change in Control Agreements that Duke Energy has entered into with Messrs. Turner, Manly and Trent and Ms. Good, in the event that payments to any such executive in connection with a change in control otherwise would result in a golden parachute excise tax and lost tax deduction under Sections 280G and 4999 of the Code, such amounts would be reduced to the extent necessary so that such tax would not apply under certain circumstances.

The amounts shown above with respect to stock awards and option awards were calculated based on a variety of assumptions, including the following: (i) the named executive officer terminated employment on December 31, 2009; (ii) a stock price for Duke Energy common stock equal to $17.21 and $20.51 for Spectra Energy common stock, which were the closing prices on December 31, 2009 (the last trading day of 2009); (iii) the continuation of Duke Energy's and Spectra Energy's dividend at the rate in effect on December 31, 2009; and (iv) performance at the target level with respect to performance shares. Additionally, the amounts listed above with respect to Mr. Manly reflect the fact that, upon termination for any reason, except death or disability, he would receive the full value of all unvested phantom shares and the dividends that would be paid on such shares for the remainder of the original vesting period, subject to compliance with restrictive covenants contained in such awards, because he has attained retirement age.

Potential Payments Due Upon a Change in Control

Other than as described below, the occurrence of a change in control of Duke Energy would not trigger the payment of benefits to the named executive officers absent a termination of employment. If a change in control of Duke Energy occurred on December 31, 2009 the outstanding performance shares awards, including dividend equivalents, would be paid on a prorated basis assuming target performance. As of December 31, 2009, the prorated performance shares that would be paid as a result of these accelerated vesting provisions, including dividend equivalents, would have had a value of $2,224,553; $2,055,426; $1,897,319, $1,581,094 and $1,581,094 for Messrs. Rogers, Turner, Manly and Trent and Ms. Good, respectively.

OTHER INFORMATION

Discretionary Voting Authority

As of the date this proxy statement went to press, Duke Energy did not anticipate that any matter other than the proposals set out in this proxy statement would be raised at the annual meeting. If any other matters are properly presented at the annual meeting, the persons named as proxies will have discretion to vote on those matters according to their best judgment.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires Duke Energy's directors and executive officers, and any persons owning more than ten percent of Duke Energy's common stock, to file with the SEC initial reports of beneficial ownership and certain changes in that beneficial ownership, with respect to the equity securities of Duke Energy. We prepare and file these reports on behalf of our directors and executive officers. All Section 16(a) reporting requirements applicable to our directors and executive officers were satisfied and complied with during 2009.

Related Person Transactions

Related Person Transaction Policy. The Corporate Governance Committee adopted a Related Person Transaction Policy that sets forth our procedures for the identification, review, consideration and approval or ratification of "related person transactions." For purposes of our policy only, a "related person transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we and any "related person" are, were or will be participants in which the amount involves exceeds $120,000. Transactions involving compensation for services provided to us as an employee or director are not covered by this policy. A "related person" is any executive officer, director or beneficial owner of more than 5% of any class of our voting securities, including any of their immediate family members and any entity owned or controlled by such persons.

Under the policy, if a transaction has been identified as a related person transaction (including any transaction that was not a related person transaction when originally consummated or any transaction that was not initially identified as a related person transaction prior to consummation), our management must present information regarding the related person transaction to our Corporate Governance Committee (or, if Corporate Governance Committee approval would be inappropriate, to the Board of Directors) for review, consideration and approval or ratification. The presentation must include a description of, among other things, the material facts, the interests, direct and indirect, of the related persons, the benefits to us of the transaction and whether the transaction is on terms that are comparable to the terms available to or from, as the case may be, an unrelated third party or to or from employees generally. Under the policy, we will, on an annual basis, collect information from each director, executive officer and (to the extent feasible) significant stockholder to enable us to identify any existing or potential related-person transactions and to effectuate the terms of the policy. In addition, under our Code of Business Conduct and Ethics, our employees and directors have an affirmative responsibility to disclose any transaction or relationship that reasonably could be expected to give rise to a conflict of interest. In considering related person transactions, our Corporate Governance Committee (or Board of Directors) will take into account the relevant available facts and circumstances including, but not limited to:

- the risks, costs and benefits to us;
- the impact on a director's independence in the event that the related person is a director, immediate family member of a director or an entity with which a director is affiliated;
- the availability of other sources for comparable services or products; and
- the terms available to or from, as the case may be, unrelated third parties or to or from employees generally.

The policy requires that, in determining whether to approve, ratify or reject a related person transaction, our Corporate Governance Committee (or Board of Directors) must consider, in light of known circumstances, whether the transaction is in, or is not inconsistent with, our best interests and those of our shareholders, as our Corporate Governance Committee (or Board of Directors) determines in the good faith exercise of its discretion. All of the transactions described below were approved in accordance with the policy.

Nucor Corporation. Duke Energy Indiana, a wholly-owned subsidiary of Duke Energy, and Nucor entered into an agreement pursuant to which Duke Energy Indiana provides electric service to one of Nucor's plants that is located in the Duke Energy Indiana service territory. Pursuant to this agreement, in 2009, Nucor paid Duke Energy Indiana approximately $38 million for such electric services.

In addition, from time to time, Duke Energy and/or its subsidiaries and contractors may purchase steel from Nucor.

Mr. DiMicco, a member of the Board of Directors, is also Chairman, President and Chief Executive Officer of Nucor and therefore may be deemed to have an interest in the transactions described above.

Proposals and Business by Shareholders

If you wish to submit a proposal for inclusion in the proxy statement for our 2011 annual meeting of shareholders, we must receive it by November 22, 2010.

In addition, if you wish to introduce business at our 2011 annual meeting (besides that in the Notice of the meeting), you must send us written notice of the matter. Your notice must comply with the requirements of our bylaws, and we must receive it no earlier than January 5, 2011, and no later than February 4, 2011. The individuals named as proxy holders for our 2011 annual meeting will have discretionary authority to vote proxies on matters of which we are not properly notified and also may have discretionary voting authority under other circumstances.

Your proposal or notice should be mailed to Duke Energy's Corporate Secretary at P.O. Box 1006, Charlotte, North Carolina 28201-1006.

Electronic Delivery of the 2010 Annual Report and Proxy Materials

If you received a paper version of this year's proxy materials, please consider signing up for electronic delivery of next year's materials. Electronic delivery significantly reduces Duke Energy's printing and postage costs associated with paper publications and also reduces our consumption of natural resources. You will be notified immediately by e-mail when next year's annual report and proxy materials are available. E-delivery makes it more convenient for shareholders to cast their votes on issues that affect Duke Energy.

In order to enroll for electronic delivery, go to *www.icsdelivery.com/duk* and follow the instructions. You will need to enter a valid email address along with your social security number.

If you elect to receive your Duke Energy materials via the internet, you can still request paper copies by contacting Investor Relations at (800) 488-3853 or at *www.duke-energy.com/contactIR*.

Householding Information

Duke Energy has adopted a procedure called "householding," which has been approved by the SEC, for shareholders of record on February 1, 2003. Under this procedure, a single copy of the annual report and proxy statement is sent to any household at which two or more shareholders reside, unless one of the shareholders at that address notifies us that they wish to receive individual copies. This procedure reduces our printing costs and fees. Each shareholder will continue to receive separate proxy cards, and householding will not affect dividend check mailings, or InvestorDirect Choice Plan statement mailings, in any way.

This year, we are seeking consent to householding from shareholders who became shareholders of record after February 1, 2003, and from shareholders who have previously revoked their consent but wish to participate in householding. If you provide consent this year or, if you have already consented to householding, householding will continue until you are notified otherwise or until you notify Investor Relations by telephone at (800) 488-3853, at *www.duke-energy.com/contactIR*, or by mail at P.O. Box 1005, Charlotte, NC 28201-1005, that you wish to continue to receive separate annual reports and proxy statements. You will be removed from the householding program within 30 days of receipt of your notice. If you received a householded mailing this year and you would like to have additional copies of our annual report and proxy statement mailed to you, please submit your request to Investor Relations at the number or address above. We will promptly send additional copies of the annual report and proxy statement upon receipt of such request.

A number of brokerage firms have instituted householding. If you hold your shares in "street name," please contact your bank, broker or other holder of record to request information about householding.

Appendix A

DUKE ENERGY CORPORATION 2010 LONG-TERM INCENTIVE PLAN

1. PURPOSE OF THE PLAN

The purpose of the Corporation's 2010 Long-Term Incentive Plan is to promote the interests of the Corporation and its shareholders by strengthening the Corporation's ability to attract, motivate and retain key employees and directors of the Corporation upon whose judgment, initiative and efforts the financial success and growth of the business of the Corporation largely depend, and to provide an additional incentive for key employees and directors through stock ownership and other rights that promote and recognize the financial success and growth of the Corporation.

2. DEFINITIONS

Wherever the following capitalized terms are used in this Plan they shall have the meanings specified below:

(a) "Award" means an award of an Option, Restricted Stock, Stock Appreciation Right, Performance Award, Phantom Stock, Stock Bonus or Dividend Equivalent granted under the Plan.

(b) "Award Agreement" means an agreement entered into between the Corporation and a Participant setting forth the terms and conditions of an Award granted to a Participant.

(c) "Board" means the Board of Directors of the Corporation.

(d) "Change in Control" shall have the meaning specified in Section 13 hereof.

(e) "Code" means the Internal Revenue Code of 1986, as amended.

(f) "Committee" means the Compensation Committee of the Board, or such other committee or subcommittee of the Board or group of individuals appointed by the Board to administer the Plan from time to time.

(g) "Common Stock" means the common stock of the Corporation, par value $0.001 per share, or any security into which such Common Stock may be changed by reason of any transaction or event of the type described in Section 3.2.

(h) "Corporation" means Duke Energy Corporation, a Delaware corporation.

(i) "Date of Grant" means the date on which an Award under the Plan is made by the Committee (which date shall not be earlier than the date on which the Committee takes action with respect thereto), or such later date as the Committee may specify that the Award becomes effective

(j) "Dividend Equivalent" means an Award under Section 12 hereof entitling the Participant to receive payments with respect to dividends declared on the Common Stock.

(k) "Effective Date" means the Effective Date of this Plan, as defined in Section 16.1 hereof.

(l) "Eligible Person" means any person who is an Employee or an Independent Director.

(m) "Employee" means any person who is a key employee of the Corporation or any Subsidiary or who has agreed to serve in such capacity within 90 days after the Date of Grant; provided, however, that with respect to Incentive Stock Options, "Employee" means any person who is considered an employee of the Corporation or any Subsidiary for purposes of Treasury Regulation Section 1.421-1(h).

(n) "Fair Market Value" of a share of Common Stock as of a given date means the closing sales price of the Common Stock on the New York Stock Exchange as reflected on the composite index on the date as of which Fair Market Value is to be determined or, in the absence of any reported sales of Common Stock on such date, on the first preceding date on which any such sale shall have been reported. If Common Stock is not listed on the New York Stock Exchange on the date as of which Fair Market Value is to be determined, the Committee shall determine in good faith the Fair Market Value in whatever manner it considers appropriate (but in any event such amount shall not be less than fair market value within the meaning of section 409A of the Code).

(o) "Incentive Stock Option" means an option to purchase Common Stock that is intended to qualify as an incentive stock option under section 422 of the Code and the Treasury Regulations thereunder.

(p) "Independent Director" means a member of the Board who is not an employee of the Corporation or any Subsidiary.

(q) "Nonqualified Stock Option" means an option to purchase Common Stock that is not an Incentive Stock Option.

(r) "Option" means an Incentive Stock Option or a Nonqualified Stock Option granted under Section 6 hereof.

(s) "Participant" means any Eligible Person who holds an outstanding Award under the Plan.

(t) "Performance Award" means an Award made under Section 9 hereof entitling a Participant to a payment based on the Fair Market Value of Common Stock (a "Performance Share") or based on specified dollar units (a "Performance Unit") at the end of a performance period if certain conditions established by the Committee are satisfied.

(u) "Phantom Stock" means an Award under Section 10 hereof entitling a Participant to a payment at the end of a vesting period of a unit value based on the Fair Market Value of a share of Common Stock.

(v) "Plan" means this 2010 Long-Term Incentive Plan as set forth herein, and as it may be further amended from time to time.

(w) "Restricted Stock" means an Award under Section 8 hereof entitling a Participant to shares of Common Stock that are nontransferable and subject to forfeiture until specific conditions established by the Committee are satisfied.

(x) "Section 162(m)" means section 162(m) of the Code and the Treasury Regulations thereunder.

(y) "Section 162(m) Participant" means any Participant who, in the sole judgment of the Committee, could be treated as a "covered employee" under Section 162(m) at the time income may be recognized by such Participant in connection with an Award that is intended to qualify for exemption under Section 162(m).

(z) "Stock Appreciation Right" or "SAR" means an Award under Section 7 hereof entitling a Participant to receive an amount, representing the difference between the base price per share of the right and the Fair Market Value of a share of Common Stock on the date of exercise.

(aa) "Stock Bonus" means an Award under Section 11 hereof entitling a Participant to receive an unrestricted share of Common Stock.

(bb) "Subsidiary" means an entity that is wholly owned, directly or indirectly, by the Corporation, or any other affiliate of the Corporation that is so designated, from time to time, by the Committee, provided, however, that with respect to Incentive Stock Options, the term "Subsidiary" shall not include any entity that does not qualify within the meaning of section 424(f) of the Code as a "subsidiary corporation" with respect to the Corporation.

3. SHARES OF COMMON STOCK SUBJECT TO THE PLAN

3.1. *Number of Shares.* Subject to the following provisions of this Section 3, the aggregate number of shares of Common Stock that may be issued pursuant to all Awards under the Plan is 75,000,000 shares of Common Stock. Shares of Common Stock that are issued in connection with all Awards other than Options and SARs shall be counted against the 75,000,000 limit described above as four shares of Common Stock for every one share of Common Stock that is issued in connection with such Award. No more than 75,000,000 shares of Common Stock may be issued pursuant to Incentive Stock Options. The shares of Common Stock to be delivered under the Plan will be made available from authorized but unissued shares of Common Stock, treasury stock or shares of Common Stock acquired in the open market. If any share of Common Stock that is the subject of an Award is not issued and ceases to be issuable for any reason, or is forfeited, canceled or returned to the Corporation for failure to satisfy vesting requirements or upon the occurrence of other forfeiture events, such share of Common Stock will no longer be charged against the foregoing maximum share limitations and may again be made subject to Awards under the Plan pursuant to such limitations. Common Stock covered by an Award granted under the Plan shall not be counted unless and until it is actually issued or transferred to a Participant. Without limiting the generality of the foregoing, upon payment in cash of the benefit provided by any Award granted under the Plan, any Common Stock that is covered by the Award will be available for issue or transfer hereunder. Notwithstanding anything to the contrary contained herein, (A) Common Stock tendered in payment of the exercise price of an Option shall not be added to the aggregate Plan limit described above; (B) Common Stock withheld by the Corporation to satisfy a tax withholding obligation shall not be added to the aggregate Plan limit described above; (C) Common Stock that is repurchased by the Corporation with Option proceeds shall not be added to the aggregate Plan limit described above and (D) all Common Stock covered by an SAR, to the extent that it is exercised and settled in Common Stock, and whether or not Common Stock is actually issued or transferred to the Participant upon exercise of the SAR, shall be considered issued or transferred pursuant to the Plan.

3.2. *Adjustments.* If there shall occur any merger, consolidation, liquidation, issuance of rights or warrants to purchase securities, recapitalization, reclassification, stock dividend, spin-off, split-off, stock split, reverse stock split or other distribution with respect to the shares of Common Stock, or any similar corporate transaction or event in respect of the Common Stock, then the Committee shall, in the manner and to the extent that it deems appropriate and equitable to the Participants and consistent with the terms of this Plan, cause a proportionate adjustment to be made in (i) the maximum numbers and kind of shares provided in Section 3.1 hereof, (ii) the maximum numbers and kind of shares set forth in Sections 6.1, 7.1, 8.2 and 9.4 hereof, (iii) the number and kind of shares of Common Stock, share units, or other rights subject to the then-outstanding Awards, (iv) the price for each share or unit or other right subject to then outstanding Awards without change in the aggregate purchase price or value as to which such Awards remain exercisable or subject to restrictions, (v) the performance targets or goals appropriate to any outstanding Performance Awards (subject to such limitations as appropriate for Awards intended to qualify for exemption under Section 162(m)) or (vi) any other terms of an Award that are affected by the event. Moreover, in the event of any such transaction or event, the Committee, in its discretion, may provide in substitution for any or all outstanding awards under the Plan such alternative consideration (including cash) as it, in good faith, may determine to be equitable under the circumstances and may require in connection therewith the surrender of all awards so replaced. Notwithstanding the foregoing, any such adjustments shall be made in a manner consistent with the requirements of section 409A of the Code and, in the case of Incentive Stock Options, any such adjustments shall be made in a manner consistent with the requirements of section 424(a) of the Code.

4. ADMINISTRATION OF THE PLAN

4.1. *Committee Members.* Except as provided in Section 4.4 hereof, the Plan will be administered by the Committee, which unless otherwise determined by the Board will consist solely of two or more persons who satisfy the requirements for a "nonemployee director" under Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended and/or the requirements for an "outside director" under Section 162(m). The Committee may exercise such powers and authority as may be necessary or appropriate for the Committee to carry out its functions as described in the Plan. No member of the Committee will be liable for any action or determination made in good faith by the Committee with respect to the Plan or any Award under it.

4.2. *Discretionary Authority.* Subject to the express limitations of the Plan, the Committee has authority in its discretion to determine the Eligible Persons to whom, and the time or times at which, Awards may be granted, the number of shares, units or other rights subject to each Award, the exercise, base or purchase price of an Award (if any), the time or times at which an Award will become vested, exercisable or payable, the performance criteria, performance goals and other conditions of an Award, and the duration of the Award. The Committee also has discretionary authority to interpret the Plan, to make all factual determinations under the Plan, and to determine the terms and provisions of the respective Award Agreements and to make all other determinations necessary or advisable for Plan administration. The Committee has authority to prescribe, amend, and rescind rules and regulations relating to the Plan. All interpretations, determinations, and actions by the Committee will be final, conclusive, and binding upon all parties.

4.3. *Changes to Awards.* The Committee shall have the authority to effect, at any time and from time to time, with the consent of the affected Participants, (i) the cancellation of any or all outstanding Awards and the grant in substitution therefore of new Awards covering the same or different numbers of shares of Common Stock and having an exercise or base price which may be the same as or different than the exercise or base price of the canceled Awards or (ii) the amendment of the terms of any and all outstanding Awards. The Committee may in its discretion accelerate the vesting or exercisability of an Award at any time or on the basis of any specified event. Except for adjustments made pursuant to Section 3.2, the Board or the Committee will not, without the further approval of the shareholders of the Company, authorize the amendment of any outstanding Option or SAR to reduce the exercise price or base price, respectively. No Option or SAR will be cancelled and replaced with awards having a lower exercise price or base price, respectively, or for another Award, or for cash, without further approval of the shareholders of the Company, except as provided in Section 3.2. This Section 4.3 is intended to prohibit the repricing of "underwater" Options or SARs without shareholder approval and will not be construed to prohibit the adjustments provided for in Section 3.2.

4.4. *Delegation of Authority.* The Committee shall have the right, from time to time, to delegate to one or more officers or directors of the Corporation the authority of the Committee to grant and determine the terms and conditions of Awards under the Plan, subject to such limitations as the Committee shall determine; provided, however, that no such authority may be delegated with respect to Awards made to any member of the Board or any Section 162(m) Participant.

4.5. *Awards to Independent Directors.* An Award to an Independent Director under the Plan shall be approved by the Board. With respect to Awards to Independent Directors, all rights, powers and authorities vested in the Committee under the Plan shall instead be exercised by the Board, and all provisions of the Plan relating to the Committee shall be interpreted in a manner consistent with the foregoing by treating any such reference as a reference to the Board for such purpose.

5. ELIGIBILITY AND AWARDS

All Eligible Persons are eligible to be designated by the Committee to receive an Award under the Plan. The Committee has authority, in its sole discretion, to determine and designate from time to time those Eligible Persons who are to be granted Awards, the types of Awards to be granted and the number of shares or units subject to the Awards that are granted under the Plan. Each Award will be evidenced by an Award Agreement as described in Section 14 hereof between the Corporation and the Participant that shall include the terms and conditions consistent with the Plan as the Committee may determine.

6. STOCK OPTIONS

6.1. *Grant of Option.* An Option may be granted to any Eligible Person selected by the Committee; provided, however, that only Employees shall be eligible for Awards of Incentive Stock Options. Each Option shall be designated, at the discretion of the Committee, as an Incentive Stock Option or a Nonqualified Stock Option. The maximum number of shares of Common Stock that may be granted under Options to any one Participant during any one calendar year shall be limited to 3,000,000 shares (subject to adjustment as provided in Section 3.2 hereof).

6.2. *Exercise Price.* The exercise price of the Option shall be determined by the Committee; provided, however, that the exercise price per share of an Option shall not be less than 100 percent of the Fair Market Value per share of the Common Stock on the Date of Grant.

6.3. *Vesting; Term of Option.* The Committee, in its sole discretion, shall prescribe in the Award Agreement the time or times at which, or the conditions upon which, an Option or portion thereof shall become vested and exercisable, and may accelerate the exercisability of any Option at any time. An Option may become vested and exercisable upon a Participant's retirement, death, disability, Change in Control or other event, to the extent provided in an Award Agreement. The period during which a vested Option may be exercised shall be ten years from the Date of Grant, unless a shorter exercise period is specified by the Committee in an Award Agreement, and subject to such limitations as may apply under an Award Agreement relating to the termination of a Participant's employment or other service with the Corporation or any Subsidiary.

6.4. *Option Exercise; Withholding.* Subject to such terms and conditions as shall be specified in an Award Agreement, an Option may be exercised in whole or in part at any time during the term thereof by notice to the Corporation together with payment of the aggregate exercise price therefore. Payment of the exercise price shall be made (i) in cash or by cash equivalent, (ii) at the discretion of the Committee, in shares of Common Stock acceptable to the Committee, valued at the Fair Market Value of such shares on the date of exercise, (iii) at the discretion of the Committee, by a delivery of a notice that the Participant has placed a market sell order (or similar instruction) with a broker with respect to shares of Common Stock then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Corporation in satisfaction of the Option exercise price (conditioned upon the payment of such net proceeds), (iv) at the discretion of the Committee, by withholding from delivery shares of Common Stock for which the Option is otherwise exercised, (v) at the discretion of the Committee, by a combination of the methods described above or (vi) by such other method as may be approved by the Committee and set forth in the Award Agreement. In addition to and at the time of payment of the exercise price, the Participant shall pay to the Corporation the full amount of any and all applicable income tax and employment tax amounts required to be withheld in connection with such exercise, payable under one or more of the methods described above for the payment of the exercise price of the Options or as otherwise may be approved by the Committee.

6.5. *Limited Transferability.* Solely to the extent permitted by the Committee in an Award Agreement and subject to such terms and conditions as the Committee shall specify, a Nonqualified Stock Option (but not an Incentive Stock Option) may be transferred to members of the

Participant's immediate family (as determined by the Committee) or to trusts, partnerships or corporations whose beneficiaries, members or owners are members of the Participant's immediate family, and/or to such other persons or entities as may be approved by the Committee in advance and set forth in an Award Agreement, in each case subject to the condition that the Committee be satisfied that such transfer is being made for estate or tax planning purposes or for gratuitous or donative purposes, without consideration (other than nominal consideration) being received therefore. Except to the extent permitted by the Committee in accordance with the foregoing, an Option shall be nontransferable otherwise than by will or by the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by such Participant.

6.6. *Additional Rules for Incentive Stock Options.*

(a) *Annual Limits.* No Incentive Stock Option shall be granted to a Participant as a result of which the aggregate fair market value (determined as of the Date of Grant) of the stock with respect to which Incentive Stock Options are exercisable for the first time in any calendar year under the Plan, and any other stock option plans of the Corporation, any Subsidiary or any parent corporation, would exceed $100,000 (or such other amount provided under section 422(d) of the Code), determined in accordance with section 422(d) of the Code and Treasury Regulations thereunder. This limitation shall be applied by taking options into account in the order in which granted.

(b) *Termination of Employment.* An Award Agreement for an Incentive Stock Option may provide that such Option may be exercised not later than 3 months following termination of employment of the Participant with the Corporation and all Subsidiaries, subject to special rules relating to death and disability, as and to the extent determined by the Committee to be appropriate with regard to the requirements of section 422 of the Code and Treasury Regulations thereunder.

(c) *Other Terms and Conditions; Nontransferability.* Any Incentive Stock Option granted hereunder shall contain such additional terms and conditions, not inconsistent with the terms of this Plan, as are deemed necessary or desirable by the Committee, which terms, together with the terms of this Plan, shall be intended and interpreted to cause such Incentive Stock Option to qualify as an "incentive stock option" under section 422 of the Code and Treasury Regulations thereunder. Such terms shall include, if applicable, limitations on Incentive Stock Options granted to ten-percent owners of the Corporation. An Award Agreement for an Incentive Stock Option may provide that such Option shall be treated as a Nonqualified Stock Option to the extent that certain requirements applicable to "incentive stock options" under the Code shall not be satisfied. An Incentive Stock Option shall by its terms be nontransferable otherwise than by will or by the laws of descent and distribution, and shall be exercisable during the lifetime of a Participant only by such Participant.

(d) *Disqualifying Dispositions.* If shares of Common Stock acquired by exercise of an Incentive Stock Option are disposed of within two years following the Date of Grant or one year following the transfer of such shares to the Participant upon exercise, the Participant shall, promptly following such disposition, notify the Corporation in writing of the date and terms of such disposition and provide such other information regarding the disposition as the Committee may reasonably require.

7. STOCK APPRECIATION RIGHTS

7.1. *Grant of SARs.* A Stock Appreciation Right granted to a Participant is an Award in the form of a right to receive, upon surrender of the right, but without other payment, an amount based on appreciation in the Fair Market Value of the Common Stock over a base price established for the Award, exercisable at such time or times and upon conditions as may be approved by the Committee. The maximum number of shares of Common Stock that may be subject to SARs granted to any one Participant during any one calendar year shall be limited to 3,000,000 shares (subject to adjustment as provided in Section 3.2 hereof).

7.2. *Tandem SARs.* A Stock Appreciation Right may be granted in connection with an Option, either at the time of grant or at any time thereafter during the term of the Option. An SAR granted in connection with an Option will entitle the holder, upon exercise, to surrender such Option or any portion thereof to the extent unexercised, with respect to the number of shares as to which such SAR is exercised, and to receive payment of an amount computed as described in Section 7.4 hereof. Such Option will, to the extent and when surrendered, cease to be exercisable. An SAR granted in connection with an Option hereunder will have a base price per share equal to the per share exercise price of the Option, will be exercisable at such time or times, and only to the extent, that a related Option is exercisable, and will expire no later than the related Option expires.

7.3. *Freestanding SARs.* A Stock Appreciation Right may be granted without relationship to an Option and, in such case, will be exercisable as determined by the Committee, but in no event after 10 years from the Date of Grant. The base price of an SAR granted without relationship to an Option shall be determined by the Committee in its sole discretion; provided, however, that the base price per share of a freestanding SAR shall not be less than 100 percent of the Fair Market Value of the Common Stock on the Date of Grant.

7.4. *Payment of SARs.* An SAR will entitle the holder, upon exercise of the SAR, to receive payment of an amount determined by multiplying: (i) the excess of the Fair Market Value of a share of Common Stock on the date of exercise of the SAR over the base price of such SAR, by (ii) the number of shares as to which such SAR will have been exercised. Payment of the amount determined under the foregoing may be made, in the discretion of the Committee as set forth in the Award Agreement, in cash, in shares of Common Stock valued at their Fair Market Value on the date of exercise, or in a combination of cash and shares of Common Stock.

8. RESTRICTED STOCK

8.1. *Grants of Restricted Stock.* An Award of Restricted Stock to a Participant represents shares of Common Stock that are issued subject to such restrictions on transfer and other incidents of ownership and such forfeiture conditions as the Committee may determine. The Committee may, in connection with an Award of Restricted Stock, require the payment of a specified purchase price. The Committee may grant Awards of Restricted Stock that are intended to qualify for exemption under Section 162(m), as well as Awards of Restricted Stock that are not intended to so qualify.

8.2. *Vesting Requirements.* The restrictions imposed on an Award of Restricted Stock shall lapse in accordance with the vesting requirements specified by the Committee in the Award Agreement. Such vesting requirements may be based on the continued employment or service of the Participant with the Corporation or its Subsidiaries for a specified time period or periods, provided that any such restriction shall not be scheduled to lapse in its entirety earlier than the first anniversary of the Date of Grant. Such vesting requirements may also be based on the attainment of specified business goals or measures established by the Committee in its sole discretion. In the case of any Award of Restricted Stock that is intended to qualify for exemption under Section 162(m), the vesting requirements shall be limited to the performance criteria identified in Section 9.3 below, and the terms of the Award shall otherwise comply with the Section 162(m) requirements described in Section 9.4 hereof. The maximum number of shares of Common Stock that may be subject to an Award of Restricted Stock granted to any one Participant during any one calendar year shall be separately limited to 600,000 shares (subject to adjustment as provided in Section 3.2 hereof).

8.3. *Restrictions.* Shares of Restricted Stock may not be transferred, assigned or subject to any encumbrance, pledge or charge until all applicable restrictions are removed or expire or unless otherwise allowed by the Committee. The Committee may require the Participant to enter into an escrow agreement providing that the certificates representing Restricted Stock granted or sold pursuant to the Plan will remain in the physical custody of an escrow holder until all restrictions are removed or expire. Failure to satisfy any applicable restrictions shall result in the subject shares of Restricted Stock being forfeited and returned to the Corporation, with any purchase price paid by the Participant to be refunded, unless otherwise provided by the Committee. The Committee may require that certificates representing Restricted Stock granted under the Plan bear a legend making appropriate reference to the restrictions imposed.

8.4. *Rights as Shareholder.* Subject to the foregoing provisions of this Section 8 and the applicable Award Agreement, the Participant will have all rights of a shareholder with respect to shares of Restricted Stock granted to him, including the right to vote the shares and receive all dividends and other distributions paid or made with respect thereto, unless the Committee determines otherwise at the time the Restricted Stock is granted, as set forth in the Award Agreement.

8.5. *Section 83(b) Election.* The Committee may provide in an Award Agreement that the Award of Restricted Stock is conditioned upon the Participant refraining from making an election with respect to the Award under section 83(b) of the Code. Irrespective of whether an Award is so conditioned, if a Participant makes an election pursuant to section 83(b) of the Code with respect to an Award of Restricted Stock, the Participant shall be required to promptly file a copy of such election with the Corporation.

9. PERFORMANCE AWARDS

9.1. *Grant of Performance Awards.* The Committee may grant Performance Awards under the Plan, which shall be represented by units denominated on the Date of Grant either in shares of Common Stock (Performance Shares) or in specified dollar amounts (Performance Units). The Committee may grant Performance Awards that are intended to qualify for exemption under Section 162(m), as well as Performance Awards that are not intended to so qualify. At the time a Performance Award is granted, the Committee shall determine, in its sole discretion, one or more performance periods and performance goals to be achieved during the applicable performance periods, as well as such other restrictions and conditions as the Committee deems appropriate. In the case of Performance Units, the Committee shall also determine a target unit value or a range of unit values for each Award. No performance period shall exceed ten years from the Date of Grant. The performance goals applicable to a Performance Award grant may be subject to such later revisions as the Committee shall deem appropriate to reflect significant unforeseen events such as changes in law, accounting practices or unusual or nonrecurring items or occurrences. Any such adjustments shall be subject to such limitations as the Committee deems appropriate in the case of a Performance Award granted to a Section 162(m) Participant that is intended to qualify for exemption under Section 162(m).

9.2. *Payment of Performance Awards.* At the end of the performance period, the Committee shall determine the extent to which performance goals have been attained or a degree of achievement between minimum and maximum levels in order to establish the level of payment to be made, if any, and shall determine if payment is to be made in the form of cash or shares of Common Stock (valued at their Fair Market Value at the time of payment) or a combination of cash and shares of Common Stock. Payments of Performance Awards shall generally be made as soon as practicable following the end of the performance period.

9.3. *Performance Criteria.* The performance criteria upon which the payment or vesting of a Performance Award intended to qualify for exemption under Section 162(m) may be based shall be limited to the following business measures, which may be applied with respect to the Corporation, any Subsidiary or any business unit, or, if applicable, any Participant, and which may be measured on an absolute or relative to a peer-group or other market measure basis: total shareholder return; stock price increase; return on equity; return on capital; earnings per share; EBIT (earnings before interest and taxes); EBITDA (earnings before interest, taxes, depreciation and amortization); ongoing earnings; cash flow (including operating cash flow, free cash flow, discounted cash flow return on investment, and cash flow in excess of costs of capital); EVA (economic value added); economic profit (net operating profit after tax, less a cost of capital charge); SVA (shareholder value added); revenues; net income; operating income; pre-tax profit margin; performance against business plan; customer service; corporate governance quotient or rating; market share; employee satisfaction, safety; reliability; employee engagement; supplier diversity; workforce diversity; operating margins; credit rating; dividend payments; expenses; operations and maintenance expenses; fuel cost per million BTU; costs per kilowatt hour; retained earnings; completion of acquisitions, divestitures and corporate restructurings; and individual goals based on objective business criteria underlying the goals listed above and which pertain to individual effort as to achievement of those goals or to one or more business criteria in the areas of litigation, human resources, information services, production, inventory, support services, site development, plant development, building development, facility development, government relations, product market share or management. In the case of Performance Awards that are not intended to qualify for exemption under Section 162(m), the Committee shall designate performance criteria from among the foregoing or such other business criteria as it shall determine it its sole discretion.

9.4. *Section 162(m) Requirements.* In the case of a Performance Award granted to a Section 162(m) Participant that is intended to comply with the requirements for exemption under Section 162(m), the Committee shall make all determinations necessary to establish a Performance Award within 90 days of the beginning of the performance period (or such other time period required under Section 162(m)), including, without limitation, the designation of the Section 162(m) Participants to whom Performance Awards are made, the performance criteria or criterion applicable to the Award and the performance goals that relate to such criteria, and the dollar amounts or number of shares of Common Stock payable upon achieving the applicable performance goals. As and to the extent required by Section 162(m), the terms of a Performance Award granted to a Section 162(m) Participant must state, in terms of an objective formula or standard, the method of computing the amount of compensation payable to the Section 162(m) Participant, and must preclude discretion to increase the amount of compensation payable that would otherwise be due under the terms of the Award, and, prior to the payment of such compensation, the Committee shall have certified in writing that the applicable performance goal has been satisfied. The maximum amount of compensation that may be payable under Performance Units granted to any one Participant during any one calendar year shall not exceed $3,750,000. The maximum number of Common Stock units that may be subject to a Performance Share Award granted to any one Participant during any one calendar year shall be 600,000 share units (subject to adjustment as provided in Section 3.2 hereof).

10. PHANTOM STOCK

10.1. *Grant of Phantom Stock.* Phantom Stock is an Award to a Participant of a number of hypothetical share units with respect to shares of Common Stock, with an initial value based on the Fair Market Value of the Common Stock on the Date of Grant. Phantom Stock shall be subject to such restrictions and conditions as the Committee shall determine. On the Date of Grant, the Committee shall determine, in its sole discretion, the installment or other vesting period of the Phantom Stock and the maximum value of the Phantom Stock, if any. No vesting period shall exceed 10 years from the Date of Grant.

10.2. *Payment of Phantom Stock.* Upon the vesting date or dates applicable to Phantom Stock granted to a Participant, an amount equal to the Fair Market Value of one share of Common Stock upon such vesting dates (subject to any applicable maximum value) shall be paid with respect to such Phantom Stock unit granted to the Participant. Payment may be made, at the discretion of the Committee, in cash or in shares of Common Stock valued at their Fair Market Value on the applicable vesting dates, or in a combination thereof.

11. STOCK BONUS

11.1. *Grant of Stock Bonus.* An Award of a Stock Bonus to a Participant represents a specified number of shares of Common Stock that are issued without restrictions on transfer or forfeiture conditions. The Committee may, in connection with an Award of a Stock Bonus, require the payment of a specified purchase price.

11.2 *Payment of Stock Bonus.* In the event that the Committee grants a Stock Bonus, a certificate for (or book entry representing) the shares of Common Stock constituting such Stock Bonus shall be issued in the name of the Participant to whom such grant was made as soon as practicable after the date on which such Stock Bonus is payable.

12. DIVIDEND EQUIVALENTS

12.1. *Grant of Dividend Equivalents.* A Dividend Equivalent granted to a Participant is an Award in the form of a right to receive cash payments determined by reference to dividends declared on the Common Stock from time to time during the term of the Award, which shall not exceed 10 years from the Date of Grant. Dividend Equivalents may be granted on a stand-alone basis or in tandem with other Awards. Dividend Equivalents granted on a tandem basis shall expire at the time the underlying Award is exercised or otherwise becomes payable to the Participant, or expires.

12.2 *Payment of Dividend Equivalents.* Dividend Equivalent Awards shall be payable in cash or in shares of Common Stock, valued at their Fair Market Value on either the date the related dividends are declared or the Dividend Equivalents are paid to a Participant, as determined by the Committee. Dividend Equivalents shall be payable to a Participant as soon as practicable following the time dividends are declared and paid with respect to the Common Stock, or at such later date as the Committee shall specify in the Award Agreement. Dividend Equivalents granted with respect to Options shall be payable. in accordance with the terms and in compliance with section 409A of the Code, regardless of whether the Option is exercised.

13. CHANGE IN CONTROL

13.1. *Effect of Change in Control.* The Committee may, in an Award Agreement, provide for the effect of a Change in Control on an Award. Such provisions may include any one or more of the following: (i) the acceleration or extension of time periods for purposes of exercising, vesting in, or realizing gain from any Award, (ii) the waiver or modification of performance or other conditions related to the payment or other rights under an Award; (iii) provision for the cash settlement of an Award for an equivalent cash value, as determined by the Committee, or (iv) such other modification or adjustment to an Award as the Committee deems appropriate to maintain and protect the rights and interests of Participants upon or following a Change in Control.

13.2. *Definition of Change in Control.* For purposes hereof, a "Change in Control" shall be deemed to have occurred upon:

(a) an acquisition subsequent to the Effective Date hereof by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of thirty percent (30%) or more of either (A) the then outstanding shares of Common Stock or (B) the combined voting power of the then outstanding voting securities of the Corporation entitled to vote generally in the election of directors; excluding, however, the following: (1) any acquisition directly from the Corporation, other than an acquisition by virtue of the exercise of a conversion privilege unless the security being so converted was itself acquired directly from the Corporation, (2) any acquisition by the Corporation and (3) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Corporation or any Subsidiary;

(b) during any period of two (2) consecutive years (not including any period prior to the Effective Date), individuals who at the beginning of such period constitute the Board (and any new directors whose election by the Board or nomination for election by the Corporation's shareholders was approved by a vote of at least two-thirds (⅔) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was so approved) cease for any reason (except for death, disability or voluntary retirement) to constitute a majority thereof;

(c) the consummation of a merger, consolidation, reorganization or similar corporate transaction which has been approved by the shareholders of the Corporation, whether or not the Corporation is the surviving corporation in such transaction, other than a merger, consolidation, or reorganization that would result in the voting securities of the Corporation outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the combined voting power of the voting securities of the Corporation (or such surviving entity) outstanding immediately after such merger, consolidation, or reorganization; or

(d) the consummation of (A) the sale or other disposition of all or substantially all of the assets of the Corporation or (B) a complete liquidation or dissolution of the Corporation, which has been approved by the shareholders of the Corporation.

14. AWARD AGREEMENTS

14.1 *Form of Agreement.* Each Award under this Plan shall be evidenced by an Award Agreement in a form approved by the Committee setting forth the number of shares of Common Stock, units or other rights (as applicable) subject to the Award, the exercise, base or purchase price (if any) of the Award, the time or times at which an Award will become vested, exercisable or payable, the duration of the Award and, in the case of Performance Awards, the applicable performance criteria and goals. The Award Agreement shall also set forth other material terms and conditions applicable to the Award as determined by the Committee consistent with the limitations of this Plan. Award Agreements evidencing Awards intended to qualify for exemption under Section 162(m) shall contain such terms and conditions as may be necessary to meet the applicable requirements of Section 162(m). Award Agreements evidencing Incentive Stock Options shall contain such terms and conditions as may be necessary to meet the applicable provisions of section 422 of the Code.

14.2. *Termination of Service.* The Award Agreements may include provisions describing the treatment of an Award in the event of the retirement, disability, death or other termination of a Participant's employment with or other services to the Corporation and all Subsidiaries, such as provisions relating to the vesting, exercisability, acceleration, forfeiture or cancellation of the Award in these circumstances, including any such provisions as may be appropriate for Incentive Stock Options as described in Section 6.6(b) hereof.

14.3. *Forfeiture Events.* The Committee may specify in an Award Agreement that the Participant's rights, payments and benefits with respect to an Award shall be subject to reduction, cancellation, forfeiture or recoupment upon the occurrence of certain specified events, in addition to any otherwise applicable vesting or performance conditions of an Award. Such events shall include, but shall not be limited to, termination of employment for cause, violation of material Corporation or Subsidiary policies, breach of noncompetition, confidentiality or other restrictive covenants that may apply to the Participant, or other conduct by the Participant that is detrimental to the business or reputation of the Corporation or any Subsidiary.

14.4 *Contract Rights; Amendment.* Any obligation of the Corporation to any Participant with respect to an Award shall be based solely upon contractual obligations created by an Award Agreement. No Award shall be enforceable until the Award Agreement has been signed on behalf of the Corporation (electronically or otherwise) by its authorized representative and acknowledged by the Participant (electronically or otherwise) and returned to the Corporation. By executing the Award Agreement, a Participant shall be deemed to have accepted and consented to the terms of this Plan and any action taken in good faith under this Plan by and within the discretion of the Committee, the Board or their delegates. Award Agreements covering outstanding Awards may be amended or modified by the Committee in any manner that may be permitted for the grant of Awards under the Plan, subject to the consent of the Participant to the extent provided in the Award Agreement. In accordance with such procedures as the Corporation may prescribe, a Participant may sign or otherwise execute an Award Agreement and may consent to amendments of modifications of Award Agreements covering outstanding Awards by electronic means.

15. GENERAL PROVISIONS

15.1. *No Assignment or Transfer; Beneficiaries.* Except as provided in Section 6.5 hereof, Awards under the Plan shall not be assignable or transferable, except by will or by the laws of descent and distribution, and during the lifetime of a Participant the Award shall be exercised only by such Participant or by his guardian or legal representative. Notwithstanding the foregoing, the Committee may provide in the terms of an Award Agreement that the Participant shall have the right to designate a beneficiary or beneficiaries who shall be entitled to any rights, payments or other specified benefits under an Award following the Participant's death.

15.2. *Deferrals of Payment.* The Committee may permit a Participant to defer the receipt of payment of cash or delivery of shares of Common Stock that would otherwise be due to the Participant by virtue of the exercise of a right or the satisfaction of vesting or other conditions with respect to an Award. If any such deferral is to be permitted by the Committee, the Committee shall establish the rules and procedures relating to such deferral, including, without limitation, the period of time in advance of payment when an election to defer may be made, the time period of the deferral and the events that would result in payment of the deferred amount, the interest or other earnings attributable to the deferral and the method of funding, if any, attributable to the deferred amount. Unless otherwise expressly agreed between the Participant and the Corporation, any such deferral shall be effected in accordance with the requirements of section 409A of the Code so as to avoid any imposition of a tax under section 409A of the Code.

15.3. *Rights as Shareholder.* A Participant shall have no rights as a holder of Common Stock with respect to any unissued securities covered by an Award until the date the Participant becomes the holder of record of those securities. Except as provided in Section 3.2 or Section 8.4 hereof, no adjustment or other provision shall be made for dividends or other shareholder rights, except to the extent that the Award Agreement provides for Dividend Equivalents, dividend payments or similar economic benefits.

15.4. *Employment or Service.* Nothing in the Plan, in the grant of any Award or in any Award Agreement shall confer upon any Eligible Person the right to continue in the capacity in which he is employed by or otherwise serves the Corporation or any Subsidiary.

15.5. *Securities Laws.* No shares of Common Stock will be issued or transferred pursuant to an Award unless and until all then applicable requirements imposed by federal and state securities and other laws, rules and regulations and by any regulatory agencies having jurisdiction, and by any stock exchanges upon which the Common Stock may be listed, have been fully met. As a condition precedent to the issuance of shares pursuant to the grant or exercise of an Award, the Corporation may require the Participant to take any reasonable action to meet such requirements. The Committee may impose such conditions on any shares of Common Stock issuable under the Plan as it may deem advisable, including, without limitation, restrictions under the Securities Act of 1933, as amended, under the requirements of any stock exchange upon which such shares of the same class are then listed, and under any blue sky or other securities laws applicable to such shares.

15.6. *Tax Withholding.* The Participant shall be responsible for payment of any taxes or similar charges required by law to be withheld from an Award or an amount paid in satisfaction of an Award, which shall be paid by the Participant on or prior to the payment or other event that results in taxable income in respect of an Award. The Award Agreement shall specify the manner in which the withholding obligation shall be satisfied with respect to the particular type of Award, provided that, if shares of Common Stock are withheld from delivery upon exercise of an Option or a Stock Appreciation Right, the Fair Market Value of the shares withheld shall not exceed, as of the time the withholding occurs, the minimum amount of tax for which withholding is required.

15.7. *Unfunded Plan.* The adoption of this Plan and any setting aside of cash amounts or shares of Common Stock by the Corporation with which to discharge its obligations hereunder shall not be deemed to create a trust or other funded arrangement. The benefits provided under this Plan shall be a general, unsecured obligation of the Corporation payable solely from the general assets of the Corporation, and neither a Participant nor the Participant's permitted transferees or estate shall have any interest in any assets of the Corporation by virtue of this Plan, except as a general unsecured creditor of the Corporation. Notwithstanding the foregoing, the Corporation shall have the right to implement or set aside funds in a grantor trust subject to the claims of the Corporation's creditors to discharge its obligations under the Plan.

15.8. *Other Compensation and Benefit Plans.* The adoption of the Plan shall not affect any other stock incentive or other compensation plans in effect for the Corporation or any Subsidiary, nor shall the Plan preclude the Corporation from establishing any other forms of stock incentive or other compensation for employees of the Corporation or any Subsidiary. The amount of any compensation deemed to be received by Participant pursuant to an Award shall not constitute compensation with respect to which any other employee benefits of such Participant are determined, including, without limitation, benefits under any bonus, pension, profit sharing, life insurance or salary continuation plan, except as otherwise specifically provided by the terms of such plan.

15.9. *Plan Binding on Successors.* The Plan shall be binding upon the Corporation, its successors and assigns, and the Participant, his executor, administrator and permitted transferees and beneficiaries.

15.10. *Construction and Interpretation.* Whenever used herein, nouns in the singular shall include the plural, and the masculine pronoun shall include the feminine gender. Headings of Articles and Sections hereof are inserted for convenience and reference and constitute no part of the Plan.

15.11. *Severability.* If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

15.12. *Governing Law.* The validity and construction of this Plan and of the Award Agreements shall be governed by the laws of the State of Delaware.

15.13. *Non-U.S. Employees.* In order to facilitate the making of any grant or combination of grants under this Plan, the Committee may provide for such special terms for awards to Participants who are foreign nationals, who are employed by the Corporation or any Subsidiary outside of the

United States of America or who provide services to the Corporation under an agreement with a foreign nation or agency, as the Committee may consider necessary or appropriate to accommodate differences in local law, tax policy or custom. Moreover, the Committee may approve such supplements to, or amendments, restatements or alternative versions of, this Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of this Plan as in effect for any other purpose, and the Secretary or other appropriate officer of the Corporation may certify any such document as having been approved and adopted in the same manner as this Plan. No such special terms, supplements, amendments or restatements shall include any provisions that are inconsistent with the terms of this Plan as then in effect unless this Plan could have been amended to eliminate such inconsistency without further approval by the shareholders of the Corporation.

15.14. *Compliance with Section 409A of the Code.* This Plan is intended to comply and shall be administered in a manner that is intended to comply with section 409A of the Code and shall be construed and interpreted in accordance with such intent. To the extent that an Award, issuance and/or payment is subject to section 409A of the Code, it shall be awarded and/or issued or paid in a manner that will comply with section 409A of the Code, including proposed, temporary or final regulations or any other guidance issued by the Secretary of the Treasury and the Internal Revenue Service with respect thereto. Any provision of this Plan that would cause an Award, issuance and/or payment to fail to satisfy section 409A of the Code shall have no force and effect until amended to comply with Code section 409A (which amendment may be retroactive to the extent permitted by applicable law).

16. EFFECTIVE DATE, TERMINATION AND AMENDMENT

16.1. *Effective Date; Shareholder Approval.* The Effective Date of the Plan shall be the date on which the Plan is approved by the Board (provided that, to the extent the Plan is not approved by the shareholders of the Corporation within 12 months after the Effective Date, any Award that at the time of grant was intended to be an Incentive Stock Option shall be a Nonqualified Stock Option).

16.2. *Termination.* The Plan shall terminate on the date immediately preceding the tenth anniversary of the date the Plan is adopted by the Board. The Board may, in its sole discretion and at any earlier date, terminate the Plan. Notwithstanding the foregoing, no termination of the Plan shall in any manner affect any Award theretofore granted without the consent of the Participant or the permitted transferee of the Award.

16.3. *Amendment.* The Board may at any time and from time to time and in any respect, amend or modify the Plan; provided, however, that no amendment or modification of the Plan shall be effective without the consent of the Corporation's shareholders that would (i) change the class of Eligible Persons under the Plan, (ii) increase the number of shares of Common Stock reserved for issuance under the Plan or for certain types of Awards under Section 3.1 hereof, or (iii) allow the grant of SARs or Options at an exercise price below Fair Market Value, or allow the repricing of SARs or Options without shareholder approval. In addition, the Board may seek the approval of any amendment or modification by the Corporation's shareholders to the extent it deems necessary or advisable in its sole discretion for purposes of compliance with Section 162(m) or section 422 of the Code, the listing requirements of the New York Stock Exchange or for any other purpose. No amendment or modification of the Plan shall in any manner affect any Award theretofore granted without the consent of the Participant or the permitted transferee of the Award.

IN WITNESS OF its adoption by the Board on February 23, 2010, this Plan is executed on behalf of the Corporation effective February 23, 2010.

DUKE ENERGY CORPORATION

By: ______________________________

Appendix B

CDB Energy Services Executive Compensation Database

Ameren
American Electric Power
Calpine
CenterPoint Energy
CMS Energy
Consolidated Edison
Constellation Energy
DCP Midstream
Dominion Resources
Edison International
Enbridge Energy
Energy Future Holdings
Entergy
EPCO
Exelon
FirstEnergy
FPL Group
Integrys Energy Group
Knight
Pacific Gas & Electric
Pepco Holdings
PPL
Progress Energy
Public Service Enterprise Group
Reliant Energy
Sempra Energy
Southern Company Services
Tennessee Valley Authority
Williams Companies
Xcel Energy

Appendix C

CDB General Industry Executive Compensation Database

ACH Food
Air Products and Chemicals
Alstom Power
American Airlines
Amgen
Applied Materials
ARAMARK
Avon
Baxter International
Boehringer Ingelheim
Bombardier Transportation
Bovis Lend Lease
Bristol-Myers Squibb
Burlington Northern Santa Fe
CHS
Colgate-Palmolive
Corporate Express US
Covidien
Cox Enterprises
CSX
Dannon
Dean Foods
Diageo North America
Eaton
EDS
Eli Lilly
Emerson
Evergreen Packaging
Fluor
Fortune Brands
Freeport-McMoRan Copper & Gold
Gap
Genentech
General Mills
Hertz
International Paper
Itochu International
J.C. Penney Company
JM Family
Kellogg
Kimberly-Clark
L-3 Communications
Land O'Lakes
Lenovo
Lorillard Tobacco
Marriott International
Masco
McDonald's
Medtronic
MOL America
National Starch & Chemical
Neoris USA
NIKE
Norfolk Southern
Novus Print Media Network
Occidental Petroleum
Parker Hannifin
PPG Industries
Praxair
Pulte Homes
QUALCOMM
Qwest Communications
R.R. Donnelley
Reynolds American
Rohm & Haas
Rolls-Royce North America
SAIC
Sara Lee
SCA Americas
Schering-Plough
Seagate Technology
Securitas Security Services USA
Sodexho
Solvay Pharmaceuticals
Staples
Starbucks
Sybron Dental Specialties
Syngenta Crop Protection
Takeda Pharmaceutical
Terex
Texas Instruments
Textron
Timex
Tyco Electronics
U.S. Foodservice
Union Pacific
United Airlines
Viacom
Visteon
Wackenhut Services
Waste Management
Whirlpool
Wyeth
Xerox
Yum! Brands

2010 Annual Meeting of Shareholders
May 6, 2010 at 10:00 a.m. local time

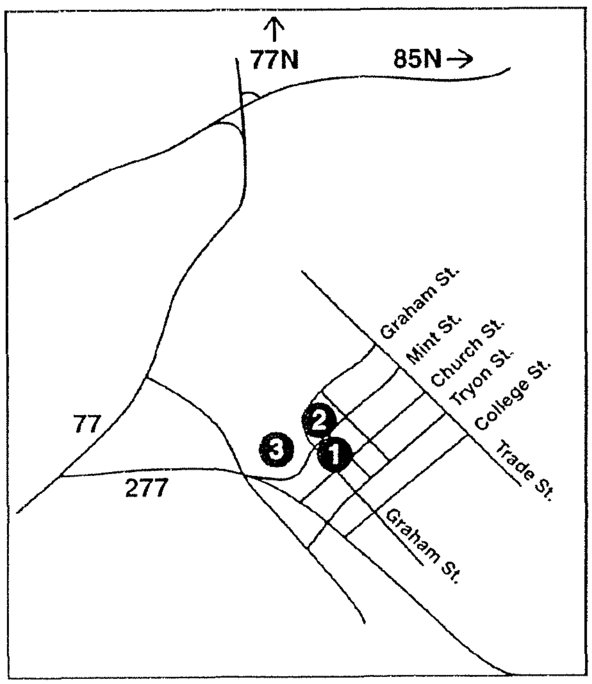
Duke Energy Corporation
O.J. Miller Auditorium in the Energy Center
526 South Church Street
Charlotte, NC 28202

Directions to Annual Meeting of Shareholders

From I-77 North:
Take the Morehead Street exit - 10A
Turn Left onto Morehead Street
Turn Left onto Mint Street
Mint Street Parking Deck located adjacent to Bank of America Stadium

From I-77 South:
Take the I-277/John Belk Freeway/US-74/Wilkinson Blvd. exit - 9B
Merge onto I-277 N/US-74 E.
Take the Carson Blvd. exit - 1D
Stay straight to Carson Blvd.
Turn Left onto Mint Street
Mint Street Parking Deck located adjacent to Bank of America Stadium

Free parking available in the Mint Street Parking Deck.
1 -Energy Center
2 -Mint Street Parking Deck
3 -Bank of America Stadium



Duke Energy®

March 17, 2011

Dear Shareholder:

I am pleased to invite you to our annual meeting to be held on Thursday, May 5, 2011, in the O. J. Miller Auditorium located at our Charlotte headquarters.

As explained in the enclosed proxy statement, at this year's meeting you will be asked to vote for the election of directors, to ratify the selection of the independent public accountant, to make an advisory vote on executive compensation, to make an advisory vote on the frequency of an advisory vote on executive compensation, to vote on three shareholder proposals and to consider any other business that may properly come before the meeting.

Later in the year, we will be sending you materials in which you will be asked to vote on several items requiring the approval of our shareholders in connection with our proposed merger with Progress Energy. This proxy statement relates solely to the annual business of Duke Energy.

It is important that all Duke Energy shareholders, regardless of the number of shares owned, participate in the affairs of the Company. At Duke Energy's last annual meeting, in May 2010, approximately 83 percent of Duke Energy's shares were represented in person or by proxy.

This year we will again be using the Securities and Exchange Commission ("SEC") rule that allows us to provide our proxy materials to our shareholders over the internet. By doing so, most of our shareholders will only receive a notice containing instructions on how to access the proxy materials over the internet and vote online, by telephone or by mail. If you would still like to request paper copies of the proxy materials, you may follow the instructions on the notice. If you receive paper copies of the proxy materials, we ask you to consider signing up to receive these materials electronically in the future by following the instructions contained in this proxy statement. By delivering proxy materials electronically, we can reduce the consumption of natural resources and the cost of printing and mailing our proxy materials.

Even if you plan to attend this year's meeting, it is a good idea to vote your shares now, before the meeting, in the event your plans change. This notice and proxy statement contains instructions on how you can vote your shares over the internet, by telephone or by mail. Whether you choose to vote by mail, telephone or internet, your response is greatly appreciated.

We hope you will find it possible to attend this year's annual meeting, and thank you for your continued interest in Duke Energy.

Sincerely,

James E. Rogers

James E. Rogers
Chairman, President and
Chief Executive Officer

Duke Energy Corporation
526 South Church Street
Charlotte, NC 28202-1802

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
May 5, 2011

March 17, 2011

We will convene the annual meeting of shareholders of Duke Energy Corporation on Thursday, May 5, 2011, at 10:00 a.m. in the O. J. Miller Auditorium located at our Charlotte headquarters at 526 South Church Street in Charlotte, North Carolina.

The purpose of the annual meeting is to consider and take action on the following:

1. Election of directors;

2. Ratification of Deloitte & Touche LLP as Duke Energy's independent public accountant for 2011;

3. Advisory vote on executive compensation;

4. Advisory vote on the frequency of an advisory vote on executive compensation;

5. A shareholder proposal relating to preparation of a report on Duke Energy's global warming-related lobbying activities;

6. A shareholder proposal regarding the issuance of a report on the financial risks of continued reliance on coal;

7. A shareholder proposal regarding an amendment to our organizational documents to require majority voting for the election of directors; and

8. Any other business that may properly come before the meeting (or any adjournment or postponement of the meeting).

Shareholders of record as of the close of business on March 10, 2011, are entitled to vote at the annual meeting. It is important that your shares be represented at this meeting.

Whether or not you expect to be present at the annual meeting, please vote by marking, dating and signing the proxy card and returning it to us. You may also vote by telephone or internet. Please follow the voting instructions that are included on your proxy card. Regardless of the manner in which you vote, we urge and greatly appreciate your prompt response.

By order of the Board of Directors,

Marc E. Manly

Marc E. Manly
Group Executive, Chief Legal Officer
and Corporate Secretary

TABLE OF CONTENTS

This proxy statement was first made available to shareholders on or about March 17, 2011.

FREQUENTLY ASKED QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING

Q: ***On what am I voting?***

A:
- Election of directors;
- Ratification of Deloitte & Touche LLP ("Deloitte") as Duke Energy Corporation's ("Duke Energy" or the "Company") independent public accountant for 2011;
- Advisory vote on executive compensation;
- Advisory vote on the frequency of an advisory vote on executive compensation;
- A shareholder proposal relating to preparation of a report on Duke Energy's global warming-related lobbying activities;
- A shareholder proposal relating to the issuance of a report on the financial risks of continued reliance on coal; and
- A shareholder proposal regarding an amendment to our organizational documents to require majority voting for the election of directors.

Q: ***Who can vote?***

A: Holders of Duke Energy's common stock as of the close of business on the record date, March 10, 2011, are entitled to vote, either in person or by proxy, at the annual meeting. Each share of Duke Energy common stock has one vote.

Q: ***How do I vote?***

A: *By Proxy*—Before the annual meeting, you can give a proxy to vote your shares of Duke Energy common stock in one of the following ways:

- by telephone;
- by internet; or
- by completing and signing your proxy card and mailing it in time to be received prior to the annual meeting.

The telephone and internet voting procedures are designed to confirm your identity, to allow you to give your voting instructions and to verify that your instructions have been properly recorded. If you wish to vote by telephone or internet, please follow the instructions that are included on your notice.

If you mail us your properly completed and signed proxy card, or vote by telephone or internet, your shares of Duke Energy common stock will be voted according to the choices that you specify. If you sign and mail your proxy card without marking any choices, your proxy will be voted:

- FOR the election of all nominees for director;
- FOR the ratification of Deloitte as Duke Energy's independent public accountant for 2011;
- FOR the approval of executive compensation;
- FOR the option of every one year as the preferred frequency for holding an advisory vote on executive compensation;
- AGAINST the shareholder proposal relating to preparation of a report on Duke Energy's global warming-related lobbying activities;
- AGAINST the shareholder proposal regarding the issuance of a report on the financial risks of continued reliance on coal; and
- AGAINST the shareholder proposal regarding an amendment to our organizational documents to require majority voting for the election of directors.

We do not expect that any other matters will be brought before the annual meeting. However, by giving your proxy, you appoint the persons named as proxies as your representatives at the annual meeting. If an issue should arise for vote at the annual meeting that is not included in the proxy material, the proxy holders will vote your shares in accordance with their best judgment.

In Person—You may come to the annual meeting and cast your vote there. If your shares are held in the name of your broker, bank or other nominee and you wish to vote at the annual meeting, you must bring an account statement or letter from the nominee indicating that you were the owner of the shares on March 10, 2011.

Q: ***May I change or revoke my vote?***

A: Yes. You may change your vote or revoke your proxy at any time prior to the annual meeting by:

- notifying Duke Energy's Corporate Secretary in writing that you are revoking your proxy;
- providing another signed proxy that is dated after the proxy you wish to revoke;
- using the telephone or internet voting procedures; or
- attending the annual meeting and voting in person.

Q: ***Will my shares be voted if I do not provide my proxy?***

A: It depends on whether you hold your shares in your own name or in the name of a bank or brokerage firm. If you hold your shares directly in your own name, they will not be voted unless you provide a proxy or vote in person at the meeting.

Brokerage firms generally have the authority to vote customers' unvoted shares on certain "routine" matters. If your shares are held in the name of a brokerage firm, the brokerage firm can vote your shares for the ratification of Deloitte as Duke Energy's independent public accountant for 2011 if you do not timely provide your proxy because this matter is considered "routine" under the applicable rules. The other items are not considered "routine" and therefore may not be voted by your broker without instruction.

Q: ***As a participant in the Duke Energy Retirement Savings Plan, the Duke Energy Retirement Savings Plan for Legacy Cinergy Union Employees (Midwest) or the Duke Energy Retirement Savings Plan for Legacy Cinergy Union Employees (IBEW 1393), how do I vote shares held in my plan account?***

A: If you are a participant in any of these plans, you have the right to provide voting directions to the plan trustee, by submitting your proxy card, for those shares of Duke Energy common stock that are held by the plan and allocated to your account. Plan participant proxies are treated confidentially.

If you elect not to provide voting directions to the plan trustee, the plan trustee will vote the Duke Energy shares allocated to your plan account in the same proportion as those shares held by the plan for which the plan trustee has received voting directions from other plan participants. The plan trustee will follow participants' voting directions and the plan procedure for voting in the absence of voting directions, unless it determines that to do so would be contrary to the Employee Retirement Income Security Act of 1974. Because the plan trustee must process voting instructions from participants before the date of the annual meeting, you are urged to deliver your instructions no later than April 29, 2011.

Q: ***What constitutes a quorum?***

A: As of the record date, 1,331,086,471 shares of Duke Energy common stock were issued and outstanding and entitled to vote at the annual meeting. In order to conduct the annual meeting, a majority of the shares entitled to vote must be present in person or by proxy. This is referred to as a "quorum." If you submit a properly executed proxy card or vote by telephone or on the internet, you will be considered part of the quorum. Abstentions and broker "non-votes" will be counted as present and entitled to vote for purposes of determining a quorum. A broker "non-vote" occurs when a bank, broker or other nominee who holds shares for another person has not received voting instructions from the owner of the shares and, under New York Stock Exchange ("NYSE") listing standards, does not have discretionary authority to vote on a matter.

Q: ***What vote is needed to approve the matters submitted?***

A: Directors are elected by a plurality of the votes cast at the meeting, subject to the Board of Directors' policy regarding resignations for directors who do not receive a majority of "FOR" votes. "Plurality" means that the nominees receiving the largest number of votes cast are elected as directors up to the maximum number of directors to be chosen at the meeting. The affirmative vote of a majority of the shares present and entitled to vote at the annual meeting is required to approve the ratification of Deloitte as Duke Energy's independent public accountant for 2011, the advisory vote on executive compensation, and each of the three shareholder proposals. In tabulating the vote on any of these matters other than the election of directors, abstentions will have the same effect as votes against the matter and shares that are the subject of a broker "non-vote" will be deemed absent and will have no effect on the outcome of the vote.

For the advisory vote on the frequency of an advisory vote on executive compensation, the frequency receiving the greatest number of votes (every one, two or three years) will be considered the frequency recommended by shareholders. Abstentions and broker non-votes will therefore have no effect on such vote.

Q: ***Who conducts the proxy solicitation and how much will it cost?***

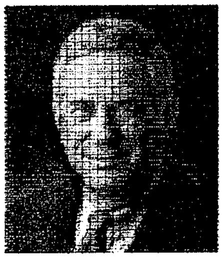
A: Duke Energy is requesting your proxy for the annual meeting and will pay all the costs of requesting shareholder proxies. We have hired Georgeson Shareholder Communications, Inc. to help us send out the proxy materials and request proxies. Georgeson's fee for these services is $21,000, plus out-of-pocket expenses. We can request proxies through the mail or personally by telephone, fax or other means. We can use directors, officers and other employees of Duke Energy to request proxies. Directors, officers and other employees will not receive additional compensation for these services. We will reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding solicitation material to the beneficial owners of Duke Energy common stock.

PROPOSAL 1: ELECTION OF DIRECTORS

The Board of Directors

The Board of Directors of Duke Energy has nominated the following 11 candidates to serve on the Board. We have a declassified Board of Directors, which means all of the directors are voted on every year at the annual meeting.

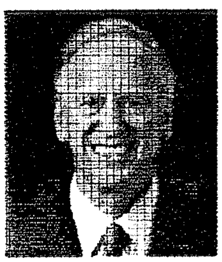
If any director is unable to stand for election, the Board of Directors may reduce the number of directors or designate a substitute. In that case, shares represented by proxies may be voted for a substitute director. We do not expect that any nominee will be unavailable or unable to serve. The Corporate Governance Committee, comprised of only independent directors, has recommended each of the current directors as nominees for directors and the Board of Directors has approved their nomination for election:



William Barnet, III
Director of Duke Energy or its predecessor companies since 2005
Chairman, President and Chief Executive Officer
The Barnet Company Inc. and Barnet Development Corporation
Age 68

Mr. Barnet has served as Chairman, President and CEO of The Barnet Company Inc. since 2001 and Barnet Development Corporation since 1990. Both companies are real estate and investment firms. Mr. Barnet served two terms as mayor of Spartanburg, S.C. and is a former director of Bank of America. In March 2006, Mr. Barnet was named as a Trustee of the Duke Endowment.

Mr. Barnet's qualifications for election include his management experience, his understanding of Duke Energy's South Carolina service territory, and his knowledge of finance and risk management.



G. Alex Bernhardt, Sr.
Director of Duke Energy or its predecessor companies since 1991
Chairman and CEO
Bernhardt Furniture Company
Age 67

Mr. Bernhardt has been associated with Bernhardt Furniture Company, a furniture manufacturer, since 1965. He was named President and a director in 1976 and became Chairman and CEO in 1996. Mr. Bernhardt is a director of Communities In Schools and the North Carolina Nature Conservancy.

Mr. Bernhardt's qualifications for election include his management experience and his knowledge and understanding of industry in Duke Energy's North Carolina service territory.

Michael G. Browning
Director of Duke Energy or its predecessor companies since 1990
Chairman and President
Browning Investments, Inc.
Age 64

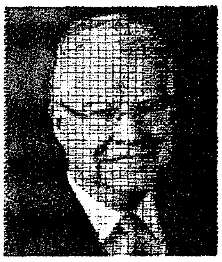
Mr. Browning has been Chairman and President of Browning Investments, Inc., a real estate development firm, since 1981. He also serves as owner, general partner or managing member of various real estate entities. Mr. Browning is a former director of Standard Management Corporation, Conseco, Inc. and Indiana Financial Corporation.

Mr. Browning's qualifications for election include his management experience, and his knowledge and understanding of Duke Energy's midwest service territory. Mr. Browning's financial and investment background adds a valuable perspective to the Board and its committees.

Daniel R. DiMicco
Director of Duke Energy or its predecessor companies since 2007
Chairman, President and Chief Executive Officer
Nucor Corporation
Age 60

Mr. DiMicco has served as President and Chief Executive Officer of Nucor Corporation, a steel company, since 2000. He has been a member of the Nucor Board of Directors since 2000 and has served as its Chairman since 2006. Mr. DiMicco is a former chair of the American Iron and Steel Institute.

Mr. DiMicco's qualifications for election include his management experience, including Chief Executive Officer of a Fortune 500 company and successfully operating a company serving many constituencies. In addition, Mr. DiMicco's experience as Chief Executive Officer of a large industrial corporation provides a valuable perspective on Duke Energy's industrial customer class.



John H. Forsgren
Director of Duke Energy or its predecessor companies since 2009
Retired Vice Chairman, Executive Vice President and Chief Financial Officer
Northeast Utilities
Age 64

Mr. Forsgren was Vice Chairman, Executive Vice President and Chief Financial Officer of Northeast Utilities from 1996 until his retirement in 2004. Mr. Forsgren also is currently a director of The Phoenix Companies, Inc. and of several privately held companies. He is a former director of CuraGen Corporation and Neon Communications Group, Inc.

Mr. Forsgren's qualifications for election include his management and financial experience as Vice Chairman and Chief Financial Officer of a large utility company, and his extensive knowledge of the energy industry and insight on renewable energy.

Ann Maynard Gray
Director of Duke Energy or its predecessor companies since 1994
Former Vice President, ABC, Inc. and
Former President, Diversified Publishing Group of ABC, Inc.
Age 65

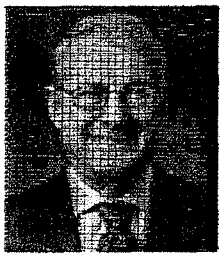
Ms. Gray was President, Diversified Publishing Group of ABC, Inc., a television, radio and publishing company, from 1991 until 1997, and was a Corporate Vice President of ABC, Inc. and its predecessors from 1979 to 1998. Ms. Gray is currently a director of The Phoenix Companies, Inc. and a former director of Elan Corporation, plc.

Ms. Gray's qualifications for election include her business experience, both from a management perspective and as a result of her experience as a director at several public companies. Ms. Gray's public company experience has also given her in-depth knowledge of governance principles which she utilizes on a variety of matters, including, among other things, succession planning, executive compensation and corporate governance.

James H. Hance, Jr.
Director of Duke Energy or its predecessor companies since 2005
Retired Vice Chairman and Chief Financial Officer
Bank of America Corporation
Age 66

Mr. Hance was Vice Chairman of Bank of America from 1994 until his retirement in 2005 and served as Chief Financial Officer from 1988 to 2004. Since retiring in 2005, Mr. Hance has served as a director for various public companies, including Duke Energy Corporation. Mr. Hance is a certified public accountant and spent 17 years with Price Waterhouse (now PricewaterhouseCoopers LLP). He is currently a director of Sprint Nextel Corporation, Cousins Properties Incorporated, Morgan Stanley and Ford Motor Company and a former director of Bank of America, Rayonier Inc. and EnPro Industries, Inc. Mr. Hance also serves as a Senior Advisor to the Carlyle Group.

Mr. Hance's qualifications for election include his management and financial experience as Vice Chairman and Chief Financial Officer of one of our nation's largest financial institutions, his broad background as a director of a number of large financial and industrial corporations, and his expertise in finance.



E. James Reinsch
Director of Duke Energy or its predecessor companies since 2009
Retired Senior Vice President and Partner
Bechtel Group
Age 67

Mr. Reinsch was Senior Vice President and Partner of Bechtel Group from 2003 to 2008 and past president of Bechtel Nuclear from 2000 until his retirement in 2009. He has served on the boards of several international nuclear energy organizations, including the International Nuclear Energy Academy. He has also served on the U.S. Department of Energy's Hydrogen and Fuel Cell Technical Advisory Committee.

Mr. Reinsch's qualifications for election include his management experience and extensive knowledge of the nuclear industry and construction business.

James T. Rhodes
Director of Duke Energy or its predecessor companies since 2001
Retired Chairman, President and Chief Executive Officer
Institute of Nuclear Power Operations
Age 69

Dr. Rhodes was Chairman and CEO of the Institute of Nuclear Power Operations, a nonprofit corporation promoting safety, reliability and excellence in nuclear plant operation, from 1998 to 1999 and Chairman, President and CEO from 1999 until his retirement in 2001. He served as President and CEO of Virginia Electric & Power Company, a subsidiary of Dominion Resources, Inc., from 1989 until 1997. Dr. Rhodes is a former member of the Advisory Council for the Electric Power Research Institute.

Dr. Rhodes' qualifications for election include his management experience as Chief Executive Officer of a large non-profit organization in the energy industry, as well as his in-depth knowledge of the energy and nuclear industry.

James E. Rogers
Director of Duke Energy or its predecessor companies since 1988
Chairman, President and Chief Executive Officer
Duke Energy Corporation
Age 63

Mr. Rogers has served as President, CEO and a member of the Board of Directors of Duke Energy since its merger with Cinergy Corp. in 2006 and has served as Chairman since 2007. Mr. Rogers was Chairman and CEO of Cinergy Corp. from 1994 until its merger with Duke Energy. He was formerly Chairman, President and CEO of PSI Energy, Inc. from 1988 until 1994. Mr. Rogers is currently a director of Applied Materials, Inc. and CIGNA Corporation and a former director of Fifth Third Bancorp.

Mr. Rogers' qualifications for election include his 22 years as Chief Executive Officer of a utility company, and his expertise in the energy industry, the affairs of the Company and its businesses.

Philip R. Sharp
Director of Duke Energy or its predecessor companies since 2007
President
Resources for the Future
Age 68

Dr. Sharp has served as President of Resources for the Future since 2005. He joined Duke Energy's Board of Directors in 2007, having previously served on the board of directors of one of its predecessor companies from 1995 to 2006. Dr. Sharp was a member of Congress from Indiana for 20 years, serving on the House Energy and Commerce Committee. He is a member of the Blue Ribbon Commission on America's Nuclear Future, and he currently serves as Congressional Chair of the non-profit National Commission on Energy Policy.

Dr. Sharp's qualifications for election include broad experience in government, including regulatory and legislative processes, as well as his understanding of governmental relations, public policy and the energy industry.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" EACH NOMINEE.

INFORMATION ON THE BOARD OF DIRECTORS

Board of Directors' Leadership Structure and Meeting Attendance

The Board currently combines the role of Chairman of the Board with the role of Chief Executive Officer. Combining the Chairman and CEO roles fosters clear accountability, effective decision-making, and alignment on corporate strategy. To assure effective independent oversight, the Board has adopted a number of governance practices, including having an independent lead director with the following responsibilities: (i) leading, in conjunction with the Corporate Governance Committee, the process for review of the Chief Executive Officer and Board, (ii) presiding at Board of Directors' meetings when the Chairman is not present, (iii) presiding at executive sessions of the non-management directors, (iv) assisting in the setting of the Board of Directors' meeting agendas with the Chairman, and (v) serving as a liaison between the independent directors and the Chairman and the Chief Executive Officer. Ms. Gray was appointed by the Board of Directors as lead independent director on April 4, 2006.

The Board of Directors of Duke Energy met 11 times during 2010, and has met 3 times so far in 2011. No director attended less than 75 percent of the total of the Board of Directors' meetings and the meetings of the committees upon which he or she served. Directors are encouraged to attend the annual meeting of shareholders. All members of the Board of Directors attended Duke Energy's last annual meeting of shareholders on May 6, 2010.

Risk Oversight

The Board is actively involved in the oversight of risks that could affect Duke Energy. This oversight is conducted primarily through the Finance and Risk Management Committee of the Board but also through the other committees of the Board, as appropriate. See below for descriptions of each of the committees. The Board and its committees, including the Finance and Risk Management Committee, satisfy this responsibility through reports by each committee chair regarding the committee's considerations and actions, as well as through regular reports directly from officers responsible for oversight of particular risks within Duke Energy.

Independence of Directors

The Board of Directors may determine a director to be independent if the Board of Directors has affirmatively determined that the director has no material relationship with Duke Energy or its subsidiaries (references in this proxy statement to Duke Energy's subsidiaries shall mean its consolidated subsidiaries), either directly or as a shareholder, director, officer or employee of an organization that has a relationship with Duke Energy or its subsidiaries. Independence determinations are generally made on an annual basis at the time the Board of Directors approves director nominees for inclusion in the annual proxy statement and, if a director joins the Board of Directors in the interim, at such time.

The Board of Directors has determined that none of the directors, other than Mr. Rogers, has a material relationship with Duke Energy or its subsidiaries, and all are, therefore, independent under the listing standards of the NYSE and the rules and regulations of the SEC. In arriving at this determination, the Board of Directors considered all transactions and the materiality of any relationship with Duke Energy and its subsidiaries in light of all facts and circumstances.

The Board also considers its Standards for Assessing Director Independence which set forth certain relationships between Duke Energy and directors and their immediate family members, or affiliated entities, that the Board, in its judgment, has deemed to be material or immaterial for purposes of assessing a director's independence. In the event a director has a relationship with Duke Energy that is not addressed in the Standards for Assessing Director Independence, the independent members of the Board determine whether such relationship is material. For Mr. DiMicco, the Board considered his position at Nucor Corporation ("Nucor") and its relationship with Duke Energy Indiana, Inc. ("Duke Energy Indiana") as Nucor's electric service provider to one of its plants located in the Duke Energy Indiana service territory. See Related Person Transactions on page 83 for further information. This relationship was deemed not to impair Mr. DiMicco's independence as the amount received by Duke Energy in each of the last three years is less than 2% of Nucor's consolidated gross revenues, which is the threshold that could impair independence under the rules of the NYSE and our Standards for Assessing Director Independence. In addition to these relationships, the Board considered that Duke Energy in the ordinary course of business purchases products and services from, or provides electric service to, companies at which some of our directors are officers.

Board of Directors' Committees

The Board of Directors has the five standing committees described below:

- **Audit Committee Overview**

The *Audit Committee* selects and retains a firm of independent public accountants to conduct audits of the accounts of Duke Energy and its subsidiaries. It also reviews with the independent public accountants the scope and results of their audits, as well as the accounting procedures, internal controls, and accounting and financial reporting policies and practices of Duke Energy and its subsidiaries, and makes reports and recommendations to the Board of Directors as it deems appropriate. The Audit Committee is responsible for approving all audit and permissible non-audit services provided to Duke Energy by its independent public accountants. Pursuant to this responsibility, the Audit Committee adopted the policy on Engaging the Independent Auditor for Services, which provides that the Audit Committee will establish detailed services and related fee levels that may be provided by the independent public accountants and review such policy annually. See page 21 for additional information on the Audit Committee's pre-approval policy.

The Board of Directors has determined that Mr. Browning is an "audit committee financial expert" as such term is defined in Item 401(h) of Regulation S-K. See page 6 for a description of his business experience.

This committee met 9 times in 2010 and has met 2 times so far in 2011. During 2010 and currently, the Audit Committee was comprised of Mr. Browning (Chair), Mr. Bernhardt, Mr. Forsgren, Dr. Rhodes and Dr. Sharp. Each of these members has been determined to be "independent" within the meaning of the NYSE's listing standards, Rule 10A-3 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and the Company's categorical standards for independence. In addition, each of these members meets the financial literacy requirements for audit committee membership under the NYSE's rules and the rules and regulations of the SEC.

- **Corporate Governance Committee Overview**

The *Corporate Governance Committee* considers matters related to corporate governance and formulates and periodically revises governance principles. It recommends the size and composition of the Board of Directors and its committees and recommends potential successors to the Chief Executive Officer. This committee also recommends to the Board of Directors the slate of nominees, including any nominees recommended by shareholders, for director for each year's annual meeting and, when vacancies occur, names of individuals who would make suitable directors of Duke Energy. This committee may engage an external search firm or a third party to identify or evaluate or to assist in identifying or evaluating a potential nominee. The committee also performs an annual evaluation of the performance of the Chief Executive Officer with input from the full Board of Directors.

This committee met 6 times in 2010 and has met 2 times so far in 2011. During 2010 and currently, the Corporate Governance Committee members are Ms. Gray (Chair), Mr. Browning and Mr. DiMicco. Each of these members has been determined to be "independent" within the meaning of the NYSE's listing standards and the Company's categorical standards for independence.

- **Compensation Committee Overview**

The *Compensation Committee* establishes and reviews the overall compensation philosophy, reviews and approves the salaries and other compensation of certain employees, including all executive officers of Duke Energy, reviews and approves compensatory agreements with executive officers, approves equity grants and reviews the effectiveness of, and approves changes to, compensation programs. This committee also makes recommendations to the Board of Directors on compensation for outside directors.

This committee met 7 times in 2010 and has met 4 times so far in 2011. During 2010, the Compensation Committee was comprised of Mr. Hance (Chair), Mr. DiMicco, Mr. Forsgren, Ms. Gray and Mr. Taft, until his retirement on May 6, 2010. Currently, the members are Mr. Hance (Chair), Mr. DiMicco, Mr. Forsgren, and Ms. Gray. All current members of the Compensation Committee are considered to be "independent" within the meaning of the NYSE's listing standards and the Company's categorical standards for independence, to be "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code") and, other than Mr. DiMicco, to be "non-employee directors" within the meaning of Rule 16b-3 of the Exchange Act.

The Compensation Committee Charter authorizes the Compensation Committee to engage advisors and compensation consultants. The Compensation Committee has engaged Frederic W. Cook & Company, Inc. to report directly to the Compensation Committee as its independent compensation consultant. Frederic W. Cook & Company, Inc. performs such tasks as the Compensation Committee or its Chairman may request. Management's role in the compensation-setting process is to recommend compensation programs and assemble information as requested by the Compensation Committee, which then exercises discretion in its decisions. The compensation consultant has been instructed that it shall provide completely independent advice to the Compensation Committee and is not permitted to provide any services to Duke Energy other than consulting with the Compensation Committee and, with the consent of the Chairman of the Compensation Committee the compensation consultant may meet with management to discuss strategic issues with respect to executive compensation. The roles of the compensation consultant and management are described in more detail in the Compensation Discussion and Analysis.

- **Finance and Risk Management Committee Overview**

The *Finance and Risk Management Committee* is primarily responsible for the oversight of risk at the Company. This oversight function includes reviews of Duke Energy's financial and fiscal affairs and makes recommendations to the Board of Directors regarding dividends, financing and fiscal policies, and significant transactions. It reviews the financial exposure of Duke Energy, as well as mitigating strategies, reviews Duke Energy's risk exposure as related to overall company portfolio and impact on earnings, and reviews the financial impacts of major projects as well as capital expenditures.

This committee met 7 times in 2010 and has met 1 time so far in 2011. During 2010, the Finance and Risk Management Committee was comprised of Mr. Barnet (Chair), Mr. Browning, Ms. Gray, Mr. Hance, Mr. Reinsch, and Mr. Taft, until his retirement on May 6, 2010. Currently the members are Mr. Barnet (Chair), Mr. Browning, Ms. Gray, Mr. Hance, and Mr. Reinsch.

- **Nuclear Oversight Committee Overview**

The *Nuclear Oversight Committee* provides oversight of the nuclear safety, operational and financial performance, and long-term plans and strategies of Duke Energy's nuclear power program. The oversight role is one of review, observation and comment and in no way alters management's authority, responsibility or accountability.

This committee met 4 times in 2010 and has met 1 time so far in 2011. During 2010 and currently, the Nuclear Oversight Committee members are Dr. Rhodes (Chair), Mr. Barnet, Mr. Bernhardt, Mr. Reinsch and Dr. Sharp.

Each committee operates under a written charter adopted by the Board of Directors. The charters are posted on our website at *http://www.duke-energy.com/corporate-governance/board-committee-charters.asp.*

Board of Directors Committee Membership Roster (as of March 17, 2011)

Name	Audit	Compensation	Corporate Governance	Finance and Risk Management	Nuclear Oversight
William Barnet, III				X*	X
G. Alex Bernhardt, Sr.	X				X
Michael G. Browning	X*		X	X	
Daniel R. DiMicco		X	X		
John H. Forsgren	X	X			
Ann Maynard Gray		X	X*	X	
James H. Hance, Jr.		X*		X	
E. James Reinsch				X	X
James T. Rhodes	X				X*
James E. Rogers					
Philip R. Sharp	X				X

* Committee Chair

Director Compensation

Annual Retainer and Fees. During 2010, the retainer and meeting fees paid to our outside directors consisted of:

		Meeting Fees		
Type of Fee	Fee (Other Than for Meetings)($)	In-Person Attendance at Meetings Held in Conjunction With a Regular Board of Directors Meeting($)	In-Person Meetings Not Held in Conjunction With a Regular Board of Directors Meeting($)	Telephonic Participation in Meetings($)
Annual Board of Directors Retainer (Cash)	50,000			
Annual Board of Directors Retainer (Stock)	100,000			
Board of Directors Meeting Fees		2,000	2,500	2,000
Annual Lead Director Retainer	35,000			
Annual Audit Committee Chair Retainer	20,000			
Annual Chair Retainer (Other Committees)	10,000			
Audit Committee Meeting Fees		3,000	2,500	2,000
Nuclear Oversight Committee Meeting Fees		4,000	2,500	2,000
Other Committee Meeting Fees		2,000	2,500	2,000

Annual Stock Retainer for 2010. In 2010, each eligible director received the portion of his or her annual retainer that was payable in stock in the form of fully-vested shares granted under the Duke Energy Corporation 2006 Long-Term Incentive Plan. Each director received 6,068 shares of stock.

Deferral Plans and Stock Purchases. Directors may elect to receive all or a portion of their annual compensation, consisting of retainers and attendance fees, on a current basis, or defer such compensation under the Duke Energy Corporation Directors' Savings Plan (the "Directors' Savings Plan"). Deferred amounts are credited to an unfunded account for the director's benefit, the balance of which is adjusted for the performance of phantom investment options, including the Duke Energy common stock fund, as elected by the director. Each outside director will receive deferred amounts credited to his or her account generally following termination of his or her service from the Board of Directors, in accordance with his or her distribution elections.

Charitable Giving Program. The Duke Energy Foundation, independent of Duke Energy, maintains The Duke Energy Foundation Matching Gifts Program under which directors (and current and retired employees) are eligible for matching contributions of up to $5,000 per director per calendar year to qualifying institutions. In addition, Duke Energy maintains a Directors' Charitable Giving Program. Eligibility for this program has been frozen and only Ms. Gray is eligible. Under this program, Duke Energy will make, upon the director's death, donations of up to $1,000,000 to charitable organizations selected by the director. Ms. Gray may request that donations be made under this program during her lifetime, in which case the maximum donation will be reduced on an actuarially-determined net present value basis. In 2010, no donations were made on behalf of Ms. Gray. Duke Energy maintains a life insurance policy on Ms. Gray to fund donations under this program.

Expense Reimbursement and Insurance. Duke Energy provides travel insurance to directors in the amount of $500,000, and reimburses directors for expenses reasonably incurred in connection with attendance and participation at Board of Directors and committee meetings and special functions.

Gifts. Duke Energy presented a 2010 holiday gift to each person who was an outside director as of December 31, 2010. Mr. Bernhardt returned his gift to the Company due to the fact that he already owned a similar item. The aggregate cost of the gifts to all directors was $6,712.

Stock Ownership Guidelines. Outside directors are subject to stock ownership guidelines, which establish a target level of ownership of Duke Energy common stock (or common stock equivalents). Currently each outside director is required to own shares with a value equal to at least five times the annual Board of Directors cash retainer (*i.e.*, an ownership level of $250,000) or retain 50% of his or her vested annual equity retainer. All outside directors were in compliance with the guidelines as of December 31, 2010.

The following table describes the compensation earned during 2010 by each individual who served as an outside director during 2010.

DIRECTOR COMPENSATION

Name	Fees Earned or Paid in Cash ($)(2)	Stock Awards ($)(3)(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)(6)	Total ($)
William Barnet, III	117,500	100,000	0	5,971	223,471
G. Alex Bernhardt, Sr.	114,000	100,000	11,012	5,225	230,237
Michael G. Browning	146,000	100,000	0	11,266	257,266
Daniel R. DiMicco	99,000	100,000	0	971	199,971
John H. Forsgren	122,500	100,000	0	5,971	228,471
Ann Maynard Gray	171,000	100,000	0	3,471	274,471
James H. Hance, Jr.	117,500	100,000	0	5,971	223,471
E. James Reinsch	105,000	100,000	0	5,971	210,971
James T. Rhodes	132,500	100,000	0	5,671	238,171
Philip R. Sharp	116,000	100,000	0	971	216,971
Dudley S. Taft(1)	37,945	0	0	77	38,022

(1) Effective May 6, 2010, Mr. Taft retired from the Board of Directors of Duke Energy per the terms of the retirement policy in our Principles for Corporate Governance.

(2) Messrs. Bernhardt, Browning, DiMicco and Reinsch and Dr. Rhodes elected to defer $114,000; $146,000; $99,000; $54,600; and $66,250, respectively, of their 2010 cash compensation under the Directors' Savings Plan.

(3) This column reflects the grant date fair value of the stock retainer granted to each eligible director during 2010. The grant date fair value was determined in accordance with the accounting guidance for stock-based compensation. See Note 20 of the Consolidated Financial Statements contained in our Annual Report on Form 10-K for the year ended December 31, 2010 ("Annual Report") for an explanation of the assumptions made in valuing these awards. Messrs. Bernhardt, Browning, DiMicco, Forsgren and Reinsch and Dr. Rhodes elected to defer their 2010 stock retainer of 6,068 Duke Energy shares under the Directors' Savings Plan.

(4) As of December 31, 2010, the aggregate number of outstanding option awards, covering Duke Energy and Spectra Energy* shares, for each director was as follows:

Name	Duke Energy Stock Options (#)	Spectra Energy Stock Options (#)
William Barnet, III	0	0
G. Alex Bernhardt, Sr.	8,000	4,000
Michael G. Browning	0	0
Daniel R. DiMicco	0	0
John H. Forsgren	0	0
Ann Maynard Gray	8,000	4,000
James H. Hance, Jr.	0	0
E. James Reinsch	0	0
James T. Rhodes	8,000	4,000
Philip R. Sharp	0	0
Dudley S. Taft	0	0

*Duke Energy spun off its gas businesses effective January 2, 2007, to form Spectra Energy.

(5) Reflects above-market interest earned on a grandfathered investment fund previously provided under a predecessor plan to the Directors' Savings Plan. Participants can no longer defer compensation into the grandfathered investment fund, but continue to be credited with interest at the fixed rate on amounts previously deferred to such fund.

(6) As described in the following table, All Other Compensation for 2010 includes a business travel accident insurance premium that was prorated among the directors based on their service on the Duke Energy Board of Directors during 2010, matching gift contributions made by The Duke Energy Foundation in the director's name to charitable organizations, and a holiday gift.

In addition, with respect to Mr. Browning, the amount of All Other Compensation includes the personal use of the corporate aircraft. Regarding use of corporate aircraft, directors are required to reimburse Duke Energy the direct operating costs of any personal travel which has been approved by the CEO. With respect to flights on a leased or chartered airplane, direct operating costs equal the amount that the third party charges Duke Energy for such trip. With respect to flights on the Company-owned airplane, direct operating costs include the amounts permitted by the Federal Aviation Regulations for non-commercial carriers. With permission of the CEO, directors are permitted to invite their spouse to accompany them on business trips when space is available; however, in such events, the director is imputed income in accordance with IRS guidelines.

Name	Personal Use of Airplane ($)	Business Travel Accident Insurance ($)	Matching Charitable Contributions ($)	Holiday Gift ($)	Total (S)
William Barnet, III	0	225	5,000	746	5,971
G. Alex Bernhardt, Sr.	0	225	5,000	0	5,225
Michael G. Browning	5,295	225	5,000	746	11,266
Daniel R. DiMicco	0	225	0	746	971
John H. Forsgren	0	225	5,000	746	5,971
Ann Maynard Gray	0	225	2,500	746	3,471
James H. Hance, Jr.	0	225	5,000	746	5,971
E. James Reinsch	0	225	5,000	746	5,971
James T. Rhodes	0	225	4,700	746	5,671
Philip R. Sharp	0	225	0	746	971
Dudley S. Taft	0	77	0	0	77

PROPOSAL 2: RATIFICATION OF DELOITTE & TOUCHE LLP AS DUKE ENERGY CORPORATION'S INDEPENDENT PUBLIC ACCOUNTANT FOR 2011

Representatives of Deloitte are expected to be present at the annual meeting. They will have an opportunity to make a statement and will be available to respond to appropriate questions. Information on Deloitte's fees for services rendered in 2010 and 2009 follows:

Type of Fees	FY 2010	FY 2009
Audit Fees(a)	$ 8,500,000	$ 8,800,000
Audit-Related Fees(b)	2,100,000	1,750,000
Tax Fees(c)	775,000	400,000
All Other Fees(d)	25,000	100,000
Total Fees	$11,400,000	$11,050,000

(a) Audit Fees are fees billed, or expected to be billed, by Deloitte for professional services for the audit of Duke Energy's consolidated financial statements included in Duke Energy's annual report on Form 10-K and review of financial statements included in Duke Energy's quarterly reports on Form 10-Q, services that are normally provided by Deloitte in connection with statutory, regulatory or other filings or engagements or any other service performed by Deloitte to comply with generally accepted auditing standards. Audit fees also include fees billed or expected to be billed by Deloitte for professional services related to internal controls work under the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and related regulations.

(b) Audit-Related Fees are fees billed by Deloitte for assurance and related services that are reasonably related to the performance of an audit or review of Duke Energy's financial statements, including assistance with acquisitions and divestitures, internal control reviews and employee benefit plan audits.

(c) Tax Fees are fees billed by Deloitte for tax return assistance and preparation, tax examination assistance and professional services related to tax planning and tax strategy.

(d) All Other Fees are fees billed by Deloitte for any services not included in the first three categories, primarily translation of audited financials into foreign languages, accounting training and conferences.

To safeguard the continued independence of the independent public accountants, the Audit Committee adopted a policy that provides that the independent public accountants are only permitted to provide services to Duke Energy and its subsidiaries that have been pre-approved by the Audit Committee. Pursuant to the policy, detailed audit services, audit-related services, tax services and certain other services have been specifically pre-approved up to certain categorical fee limits. In the event that the cost of any of these services may exceed the pre-approved limits, the Audit Committee must pre-approve the service. All other services that are not prohibited pursuant to the SEC's or other applicable regulatory bodies' rules or regulations must be specifically pre-approved by the Audit Committee. All services performed in 2010 and 2009 for Duke Energy by the independent public accountant were approved by the Audit Committee pursuant to its pre-approval policy.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE RATIFICATION OF DELOITTE & TOUCHE LLP AS DUKE ENERGY CORPORATION'S INDEPENDENT PUBLIC ACCOUNTANT FOR 2011.

PROPOSAL 3: ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act requires that we provide our shareholders with the opportunity to approve, on a nonbinding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement. This proposal, commonly referred to as a "say-on-pay" proposal, gives our shareholders the opportunity to express their views on the compensation of our named executive officers.

In connection with this proposal, the Board of Directors encourages shareholders to review in detail the description of the compensation program for our named executive officers that is set forth in the Compensation Discussion and Analysis section of this proxy statement, as well as the information contained in the compensation tables and narrative discussion in this proxy statement.

As described in more detail in the Compensation Discussion and Analysis section of this proxy statement, the guiding principle of our compensation philosophy is that pay should be linked to performance and that the interests of our executives and shareholders should be aligned. Our compensation program is designed to provide significant upside and downside potential depending on actual results as compared to predetermined measures of success. A significant portion of our named executive officers' total direct compensation is directly contingent upon achieving specific results that are important to our long-term success and growth in shareholder value. We supplement our pay-for-performance program with a number of compensation policies that are aligned with the long-term interests of Duke Energy and its shareholders.

We are asking our shareholders to indicate their support for the compensation of our named executive officers as disclosed in this proxy statement by voting "FOR" the following resolution:

> "RESOLVED, that the shareholders of Duke Energy approve, on an advisory basis, the compensation paid to Duke Energy's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K of the Securities Act of 1933, as amended, including the Compensation Discussion and Analysis, the compensation tables and the narrative discussion in Duke Energy's 2011 proxy statement."

Because your vote is advisory, it will not be binding on the Board of Directors, the Compensation Committee or Duke Energy. The Compensation Committee, however, will review the voting results and will take them into consideration when making future decisions regarding the compensation of our named executive officers.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT.

PROPOSAL 4: ADVISORY VOTE ON THE FREQUENCY OF AN ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act also requires that we provide our shareholders with the opportunity to vote, on a nonbinding, advisory basis, for their preference as to how frequently we should seek future advisory say-on-pay votes on the compensation of our named executive officers. In particular, we are asking our shareholders to indicate, on a nonbinding, advisory basis, whether they would prefer an advisory say-on-pay vote on the compensation of our named executive officers to occur every one, two or three years. Shareholders also may, if they wish, abstain from casting a vote on this proposal.

Our Board of Directors has determined that an advisory say-on-pay vote on the compensation of our named executive officers that occurs on an *annual* basis is the most appropriate alternative for Duke Energy. Accordingly, our Board of Directors recommends that the advisory vote on the compensation of our named executive officers occur *every year*. Our Board of Directors believes that an annual advisory say-on-pay vote will allow our shareholders to provide timely, direct input on Duke Energy's executive compensation philosophy, policies and practices as disclosed in the proxy statement each year.

You may cast your vote by choosing the option of one year, two years, three years or abstain from voting in response to the following resolution:

> "RESOLVED, that the shareholders determine, on an advisory basis, whether the preferred frequency for holding an advisory vote on the compensation of Duke Energy's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K of the Securities Act of 1933, as amended, including the Compensation Discussion and Analysis, the compensation tables and the narrative discussion in the proxy statement, should be every year, every two years or every three years."

The option (*i.e.*, one year, two years or three years) that receives the highest number of votes cast by shareholders will be considered to be the shareholders' preferred frequency for the advisory vote on the compensation of our named executive officers. Because the vote is advisory, however, it will not be binding on the Board of Directors, the Compensation Committee or Duke Energy. The Board of Directors may decide, in its sole discretion, that it is in the best interests of Duke Energy and its shareholders to hold an advisory say-on-pay vote on the compensation of our named executive officers more or less frequently than the option receiving the most votes cast by our shareholders.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE OPTION OF EVERY "1 YEAR" AS THE PREFERRED FREQUENCY FOR HOLDING AN ADVISORY VOTE ON EXECUTIVE COMPENSATION.

SHAREHOLDER PROPOSALS

Proposal 5, Proposal 6 and Proposal 7 are proposals we received from our shareholders. If the proponents of these proposals, or representatives who are qualified under state law, are present at our Annual Meeting and submit the proposals for a vote, then the proposals will be voted upon. The shareholder proposals, including any supporting statements, are included exactly as submitted to us by the proponents of these proposals. The Board of Directors recommends voting "against" each proposal. We will promptly provide you with the name, address and, to our knowledge, the number of voting securities held by the proponents of the shareholder proposals, upon receiving a written or oral request.

PROPOSAL 5: SHAREHOLDER PROPOSAL RELATING TO PREPARATION OF A REPORT ON DUKE ENERGY CORPORATION'S GLOBAL WARMING-RELATED LOBBYING ACTIVITIES

Resolved: The shareholder requests the Board of Directors prepare a report disclosing the Company's global warming-related lobbying activities. The report, prepared at a reasonable cost and omitting proprietary information, should be published by November 2011. The report should:

1. Disclose the business associations, coalitions and non-profit organizations the company uses to advance its legislative goals relative to global warming.

2. Disclose the policies and procedures that oversee the company's membership in business associations and coalitions and its interaction with non-profit organizations, including financial support, relative to global warming.

3. Describe the benefit to shareholders from the Company's lobbying activities related to global warming.

Supporting Statement

As long-term shareholders of Duke Energy, we support transparency and accountability regarding the Company's public policy activities.

Disclosure surrounding the company's lobbying activities is in the best interest of the company and its shareholders. Absent a system of accountability, company assets could be used in support of public policy objectives that are not in the Company's long-term interest.

According to the Charlotte Observer (10/9/09), "Duke Energy has spent more than $10 million to lobby Congress since 2008 as electric utilities ratchet up spending to help shape new laws on climate change and other issues."

CEO Jim Rogers has engaged in a high-profile lobbying effort to promote global warming-related cap-and-trade legislation by testifying in Congress, conducting media interviews, speaking at policy forums and appearing in a TV advertising campaign.

Duke Energy's support for cap-and-trade has been controversial, in part because economic studies report cap-and-trade would lead to an increase in energy prices, a decrease in economic growth and an increase in unemployment. These could be detrimental to shareholder interests.

Cap-and-trade could add significant costs to the Company's use of coal.

The Company has worked with non-profit organizations such as the National Resources Defense Council (NRDC) and Environmental Defense (ED) through its membership in the United States Climate Action Partnership—a lobbying coalition seeking cap-and-trade legislation.

NRDC and ED oppose coal use. The organizations have challenged Duke Energy's Cliffside coal-fired power plant in court. In response to the Company seeking air pollution permits, a NRDC attorney said in 2008, "Having already violated the law, Duke is now trying to issue itself a get out of jail free card." An official with ED opposed Duke Energy's Cliffside facility, saying in 2008, "It's hard to understand why Duke Energy believes clean air laws don't apply to them."

Duke Energy's global warming policy has interfered with the Company's relationship with trade associations. The Company ended its membership in the National Association of Manufacturers and the American Coalition for Clean Coal Electricity in part over policy differences on global warming.

The pending transfer of the U.S. House of Representatives from Democrat to Republican control in January 2011 reduces the likelihood that any cap-and-trade legislation will be adopted by Congress.

Disclosure of the Company's global warming-related activities will provide the transparency shareholders need to evaluate these public policy activities.

Opposing Statement of the Board of Directors:

Your Board recommends a vote "AGAINST" this proposal for the following reasons:

The Board of Directors believes this report is unnecessary as it is duplicative of information that Duke Energy already provides on its website.

There is a growing national consensus that steps should be taken to reduce greenhouse gas emissions. As an energy company, we will be greatly affected by any laws or regulations imposed by state and federal lawmakers, or regulatory bodies, on this issue. We believe it is in the best interest of our shareholders and customers that we participate in these discussions in order to present our views on this important public policy issue. We participate in these discussions through a number of different means, including memberships in trade organizations, organizations focused on the science and research surrounding climate change, organizations whose focus is on the development of alternative energy sources and processes, and organizations whose focus is on addressing the issue of climate change as a whole. Our employees also participate through our voluntary, nonpartisan political action committee, DUKEPAC, which makes contributions to qualified candidates running for office based on, among other things, their positions on public policy issues, such as climate change. The procedure by which contributions are made by Duke Energy and DUKEPAC are disclosed on the Political Participation page of our website at *http://www.duke-energy.com/corporate-governance/politicalactivity.asp*.

Accordingly, proponent's request that we disclose our policies and procedures regarding our lobbying activities and business associations and the benefits to our shareholders surrounding such activities are already readily available to the public and our shareholders on our website. Similarly, our business associations and coalitions are provided on our website at *http://www.duke-energy.com/environment/affiliations-partnerships.asp*. Not only do we disclose our business associations, but we disclose more information than the proponent has requested by listing all DUKEPAC contributions through a link on the Political Participation page of our website.

Consequently, we believe that preparation of proponent's requested report would be duplicative and an unnecessary waste of Company resources. Indeed, as we review the proponent's supporting statement and based on previous discussions with the proponents, we believe the underlying issue is their disagreement with our public policy position in support of responsible legislation that would provide needed clarity on the country's policies involving greenhouse gas emissions. Although many individuals and organizations may disagree, we believe—and engage in lobbying activities accordingly—that responsible legislation will eliminate uncertainty, is preferable to other solutions under consideration, and is therefore in our shareholders' best interest.

The proponents submitted an identical proposal for vote at last year's annual meeting and our shareholders rejected the request with approximately 92% of the vote against the proposal.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "AGAINST" THE SHAREHOLDER PROPOSAL RELATING TO PREPARATION OF A REPORT ON DUKE ENERGY CORPORATION'S GLOBAL WARMING-RELATED LOBBYING ACTIVITIES.

PROPOSAL 6: SHAREHOLDER PROPOSAL REGARDING THE ISSUANCE OF A REPORT ON CONTINUED RELIANCE ON COAL

Whereas:

Electric utility companies that rely on coal face numerous challenges and uncertainty regarding environmental compliance costs, and the cost of carbon capture and storage for coal plants. Declining reserves of high quality central Appalachian coal, unprecedented price increases and coal price-volatility, versus abundant supplies and record low-prices for cleaner burning natural gas, and declining costs for wind and solar energy, make continued reliance on coal increasingly problematic.

Coal combustion for electricity is a major contributor to air pollution, accounting for one third of the nitrous oxides (NOx), 50% of the mercury, a hazardous air pollutant, and over 36% of the carbon dioxide (CO2) emitted in the U.S. The U.S. Environmental Protection Agency (EPA) is moving, in some cases pursuant to court order, to tighten regulation of the air, water and waste impacts of coal plants. Pending EPA regulations governing storage and disposal of coal combustion wastes will likely increase operating costs for coal plants. Industry analysts (Bernstein Research, Jeffries & Company, Standard & Poor's, Wood Mackenzie) have concluded that the cost of environmental control equipment may make it uneconomic to retrofit some coal plants.

This unprecedented combination of forces has led Duke Energy, which relies on coal for 62% of its electricity production, to replace some of its older coal plants. The $1.8 billion, 825-megawatt (MW) unit Duke is building in Cliffside, NC, will help replace about 1,000 MW of older, higher-emitting coal units. Nevertheless, even with these and other coal plant closures, by 2030 Duke will still depend on coal for 28% of its energy.

Although Duke has called for mandatory legislation to cap CO2 emissions, the lack of national climate policy setting limits on these emissions further adds to the economic uncertainty for coal plants.

Duke's 630-MW coal gasification plant under construction in Edwardsport, IN, could capture 18 percent of its CO2 within four or five years. Capturing the CO2 created when coal is turned into a fuel gas, could add 5 percent to 15 percent of the plant's initial $2.35 billion cost and Duke has sought regulatory approval to study a second step that could capture an additional 40% of the CO2 at a later stage.

According to some experts, however, "before new methods can be commercialized, projects need three to five years of planning and construction, followed by eight to 10 years of actual pumping from the U.S. Government Accountability Office, states that commercial deployment of carbon capture and storage technology for coal plants, is 10 to 15 years away and "would increase electricity costs by about 30 to 80 percent."

Resolved:

Shareowners request that Duke Energy's Board of Directors, at reasonable cost and omitting proprietary information, issue a report by November 2011 on the financial risks of continued reliance on coal contrasted with increased investments in efficiency and cleaner energy, including an assessment of the cumulative costs of environmental compliance for coal plants compared to alternative generating sources.

Opposing Statement of the Board of Directors:

Your Board recommends a vote "AGAINST" this proposal for the following reasons:

Duke Energy is committed to finding new ways to confront our industry's biggest challenges, including CO2 emissions and other issues associated with coal plants. The risks associated with these issues, financial and otherwise, are examined by our Board and management on a regular basis. As a result, Duke Energy has been very active in investing in new technologies, expanding our use of energy efficiency and providing our customers with low carbon options, such as renewable energy, in order to meet the future energy demands of our customers. We have also been forthcoming on our website and in our public filings about all of the risks associated with the business. Accordingly, the Board of Directors believes this report is unnecessary as it is duplicative of information that Duke Energy already provides.

Duke Energy has a history of reporting metrics associated with our coal plants and carbon emissions and the associated risks in our annual Sustainability Report. Duke Energy also discloses the material risks related to climate change and carbon change in its Annual Report on Form 10-K filed with the SEC and provided to our shareholders every year. Furthermore, we respond annually to the Carbon Disclosure Project questionnaire which is sent out to thousands of the world's largest organizations.

A link to both the Sustainability Report and the Carbon Disclosure Project website is provided at *http://www.duke-energy.com/environment/reports.asp*. Our Investor Response to the Carbon Disclosure Project discloses in detail how the board and our management reviews the risks related to climate change and carbon emissions. It also discusses the financial implications of those risks and the actions the company has taken to manage the associated risks, such as adding to our nuclear capacity, constructing the IGCC unit at Edwardsport, increasing our wind and solar power and instituting various energy efficiency programs.

Because of the Company's extensive disclosure on the risks associated with our business, including the costs and benefits associated with the alternative fuel sources we have to choose from, we believe that preparation of the proponent's requested report would be duplicative and an unnecessary waste of Company resources.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "AGAINST" THE SHAREHOLDER PROPOSAL REGARDING THE ISSUANCE OF A REPORT ON THE FINANCIAL RISKS OF CONTINUED RELIANCE ON COAL.

PROPOSAL 7: SHAREHOLDER PROPOSAL REGARDING AN AMENDMENT TO OUR ORGANIZATIONAL DOCUMENTS TO REQUIRE MAJORITY VOTING FOR THE ELECTION OF DIRECTORS

Resolved: That the shareholders of Duke Energy Corporation ("Company") hereby request that the Board of Directors initiate the appropriate process to amend the Company's governance documents (certificate of incorporation or bylaws) to provide that director nominees shall be elected by the affirmative vote of the majority of votes cast at an annual meeting of shareholders, with a plurality vote standard retained for contested director elections, that is, when the number of director nominees exceeds the number of board seats.

Supporting Statement

Duke Energy's Board of Directors should establish a majority vote standard in director elections to provide shareholders a meaningful role in these important elections. The proposed majority vote standard requires that a director nominee receive a majority of the votes cast in an election in order to be formally elected. Under the company's current plurality vote standard, a board nominee can be elected with as little as a single affirmative vote, even if a substantial majority of the votes cast are "withheld" from the nominee. We believe that a majority vote standard in board elections establishes a challenging vote standard for board nominees, enhances board accountability, and improves the performance of boards and individual directors.

Over the past five years, a significant majority of companies in the S&P 500 Index has adopted a majority vote standard in company bylaws, articles of incorporation or charter. These companies have also adopted a director resignation policy that establishes a board-centered post-election process to determine the status of any director nominee that is not elected. This dramatic move to a majority vote standard is in direct response to strong shareholder demand for a meaningful role in director elections. However, Duke Energy has responded only partially to the call for change, simply adopting a post-election director resignation policy that sets procedures for addressing the status of director nominees that receive more "withhold" votes than "for" votes. The plurality vote standard remains in place.

Duke Energy's Board of Directors has not acted to establish a majority vote standard, retaining its plurality vote standard, despite the fact that many of its self-identified peer companies including American Electric Power, Ameren, Dominion Resources, CenterPoint Energy, Consolidated Edison, Constellation Energy, FPL Group and Exelon have adopted majority voting. The Board should take this critical first step in establishing a meaningful majority vote standard. With a majority vote standard in place, the Board can then act to fashion its director resignation policy to address the status of unelected directors. A majority vote standard combined with a post-election director resignation policy would establish a meaningful right for shareholders to elect directors at Duke Energy, while reserving for the Board an important post-election role in determining the continued status of an unelected director. We urge the Board to join the mainstream of major U.S. companies and establish a majority vote standard.

Opposing Statement of the Board of Directors:

Your Board recommends a vote "AGAINST" this proposal for the following reasons:

The Board of Directors agrees that sound corporate governance policies and practices are important to the success of the Company. However, after careful review of the proposal in comparison to our current director election policies, the Board recommends a vote against this proposal at this time for a number of reasons.

First, the shareholder proposal's characterization of the plurality voting standard, particularly the statement that a director could be elected with a single vote, is simply an unrealistic hypothetical. In the last 4 years since the merger of Duke Energy and Cinergy, no director nominee has received less than approximately 92 percent of the shares voted. As a result, the outcome of director elections in these years would not have been any different under a majority voting standard.

Not only have our Directors historically received very high levels of support, but we maintain a strong director nomination and election process which identifies and proposes qualified independent director nominees to serve the best interests of the Company and our shareholders. This nomination and election process has resulted in a Board that consists of highly-qualified Directors from diverse backgrounds who, except for our Chairman and CEO, all meet the definition of independence under the NYSE listing standards. Because our shareholders have a history of electing highly-qualified and independent directors using a plurality voting system, a change in the director election process is not necessary to improve our corporate governance. In fact, independent corporate governance agencies have recognized our strong corporate governance structure and initiatives. In 2010, RiskMetrics Group rated our Board Structure as being of Low Concern, their highest rating.

Second, in 2006, the Board amended our Principles for Corporate Governance to include a director resignation policy in order to address the type of concerns expressed in the proposal. The director resignation policy provides that a nominee for director who fails to receive a greater number of votes "for" his or her election than votes "withheld" from his or her election must tender his or her resignation. The Corporate Governance Committee must then recommend to the Board whether or not to accept such resignation. For further information on this policy, see the Report of the Corporate Governance Committee on page 35. We anticipate that any such resignation would be accepted absent unusual circumstances. Therefore, as a practical matter, the majority voting standard under this proposal and our existing director resignation policy would produce the exact same result—any director nominee who fails to obtain a majority of votes would not serve. Because our current director resignation policy already accomplishes the objective of the shareholder proposal, the adoption of a majority vote standard is unnecessary.

Finally, the majority vote standard advocated by the proponent is a relatively new practice which could lead to unintended or adverse consequences. For example, this standard could result in an entire slate of nominees being rejected, or an insufficient number of independent directors being elected to satisfy the NYSE listing standards or securities laws' requirements. In such events, we could be incapable of taking important corporate action until the situation was resolved. Given these issues and our history of having a Board that is highly qualified and consistently elected by an overwhelming majority of our shareholders, we do not believe it is in our shareholders' best interest to implement the proponent's voting standard at this time.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "AGAINST" THE SHAREHOLDER PROPOSAL RELATING TO MAJORITY VOTING FOR THE ELECTION OF DIRECTORS.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table indicates the amount of Duke Energy common stock beneficially owned by the current directors, the executive officers listed in the Summary Compensation Table under Executive Compensation (referred to as the named executive officers), and all directors and executive officers as a group as of March 10, 2011.

Name or Identity of Group	Total Shares Beneficially Owned(1)	Percent of Class
William Barnet, III	37,838	*
G. Alex Bernhardt, Sr.	134,457	*
Michael G. Browning	268,756	*
Daniel R. DiMicco	43,724	*
John H. Forsgren	10,795	*
Lynn J. Good	168,265	*
Ann Maynard Gray	95,058	*
James H. Hance, Jr.	82,841	*
Marc E. Manly	124,071	*
E. James Reinsch	25,880	*
James T. Rhodes	72,912	*
James E. Rogers	5,554,726	*
Philip R. Sharp	26,163	*
B. Keith Trent	204,497	*
James L. Turner	385,732	*
Directors and executive officers as a group (19)	7,497,172	*

* Represents less than 1%.

(1) Includes the following number of shares with respect to which directors and executive officers have the right to acquire beneficial ownership within sixty days of March 10, 2011: Mr. Barnet — 3,639; Mr. Bernhardt — 122,147; Mr. Browning — 0; Mr. DiMicco — 0; Mr. Forsgren — 0; Ms. Good — 63,667; Ms. Gray — 43,835; Mr. Hance — 0; Mr. Manly — 41,718; Mr. Reinsch — 0; Dr. Rhodes — 42,773; Mr. Rogers — 3,313,761; Dr. Sharp — 0; Mr. Trent — 199,839; Mr. Turner — 161,427; and all directors and executive officers as a group — 4,055,756.

The following table lists the beneficial owners of 5% or more of Duke Energy's outstanding shares of common stock as of December 31, 2010. This information is based on the most recently available reports filed with the SEC and provided to us by the companies listed.

Name or Identity of Beneficial Owner	Shares of common stock Beneficially Owned(1)	Percentage
Capital World Investors 333 South Hope Street Los Angeles, CA 90071	76,604,172	5.8%

(1) According to the Schedule 13G filed by Capital World Investors, these shares are beneficially owned as a result of CRMC acting as investment adviser to various investment companies registered under Section 8 of the Investment Company Act of 1940, and Capital World Investors has sole voting power with respect to 42,804,172 shares, zero shares with shared voting power, sole dispositive power with regard to 76,604,172 shares and zero shares with shared dispositive power.

REPORT OF THE AUDIT COMMITTEE

The following is the report of the Audit Committee with respect to Duke Energy's audited financial statements for the fiscal year ended December 31, 2010.

The information contained in this Audit Committee Report shall not be deemed to be "soliciting material" or "filed" or "incorporated by reference" in future filings with the Securities and Exchange Commission, or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), except to the extent that Duke Energy specifically incorporates it by reference into a document filed under the Securities Act of 1933 or the Exchange Act.

The purpose of the Audit Committee is to assist the Board in its general oversight of Duke Energy's financial reporting, internal controls and audit functions. The Audit Committee Charter describes in greater detail the full responsibilities of the committee and is available on our website at *http://www.duke-energy.com/corporate-governance/board-committee-charters/audit.asp*.

The Audit Committee has reviewed and discussed the consolidated financial statements with management and Deloitte, the Company's independent public accountants. Management is responsible for the preparation, presentation and integrity of Duke Energy's financial statements; accounting and financial reporting principles; establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)); establishing and maintaining internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)); evaluating the effectiveness of disclosure controls and procedures; evaluating the effectiveness of internal control over financial reporting; and, evaluating any change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. Deloitte is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States ("GAAP"), as well as expressing an opinion on the effectiveness of internal control over financial reporting.

The Audit Committee reviewed the Company's audited financial statements with management and Deloitte, and met separately with both management and Deloitte to discuss and review those financial statements and reports prior to issuance. These discussions also addressed the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements. Management has represented, and Deloitte has confirmed, that the financial statements were prepared in accordance with GAAP.

In addition, management completed the documentation, testing and evaluation of Duke Energy's system of internal control over financial reporting in response to the requirements set forth in Section 404 of the Sarbanes-Oxley Act of 2002, and related regulations. The Audit Committee was kept apprised of the progress of the evaluation and provided oversight and advice to management during the process. In connection with this oversight, the Audit Committee received periodic updates provided by management and Deloitte at each regularly scheduled Audit Committee meeting. At the conclusion of the process, management provided the Audit Committee with, and the Audit Committee reviewed, a report on the effectiveness of the Company's internal control over financial reporting. The Audit Committee also reviewed the report of management contained in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 ("Form 10-K") filed with the SEC, as well as Deloitte's Report of Independent Registered Public Accounting Firm included in the Company's Form 10-K related to its audit of (i) the consolidated financial statements and financial statement schedules and (ii) the effectiveness of internal control over financial reporting. The Audit Committee continues to oversee the Company's efforts related to its internal control over financial reporting and management's preparations for the evaluation in fiscal 2010.

The Audit Committee has discussed with Deloitte the matters required to be discussed by professional and regulatory requirements, including, but not limited to, the standards of the Public Company Accounting Oversight Board regarding The Auditors' Communications with Those Charged with Governance. In addition, Deloitte has provided the Audit Committee with the written disclosures and the letter required by "Public Company Accounting Oversight Board Ethics and Independence Rule 3526, *Communications with Audit Committees Concerning Independence*" that relates to Deloitte's independence from Duke Energy and its subsidiaries and the Audit Committee has discussed with Deloitte the firm's independence.

Based on its review of the consolidated financial statements and discussions with and representations from management and Deloitte referred to above, the Audit Committee recommended that the audited financial statements be included in Duke Energy's Form 10-K, for filing with the SEC.

Audit Committee

Michael G. Browning (Chair)
G. Alex Bernhardt, Sr.
John H. Forsgren
James T. Rhodes
Philip R. Sharp

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

The following is the report of the Corporate Governance Committee with respect to its philosophy, responsibilities and initiatives.

Philosophy and Responsibilities

We believe that sound corporate governance has three components: (i) Board of Directors' independence, (ii) processes and practices that foster solid decision-making by both management and the Board of Directors, and (iii) balancing the interests of all of our stakeholders—our investors, customers, employees, the communities we serve and the environment. The Corporate Governance Committee's charter is available on our website at *http://www.duke-energy.com/corporate-governance/board-committee-charters/corporate-governance.asp* and is summarized below.

Membership. The Committee must be comprised of three or more members, all of whom must qualify as independent directors under the listing standards of the NYSE and other applicable rules and regulations.

Responsibilities. The Committee's responsibilities include, among other things: (i) implementing policies regarding corporate governance matters; (ii) assessing the Board of Directors membership needs and recommending nominees; (iii) recommending to the Board of Directors those directors to be selected for membership on, or removal from, the various Board of Directors' committees and those directors to be designated as chairs of Board of Directors' committees; and (iv) sponsoring and overseeing performance evaluations for the various Board of Directors' committees, the Board of Directors as a whole, and the directors and management, including the Chief Executive Officer.

Investigations and Evaluations. The Committee may conduct or authorize investigations into or studies of matters within the scope of the Committee's duties and responsibilities, and may retain, at the Company's expense, and in the Committee's sole discretion, consultants to assist in such work as the Committee deems necessary. In addition, the Committee has the sole authority to retain or terminate any search firm to be used to identify director candidates, including sole authority to approve the search firm's fees and other retention terms, such fees to be borne by the Company. Finally, the Committee conducts an annual self-evaluation of its performance.

Governance Initiatives

All of our Board of Directors committee charters, as well as our Principles for Corporate Governance, Code of Business Ethics for Employees and Code of Business Conduct & Ethics for Directors are available on our website at *http://www.duke-energy.com/investors/corporate-governance.asp*. Any amendments to or waivers from our Code of Business Ethics for executive officers or Code of Business Conduct & Ethics for directors must be approved by the Board and will be posted on our website. During 2010 our Board of Directors held 4 executive sessions with independent directors only.

Director Candidates

Profile. We look for the following characteristics in any candidate for nominee to serve on our Board of Directors:

- fundamental qualities of intelligence, perceptiveness, good judgment, maturity, high ethics and standards, integrity and fairness;

- a genuine interest in Duke Energy and a recognition that, as a member of the Board of Directors, one is accountable to the shareholders of Duke Energy, not to any particular interest group;

- a background that includes broad business experience or demonstrates an understanding of business and financial affairs and the complexities of a large, multifaceted, global business organization;

- diversity among the existing Board members, including racial and ethnic background, gender, experiences, skills and qualifications;

- present or former chief executive officer, chief operating officer, or substantially equivalent level executive officer of a highly complex organization such as a corporation, university or major unit of government, or a professional who regularly advises such organizations;

- no conflict of interest or legal impediment which would interfere with the duty of loyalty owed to Duke Energy and its shareholders;

- the ability and willingness to spend the time required to function effectively as a director;

- compatibility and ability to work well with other directors and executives in a team effort with a view to a long-term relationship with Duke Energy as a director;

- independent opinions and willingness to state them in a constructive manner; and,

- willingness to become a shareholder of Duke Energy (within a reasonable time of election to the Board of Directors).

Nominees. The Committee may engage a third party from time to time to assist it in identifying and evaluating director-nominee candidates, in addition to current members of the Board of Directors standing for re-election. The Committee will provide the third party, based on surveys of the then-current Board of Directors members and the profile described above, the characteristics, skills and experiences that may complement those of our existing members. The third party will then provide recommendations for nominees with such attributes. The Committee considers nominees recommended by shareholders on a similar basis, taking into account, among other things, the profile criteria described above and the nominee's experiences and skills. In addition, the Committee considers the shareholder-nominee's independence with respect to both the Company and the nominating shareholder. All of the nominees on the proxy card are current members of our Board of Directors and were recommended by the Committee.

Shareholders interested in submitting nominees as candidates for election as directors must provide timely written notice to Corporate Governance Committee, c/o Corporate Secretary, Duke Energy Corporation, P.O. Box 1006, Charlotte, NC 28201-1006. The notice must set forth, as to each person whom the shareholder proposes to nominate for election as director:

- the name and address of the recommending shareholder(s), and the class and number of shares of capital stock of Duke Energy that are beneficially owned by the recommending shareholder(s);
- a representation that the recommending shareholder(s) is a holder of record of stock of Duke Energy entitled to vote at the meeting and intends to appear in person or by proxy at the meeting to nominate the person(s) specified in the notice;
- the name, age, business address and principal occupation and employment of the recommended nominee;
- any information relevant to a determination of whether the recommended nominee meets the criteria for Board of Directors membership established by the Board of Directors and/or the Corporate Governance Committee;
- any information regarding the recommended nominee relevant to a determination of whether the recommended nominee would be considered independent under the applicable NYSE rules and Securities and Exchange Commission rules and regulations;
- a description of any business or personal relationship between the recommended nominee and the recommending shareholder(s), including all arrangements or understandings between the recommended nominee and the recommending shareholder(s) and any other person(s) (naming such person(s)) pursuant to which the nomination is to be made by the recommending shareholder(s);
- a statement, signed by the recommended nominee, (1) verifying the accuracy of the biographical and other information about the nominee that is submitted with the recommendation, (2) affirming the recommended nominee's willingness to be a director, and (3) consenting to serve as a director if so elected;
- if the recommending shareholder(s) has beneficially owned more than 5% of Duke Energy's voting stock for at least one year as of the date the recommendation is made, evidence of such beneficial ownership as specified in the rules and regulations of the SEC;
- if the recommending shareholder(s) intends to solicit proxies in support of such recommended nominee, a representation to that effect; and
- all other information relating to the recommended nominee that is required to be disclosed in solicitations for proxies in an election of directors pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, including, without limitation, information regarding (1) the recommended nominee's business experience; (2) the class and number of shares of capital stock of Duke Energy, if any, that are beneficially owned by the recommended nominee; and (3) material relationships or transactions, if any, between the recommended nominee and Duke Energy's management.

Resignation Policy

Our Principles for Corporate Governance set forth our procedures to be followed if a director-nominee is elected, but receives a majority of "withheld" votes. In an uncontested election, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election is required to tender his or her resignation following certification of the shareholder vote. The Corporate Governance Committee is then required to make a recommendation to the Board of Directors with respect to any such letter of resignation. The Board of Directors is required to take action with respect to this recommendation and to disclose its decision-making process. Full details of this policy are set out in our Principles for Corporate Governance, which is posted on our website at *http://www.duke-energy.com/corporate-governance/principles.asp*.

Communications with Directors

Interested parties can communicate with any of our directors by writing to our Corporate Secretary at the following address:

Corporate Secretary
Duke Energy Corporation
P.O. Box 1006
Charlotte, NC 28201-1006

Interested parties can communicate with our lead director by writing to the following address:

Lead Director
c/o Corporate Secretary
Duke Energy Corporation
P.O. Box 1006
Charlotte, NC 28201-1006

Our Corporate Secretary will distribute communications to the Board of Directors, or to any individual director or directors as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the Duke Energy Board of Directors has requested that certain items that are unrelated to the duties and responsibilities of the Board of Directors be excluded, such as: spam; junk mail and mass mailings; service complaints; resumes and other forms of job inquiries; surveys; and business solicitations or advertisements. In addition, material that is unduly hostile, threatening, obscene or similarly unsuitable will be excluded. However, any communication that is so excluded remains available to any director upon request.

Corporate Governance Committee

Ann Maynard Gray (Chair)
Michael G. Browning
Daniel R. DiMicco

REPORT OF THE COMPENSATION COMMITTEE

The Compensation Committee of Duke Energy has reviewed and discussed the Compensation Discussion and Analysis with management and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in Duke Energy's Form 10-K and this proxy statement.

Compensation Committee

James H. Hance, Jr. (Chair)
Daniel R. DiMicco
John H. Forsgren
Ann Maynard Gray

COMPENSATION DISCUSSION AND ANALYSIS

The purpose of this Compensation Discussion and Analysis is to provide information about Duke Energy's compensation objectives and policies for Messrs. Rogers, Turner*, Manly and Trent and Ms. Good (collectively, the "named executive officers") and give context for the numbers and narrative descriptions that follow.

Executive Summary

The guiding principle of our compensation philosophy is that pay should be linked to performance and that the interests of executives and shareholders should be aligned. Our compensation program is designed to provide significant upside and downside potential depending on actual results as compared to predetermined measures of success. As described below, the variable and equity-based components of our compensation program are the short-term incentives ("STI") and long-term incentives ("LTI").

A significant portion of our named executive officers' total direct compensation—which consists of base salary, STI and LTI—is directly contingent upon achieving specific results that are important to our long-term success and growth in shareholder value. For example:

- In 2010, 100% of Mr. Rogers' total direct compensation opportunity consisted of stock awards: grants of stock options, phantom shares and performance shares. He did not receive a base salary and did not participate in the STI program, but his 2010 annual performance shares contain the same corporate financial targets that apply to the other named executive officers under the STI Plan, as described below.

- Approximately 74% of the total direct compensation opportunity (assuming target performance) for our other named executive officers was provided in the form of STI opportunities and LTI opportunities (*i.e.*, phantom shares and performance shares).

The STI and LTI opportunities yield varying levels of compensation depending upon our stock price (and relative total shareholder return) and the extent to which predetermined corporate, operational and individual goals are achieved.

We supplement our pay for performance program with a number of compensation policies that are aligned with the long-term interests of Duke Energy and its shareholders. For example:

- *Stock Ownership Policy.* We maintain aggressive stock ownership guidelines. For Mr. Rogers, the stock ownership guidelines require him to hold a minimum level of Duke Energy shares equal to 10 times the base pay of his highest-paid direct report. For the other named executive officers, the stock ownership guidelines are three times base pay, and for our non-employee directors, the stock ownership guidelines are five times the annual cash retainer.

* Mr. Turner retired from Duke Energy effective December 31, 2010.

- *Stock Holding Policies.* Each named executive officer is required to hold 50% of all shares acquired under the LTI program (after the payment of any applicable taxes), and 100% of all shares acquired upon the exercise of stock options (after payment of the applicable exercise price and taxes), until the applicable stock ownership requirement is satisfied.

- *Clawback Policy.* We maintain a "clawback policy," which would allow us to recover certain incentive compensation that is based on financial results in the event that such results were restated due at least partially to the recipient's fraud or misconduct.

- *Double Trigger Benefits.* Our change in control agreements provide benefits only upon a "double trigger," meaning that change in control severance benefits are payable only if our named executive officers incur a qualifying termination of employment (*i.e.*, a voluntary termination for "good reason" or an involuntary termination without "cause") and such termination occurs in connection with a change in control of Duke Energy.

- *Executive Severance Plan.* We maintain an Executive Severance Plan in order to provide a consistent approach to executive severance, and to provide eligible employees, including our named executive officers, with certainty and security while they are focusing on their duties and responsibilities. Under this plan, severance benefits are payable only if our named executive officers incur a qualifying termination of employment (*i.e.*, a voluntary termination for "good reason" or an involuntary termination without "cause").

- *No Tax Gross-Ups.* We do not provide excise tax gross-ups for severance benefits received by our named executive officers under the change in control agreements or under the Executive Severance Plan.

- *Shareholder Approval Policy for Severance Agreements.* We have a policy generally to seek shareholder approval for any future agreements with our named executive officers that provide severance benefits in excess of 2.99 times the executive's annual compensation or that provide for tax gross-ups in connection with a termination event.

Objectives of the Compensation Program

Our executive compensation program is designed to:

- attract and retain talented executive officers and key employees by providing total compensation competitive with that of other executives and key employees of similarly-sized companies and with similar complexity and lines of business, whether within or outside of the utility sector;

- motivate executives and key employees to achieve strong financial and operational performance;

- emphasize performance-based compensation, which balances rewards for short-term and long-term results;

- reward individual performance;

- link the interests of executives with shareholders by providing a significant portion of total compensation in the form of stock-based incentives and requiring target levels of stock ownership; and

- encourage a long-term commitment to Duke Energy.

Setting Executive Compensation Levels

The Compensation Committee believes that it is important to consider an executive's accomplishments and performance over a period of several years when making compensation adjustments. As a result, in December 2007, the Compensation Committee implemented a new approach for establishing the compensation of executive officers who report directly to the Chief Executive Officer, including Ms. Good and Messrs. Turner, Manly and Trent. At that time, the Compensation Committee established the levels for each component of the executives' total direct compensation.

The base salary amounts were intended to remain in effect for a three-year period (*i.e.*, for 2008, 2009 and 2010), unless an earlier adjustment was warranted. It was contemplated that, during the three-year cycle, the Compensation Committee would exercise discretion when establishing each named executive officer's STI and LTI opportunities, which amounts would be determined based on each executive's current role, applicable performance and market compensation data.

The STI opportunities were established at a level intended to provide total cash compensation (*i.e.*, base salary and STI opportunity) at the market median for individuals in comparable positions and markets in the event of the achievement of target performance and above the market median in the event of outstanding financial, operational and individual results. The LTI opportunities were established above the market median for individuals in comparable positions and markets if target performance is achieved and significant upside opportunity if outstanding results are achieved.

As part of its executive performance evaluation processes, in February 2010, the Compensation Committee reviewed the total direct compensation levels in light of each executive officer's individual performance. The Compensation Committee focused on skills, experience and other factors, such as developmental and rotational assignments, that may impact the competitiveness of compensation for a given year. It also considered each executive officer's strategic contributions and overall impact to Duke Energy's goals relative to those of other executive officers, including each executive's performance relative to the individual goals established under the STI plan, and, with respect to Mr. Rogers, under his performance shares, all as described in more detail below.

In addition, the Compensation Committee reviewed the total direct compensation levels for 2010 to confirm that they remained competitive. In this regard, the Compensation Committee considered market surveys comparing each element of total compensation against comparable positions at comparable companies. For utility-specific positions, the market data sources were: (i) the Towers Watson CDB Energy Services Executive Compensation Database, which consists of the 97 companies listed on Appendix A; and (ii) the Philadelphia Utility Index. For general corporate positions, the market data source was the Towers Watson CDB General Industry Executive Compensation Database, which consists of the 93 companies with revenues between $10 billion and $20 billion as listed on Appendix B

The market surveys and data were used as a general reference point by the Compensation Committee. The Compensation Committee retains the flexibility to make adjustments in order to respond to market conditions, promotions, scope of responsibility, and internal equity. Based on its review of these factors, the Compensation Committee determined that no adjustments to the 2009 total direct compensation levels were warranted when establishing the total direct compensation for the named executive officers for 2010.

The principal reasons for the difference in the amount of compensation provided to each executive officer are competitive market conditions and the individual performance of each executive officer. Other factors, however, are also relevant. For example, Mr. Rogers' compensation is higher than the compensation of the other executive officers because market conditions dictate that a chief executive officer with Mr. Rogers' unique skills and significant experience in the utility industry receive higher compensation than Duke Energy's other executive officers.

Management's Role in the Compensation-Setting Process

When establishing the compensation program for our named executive officers, the Compensation Committee considers input and recommendations from management, including Mr. Rogers, who attends the non-executive sessions of the Compensation Committee meetings. Specifically, as part of the annual compensation planning process for 2010:

- Mr. Rogers performed an annual evaluation of the performance of each of the other named executive officers and initially recommended that the compensation levels established with respect to 2009 should remain in effect without adjustment;

- Mr. Rogers provided recommendations to the Compensation Committee for 2010 corporate and individual performance objectives, along with their relative weightings, under the STI plan for our named executive officers;

- Mr. Rogers provided the Compensation Committee with an assessment of the extent to which each of the other named executive officers achieved his or her 2010 individual performance objectives for the year; and

- Management, including Mr. Rogers, provided recommendations to the Compensation Committee for the allocation of the LTI opportunity between performance shares and phantom shares granted in 2010, along with the corporate goals and objectives for the performance shares granted to the named executive officers.

The Compensation Committee exercised its discretion in modifying recommended adjustments and awards for executives. In the case of Mr. Rogers, the Compensation Committee established Mr. Rogers' compensation arrangement; however, the Corporate Governance Committee conducted Mr. Rogers' 2010 performance review.

Compensation Committee Advisors

The Compensation Committee has engaged Frederic W. Cook & Company, Inc. to report directly to the Compensation Committee as its independent compensation consultant. Frederic W. Cook & Company, Inc. performs such tasks as the Compensation Committee or its Chairman may request. The Compensation Committee's consultant provides advice to the Compensation Committee as follows.

- Prior to each Compensation Committee meeting, the consultant meets with the Compensation Committee Chairman and management to discuss and finalize the proposed agenda and meeting materials.

- The consultant generally attends each Compensation Committee meeting and provides advice to the Compensation Committee at the meetings, including reviewing and commenting on market compensation data provided by management and used to establish the compensation of the executive officers and directors, as well as the terms and performance goals applicable to incentive plan awards.

- Upon the request of the Compensation Committee, the consultant provides analysis with respect to specific projects and information regarding trends and competitive practices.

- The consultant meets regularly with the Compensation Committee in executive session and meets with the Chair of the Corporate Governance Committee to discuss the process of evaluating the Chief Executive Officer.

- The consultant is otherwise available for consultation with the Compensation Committee.

- The Compensation Committee's consultant has been instructed that it shall provide completely independent advice to the Compensation Committee and is not permitted to provide any services to Duke Energy other than consulting with the Compensation Committee.

- The consultant may meet with management to discuss strategic issues with respect to executive compensation, but only when approved by the Chairman of the Compensation Committee and to assist the consultant in its engagement with the Compensation Committee.

Risk Assessment of Compensation Policies and Practices

In consultation with the Compensation Committee, members of management from Duke Energy's Human Resources, Legal and Risk Management groups assessed whether Duke Energy's compensation policies and practices encourage excessive or inappropriate risk taking by our employees, including employees other than our named executive officers. This assessment included a review of the risk characteristics of Duke Energy's business and the design of our incentive plans and policies.

Management reported its findings to the Compensation Committee, and after review and discussion, the Compensation Committee concluded that the plans and policies do not encourage excessive or inappropriate risk taking. Although a significant portion of our executive compensation program is performance-based, the Compensation Committee has focused on aligning

Duke Energy's compensation policies with the long-term interests of Duke Energy and avoiding rewards that could create unnecessary risks to Duke Energy, as evidenced by the following:

- Duke Energy does not use highly-leveraged STI goals, but instead the STI opportunities are based on balanced performance metrics that promote disciplined progress towards long-term goals, and all payouts are capped at a pre-established percentage of the target payment opportunity;

- Duke Energy's LTI opportunities generally vest over a period of three years in order to focus our executives on long-term performance and enhance retention. Our performance shares are granted annually and have overlapping three-year performance periods, so any risks taken to increase the payout under one award could jeopardize the potential payouts under other awards;

- Duke Energy uses a variety of performance metrics (*i.e.*, adjusted diluted earnings per share ("EPS"), operations and maintenance ("O&M") expense, reliability, safety, total shareholder return ("TSR"), compounded annual growth rate ("CAGR") with respect to adjusted diluted EPS, adjusted return on equity ("ROE")) that correlate to long-term value, and our performance goals are set at levels that we believe are reasonable in light of past performance and market conditions;

- Duke Energy's stock ownership policy requires the members of our Executive Leadership Team ("ELT"), including our named executive officers, to hold a minimum level of Duke Energy shares to ensure that each executive has personal wealth tied to the long-term success of Duke Energy and is therefore aligned with shareholders; and

- Duke Energy has established a "clawback policy," under which Duke Energy will require the reimbursement of any incentive compensation, the payment of which was predicated upon the achievement of financial results that were subsequently the subject of a restatement caused or partially caused by the recipient's fraud or misconduct. See page 60.

Elements of Duke Energy's Compensation Program and Why Each Element Was Chosen (How It Relates to Objectives)

As discussed in more detail below, during 2010, the principal components of compensation for the named executive officers were:

- base salary;
- short-term incentive compensation;
- long-term equity incentive compensation; and
- retirement and welfare benefits and perquisites.

Base Salary. The salary for each executive is based upon job responsibilities, level of experience, individual performance, comparisons to the salaries of executives in similar positions obtained from market surveys and internal comparisons. The base salaries for our named executive officers (other than Mr. Rogers) were established in December 2007 for the three-year period from 2008 to 2010, and no changes to base salary levels for the named executive officers were made during that three-year period except that when Ms. Good was promoted to the position of Group Executive and Chief Financial Officer on June 16, 2009, her base salary was increased from $500,000 to $575,000. The Compensation Committee conducted an annual performance review in February 2010 and determined at that time that the base salary levels established for 2009 for each of the named executive officers should remain in effect through 2010. As described below, Mr. Rogers is paid substantially in the form of equity-based compensation and does not receive a base salary.

Short-Term Incentive Compensation. STI opportunities are provided to the executive officers (other than Mr. Rogers) under the Duke Energy Corporation Executive Short-Term Incentive Plan ("STI Plan") to promote the achievement of annual performance objectives. Each year the Compensation Committee establishes the incentive opportunity for each participating executive officer, which is based on a percentage of his or her base salary, along with the individual and corporate goals that must be achieved to earn that incentive opportunity. The earned STI opportunity is paid in cash. Although Mr. Rogers does not participate in the STI Plan, as described below, his 2010 annual performance shares contained the same corporate financial targets that apply to the other executive officers under the STI Plan.

2010 Short-Term Incentives. During 2010, depending on actual performance, participants were eligible to earn up to 183.75% of the amount of their STI target opportunity. The Compensation Committee approved the same STI target opportunities for the named executive officers for 2010 as applied in 2009, which were as follows:

Name	Target Incentive Opportunity (as a % of base salary)
James E. Rogers	Did not participate
Lynn J. Good	80%
James L. Turner	80%
Marc E. Manly	80%
B. Keith Trent	80%

This opportunity was based on several corporate objectives, including Duke Energy's achievement of an adjusted diluted EPS goal, an O&M expense control goal and a reliability goal, which had an aggregate weighting of 80%. The remaining 20% of each executive officer's 2010 opportunity under the STI Plan was based on individual objectives. Additionally, if an adjusted diluted EPS performance level of at least $1.17 was not achieved, participants in Duke Energy's Equity Incentive Plan ("EIP"), including the participating named executive officers, would not have received any payout under the 2010 STI Plan and the other STI Plan participants would only have received a payout under the 2010 STI Plan with respect to their individual goals. The STI Plan also contained two safety measures described in more detail below. Each of these goals (listed in the chart below, along with actual performance results) was selected to promote management actions beneficial to Duke Energy's various stakeholders, including shareholders and customers.

Goal	Weight	Threshold (50%)	Target (100%)	Maximum*	Result	Payout
Adjusted Diluted EPS	50%	$ 1.20	$ 1.27	$ 1.35	$ 1.43	200.00%
O&M Expense Control	20%	$ 3,450M	$ 3,385M	$ 3,320M	$ 3,422M	71.54%
Reliability	10%					
Regulated Generation Commercial Availability		86.89%	88.27%	89.49%	88.65%	115.57%
Nuclear Generation Capacity Factor		90.50%	93.75%	96.75%	95.88%	135.50%
System Average Interruption Frequency Index (SAIFI)		1.20	1.10	0.99	1.11	95.00%
System Average Interruption Duration Index (SAIDI)		153	139	125	144	82.14%
Midwest Commercial Availability		84.68%	87.19%	89.33%	89.75%	150.00%
International Equivalent Availability		92.00%	94.00%	96.00%	95.42%	135.50%

* A payout of up to 200% of the target opportunity is available for the adjusted diluted EPS goal and a payout of up to 150% of the target opportunity is available for the O&M and reliability goals.

The reliability goals listed above are calculated as follows:

- *Regulated Generation Commercial Availability.* A measure of regulated fossil generation reliability, determined as the weighted percentage of time the regulated fossil generation units are available to generate electricity, where the availability each hour is weighted by the difference between market price and unit cost.

- *Nuclear Generation Capacity Factor.* A measure of the amount of electricity produced by a nuclear generating unit relative to the amount of electricity the unit is capable of producing
- *System Average Interruption Frequency Index (SAIFI).* A measure of the number of sustained outages (greater than five minutes in duration) experienced during the year per customer served from both transmission and distribution systems calculated in accordance with the applicable guidelines set forth in the IEEE Standard 1366-2003—Guide for Electric Power Distribution Reliability Indices, including application of the "major event day" exclusions described therein.
- *System Average Interruption Duration Index (SAIDI).* A measure of the number of outage minutes experienced during the year per customer served from both distribution and transmission systems calculated in accordance with the applicable guidelines set forth in the IEEE Standard 1366-2003—Guide for Electric Power Distribution Reliability Indices, including application of the "major event day" exclusions described therein.
- *Midwest Commercial Availability.* A measure of non-regulated fossil generation reliability, determined as the weighted percentage of time the non-regulated fossil generation units are available to generate electricity, where the availability each hour is weighted by the difference between market price and unit cost.
- *International Equivalent Availability.* A measure of the amount of electricity that could be produced by an international generating unit relative to the amount of electricity the unit is capable of producing.

The individual goals, in the aggregate, could result in a payout with respect to the target opportunity equal to 50% in the event of threshold performance, 100% in the event of target performance and 150% in the event of maximum performance. As described below, the individual goals of the named executive officers for 2010 consisted of a combination of strategic and operational objectives. Those goals listed below that do not contain objective metrics are measured based on a subjective determination. As a result of the aggregate corporate and individual performance, Ms. Good and Messrs. Turner, Manly and Trent earned bonuses under the 2010 STI Plan equal to $710,528; $656,309; $653,820; and $608,855, respectively.

Ms. Good's 2010 individual goals were as follows:

Goal	Weighting	Description
Enterprise Planning/ Performance Management Governance Processes	5%	Implement recommendation from 2009 repositioning initiative, including enhanced portfolio analysis, scenario planning, streamlined strategic planning and forecasting and capital allocation and rotation.
Finance Process Transformation / Geographic Consolidation	5%	Lead finance process transformation and geographic consolidation to position corporate finance to deliver sustainable cost savings
Transaction Opportunities	5%	Identify transactions and alternative financing opportunities to advance Duke Energy's strategic objectives.
Investor Relations	5%	Expand efforts with respect to equity and debt investors and improve Investor Relations communications and disclosures.

Mr. Turner's 2010 individual goals were as follows:

Goal	Weighting	Description
Cost Management	5%	Lead cost management efforts to position the FE&G business unit to deliver sustainable O&M reductions and to ensure efficient capital expenditures.
Regulatory and Legislative Initiatives	10%	Advance federal and state regulatory and legislative initiatives necessary to make progress on fleet and grid modernization plans, regulatory lag improvement and the deployment of products and services that extend the boundaries of traditional regulated electric and gas.
Effective Use of Capital	5%	Maintain schedule for capital projects and seek timely recovery of major investments in new generation.

Mr. Manly's 2010 individual goals were as follows:

Goal	Weighting	Description
Legal Client Support / Organizational Effectiveness	8%	Establish and achieve 2010 goals for legal services with each business unit and client group; assess organization structure, including a focus on streamlining the department and succession planning.
Corporate Governance and Audit	6%	Develop and execute the 2010 Internal Audit Plan. Promote an organizational culture that encourages ethical conduct and legal compliance.
Information Technology ("IT")	3%	Manage IT operations in a cost effective manner and optimize the function through increased efficiencies and the retirement of obsolete technologies; advance the scalable platform to support standardization and build capacity for growth; advance our capabilities to enhance revenues and increase our capacity for innovation through the implementation of new systems and services; successfully integrate the DEI IT functions.
Enterprise Operation Services	3%	Manage the design and construction and office move criteria for the new headquarters building in a cost effective manner and with minimal employee disruptions; achieve cost reductions in connection with consolidation of office space.

Mr. Trent's 2010 individual goals were as follows:

Goal	Weighting	Description
Capital Projects	8%	Successfully execute approved capital projects.
Strategy	8%	Lead the commercial business team to develop growth opportunities, including the establishment of at least one joint venture; identify opportunities to rotate capital from the commercial business as well as alternative sources of capital.
Safety	4%	Lead the commercial business team to improve safety practices and results.

In order to encourage a continued focus on safety, the Compensation Committee included the following safety measures in the 2010 STI Plan:

- *Safety Penalty.* The STI award of each participant in Duke Energy's EIP, including each of the participating named executive officers, was subject to a safety penalty that could result in a reduction of up to 5% depending on Duke Energy's 2010 enterprise-wide total incident case rate ("TICR"). TICR is a relatively standard industry safety measurement that is used to measure and compare safety-related performance. TICR is calculated based on the number of Occupational Safety and Health Administration recordable injuries per 100 workers per year. In 2010, TICR levels of 1.07 and 1.00, constituted threshold and target performance, respectively. The safety penalty applied such that (1) TICR results worse than threshold performance would correspond to a 5% reduction in the amounts otherwise payable to EIP participants, including each of the named executive officers, under the STI Plan, (2) TICR results equal to or better than target performance would correspond to no such reduction, and (3) the reductions corresponding to TICR performance between threshold and target would be determined using interpolation. Duke Energy's TICR result of 0.90 was better than target such that the safety penalty was not triggered and did not decrease the 2010 STI Plan awards.

- *Safety Adder.* The STI Plan payments of all eligible employees, including the participating named executive officers, were eligible for a safety adder that could result in an increase of 5% if there were no work-related fatalities of any Duke Energy employee, contractor or subcontractor during 2010. This goal was not achieved during 2010, and therefore the safety adder did not apply to increase the STI Plan payments of eligible employees, including the named executive officers.

2011 Short-Term Incentives. During 2011, each named executive officer, except Messrs. Rogers and Turner, participates in the STI Plan. The STI Plan in 2011 provides STI opportunities that are generally similar to those provided in 2010.

Long-Term Incentive Compensation. Opportunities under the LTI program are provided to the named executive officers (other than Mr. Rogers, who receives separate LTI awards based in part on the same performance measures that apply to the other named executive officers) to align executive and shareholder interests in an effort to maximize shareholder value. In this regard, each year the Compensation Committee reconsiders the design and amount of the LTI awards and generally grants equity awards at the Compensation Committee's first regularly-scheduled meeting each year. Duke Energy's executive officers do not have a role in selecting the date on which LTI awards are granted, and because the closing price of Duke Energy's common stock is a key factor in determining the number of shares in each employee's LTI award, at times when market volatility is high, the Compensation Committee considers price trends and volatility when determining the size of LTI plan awards.

2008-2010 Performance Shares under the 2008 Long-Term Incentive Program. The 2008 performance share cycle commenced on January 1, 2008, and ended on December 31, 2010. The performance shares generally vest only to the extent two equally-weighted performance measures are satisfied.

The first measure is based on Duke Energy's relative TSR for the three-year period from January 1, 2008 to December 31, 2010 as compared to the companies in the Philadelphia Utility Index, as follows:

Relative TSR Performance Percentile	Percent Payout of Target 2008-2010 Performance Shares	Result	Payout of Target
75th Percentile or Higher	150%	57.9th Percentile	115.8%
50th Percentile (Target)	100%		
25th Percentile	50%		
Below 25th Percentile	0%		

For purposes of the LTI program, "TSR" is calculated based on the change, expressed as a percentage, in the fair market value of an initial investment in common stock, over a specified period, with dividends reinvested.

The second measure is based on Duke Energy's CAGR with respect to adjusted diluted EPS, with adjusted diluted EPS being calculated in the same manner as under the STI Plan, as measured against a baseline of $1.15, as follows:

Achieved CAGR	Percent Payout of Target 2008-2010 Performance Shares	Result	Payout of Target
7% or Higher	150%	7.5%	150%
6% (Target)	100%		
5%	50%		
Lower than 5%	0%		

In the aggregate, this performance corresponds to a payout of 132.9% of the target number of 2008-2010 performance shares, plus dividend equivalents earned during the 2008-2010 performance period. The following table lists the number of 2008-2010 performance shares to which Ms. Good and Messrs. Turner, Manly and Trent became vested at the end of the performance cycle:

Name	2008-2010 Performance Shares
Lynn J. Good	50,529
James L. Turner	65,692
Marc E. Manly	60,642
B. Keith Trent	50,529

2010 Long-Term Incentive Program. The Compensation Committee approved the same LTI opportunity for each of the named executive officers for 2010 as applied in 2009. Such opportunity, expressed as a percentage of base salary, was 200% for each of Ms. Good and Messrs. Turner, Manly and Trent. Under the 2010 LTI program, 30% of each named executive officer's LTI opportunity was provided in the form of phantom shares and the remaining 70% was provided in the form of performance shares, as follows:

		2010-2012 Performance Shares (at Target Level)		
Name	Grant Date	Based on Total Shareholder Return	Based on Adjusted ROE	Phantom Shares
Lynn J. Good	2/22/2010	24,500	24,500	21,000
James L. Turner	2/22/2010	27,695	27,695	23,740
Marc E. Manly	2/22/2010	25,565	25,565	21,910
B. Keith Trent	2/22/2010	21,305	21,305	18,260

In order to enhance our retention incentives, the 2010 phantom shares generally vest in equal portions on each of the first three anniversaries of the grant date, provided the recipient continues to be employed by Duke Energy on each vesting date or his or her employment terminates by reason of retirement. In order to emphasize pay for performance, the 2010 performance shares generally vest at the end of the three-year performance period only to the extent two equally-weighted performance measures are satisfied. The first measure is based on Duke Energy's relative TSR for the three-year performance period from January 1, 2010 to December 31, 2012, as compared to the companies in the Philadelphia Utility Index, as follows:

Relative TSR Performance Percentile	Percent Payout of Target Performance Shares
75th Percentile or Higher	150%
50th Percentile (Target)	100%
25th Percentile	50%
Below 25th Percentile	0%

The second measure is based on Duke Energy's adjusted ROE over the three-year performance period from January 1, 2010 to December 31, 2012, as follows:

Achieved Adjusted ROE	Percent Payout of Target Performance Shares
10% or Higher	150%
9.5% (Target)	100%
9%	50%
Below 9%	0%

For purposes of the LTI program, adjusted ROE is calculated based on the average of the annual adjusted ROE, determined on a quarterly basis, earned by Duke Energy during the applicable performance period with each annual adjusted ROE being calculated by dividing adjusted net income by average shareholders' equity, which is calculated by reference to shareholders' equity as reported on Duke Energy's balance sheet, excluding goodwill and the impact if any, of the pre-funding of an acquisition. Under this calculation, adjusted net income is determined in a manner similar to the methodology used for calculating adjusted diluted EPS for purposes of the STI Plan.

The Compensation Committee chose to implement the adjusted ROE performance measure in 2010 in recognition of the capital intensive nature of Duke Energy's business. The Compensation Committee believes that this performance measure will provide an additional incentive to efficiently and effectively allocate capital and measure overall business performance.

2011 Long-Term Incentives. During 2011, each named executive officer, except Messrs. Rogers and Turner, participates in the LTI Plan, which provides LTI opportunities that are generally similar to those provided in 2010 (*i.e.*, a target opportunity equal to 200% of base salary, with 30% of each named executive officer's LTI opportunity provided in the form of phantom shares and the remaining 70% provided in the form of performance shares).

Retirement and Welfare Benefits and Perquisites. Our named executive officers participate in the retirement and welfare plans that are generally available to other eligible employees. In addition, in order to attract and retain key executive talent, we believe that it is important to provide the executive officers, including our named executive officers, with certain limited retirement benefits that are offered only to a select group of management. The retirement plans that are provided to our named executive officers, including the plans offered generally to all employees and the plans offered only to a select group of management, are described below. These benefits are comparable to the benefits provided by peers of Duke Energy, as determined based on market surveys. Mr. Rogers does not participate in any of these employee benefit plans on a going-forward basis except: (i) with respect to the receipt of health and welfare benefits; and (ii) he can elect to defer his stock awards under the terms of the Duke Energy Corporation Executive Savings Plan, as described below. Mr. Rogers, however, maintains balances under certain of these plans reflecting previously accrued benefits.

The Duke Energy Retirement Savings Plan is a tax-qualified "401(k) plan" that is generally available to all Duke Energy employees, including each named executive officer. The plan provides a means for employees to save for retirement on a tax-favored basis and to receive an employer matching contribution. The employer matching contribution, for participants covered by the cash balance plan formula under the defined benefit pension plan (described below), is equal to 100% of the named executive officer's before-tax and Roth 401(k) contributions (excluding "catch-up" contributions) with respect to 6% of eligible pay. For employees covered by the final average pay formula under the defined benefit pension plan (described below), the matching contribution is equal to 100% of the named executive officer's before-tax and Roth 401(k) contributions (excluding "catch-up" contributions) with respect to 3% of eligible pay, plus 50% of such contributions on the next 2% of eligible pay, plus an incentive matching contribution of up to 1% of eligible pay. For this purpose, "eligible pay" includes base salary for all participants, but it includes short-term incentive compensation only for those participants who are covered by the cash balance plan formula under the defined benefit pension plan. Earnings on amounts credited to the Duke Energy Retirement Savings Plan are determined based on the performance of investment funds (including a Duke Energy Common Stock Fund) selected by each participant.

The Duke Energy Corporation Executive Savings Plan is a non-qualified deferred compensation plan that provides a select group of management, including each named executive officer, with the opportunity to defer compensation, and receive employer matching contributions (in accordance with the formulas described above), in excess of the limits of the Internal Revenue Code that apply to qualified retirement plans such as the Duke Energy Retirement Savings Plan. Earnings on amounts credited to the Duke Energy Corporation Executive Savings Plan are determined based on the performance of investment funds selected by each participant that are similar to those offered under the Duke Energy Retirement Savings Plan.

The Duke Energy Retirement Cash Balance Plan is a tax-qualified defined benefit pension plan that is generally available to all individuals who were employed by Duke Energy prior to its merger with Cinergy, including Mr. Trent, as well as certain employees hired thereafter. This plan provides a defined benefit for retirement, the amount of which is based on a participant's cash balance account, which increases with monthly pay and interest credits.

The Cinergy Corp. Non-Union Employees' Pension Plan is a tax-qualified defined benefit pension plan that is generally available to all individuals who were employed by Cinergy prior to its merger with Duke Energy, including Ms. Good and Messrs. Turner and Manly. This plan provides a defined benefit for retirement, the amount of which is based either on the participant's cash balance account, which increases with monthly pay and interest credits, or on a traditional final average pay formula. Ms. Good participates, and prior to his retirement Mr. Turner participated, in the plan's cash balance formula, which mirrors the benefit provided under the Duke Energy Retirement Cash Balance Plan. Mr. Manly earned benefits only under the plan's traditional final average pay formula until the end of 2010, after which he (and all other active non-union employees who were participating in the traditional final average pay formula) will begin to earn benefits only under the plan's cash balance formula.

The Duke Energy Corporation Executive Cash Balance Plan is a non-qualified defined benefit plan that generally operates as a restoration plan to provide a select group of management with the retirement benefits to which they would be entitled under the Duke Energy Retirement Cash Balance Plan but for certain limits contained in the Internal Revenue Code. Mr. Trent is the only named executive officer who earned additional benefits (other than interest) under this plan in 2010. In addition to operating as a restoration plan, supplemental credits have been made to this plan on behalf of certain executives when determined to be reasonable and appropriate. For example, supplemental credits were made to this plan on behalf of Ms. Good and Messrs. Turner and Manly to reflect the conversion of amounts they previously accrued under the legacy Cinergy nonqualified cash balance and final average pay retirement plans, and in lieu of any additional accruals (other than interest) under a nonqualified defined benefit plan until age 62. If Ms. Good or Mr. Manly continues in employment with Duke Energy past age 62, he or she would be eligible to commence earning additional benefits, in excess of those permitted under the limits of the Internal Revenue Code, with respect to employment and compensation that occurs after age 62.

Duke Energy provides the named executive officers with the same health and welfare benefits as it provides to all other similarly-situated employees, and at the same cost charged to all other eligible employees. The named executive officers also are entitled to the same post-retirement health and welfare benefits as those provided to similarly-situated retirees.

Additionally, in 2010, Duke Energy provided the named executive officers with certain other perquisites, which are disclosed in footnote 6 to the Summary Compensation Table. Duke Energy provides these perquisites, as well as other benefits to certain executives, in order to provide competitive compensation packages. The cost of perquisites and other personal benefits are not part of base salary and, therefore, do not affect the calculation of awards and benefits under Duke Energy's other compensation arrangements (*e.g.*, retirement and incentive compensation plans). Unless otherwise noted, each named executive officer receives the perquisites and other benefits described in the following table.

Perquisite	Description
Executive Physical	Each named executive officer is entitled to the annual reimbursement of up to $2,500 for the cost of a comprehensive physical examination. Pursuant to his employment agreement, in lieu of receiving a payment of up to $2,500, Mr. Rogers is eligible to be reimbursed for the cost of a comprehensive physical examination at the Mayo Clinic.
Airline Membership	Each named executive officer (other than Mr. Rogers) is entitled to Chairman's Preferred Status at U.S. Airways.
Personal Travel on Corporate Aircraft	Mr. Rogers may use corporate aircraft for personal travel in North America, and with advance approval from the Chief Executive Officer, the other named executive officers may use the corporate aircraft for personal travel in North America. If Mr. Rogers or any other named executive officer uses the aircraft for personal travel, he or she must reimburse Duke Energy the direct operating costs for such travel; however, Mr. Rogers is not required to reimburse Duke Energy for the cost of travel to the executive physical described above or to meetings of the board of directors of other companies on whose board he serves. In addition, Mr. Rogers, but no other named executive officer, is entitled to reimbursement, including payment of a tax gross-up, for expenses associated with his spouse accompanying him on business travel. Since joining Duke Energy in 2006, Mr. Rogers has never requested nor received such a tax gross-up for his spouse's travel with him. For additional information on the use of the corporate aircraft, see footnote 6 to the Summary Compensation Table.
Financial Planning and Tax Preparation Services	Each year, Duke Energy reimburses each named executive officer (other than Mr. Rogers) for expenses incurred for tax and financial planning services. This program is administered on a three-year cycle, such that participating executives can be reimbursed for up to $15,000 of eligible expenses at any time during the three-year cycle.
Matching Charitable Contributions	The Duke Energy Foundation, independent of Duke Energy, maintains The Duke Energy Foundation Matching Gifts Program under which all employees are eligible for matching contributions of up to $5,000 per calendar year to qualifying institutions.

Severance. Duke Energy has entered into change in control agreements with Ms. Good and Messrs. Manly and Trent. Duke Energy also entered into a change in control agreement with Mr. Turner, but such agreement terminated upon his retirement without the payment of any amounts thereunder. Under these agreements, each such named executive officer would be entitled to certain payments and benefits if (1) a change in control were to occur and (2) within two years following the change in control, (a) Duke Energy terminated the executive's employment without "cause" or (b) the executive terminated his employment for "good reason." The severance protection provided by Duke Energy is generally two times the executive's annual compensation and becomes payable only if there is both a change in control and a qualifying termination of employment. The Compensation Committee approved the two times severance multiplier after consulting with its advisors and reviewing the severance protection provided by peer companies. The Compensation Committee believes that the protection provided through these severance arrangements is appropriate in order to diminish the uncertainty and risk to the executives' roles in the context of a potential or actual change in control. The benefit levels under the change in control agreements are described in more detail under the "Potential Payments Upon Termination or Change in Control" section of this proxy statement.

In connection with his retirement at the end of 2010, Mr. Turner entered into a Retirement Agreement with Duke Energy dated December 9, 2010. In exchange for Mr. Turner's agreement to comply with certain restrictive covenants (*i.e.*, non-solicitation of employees, non-compete, non-disparagement and non-disclosure), his execution of a standard release, and in consideration of his 15 years of service, his outstanding phantom and performance share awards were modified. Specifically, Mr. Turner's performance share awards, which relate to the 2008-2010, 2009-2011 and 2010-2012 performance periods, were modified such that his payments will be calculated by reference to actual performance during the performance periods, but without regard to his termination of employment prior to the payment of each performance share award, and the outstanding phantom shares that were granted to Mr. Turner in 2008, 2009 and 2010 were modified so that they will continue to vest following his termination of employment.

In order to ensure that Duke Energy provides only reasonable severance benefits, the Compensation Committee has established a policy pursuant to which it generally will seek shareholder approval for any future agreement with certain individuals (*e.g.*, a named executive officer) that provides severance benefits in excess of 2.99 times the sum of the executive's base salary and annual bonus, plus the value of continued participation in welfare, retirement and equity compensation plans determined as if the executive remained employed for 2.99 additional years. Under the policy, Duke Energy also will seek shareholder approval of any such agreement that provides for the payment of any tax gross-ups by reason of the executive's termination of employment, including reimbursement of golden parachute excise taxes.

Additional Actions Taken in 2011. On January 8, 2011, the Compensation Committee approved a new Executive Severance Plan, which provides varying levels of severance protection to certain senior executives. The Compensation Committee believes that this plan was appropriate and necessary in order to provide a consistent approach to executive severance, and to provide eligible executives with certainty and security while they are focusing on their duties and responsibilities. Severance payments and benefits would only be paid in the event that an eligible executive's employment is involuntarily terminated without "cause" or is voluntarily terminated for "good reason". The severance payments and benefits that would be paid in the event of a qualifying termination of employment to those senior executives who are identified as "Tier I Participants," including Ms. Good and Messrs. Manly and Trent, generally approximate two times their annual compensation. The Executive Severance Plan also provides payments and benefits to a broader group of "Tier II Participants," none of whom are named executive officers. The payments and benefits for Tier II Participants are generally the same as for Tier I Participants, except that the severance multiple is 1.5 times rather than two times annual compensation, and enhanced retirement benefits are not payable to Tier II Participants. The Executive Severance Plan prohibits the payment of severance if an executive would also be entitled to severance payments and benefits under a separate agreement or plan maintained by Duke Energy, including the change in control agreements described above. The benefit levels under the Executive Severance Plan are described in more detail under the "Potential Payments Upon Termination or Change in Control" section of this proxy statement.

Compensation of the Chief Executive Officer

The Compensation Committee is responsible for establishing the compensation of the Chief Executive Officer. The Compensation Committee's objective in this regard is to motivate and retain a Chief Executive Officer who is committed to delivering sustained superior performance for all of Duke Energy's stakeholders. The Corporate Governance Committee, however, establishes the Chief Executive Officer's individual goals and, based upon input from all of the members of the Board of Directors, determines his performance with respect to those goals.

Duke Energy entered into an employment agreement with Mr. Rogers, effective February 19, 2009. Under this agreement, Mr. Rogers does not receive a base salary and he is generally not eligible to participate in Duke Energy's incentive compensation and benefit plans, including its cash bonus programs, but he is permitted to participate in Duke Energy's medical and dental plans if he pays the required premiums. Mr. Rogers also is entitled to certain fringe benefits, and he remains entitled to benefits under legacy plans and agreements of Cinergy.

Under the employment agreement, Mr. Rogers will be compensated, for 2009 and future years through 2013, primarily through annual grants of stock options, phantom shares and performance shares, as follows:

- An option with a value of $1,200,000 for 2009 and $1,600,000 for each of the four subsequent years, in each case vesting ratably in three equal annual installments. Mr. Rogers generally may not dispose of any shares acquired upon exercise of any such options until January 1, 2014.

- A phantom stock award with a value of $1,500,000 for 2009 and $2,000,000 for each of the four subsequent years, in each case vesting ratably in four equal quarterly installments following grant. Dividend equivalents are payable currently in cash.

- Two performance share awards for each calendar year covered by the agreement, (i) one based on annual performance metrics consistent with those established for the other named executive officers under the STI Plan, except that the maximum payment is equal to 199.5% of the target opportunity rather than 183.75%, with a target value of $1,500,000 for 2009 and a target value of $2,000,000 for each of the four subsequent years, and (ii) one based on performance over a three-year performance period based on performance metrics established for the other named executive officers under each year's LTI program, with a target value of $1,800,000 for 2009 and a target value of $2,400,000 for each of the four subsequent years. Dividend equivalents are accumulated and paid only if the underlying performance shares become payable.

The equity awards for 2009 have a value of 75% of those for 2010-2013 in recognition of the fact that the equity awards made under his prior agreement were intended to compensate Mr. Rogers through April 3, 2009. The Compensation Committee believes that the equity awards called for under the agreement strike a balance between awards designed principally to reward continued employment (the phantom stock awards) and awards designed principally to reward both continued employment and stock price and operational performance (the stock options and performance share awards). Moreover, by linking the performance metrics under the performance shares to those applicable to Duke Energy's other named executive officers, the Compensation

Committee is ensuring that all of the named executive officers are focused on achieving the same goals, all of which are designed to increase shareholder value

The agreement contains non-competition and non-solicitation obligations on Mr. Rogers. The non-competition obligations survive for one year following his termination of employment for any reason, and the non-solicitation obligations survive for two years following his termination of employment for any reason.

For 2010, the performance criteria applicable to the annual portion of Mr. Rogers' performance shares were weighted 50%, 20%, and 10% on the same adjusted diluted EPS goal, O&M expense control goal and reliability goal, respectively, as were applicable for the other named executive officers under the 2010 STI Plan, and the remaining 20% was based on the following individual goals:

Operations (weighting—7.5%). Review, re-evaluate and redefine the existing business models and the operational effectiveness of grid modernization, save-a-watt deployment, supply chain and generation modernization; lead initiative regarding hiring to promote developmental opportunities for high performers within Duke Energy's management team; and develop a culture that supports recent changes in Duke Energy's compensation plans that were made to create a more performance-oriented culture.

Public Policy and Regulatory (weighting—7.5%). Build support for state regulatory and legislative outcomes that will protect Duke Energy's investors and customers and allow Duke Energy to continue to provide affordable, reliable and clean electricity to our customers; also advance Federal policies supporting the international businesses.

Talent Development/Sourcing (weighting—5%). Threshold achievement required completion of two talent review sessions with each direct report, identification of rotational and/or development opportunities for high potential employees, ensuring 50% of employees on high potential list have development plans and development of a strategic sourcing plan to identify gaps and future needs for top talent. Target achievement required threshold performance and completion of a top 100 leadership meeting, identification of five rotational and/or development opportunities for high potential employees, ensuring 75% of employees on high potential list have development plans and implementation of a strategic sourcing plan. Maximum achievement required target performance and identification of seven rotational and/or development opportunities for high potential employees, ensuring 100% of employees on high potential list have development plans and implementation of an outstanding strategic sourcing strategy as evidenced by a more qualified and diverse talent pipeline.

The annual portion of Mr. Rogers' 2010 performance share opportunity was subject to the same 5% TICR-based safety penalty and 5% safety adder (in the event of no work-related employee or contractor fatality) that applied to the other named executive officers under the 2010 STI Plan. The penalty was not triggered due to the fact that Duke Energy's actual TICR was better than the pre-established target TICR level. In addition, the Compensation Committee determined that the safety adder was not achieved and would not increase the payout of Mr. Rogers' performance shares due to the occurrence of contractor fatalities during 2010. Mr. Rogers achieved performance that corresponded to a payout equal to 128%, 117% and 132.5% of target performance for the operations, public policy and regulatory and talent development/sourcing goals, respectively. Based on the actual level of achievement of the objectives related to Mr. Rogers' performance shares for

2010, Mr. Rogers earned approximately 151.22% of his 2010 target performance share opportunity, which covered 121,729 shares of Duke Energy, resulting in a payout of 184,079 shares, plus dividend equivalents.

For 2010, the performance criteria applicable to the long-term portion of Mr. Rogers' performance shares were the same two equally-weighted predetermined measures based on TSR and adjusted ROE as were applicable for the other named executive officers under the 2010 LTI program, as measured over the 2010-2012 performance period. If earned, such performance shares would be paid in early 2013.

Additional Actions Taken in 2011. Mr. Rogers entered into a term sheet with Duke Energy on January 8, 2011, in connection with the announcement of a merger agreement with Progress Energy, Inc. ("Progress"). The term sheet provides that Mr. Rogers' employment agreement will be amended in certain respects to reflect the changes to his duties and responsibilities in connection with the merger with Progress. In particular, the term sheet provides that following the merger, Mr. Rogers will serve as Executive Chairman of the Board of Directors of Duke Energy and will cease to be President and Chief Executive Officer. The term sheet also provides for Mr. Rogers' term of employment to end on the later of the second anniversary of the completion of the merger with Progress or December 31, 2013, and for Mr. Rogers' compensation arrangement to remain the same as under his current employment agreement through December 31, 2013.

Other Compensation Policies

Stock Ownership Policy. Duke Energy has adopted a stock ownership policy to reinforce the importance of stock ownership. This is intended to align the interests of the executive officers and shareholders, and to focus the executive officers on the long-term success of Duke Energy. In order to ensure that Duke Energy's stock ownership guidelines continue to be consistent with our peer group, general industry practices and governance best practices, the stock ownership guidelines are periodically reviewed and were last modified effective January 1, 2009, to apply to directors and the members of the ELT, including the named executive officers, as follows:

Position	Value of Shares
Board of Directors	5 times cash retainer value
President and CEO	7 times base pay, or if none, 10 times base pay of highest CEO direct report
Direct Reports to CEO	3 times base pay
Other ELT Members	1 times base pay

Each employee covered by the stock ownership guidelines is required to hold 50% of all shares of Duke Energy common stock in which they become vested under the LTI program (after the payment of any applicable taxes) until the applicable ownership requirement is satisfied.

Option Holding Policy. Duke Energy has adopted a policy that prohibits each executive officer, including each named executive officer, from selling shares of Duke Energy common stock acquired through the exercise of stock options until such executive officer is in compliance with Duke Energy's stock ownership requirements. An executive officer may, however, sell common stock acquired through an option exercise for the limited purpose of paying the exercise price of the stock option and any applicable tax liability.

Clawback Policy. Duke Energy has adopted a clawback policy whereby, to the extent permitted by law and if the Board of Directors determines it to be reasonable and appropriate under the circumstances, Duke Energy will require the reimbursement of the portion of any performance-based bonus or incentive compensation payment paid to any executive officer, where such portion of the payment was predicated upon the achievement of financial results that were subsequently the subject of a restatement caused or partially caused by such executive officer's fraud or misconduct.

Equity Award Granting Policy. As Duke Energy recognizes the importance of adhering to specific practices and procedures in the granting of equity awards, the Compensation Committee has adopted a policy that applies to the granting of all equity awards for employees and directors. Under this policy, the Compensation Committee or Board of Directors may grant equity awards only as follows:

- Annual grants, if any, to employees may be made at any regularly-scheduled meeting, provided that reasonable efforts will be made to make such grants at the first regularly-scheduled meeting of the Board of Directors or Compensation Committee each calendar year.

- Annual grants, if any, to outside directors, may be made by the Board of Directors at any regularly-scheduled meeting, provided that reasonable efforts will be made to make such grants at the regularly-scheduled meeting of the Board of Directors that is held in conjunction with the annual meeting of shareholders each year.

- Grants also may be made at meetings of the Compensation Committee or the Board of Directors that are not regularly-scheduled but that occur during an "open window period," as defined in Duke Energy's insider trading policy.

The Compensation Committee has delegated authority to each of the Chairman of the Board of Directors and the Chairman of the Compensation Committee to grant equity awards, subject to certain limitations, to employees who are not executive officers. Equity awards made by delegated authority must be made on the first or second business day of an "open window period," as defined in Duke Energy's insider trading policy.

Tax and Accounting Implications

Deductibility of Executive Compensation. The Compensation Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code, which provides that Duke Energy generally may not deduct, for federal income tax purposes, annual compensation in excess of $1 million paid to certain employees. Performance-based compensation paid pursuant to shareholder-approved plans is not subject to the deduction limit as long as such compensation is approved by "outside directors" within the meaning of Section 162(m) of the Internal Revenue Code.

Although the Compensation Committee generally intends to structure and administer executive compensation plans and arrangements so that they will not be subject to the deduction limit of Section 162(m) of the Internal Revenue Code, the Compensation Committee may from time to time approve payments that cannot be deducted in order to maintain flexibility in structuring appropriate compensation programs in the interests of shareholders. For example, phantom share awards received by certain employees, and amounts paid to certain employees under the STI Plan with respect to individual objectives, may not be deductible for federal income tax purposes, depending on the amount and other types of compensation received by such employees.

Accounting for Stock Based Compensation. Duke Energy recognizes stock based compensation based upon the estimated fair value of the awards, net of estimated forfeitures. The recognition period for these costs begins at either the applicable service inception date or grant date and continues throughout the requisite service period, or for certain share-based awards until the employee becomes retirement eligible, if earlier. Share-based awards, including stock options, but not performance shares, granted to employees that are already retirement eligible are deemed to have vested immediately upon issuance, and therefore, compensation cost for those awards is recognized on the date such awards are granted.

Non-GAAP Financial Measures. As described previously in this Compensation Discussion and Analysis, Duke Energy uses various financial measures, including adjusted diluted EPS and O&M expense, in connection with short-term and long-term incentives. Adjusted diluted EPS is a non-GAAP financial measure as it represents diluted EPS from continuing operations attributable to Duke Energy common stockholders, adjusted for the per share impact of special items and the mark-to-market impacts of economic hedges related to certain generation assets in the Commercial Power segment. Duke Energy's management also uses adjusted diluted EPS as an additional measure to evaluate operations of the Company. The O&M expense measure used for incentive plan purposes also is a non-GAAP financial measure as it too is adjusted for the impact of certain of these items. Special items represent certain charges and credits which management believes will not be recurring on a regular basis, although it is reasonably possible such charges and credits could recur. Mark-to-market adjustments reflect the mark-to-market impact of derivative contracts, which is recognized in GAAP earnings immediately as such derivative contracts do not qualify for hedge accounting or regulatory accounting treatment, used in Duke Energy's hedging of a portion of the economic value of its generation assets in the Commercial Power segment. The economic value of the generation assets is subject to fluctuations in fair value due to market price volatility of the input and output commodities (*e.g.*, coal, power) and, as such, the economic hedging involves both purchases and sales of those input and output commodities related to the generation assets. Because the operations of the generation assets are accounted for under the accrual method, management believes that excluding the impact of mark-to-market changes of the economic hedge contracts from adjusted earnings until settlement better matches the financial impacts of the hedge contract with the portion of the economic value of the underlying hedged asset. The most directly comparable GAAP measures for adjusted diluted EPS and O&M expense measures used for incentive plan purposes are reported diluted EPS from continuing operations attributable to Duke Energy Corporation common stockholders and reported O&M expense from continuing operations, which include the impact of special items and the mark-to-market impacts of economic hedges in the Commercial Power segment. For purposes of the LTI program, adjusted ROE is calculated based on the average of the annual adjusted ROE, determined on a quarterly basis, earned by Duke Energy during the applicable performance period with each annual adjusted ROE being calculated by dividing adjusted net income by average shareholders' equity, which is calculated by reference to shareholders' equity as reported on Duke Energy's consolidated balance sheet, excluding goodwill and the impact if any, of the pre-funding of an acquisition. Under this calculation, adjusted net income is determined in a manner similar to the methodology used for calculating adjusted diluted EPS for purposes of the STI Plan.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(5)	All Other Compensation ($)(6)	Total ($)
James E Rogers(7)	2010	0	0	6,440,180	1,600,000	0	352,289	422,712	8 815.181
Chairman, President &	2009	0	0	4,911,142	1,200,000	0	425,309	391,212	6 927.663
Chief Executive Officer	2008	0	0	0	0	0	290.601	524.589	815.190
Lynn J Good	2010	575,000	0	1,163 575	0	710,528	437,235	77,000	2.963.338
Group Executive &	2009	540,627	0	1,043 241	0	628,685	820.232	107.012	3.139.797
Chief Financial Officer	2008	500.004	1.124,000	992,487	0	326.238	0	114.742	3,057 471
James L. Turner(8)	2010	650.004	0	1 315.338	0	656,309	795.476	158.767	3.575.894
Group Executive,	2009	650.004	0	1 356,195	0	744.970	1.484.478	116,621	4,352.268
President & Chief Operating Officer U S Franchised Electric & Gas	2008	650.004	900.000	1 290 122	0	430.933	0	146.211	3.417.270
Marc E. Manly	2010	600,000	0	1.214.108	0	653.820	567.171	49.341	3.084.440
Group Executive,	2009	600,000	0	1.251 825	0	691.620	929,366	99,690	3.572.501
Chief Legal Officer and Corporate Secretary	2008	600,000	860.000	1.190.910	0	405.342	0	84,374	3.140.626
B Keith Trent	2010	500.004	0	1.011.812	0	608,855	150.788	74,414	2,345.873
Group Executive & President Commercial Businesses	2009	500.004	0	1.043,241	0	573.555	156.986	72,492	2,346.278

(1) The amounts reflected in this column for 2008 represent retention bonuses paid to Ms Good and Messrs Turner and Manly on April 4, 2008 in consideration for remaining employed with Duke Energy for two years following the merger of Duke Energy and Cinergy

(2) This column does not reflect the value of stock awards that were actually earned or received by the named executive officers during each of the years listed above. Rather, as required by applicable SEC rules, this column reflects the aggregate grant date fair value of the performance shares (based on the probable outcome of the performance conditions as of the date of grant) and phantom shares granted to our named executive officers in the applicable year. The aggregate grant date fair value listed above includes both phantom shares and performance shares; the aggregate grant date fair value of the performance shares granted in 2010 to Messrs. Rogers. Turner, Manly and Trent and Ms. Good, assuming that the highest level of performance would be achieved, is $7 589,990; $1.365,087; $1,260.099; $1 050 123; and $1,207.605, respectively The aggregate grant date fair value of the awards was determined in accordance with the accounting guidance for stock-based compensation. See Note 20 of the Consolidated Financial Statements contained in our Annual Report for an explanation of the assumptions made in valuing these awards

(3) This column does not reflect the value of shares that were actually acquired upon the exercise of stock options by the named executive officers during each of the years listed above Rather, as required by applicable SEC rules, this column reflects the aggregate grant date fair value of the stock options granted to the named executive officers in the applicable year. The aggregate grant date fair value was determined in accordance with the accounting guidance for stock-based compensation See Note 20 of the Consolidated Financial Statements contained in our Annual Report for an explanation of the assumptions made in valuing these awards

(4) With respect to the applicable performance period this column reflects amounts payable under the Duke Energy Corporation Executive Short-Term Incentive Plan Unless deferred, the 2010 amounts were paid in March 2011

(5) This column includes the amounts listed below The amounts listed were earned over the 12-month period ending on December 31, 2010

	James E Rogers ($)	Lynn J Good ($)	James L Turner ($)	Marc E Manly ($)	B Keith Trent ($)
Change in Actuarial Present Value of Accumulated Benefit Under the Duke Energy Retirement Cash Balance Plan	0	0	0	0	36.095
Change in Actuarial Present Value of Accumulated Benefit Under the Duke Energy Corporation Executive Cash Balance Plan	0	409 505	727 276	492.368	114 693
Change in Actuarial Present Value of Accumulated Benefit Under the Cinergy Corp Non-Union Employees' Pension Plan	16 677	27.730	68 200	74 803	0
Above-Market Interest Earned on Amounts Deferred Under the Deferred Compensation Agreement	335 612	0	0	0	0
Total	352.289	437.235	795.476	567.171	150,788

(6) The All Other Compensation column includes the following for 2010:

	James E. Rogers ($)	Lynn J Good ($)	James L. Turner ($)	Marc E. Manly ($)	B. Keith Trent ($)
Matching Contributions Under the Duke Energy Retirement Savings Plan	0	14.700	14 700	12 250	14.700
Make-Whole Matching Contribution Credits Under the Duke Energy Corporation Executive Savings Plan	0	53.300	59 300	17.750	49,714
Payout of Unused Vacation	0	0	75,000	0	0
Personal Use of Airplane*	398.484	0	2 038	13 200	0
Airline Membership	0	0	0	0	0
Charitable Contributions Made in the Name of the Executive**	5.000	5 000	625	5 000	5 000
Executive Physical Exam Program	741	0	85	1,141	0
Financial Planning Program	0	4,000	7 019	0	5.000
Expenses Incurred in Connection with Preparation of Employment Agreement	18 487	0	0	0	0
Total	422.712	77 000	158.767	49 341	74.414

* Regarding use of corporate aircraft, named executive officers are required to reimburse Duke Energy the direct operating costs of any personal travel With respect to flights on a leased or chartered airplane. direct operating costs equal the amount that the third party charges Duke Energy for such trip With respect to flights on the Company-owned airplane. direct operating costs include the amounts permitted by the Federal Aviation Regulations for non-commercial carriers. Named executive officers are permitted to invite their spouse or other guests to accompany them on business trips when space is available; however, in such events. the named executive officer is imputed income in accordance with IRS guidelines. The additional cost included in the table above is the amount of the IRS-specified tax deduction disallowance. if any. plus any additional carbon credits purchased with respect to the named executive officer s personal travel

** Certain charitable contributions made by the named executive officers are not eligible for reimbursement under the Matching Gifts Program and therefore are not listed above.

(7) Mr. Rogers did not receive salary or bonus from Duke Energy during 2010 As previously described. he is covered under an employment agreement with Duke Energy that provides compensation primarily through stock-based awards

(8) Mr Turner retired effective December 31. 2010

GRANTS OF PLAN-BASED AWARDS

Name	Grant Type	Grant Date	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1) Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards(2) Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards Number of Shares of Stock or Units (#)(3)	All Other Option Awards Number of Securities Underlying Options (#)(4)	Exercise or Base Price of Option Awards ($/Sh)(5)	Grant Date Fair Value of Stock and Option Awards ($)(6)
James E. Rogers	Annual Perf. Shares	2/22/2010				57 821	121 729	242 848				2 000 007
James E. Rogers	Long-Term Perf. Shares	2/22/2010				36 519	73.037	109 556				1 240 168
James E. Rogers	Long-Term Perf. Shares	2/22/2010				36 519	73 037	109 556				1 199 998
James E. Rogers	Phantom Shares	2/22/2010							121 729			2.000 007
James E. Rogers	Options	2/22/2010								1 103.448	16.43	1 600 000
Lynn J. Good	Cash Bonus		218 500	460 000	845 250							
Lynn J. Good	Long-Term Perf. Shares	2/22/2010				12,250	24,500	36.750				416 010
Lynn J. Good	Long-Term Perf. Shares	2/22/2010				12.250	24 500	36 750				402.535
Lynn J. Good	Phantom Shares	2/22/2010							21 000			345.030
James L. Turner	Cash Bonus		247 002	520.003	955.506							
James L. Turner	Long-Term Perf. Shares	2/22/2010				13.848	27 695	41 543				470 261
James L. Turner	Long-Term Perf. Shares	2/22/2010				13.848	27 695	41,543				455 029
James L. Turner	Phantom Shares	2/22/2010							23.740			390 046
Marc E. Manly	Cash Bonus		228,000	480 000	882,000							
Marc E. Manly	Long-Term Perf. Shares	2/22/2010				12.783	25 565	38.348				434.094
Marc E. Manly	Long-Term Perf. Shares	2/22/2010				12 783	25.565	38 348				420.033
Marc E. Manly	Phantom Shares	2/22/2010							21.910			359.981
B. Keith Trent	Cash Bonus		190.002	400.003	735.006							
B. Keith Trent	Long-Term Perf. Shares	2/22/2010				10 653	21 305	31.958				361.759
B. Keith Trent	Long-Term Perf. Shares	2/22/2010				10 653	21 305	31 958				350,041
B. Keith Trent	Phantom Shares	2/22/2010							18 260			300.012

(1) Reflects the short-term incentive opportunity granted to our named executive officers in 2010 under the Duke Energy Corporation Executive Short-Term Incentive Plan. The information included in the "Threshold," "Target" and "Maximum" columns reflects the range of potential payouts under the plan established by the Compensation Committee. The actual amounts earned by each executive under the terms of such plan are disclosed in the Summary Compensation Table

(2) Reflects the performance shares granted to our named executive officers in 2010 under the Duke Energy Corporation 2006 Long-Term Incentive Plan. The information included in the "Threshold," "Target," and "Maximum" columns reflects the range of potential payouts under the plan established by the Compensation Committee. Earned performance shares will be paid or, if elected, deferred, following the end of the 2010-2012 performance period (or, with respect to Mr Rogers, following the 2010 and 2010-2012 performance periods), based on the extent to which the performance goals have been achieved. Any shares not earned are forfeited. In addition, following a determination that the performance goals have been achieved, participants will receive a cash payment (which will be deferred if so elected by the participant) equal to the amount of cash dividends paid on one share of Duke Energy common stock during the performance period multiplied by the number of performance shares earned.

(3) Reflects the phantom shares granted to our named executive officers in 2010 under the Duke Energy Corporation 2006 Long-Term Incentive Plan. The phantom shares generally vest in equal portions on each of the first three anniversaries of the grant date, provided the recipient continues to be employed by Duke Energy on each vesting date or his or her employment terminates by reason of retirement. The phantom shares granted to Mr Rogers vest ratably in four equal quarterly installments following grant. If dividends are paid during the vesting period, then the participants will receive a current cash payment equal to the amount of cash dividends paid on one share of Duke Energy common stock during the vesting period multiplied by the number of unvested phantom shares

(4) Reflects the number of shares that may be issued to Mr Rogers on exercise of the stock option granted in 2010 under the Duke Energy Corporation 2006 Long-Term Incentive Plan. These options vest in three equal installments on January 1, 2011, January 1, 2012 and January 1, 2013, so long as Mr Rogers remains employed with Duke Energy or his employment terminates by reason of retirement.

(5) Reflects the exercise price for the stock option granted to Mr. Rogers in 2010, which equals the fair market value of the underlying shares on the date of grant.

(6) Reflects the grant date fair value of each phantom share, performance share (based on the probable outcome of the performance conditions as of the date of grant) and stock option award granted to our named executive officers in 2010, as computed in accordance with the accounting guidance for stock-based compensation.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

Effective on January 2, 2007, Duke Energy spun off its gas businesses to form Spectra Energy. Effective with the spin-off, equitable adjustments were made with respect to stock options and outstanding equity awards relating to Duke Energy common stock. All such awards were adjusted into two separate awards, one relating to Duke Energy common stock and one relating to Spectra Energy common stock. The following two tables show each named executive officer's Duke Energy and Spectra Energy equity awards that were outstanding as of December 31, 2010.

DUKE ENERGY CORPORATION
OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards				Stock Awards			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable(1)	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested ($)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(3)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)
James E. Rogers	214,188		15.26	1/1/2015				
James E. Rogers	213,720		15.50	1/1/2016				
James E. Rogers	1,877,646		16.60	4/4/2016				
James E. Rogers	201,005	402,010	14.50	2/19/2019				
James E. Rogers		1,103,448	16.43	2/22/2020				
James E. Rogers					0	0		
James E. Rogers							93,104	1,658,173
James E. Rogers							93,104	1,658,173
James E. Rogers							109,556	1,951,183
James E. Rogers							109,556	1,951,183
Lynn J. Good	4,555		12.50	7/22/2013				
Lynn J. Good	14,664		14.15	1/1/2014				
Lynn J. Good	15,132		15.26	1/1/2015				
Lynn J. Good	3,588		15.33	12/14/2015				
Lynn J. Good	24,336		15.50	1/1/2016				
Lynn J. Good					41,454	738,296		
Lynn J. Good							36,210	644,900
Lynn J. Good							36,210	644,900
Lynn J. Good							36,750	654,518
Lynn J. Good							36,750	654,518
James L. Turner	29,952		12.28	1/1/2012				
James L. Turner	29,952		12.37	1/1/2013				
James L. Turner	30,888		14.15	1/1/2014				
James L. Turner	30,888		15.26	1/1/2015				
James L. Turner	35,100		15.50	1/1/2016				
James L. Turner					52,170	929,148		
James L. Turner							47,070	838,317
James L. Turner							47,070	838,317
James L. Turner							41,543	739,872
James L. Turner							41,543	739,872
Marc E. Manly	4,936		11.54	12/4/2012				
Marc E. Manly	33,540		15.50	1/1/2016				
Marc E. Manly					48,223	858,852		
Marc E. Manly							43,448	773,800
Marc E. Manly							43,448	773,800
Marc E. Manly							38,348	682,969
Marc E. Manly							38,348	682,969
B. Keith Trent	12,700		17.72	7/1/2012				
B. Keith Trent					40,148	715,036		
B. Keith Trent							36,210	644,900
B. Keith Trent							36,210	644,900
B. Keith Trent							31,958	569,163
B. Keith Trent							31,958	569,163

(1) On February 19, 2009, Mr. Rogers received stock options covering 603,015 shares that vest and become exercisable in three equal installments on January 1, 2010, January 1, 2011, and January 1, 2012. On February 22, 2010, Mr. Rogers received stock options covering 1,103,448 shares that vest and become exercisable in three equal installments on January 1, 2011, January 1, 2012, and January 1, 2013.

(2) Mr. Trent received phantom shares on April 4, 2006, and Ms. Good and Messrs. Turner and Manly received phantom shares on April 4, 2006, and July 1, 2006, all of which vest, subject to certain exceptions, in equal installments on each of the first five anniversaries of

April 4, 2006. Ms. Good and Messrs. Turner, Manly and Trent received phantom shares on February 26, 2008, February 19, 2009, and February 22, 2010, which vest, subject to certain exceptions, in equal installments on the first three anniversaries of the date of grant. As described in more detail on page 56, Mr. Turner's phantom shares continue to vest following his retirement, subject to his agreement to comply with certain restrictive covenants.

(3) Ms. Good and Messrs. Rogers, Turner, Manly and Trent received performance shares on February 19, 2009 and on February 22, 2010 that, subject to certain exceptions, are eligible for vesting on December 31, 2011 and December 31, 2012, respectively. Pursuant to applicable SEC rules, (i) one-half of the performance shares (relating to the CAGR performance measure) that were granted in 2009 are listed at the maximum number of shares, (ii) one-half of the performance shares (relating to the ROE performance measure) that were granted in 2010 are listed at the maximum number of shares, and (iii) one-half of the performance shares (relating to the TSR performance measure) that were granted in 2009 and 2010 are listed at the maximum number of shares. As described in more detail on page 56, Mr. Turner's performance shares continue to vest following his retirement, subject to his agreement to comply with certain restrictive covenants.

SPECTRA ENERGY CORP
OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

	Option Awards			Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(1)	Market Value of Shares or Units of Stock That Have Not Vested ($)
James E. Rogers	46,735	21.39	1/1/2014		
James E. Rogers	107,094	23.07	1/1/2015		
James E. Rogers	106,860	23.43	1/1/2016		
James E. Rogers	938,823	25.09	4/4/2016		
James E. Rogers				0	0
Lynn J. Good	7,566	23.07	1/1/2015		
Lynn J. Good	1,794	23.17	12/14/2015		
Lynn J. Good	12,168	23.43	1/1/2016		
Lynn J. Good				613	15,319
James L. Turner	14,976	18.57	1/1/2012		
James L. Turner	14,976	18.70	1/1/2013		
James L. Turner	15,443	21.39	1/1/2014		
James L. Turner	15,444	23.07	1/1/2015		
James L. Turner	17,550	23.43	1/1/2016		
James L. Turner				1,718	42,933
Marc E. Manly	1,480	17.44	12/4/2012		
Marc E. Manly	1,866	23.07	1/1/2015		
Marc E. Manly	16,770	23.43	1/1/2016		
Marc E. Manly				1,621	40,509
B. Keith Trent	6,350	26.78	7/1/2012		
B. Keith Trent				1,330	33,237

(1) *The phantom shares listed in this column were granted to Mr Trent on April 4, 2006, and to Ms. Good and Messrs. Turner and Manly on April 4, 2006, and July 1, 2006, and vest on April 4, 2011.*

OPTION EXERCISES AND STOCK VESTED

	Option Awards				Stock Awards			
	Duke Energy		Spectra Energy		Duke Energy		Spectra Energy	
Name	Number of Duke Energy Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Number of Spectra Energy Shares Acquired on Exercise (#)	Value Realized on Exercise ($)(1)	Number of Duke Energy Shares Acquired on Vesting (#)(2)(3)	Value Realized on Vesting ($)(4)	Number of Spectra Energy Shares Acquired on Vesting (#)(5)	Value Realized on Vesting ($)(6)
James E. Rogers	0	0	0	0	305 808	5 477 349	0	0
Lynn J. Good	0	0	9 608	35.935	67 521	1.310.787	613	14.001
James L. Turner	24 180	88.499	12.090	67 704	95,244	1.826,737	1 718	39,239
Marc E. Manly	0	0	0	0	88,187	1.690.660	1 621	37.024
B. Keith Trent	0	0	0	0	74,058	1,418,055	2,201	49,365

(1) As required by applicable SEC rules, the value realized upon exercise was calculated based on the closing price of a share of Duke Energy or Spectra Energy common stock as applicable, on the date of option exercise

(2) Mr. Trent elected to defer the following number and amount of vested Duke Energy stock awards pursuant to the Duke Energy Corporation Executive Savings Plan, which is described in more detail on page 75: 67,162 shares ($1,172.642).

(3) Includes performance shares covering the 2008-2010 performance period for all executives with the exception of Mr. Rogers. Annual performance shares covering the 2010 performance period are included for Mr. Rogers. The Compensation Committee certified the achievement of the applicable performance measures on February 21, 2011.

(4) The value realized upon vesting of stock awards was calculated based on the closing price of a share of Duke Energy common stock on the respective vesting date, and includes the following cash payments for dividend equivalents on earned performance shares: Mr. Rogers: $134,378; Ms. Good: $130.870; Mr. Turner: $170.142; Mr. Manly: $157.063; and Mr. Trent: $130,870. Only Mr. Trent elected to defer these dividend equivalents pursuant to the Duke Energy Corporation Executive Savings Plan. Dividend equivalents for the first quarter of 2011 are not included above but were paid due to the fact that the vested performance shares were not distributed until after the certification of performance results on February 21, 2011

(5) Mr. Trent elected to defer the following number and amount of vested Spectra Energy stock awards pursuant to the Duke Energy Corporation Executive Savings Plan, which is described in more detail on page 75: 2,201 shares ($49,365).

(6) The value realized upon vesting of stock awards was calculated based on the closing price of a share of Spectra Energy common stock on the respective vesting date.

PENSION BENEFITS

Name	Plan Name	Number of Years Credited Service (#)(1)	Present Value of Accumulated Benefit ($)	Payments During Last Fiscal Year ($)
James E. Rogers	Cinergy Corp. Non-Union Employees' Pension Plan	16.77	606,771	0
Lynn J. Good	Cinergy Corp. Non-Union Employees' Pension Plan	7.67	101,524	0
Lynn J. Good	Duke Energy Corporation Executive Cash Balance Plan	7.67	4,265,583	0
James L. Turner	Cinergy Corp. Non-Union Employees' Pension Plan	14.87	342,201	0
James L. Turner	Duke Energy Corporation Executive Cash Balance Plan	14.87	7,464,386	0
Marc E. Manly	Cinergy Corp. Non-Union Employees' Pension Plan	8.17	303,177	0
Marc E. Manly	Duke Energy Corporation Executive Cash Balance Plan	8.17	7,567,307	0
B. Keith Trent	Duke Energy Retirement Cash Balance Plan	8.66	168,654	0
B. Keith Trent	Duke Energy Corporation Executive Cash Balance Plan	8.66	397,832	0

(1) Mr. Rogers' credited service is frozen as of April 3, 2006, which is the date of the merger of Duke Energy and Cinergy.

Duke Energy provides pension benefits that are intended to assist its retirees with their retirement income needs. A more detailed description of the plans that comprise Duke Energy's pension program follows.

Duke Energy Retirement Cash Balance Plan and Executive Cash Balance Plan

Mr. Trent actively participates in the Duke Energy Retirement Cash Balance Plan ("RCBP"), which is a noncontributory, defined benefit retirement plan that is intended to satisfy the requirements for qualification under Section 401(a) of the Internal Revenue Code. The RCBP generally covers employees of Duke Energy and affiliates, with certain exceptions for legacy Cinergy employees who are covered under the Cinergy Plan (described below). The RCBP provides benefits under a "cash balance account" formula. Mr. Trent has satisfied the eligibility requirements to receive his RCBP account benefit upon termination of employment. The RCBP benefit is payable in the form of a lump sum in the amount credited to a hypothetical account at the time of benefit commencement. Payment is also available in annuity forms based on the actuarial equivalent of the account balance.

The amount credited to the hypothetical account is increased with monthly pay credits equal to (i) for participants with combined age and service of less than 35 points, 4% of eligible monthly compensation, (ii) for participants with combined age and service of 35 to 49 points, 5% of eligible monthly compensation, (iii) for participants with combined age and service of 50 to 64 points, 6% of eligible monthly compensation, and (iv) for participants with combined age and service of 65 or more points, 7% of eligible monthly compensation. If the participant earns more than the Social Security wage base, the account is credited with additional pay credits equal to 4% of eligible compensation above the Social Security wage base. Interest credits are credited monthly, with the interest rate determined quarterly based generally on the 30-year Treasury rate.

For the RCBP, eligible monthly compensation is equal to Form W-2 wages, plus elective deferrals under a 401(k), cafeteria, or 132(f) transportation plan, and deferrals under the Duke Energy Corporation Executive Savings Plan. Compensation does not include severance pay (including vacation bank time and payment for unused vacation), expense reimbursements, allowances, cash or noncash fringe benefits, moving expenses, bonuses for performance periods in excess of one year, transition pay, long-term incentive compensation (including income resulting from any stock-based awards such as stock options, stock appreciation rights, phantom stock or restricted stock) and other compensation items to the extent described as not included for purposes of benefit plans or the RCBP. The benefit under the RCBP is limited by maximum benefits and compensation limits under the Internal Revenue Code.

Mr. Trent actively participates in the Duke Energy Corporation Executive Cash Balance Plan ("ECBP"), which is a noncontributory, defined benefit retirement plan that is not intended to satisfy the requirements for qualification under Section 401(a) of the Internal Revenue Code. Benefits earned under the ECBP are attributable to (i) compensation in excess of the annual compensation limit ($245,000 for 2011) under the Internal Revenue Code that applies to the determination of pay credits under the RCBP, (ii) restoration of benefits in excess of a defined benefit plan maximum annual benefit limit ($195,000 for 2011) under the Internal Revenue Code that applies to the RCBP, and (iii) supplemental benefits granted to a particular participant. Generally, benefits earned under the RCBP and the ECBP vest upon completion of three years of service, and, with certain exceptions, vested benefits generally become payable upon termination of employment with Duke Energy.

Amounts were credited to an account established for each of Messrs. Turner and Manly and Ms. Good under the Duke Energy Corporation Executive Cash Balance Plan pursuant to an amendment to each of their prior employment agreements that was negotiated in connection with the merger of Cinergy and Duke Energy. Mr. Manly and Ms. Good will not earn any additional benefits under any nonqualified defined benefit plan (other than future interest credits under the Duke Energy Corporation Executive Cash Balance Plan) unless and until they continue employment with Duke Energy past age 62. Mr. Turner's benefit will commence following his retirement, which occurred on December 31, 2010.

Cinergy Corp. Non-Union Employees' Pension Plan

Mr. Rogers has an accrued benefit under the Cinergy Corp. Non-Union Employees' Pension Plan ("Cinergy Plan"), but his benefit was "frozen" on April 3, 2006 (*i.e.*, it is not increased by Mr. Rogers' service and pay after April 3, 2006). Ms. Good and Mr. Manly currently participate in the Cinergy Plan, and Mr. Turner participated in the Cinergy Plan prior to his retirement. The Cinergy Plan is a tax-qualified defined benefit plan that generally covers legacy Cinergy non-bargaining employees. The Cinergy Plan includes the following two program formulas: (i) a Traditional Program and (ii) the Duke Account Formula (which, in 2007, replaced the Balanced and Investor Programs). The Traditional Program formula is based on service and final average monthly pay. The Duke Account Formula (and the prior Balanced and Investor Programs) are "cash balance account" formulas. In 2007, participants were given the choice of continuing to accrue benefits under the Traditional Program or to retain their accrued benefit under the Traditional Program (with pay growth) and participate in the Duke Account Formula. Mr. Turner chose to retain his accrued benefit under the Traditional Program (with pay growth) and in the future participate in the Duke Account Formula, Mr. Manly chose to remain in the Traditional Program. Ms. Good has always participated in the Duke Account Formula. After 2010, any participant in the Traditional Program formula, which included Mr. Manly, was moved into the Duke Account Formula with the retention of his accrued benefit under the Traditional Program.

Under the Cinergy Plan's Traditional Program, in which Mr. Rogers participated prior to April 3, 2006, and in which Mr. Turner participated prior to April 1, 2007 and in which Mr. Manly participated prior to 2011, each participant earns a benefit under a final average pay formula, which calculates pension benefits based on a participant's "highest average earnings" and years of plan participation. The Traditional Program benefit is payable following normal retirement at age 65, following early retirement at or after age 50 with three or more years of service (with reduction in the life annuity for commencement before age 62 in accordance with prescribed factors) and at or after age 55 with combined age and service of 85 points (with no reduction in the life annuity for commencement before normal retirement age). Mr. Rogers is eligible for an unreduced early retirement benefit. Messrs. Turner and Manly are eligible for an early retirement benefit, the amount of which would be reduced for early commencement. Payment is available in a variety of annuity forms, and for Mr. Turner is also available in a lump sum.

The Traditional Program benefit formula is the sum of (a), (b), and (c), where (a) is 1.1% of final average monthly pay ("FAP") times years of participation (up to a maximum of 35 years), where (b) is 0.5% times FAP in excess of monthly Social Security covered compensation times years of participation (up to a maximum of 35 years), and where (c) is 1.55% of FAP times years of participation in excess of 35. The benefit under the Traditional Program will not be less than the minimum formula, which is the sum of (x) and (y), where (x) is the lesser of (i) 1.12% of FAP times years of participation (up to a maximum of 35 years) plus 0.5% times FAP in excess of monthly Social Security covered compensation times years of participation (up to a maximum of 35 years) or (ii) 1.163% of FAP pay times years of participation (up to a maximum of 35 years), and where (y) is 1.492% of FAP times years of participation over 35 years. Social Security covered compensation is the average of the Social Security wage bases during the 35 calendar years ending in the year the participant reaches Social Security retirement age.

FAP is the average of the participant's total pay during the three consecutive years of highest pay from the last 10 years of participation. This is determined using the three consecutive calendar years or last 36 months of participation that yield the highest FAP (determined without including banked vacation). Averaged banked vacation is then added to this amount to obtain the FAP. Prior to his retirement on December 31, 2010, Mr. Turner's FAP continued to be adjusted for future compensation, but his service after April 1, 2007 did not increase his accrued benefit under the Traditional Program. Mr. Manly's FAP was frozen on December 31, 2010 and will not be increased by compensation received thereafter, and his service after December 31, 2010 does not increase his accrued benefit under the Traditional Program.

Total pay includes base salary or wages, overtime pay, shift premiums, work schedule recognition pay, holiday premiums, unused banked vacation pay, service watch payments, performance lump sum pay, annual incentive plan awards and annual performance cash awards. Total pay does not include reimbursements or other expense allowances, imputed income, fringe benefits, moving and relocation expenses, deferred compensation, welfare benefits, long-term performance awards and executive individual incentive awards. The benefit under the Cinergy Plan is limited by maximum benefits and compensation limits under the Internal Revenue Code.

As described above, effective April 1, 2007 until his retirement on December 31, 2010, Mr. Turner participated in the Duke Account Formula, and effective January 1, 2011 Mr. Manly participates in the Duke Account Formula. This feature of the Cinergy Plan provides a benefit substantially similar to that provided under the RCBP.

Present Value Assumptions

The valuation method and assumptions used in determining the present value of the current accrued benefit for the Pension Benefits table is as follows: (i) for the RCBP and ECBP, and for the cash balance account benefits under the Cinergy Plan, the value of the cash balance account as of December 31, 2010 is projected to age 65 for Mr. Trent and age 62 for Ms. Good and Messrs. Turner and Manly at the assumed interest crediting rate of 4.5% and is then discounted back to December 31, 2010 using the assumed discount rate of 5.0%, and (ii) for the Cinergy Plan, the assumptions used by Duke Energy in its Annual Report are used, along with the assumption that Messrs. Turner and Manly and Ms. Good will remain employed until age 62 (*i.e.*, the earliest retirement date on which unreduced benefits can be paid). This assumption is required under applicable rules with respect to Mr. Turner despite the fact that he retired effective December 31, 2010.

NONQUALIFIED DEFERRED COMPENSATION

Name	Executive Contributions in Last FY ($)(1)	Registrant Contributions in Last FY ($)(2)	Aggregate Earnings in Last FY ($)(3)	Aggregate Withdrawals/ Distributions ($)(4)	Aggregate Balance at Last FYE ($)(5)
James E. Rogers *Duke Energy Corporation Executive Savings Plan*	0	0	1,075,929	0	7,853,256
James E. Rogers *Deferred Compensation Agreement*	0	0	717,120	(801,000)	4,814,951(6)
Lynn J. Good *Duke Energy Corporation Executive Savings Plan*	46,000	53,300	20,511	0	173,992
James L. Turner *Duke Energy Corporation Executive Savings Plan*	52,000	59,300	141,181	0	1,084,807
Marc E. Manly *Duke Energy Corporation Executive Savings Plan*	169,455	17,750	87,786	0	691,017
B. Keith Trent *Duke Energy Corporation Executive Savings Plan*	1,495,977	49,714	427,873	0	3,745,262

(1) Includes $46,000, $52,000, $6,000, and $45,000 of salary deferrals credited to the plan in 2010 on behalf of Ms. Good and Messrs. Turner, Manly and Trent, respectively, which are included in the salary column of the Summary Compensation Table. Includes $163,455 and $79,151 of short-term incentive deferrals earned in 2010 and credited to the plan in 2011 on behalf of Messrs. Manly and Trent, respectively. Includes $1,371,826 of stock award deferrals and dividend equivalents credited to the plan on behalf of Mr. Trent with respect to 2010.

(2) Reflects make-whole matching contribution credits made under the Duke Energy Corporation Executive Savings Plan, which are reported in the All Other Compensation column of the Summary Compensation Table.

(3) Includes $335,612 of above-market interest as reported for Mr. Rogers in footnote 5 to the Summary Compensation Table on page 63.

(4) Includes a payment to Mr. Rogers pursuant to the terms of the Deferred Compensation Agreement that he entered into with PSI Energy, Inc. (subsequently renamed Duke Energy Indiana, Inc.) on December 16, 1992.

(5) The aggregate balance as of December 31, 2010 for each named executive officer includes the following aggregate amount of prior deferrals of base salary, short-term incentives and long-term incentives, as well as employer matching contributions and nonqualified deferred compensation earnings, that were previously earned and reported as compensation on the Summary Compensation Table for 2006, 2007, 2008 and 2009: (i) Mr. Rogers—$1,036,811; (ii) Ms. Good—

$166,104; (iii) Mr. Turner—$581,933; (iv) Mr. Manly—$628,293 and (v) Mr. Trent—$758,954. These amounts have since been adjusted, pursuant to the terms of the Duke Energy Corporation Executive Savings Plan, for investment performance (e.g., earnings and losses), deferrals, contributions and distributions.

(6) Reflects Mr. Rogers' interest under the Deferred Compensation Agreement that he entered into with PSI Energy, Inc. (subsequently renamed Duke Energy Indiana, Inc.) on December 16, 1992. Except for earnings on previously deferred amounts, Mr. Rogers is not permitted to earn any additional amounts under this plan.

Duke Energy Corporation Executive Savings Plan

Under the Duke Energy Corporation Executive Savings Plan, participants can elect to defer a portion of their base salary, short-term incentive compensation and long-term incentive compensation (other than stock options). Participants also receive a company matching contribution in excess of the contribution limits prescribed by the Internal Revenue Code under the Duke Energy Retirement Savings Plan. In general, payments are made following termination of employment or death in the form of a lump sum or installments, as selected by the participant. Participants may direct the deemed investment of base salary deferrals, short-term incentive deferrals and matching contributions among investments options available under the Duke Energy Retirement Savings Plan, including in the Duke Energy Common Stock Fund. Participants may change their investment elections on a daily basis. Deferrals of equity awards are credited with earnings and losses based on the performance of the Duke Energy Common Stock Fund. The benefits payable under the plan are unfunded and subject to the claims of Duke Energy's creditors.

Deferred Compensation Agreement for Mr. Rogers

In 1992, PSI Energy, Inc. (subsequently renamed Duke Energy Indiana, Inc.) entered into a deferred compensation agreement with Mr. Rogers. Except for earnings on amounts previously deferred, Mr. Rogers is not accruing any additional benefits under this agreement. The agreement provides Mr. Rogers with the right to receive two 15-year annual cash benefits. The two annual cash payments, in the amount of $554,000 and $247,000, respectively, commenced in 2010. The deferred payments accrue interest at an annual rate of 17.5%. The benefits payable under the agreement are unfunded and subject to the claims of Duke Energy's creditors.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL

Under certain circumstances, each named executive officer* would be entitled to compensation in the event his or her employment terminates or upon a change in control. The amount of the compensation is contingent upon a variety of factors, including the circumstances under which he or she terminates employment. The relevant agreements that each named executive officer has entered into with Duke Energy are described below, followed by a table that quantifies the amount that would become payable to each named executive officer as a result of his or her termination of employment.

The amounts shown assume that such termination was effective as of December 31, 2010 and are merely estimates of the amounts that would be paid out to the named executive officers upon their termination. The actual amounts to be paid out can only be determined at the time of such named executive officer's termination of employment.

The table shown below does not include certain amounts that have been earned and which are payable without regard to the named executive officer's termination of employment. Such amounts, however, are described immediately following the table.

Under each of the compensation arrangements described below, "change in control" generally means the occurrence of one of the following: (a) the date any person or group becomes the beneficial owner of 30% or more of the combined voting power of Duke Energy's then outstanding securities; (b) during any period of two consecutive years, the directors serving at the beginning of such period or who are elected thereafter with the support of not less than ⅔ of those directors, cease for any reason other than death, disability or retirement to constitute at least a majority thereof; (c) the consummation of a merger, consolidation, reorganization or similar corporate transaction, which has been approved by the shareholders of Duke Energy, regardless of whether Duke Energy is the surviving company, unless Duke Energy's outstanding voting securities immediately prior to the transaction continue to represent at least 50% of the combined voting power of the outstanding voting securities of the surviving entity immediately after the transaction; (d) the consummation of a sale of all or substantially all of the assets of Duke Energy or a complete liquidation or dissolution, which has been approved by the shareholders of Duke Energy; or (e) under certain arrangements, the date of any other event that the Board of Directors determines should constitute a change in control.

Mr. James E. Rogers

Effective February 19, 2009, Duke Energy entered into an employment agreement with Mr. Rogers (the "February 2009 Agreement") for the period ending December 31, 2013. The severance and change in control provisions under the February 2009 Agreement supersede those under his prior three-year agreement (the "April 2006 Agreement"), except that the equity awards made before adoption of the February 2009 Agreement continue in accordance with their terms. All of the equity awards that were made prior to the adoption of the February 2009 Agreement have

* In light of Mr. Turner's retirement from Duke Energy effective December 31, 2010, the information disclosed in this section with respect to Mr. Turner is limited to the amounts to which he actually became entitled upon his retirement, and does not include information about payments that could have become payable to Mr. Turner if had he terminated employment during 2010 under circumstances other than those that actually occurred.

been earned or forfeited, except that certain of Mr. Rogers' stock options remain outstanding. In the event of the termination of Mr. Rogers' employment, his stock options would remain exercisable during the remainder of their ten-year term, except such options would remain exercisable for no more than 90 days in the event that Mr. Rogers' employment is terminated for cause (as defined in the April 2006 Agreement).

The February 2009 Agreement makes no provision for cash payments upon a termination of employment, whether before or after a change in control of Duke Energy, or for the gross up of "golden parachute" excise taxes. The February 2009 Agreement does provide for the treatment of Mr. Rogers' outstanding equity awards upon termination of employment or upon a change in control.

Under the February 2009 Agreement, if Mr. Rogers' employment terminates without cause or for good reason (each as defined in the February 2009 Agreement) or by reason of his "retirement" (which requires approval of the Board of Directors), then (i) his stock options and phantom stock will continue to vest in accordance with their otherwise applicable schedule as if his employment had not terminated, (ii) his stock options will remain exercisable for their full ten-year term, and (iii) his performance shares will be payable (if at all) at the end of the cycle based on actual performance, again determined as if his employment had not terminated. If Mr. Rogers' employment terminates as a result of his death or disability, then his stock options and phantom stock will vest in full, the stock options (whether or not previously vested) will remain exercisable for their full ten-year term, and the performance shares will be pro-rated for actual service and will be payable (if at all) at the end of the cycle based on actual performance. If Mr. Rogers terminates his employment without good reason (as defined in the February 2009 Agreement) or retires without the approval of the Board of Directors, his unvested stock options, phantom stock and performance shares will expire immediately, and any previously vested options will expire 90 days after the termination of employment. If Mr. Rogers' employment is terminated for cause (as defined in the February 2009 Agreement), all stock options, phantom stock and performance shares (whether or not vested) granted to him pursuant to the February 2009 Agreement will expire immediately.

If a change in control of Duke Energy occurs and Mr. Rogers' employment is terminated within two years after the change in control, by Duke Energy without cause or by Mr. Rogers for good reason or by reason of his retirement with the approval of the Board of Directors, then notwithstanding the preceding paragraph, the stock options will vest immediately and the phantom stock and performance shares will immediately vest and be paid (in the case of performance shares, based on the target level of performance). If Mr. Rogers' employment terminates after the expiration of the term of the February 2009 Agreement but before vesting of all options and performance shares, each such award will be subject to the treatment described above, but determined as if termination had occurred during the term of the February 2009 Agreement, and any termination by Mr. Rogers, other than in anticipation of a termination for cause, will be deemed a termination for good reason.

Under the February 2009 Agreement, "cause" generally means (i) if not cured, the willful and continued failure by Mr. Rogers to substantially perform his duties or to comply with Duke Energy's rules or procedures, (ii) the breach of confidentiality, noncompetition and nonsolicitation obligations, or (iii) Mr. Rogers' conviction of a felony, including the entry of a guilty or nolo contendere plea, or any willful or grossly negligent action or inaction by Mr. Rogers that has a materially adverse effect on Duke Energy, and "good reason" generally means (a) the material reduction without Mr. Rogers' consent of his title, authority, duties, or responsibilities from those in effect immediately prior to the reduction, except in the event that Mr. Rogers ceases to serve as President of Duke Energy or, if

Duke Energy adopts a policy that its Chief Executive Officer shall no longer serve as Chairman of its Board of Directors, he ceases to serve as Chairman, (b) the failure by Duke Energy without Mr. Rogers' consent to nominate him for re-election to the Board of Directors, (c) a material adverse change in Mr. Rogers' reporting responsibilities, (d) any breach by Duke Energy of any other material provision of Mr. Rogers' agreement or (e) a failure by Duke Energy to require any successor entity to Duke Energy specifically to assume in writing all of Duke Energy's obligations under Mr. Rogers' agreement.

Other Named Executive Officers

Duke Energy originally entered into a change in control agreement with Mr. Trent effective as of July 1, 2005 and with Ms. Good and Mr. Manly effective as of April 4, 2006, all of which were amended and restated effective as of August 26, 2008 and subsequently amended effective as of December 8, 2010. The agreements have an initial term of two years commencing as of the original effective date, after which the agreements automatically extend, unless six months prior written notice is provided, on a month-to-month basis.

The change in control agreements provide for payments and benefits to the executive in the event of termination of employment within two years after a "change in control" by Duke Energy without "cause" or by the executive for "good reason" (each as defined below) as follows: (1) a lump-sum cash payment equal to a pro-rata amount of the executive's target bonus for the year in which the termination occurs; (2) a lump-sum cash payment equal to two times the sum of the executive's annual base salary and target annual bonus opportunity in effect immediately prior to termination or, if higher, in effect immediately prior to the first occurrence of an event or circumstance constituting "good reason"; (3) continued medical, dental and basic life insurance coverage for a two-year period or a lump sum cash payment of equivalent value (reduced by coverage obtained by subsequent employers); and (4) a lump-sum cash payment of the amount Duke Energy would have allocated or contributed to the executive's qualified and nonqualified defined benefit pension plan and defined contribution savings plan accounts during the two years following the termination date, plus the unvested portion, if any, of the executive's accounts as of the date of termination that would have vested during the remaining term of the agreement. If the executive would have become eligible for normal retirement at age sixty-five within the two-year period following termination, the two times multiple or two year period mentioned above will be reduced to the period from the termination date to the executive's normal retirement date. The agreements also provide for enhanced benefits (*i.e.*, two years of additional vesting) with respect to equity awards.

Under the change in control agreements, each named executive officer also is entitled to reimbursement of up to $50,000 for the cost of certain legal fees incurred in connection with claims under the agreements. In the event that any of the payments or benefits provided for in the change in control agreement otherwise would constitute an "excess parachute payment" (as defined in Section 280G of the Code), the amount of payments or benefits would be reduced to the maximum level that would not result in excise tax under Section 4999 of the Code if such reduction would cause the executive to retain an after-tax amount in excess of what would be retained if no reduction were made. In the event a named executive officer becomes entitled to payments and benefits under a change in control agreement, he or she would be subject to a one-year noncompetition and nonsolicitation provision from the date of termination, in addition to certain confidentiality and cooperation provisions.

As previously discussed in the Compensation Discussion and Analysis on page 56, the Compensation Committee approved the Duke Energy Corporation Executive Severance Plan (the "Executive Severance Plan") on January 8, 2011. The Executive Severance Plan provides certain executives, including Messrs. Manly and Trent and Ms. Good, with severance payments and benefits upon a termination of employment under certain circumstances.

Pursuant to the terms of the Executive Severance Plan, "Tier I Participants," which include Duke's eligible named executive officers, would be entitled, subject to the execution of a waiver and release of claims, to the following payments and benefits in the event of a termination of employment by (i) Duke Energy without "cause" (as defined below) or (ii) the participant for "good reason" (as defined below): (1) a lump-sum payment equal to a pro-rata amount of the participant's annual bonus for the year that the termination of employment occurs, determined based on the actual achievement of performance goals under the applicable performance-based bonus plan; (2) a lump-sum payment equal to two times the sum of the participant's annual base salary and target annual bonus opportunity in effect immediately prior to termination of employment or, if higher, in effect immediately prior to the first occurrence of an event or circumstance constituting "good reason"; (3) continued access to medical and dental insurance for a two-year period following termination of employment, with monthly amounts relating to Duke Energy's portion of the costs of such coverage paid to the participant by Duke Energy (reduced by coverage provided to the participant by future employers, if any) and a lump-sum payment equal to the cost of two years of basic life insurance coverage; (4) a lump-sum payment of the amount that Duke Energy would have allocated or contributed to the participant's qualified and nonqualified defined benefit pension plan and defined contribution savings plan accounts during the two years following the date of termination of employment, plus the vesting of the portion, if any, of the participant's accounts that would have vested during the two-year period following the date of termination of employment, but only if the termination occurs prior to the second anniversary of the adoption of the Executive Severance Plan; (5) one year of outplacement services; and (6) two additional years of vesting with respect to equity awards and an extended period to exercise outstanding vested stock options following termination of employment.

The Executive Severance Plan also provides that, in the event any of the payments or benefits provided for in the Executive Service Plan otherwise would constitute an "excess parachute payment" (as defined in Section 280G of the Internal Revenue Code), the amount of payments or benefits would be reduced to the maximum level that would not result in an excise tax under Section 4999 of the Internal Revenue Code if such reduction would cause the executive to retain an after-tax amount in excess of what would be retained if no reduction were made. In the event a participant becomes entitled to payments and benefits under the Executive Severance Plan, he or she would be subject to certain restrictive covenants, including those related to noncompetition, nonsolicitation and confidentiality.

Duke Energy has the right to terminate any participant's participation in the Executive Severance Plan, but must provide the participant with one year notice and the participant would continue to be eligible for all severance payments and benefits under the Executive Severance Plan during the notice period. Any employee who is eligible for severance payments and benefits under a separate agreement or plan maintained by Duke Energy (such as a change of control agreement) would receive compensation and benefits under such other agreement or plan (and not the Executive Severance Plan).

For purposes of the change in control agreements and the Executive Severance Plan, "cause" generally means, unless cured within 30 days, (i) a material failure by the executive to carry out, or malfeasance or gross insubordination in carrying out, reasonably assigned duties or instructions consistent with the executive's position, (ii) the final conviction of the executive of a felony or crime involving moral turpitude, (iii) an egregious act of dishonesty by the executive in connection with employment, or a malicious action by the executive toward the customers or employees of Duke Energy, (iv) a material breach by the executive of Duke Energy's Code of Business Ethics, or (v) the failure of the executive to cooperate fully with governmental investigations involving Duke Energy. "Good reason," for this purpose, generally means: (a) a material reduction in the executive's annual base salary or target annual bonus as in effect either immediately prior to the change in control or the termination under the Executive Severance Plan (exclusive of any across the board reduction similarly affecting substantially all similarly situated employees) or (b) a material diminution in the participant's positions (including status, offices, titles and reporting relationships), authority, duties or responsibilities as in effect either immediately prior to the change in control or immediately prior to a Tier I participant's termination of employment under the Executive Severance Plan.

Equity Awards—Consequence of Termination of Employment

As described above, each year Duke Energy grants long-term incentives to its executive officers, and the terms of these awards vary somewhat from year to year. The following table summarizes the consequences under Duke Energy's long-term incentive award agreements, without giving effect to the change in control agreements or the Executive Severance Plan described above, that would generally occur with respect to outstanding equity awards in the event of the termination of employment of a named executive officer (other than Mr. Rogers, whose treatment is described above).

Event	Consequences
Voluntary termination or involuntary termination (retirement eligible)	Phantom Shares – continue to vest Performance Shares – prorated portion of award vests based on actual performance
Voluntary termination (not retirement eligible)	Phantom Shares and Performance Shares – the executive's right to unvested portion of award terminates immediately
Involuntary termination (not retirement eligible)	Phantom Shares – prorated portion of award vests Performance Shares – prorated portion of award vests based on actual performance
Involuntary termination after a CIC	Phantom Shares – immediate vesting Performance Shares – see impact of change in control below
Death or Disability	Phantom Shares – immediate or prorated vesting Performance Shares – prorated portion of award vests based on actual performance
Change in Control	Phantom Shares – no impact absent termination of employment Performance Shares – prorated portion of award vests based on target performance

POTENTIAL PAYMENTS UPON TERMINATION OR A CHANGE IN CONTROL ("CIC")

Name and Triggering Event	Cash Severance Payment ($)(1)	Incremental Retirement Plan Benefit ($)(2)	Welfare and Other Benefits ($)(3)	Stock Awards ($)(4)	Option Awards ($)(5)
James E. Rogers					
• Voluntary termination with good reason	0	0	0	5.601.824	2.853.411
• Involuntary termination without cause	0	0	0	5,601.824	2.853.411
• Involuntary or good reason termination after a CIC	0	0	0	5.127.662	2,853.411
• Death	0	0	0	2.723.535	2.853.411
• Disability	0	0	0	2.723.535	2.853.411
Lynn J. Good					
• Voluntary termination	0	0	0	37,614	0
• Involuntary termination without cause	0	0	0	1.337,978	0
• Involuntary or good reason termination after a CIC	2,070,000	170.056	45,498	2.603,052	0
• Death	0	0	0	1.749,412	0
• Disability	0	0	0	1,749,412	0
James L. Turner					
• Voluntary termination(6)	0	0	0	3,466,501	0
Marc E. Manly					
• Voluntary termination	0	0	0	2,094,439	0
• Involuntary termination without cause	0	0	0	2,094,439	0
• Involuntary or good reason termination after a CIC	2,160,000	174,956	25,132	2,976,366	0
• Death	0	0	0	2,027,605	0
• Disability	0	0	0	2,027,605	0
B. Keith Trent					
• Voluntary termination	0	0	0	0	0
• Involuntary termination without cause	0	0	0	1,302,374	0
• Involuntary or good reason termination after a CIC	1,800,014	279,458	39,060	2,479,239	0
• Death	0	0	0	1.688,869	0
• Disability	0	0	0	1,688,869	0

(1) Amounts listed under "Cash Severance Payment" are payable under the terms of the named executive officer's Change in Control Agreement.

(2) Pursuant to the Change in Control Agreements of Messrs. Manly and Trent and Ms. Good, the amount listed under "Incremental Retirement Plan Benefit" represents the additional amount that would be contributed to the Duke Energy Retirement Cash Balance Plan, Cinergy Corp. Non-Union Employee's Pension Plan, Duke Energy Executive Cash Balance Plan, Duke Energy Retirement Savings Plan and the Duke Energy Executive Savings Plan in the event the named executive officer continued to be employed by Duke Energy for two additional years.

(3) Amounts listed under "Welfare and Other Benefits" include the amount that would be paid to each named executive officer in lieu of providing continued welfare benefits and basic life coverage for 24 months.

(4) The amounts listed under "Stock Awards" do not include amounts attributable to the performance shares that vested on December 31, 2010; such amounts are included in the Option Exercises and Stock Vested Table on page 69.

(5) As of December 31, 2010, and without regard to any acceleration of vesting that would otherwise occur upon a triggering event, Messrs. Rogers, Turner, Manly and Trent and Ms. Good held vested stock options with respect to the following number of Duke Energy shares: 2.506,559, 156,780; 38,476; 12,700 and 62,275, respectively, and with respect to the following number of Spectra Energy shares: 1.199.512; 78,389; 20.116; 6,350 and 21.528, respectively.

(6) Mr. Turner retired effective December 31, 2010. On December 8, 2010, the Compensation Committee approved a modification of Mr. Turner's outstanding phantom and performance share awards such that payouts under these awards will be determined without regard to Mr. Turner's termination of employment prior to the end of the term of such awards.

As a result, Mr Turner will receive the amounts listed in the "voluntary termination" row subject to compliance with applicable restrictive covenants, and no other incremental amounts will be payable to Mr Turner solely as a result of his retirement. The amounts listed above include continued vesting of Mr Turner's phantom shares and the applicable dividend equivalents, and payments with respect to performance shares that were calculated assuming target performance.

The amounts listed in the preceding table have been determined based on a variety of assumptions, including reasonable increases to the limits on qualified retirement plan benefits under the Internal Revenue Code, and the actual amounts to be paid out can only be determined at the time of each named executive officer's termination of employment. The amounts described in the table do not include compensation to which each named executive officer would be entitled without regard to his or her termination of employment, including (i) amounts that have been earned, but not yet paid, under the terms of the plans listed under the Pension Benefits and Nonqualified Deferred Compensation tables on pages 70 and 74, (ii) unused vacation, and (iii) the potential reimbursement of legal fees.

The amounts shown above do not reflect the fact that, under the Change in Control Agreements that Duke Energy has entered into with Messrs. Manly and Trent and Ms. Good, in the event that payments to any such executive in connection with a change in control otherwise would result in a golden parachute excise tax and lost tax deduction under Sections 280G and 4999 of the Code, such amounts would be reduced to the extent necessary so that such tax would not apply under certain circumstances.

The amounts shown above with respect to stock awards and option awards were calculated based on a variety of assumptions, including the following: (i) the named executive officer terminated employment on December 31, 2010; (ii) a stock price for Duke Energy common stock equal to $17.81 and $24.99 for Spectra Energy common stock, which were the closing prices on December 31, 2010 (the last trading day of 2010); (iii) the continuation of Duke Energy's and Spectra Energy's dividend at the rate in effect for first quarter 2011 payments; and (iv) performance at the target level with respect to performance shares. Additionally, the amounts listed above with respect to Mr. Manly reflect the fact that, upon termination for any reason, except death or disability, he would receive the full value of all unvested phantom shares and the dividends that would be paid on such shares for the remainder of the original vesting period, subject to compliance with restrictive covenants contained in such awards, because he has attained retirement age.

Potential Payments Due Upon a Change in Control

Other than as described below, the occurrence of a change in control of Duke Energy would not trigger the payment of benefits to the named executive officers absent a termination of employment. If a change in control of Duke Energy occurred on December 31, 2010 the outstanding performance shares awards, including dividend equivalents, would be paid on a prorated basis assuming target performance. As of December 31, 2010, the prorated performance shares that would be paid as a result of these accelerated vesting provisions, including dividend equivalents, would have had a value of $5,127,662; $2,077,006, $1,730,967 and $1,849,437 for Messrs. Rogers, Manly and Trent and Ms. Good, respectively.

OTHER INFORMATION

Discretionary Voting Authority

As of the date this proxy statement went to press, Duke Energy did not anticipate that any matter other than the proposals set out in this proxy statement would be raised at the annual meeting. If any other matters are properly presented at the annual meeting, the persons named as proxies will have discretion to vote on those matters according to their best judgment.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires Duke Energy's directors and executive officers, and any persons owning more than ten percent of Duke Energy's common stock, to file with the SEC initial reports of beneficial ownership and certain changes in that beneficial ownership, with respect to the equity securities of Duke Energy We prepare and file these reports on behalf of our directors and executive officers. During 2010, a Form 4 reporting a transaction by Dr. Rhodes as well as a Form 4 for one of our executive officers, Dhiaa Jamil, were filed after their due dates. To our knowledge, all other Section 16(a) reporting requirements applicable to our directors and executive officers were satisfied and complied with during 2010.

Related Person Transactions

Related Person Transaction Policy. The Corporate Governance Committee adopted a Related Person Transaction Policy that sets forth our procedures for the identification, review, consideration and approval or ratification of "related person transactions." For purposes of our policy only, a "related person transaction" is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we and any "related person" are, were or will be participants in which the amount involved exceed $120,000. Transactions involving compensation for services provided to us as an employee or director are not covered by this policy. A "related person" is any executive officer, director or beneficial owner of more than 5% of any class of our voting securities, including any of their immediate family members and any entity owned or controlled by such persons.

Under the policy, if a transaction has been identified as a related person transaction (including any transaction that was not a related person transaction when originally consummated or any transaction that was not initially identified as a related person transaction prior to consummation), our management must present information regarding the related person transaction to our Corporate Governance Committee (or, if Corporate Governance Committee approval would be inappropriate, to the Board of Directors) for review, consideration and approval or ratification. The presentation must include a description of, among other things, the material facts, the interests, direct and indirect, of the related persons, the benefits to us of the transaction and whether the transaction is on terms that are comparable to the terms available to or from, as the case may be, an unrelated third party or to or from employees generally. Under the policy, we will, on an annual basis, collect information from each director, executive officer and (to the extent feasible) significant stockholder to enable us to identify any existing or potential related-person transactions and to effectuate the terms of the policy. In addition, under our Code of Business

Conduct and Ethics, our employees and directors have an affirmative responsibility to disclose any transaction or relationship that reasonably could be expected to give rise to a conflict of interest. In considering related person transactions, our Corporate Governance Committee (or Board of Directors) will take into account the relevant available facts and circumstances including, but not limited to:

- the risks, costs and benefits to us;
- the impact on a director's independence in the event that the related person is a director, immediate family member of a director or an entity with which a director is affiliated;
- the availability of other sources for comparable services or products; and
- the terms available to or from, as the case may be, unrelated third parties or to or from employees generally.

The policy requires that, in determining whether to approve, ratify or reject a related person transaction, our Corporate Governance Committee (or Board of Directors) must consider, in light of known circumstances, whether the transaction is in, or is not inconsistent with, our best interests and those of our shareholders, as our Corporate Governance Committee (or Board of Directors) determines in the good faith exercise of its discretion. All of the transactions described below were approved in accordance with the policy.

Nucor Corporation. Duke Energy Indiana, a wholly-owned subsidiary of Duke Energy, and Nucor entered into an agreement pursuant to which Duke Energy Indiana provides electric service to one of Nucor's plants that is located in the Duke Energy Indiana service territory. Pursuant to this agreement, in 2010, Nucor paid Duke Energy Indiana approximately $48 million for such electric services.

In addition, from time to time, Duke Energy and/or its subsidiaries and contractors may purchase steel from Nucor.

Mr. DiMicco, a member of the Board of Directors, is also Chairman, President and Chief Executive Officer of Nucor and therefore may be deemed to have an interest in the transactions described above.

Proposals and Business by Shareholders

If you wish to submit a proposal for inclusion in the proxy statement for our 2012 annual meeting of shareholders, we must receive it by November 19, 2011.

In addition, if you wish to introduce business at our 2012 annual meeting (besides that in the Notice of the meeting), you must send us written notice of the matter. Your notice must comply with the requirements of our bylaws, and we must receive it no earlier than January 5, 2012, and no later than February 4, 2012. The individuals named as proxy holders for our 2012 annual meeting will have discretionary authority to vote proxies on matters of which we are not properly notified and also may have discretionary voting authority under other circumstances.

Your proposal or notice should be mailed to Duke Energy's Corporate Secretary at P.O. Box 1006, Charlotte, North Carolina 28201-1006.

Electronic Delivery of the 2011 Annual Report and Proxy Materials

If you received a paper version of this year's proxy materials, please consider signing up for electronic delivery of next year's materials. Electronic delivery significantly reduces Duke Energy's printing and postage costs associated with paper publications and also reduces our consumption of natural resources. You will be notified immediately by e-mail when next year's annual report and proxy materials are available. E-delivery makes it more convenient for shareholders to cast their votes on issues that affect Duke Energy.

In order to enroll for electronic delivery, go to *http://www.icsdelivery.com/duk* and follow the instructions. You will need to enter a valid email address along with your social security number.

If you elect to receive your Duke Energy materials via the internet, you can still request paper copies by contacting Investor Relations at (800) 488-3853 or at *http://www.duke-energy.com/contactIR*.

Householding Information

Duke Energy has adopted a procedure called "householding," which has been approved by the SEC, for shareholders of record on February 1, 2003. Under this procedure, a single copy of the annual report and proxy statement is sent to any household at which two or more shareholders reside, unless one of the shareholders at that address notifies us that they wish to receive individual copies. This procedure reduces our printing costs and fees. Each shareholder will continue to receive separate proxy cards, and householding will not affect dividend check mailings, or InvestorDirect Choice Plan statement mailings, in any way.

This year, we are seeking consent to householding from shareholders who became shareholders of record after February 1, 2003, and from shareholders who have previously revoked their consent but wish to participate in householding. If you provide consent this year or, if you have already consented to householding, householding will continue until you are notified otherwise or until you notify Investor Relations by telephone at (800) 488-3853, at *www.duke-energy.com/contactIR*, or by mail at P.O. Box 1005, Charlotte, NC 28201-1005, that you wish to continue to receive separate annual reports and proxy statements. You will be removed from the householding program within 30 days of receipt of your notice. If you received a householded mailing this year and you would like to have additional copies of our annual report and proxy statement mailed to you, please submit your request to Investor Relations at the number or address above. We will promptly send additional copies of the annual report and proxy statement upon receipt of such request.

A number of brokerage firms have instituted householding. If you hold your shares in "street name," please contact your bank, broker or other holder of record to request information about householding.

Appendix A

CDB Energy Services Executive Compensation Database

AEI Services
AGL Resources
Allegheny Energy
Allete
Alliant Energy
Ameren
American Electric Power
Areva NP
ATC Management
Atmos Energy
Avista
BG US Services
Black Hills Power and Light
California Independent System Operator
Calpine
CenterPoint Energy
Cleco
CMS Energy
Colorado Springs Utilities
Consolidated Edison
Constellation Energy
CPS Energy
DCP Midstream
Dominion Resources
DPL
Dynegy
E.ON U.S.
Edison International
El Paso Corporation
Electric Power Research Institute
Enbridge Energy
Energen
Energy Future Holdings
Energy Northwest
Entergy
EPCO
ERCOT
Exelon
FirstEnergy
FPL Group
Garland Power & Light
GDF SUEZ Energy North America
Hawaiian Electric
IDACORP
Integrys Energy Group
ISO New England
Knight
Lower Colorado River Authority
MDU Resources
MGE Energy
Midwest Independent Transmission System Operator
Mirant
New York Independent System Operator
New York Power Authority
Nicor
Northeast Utilities
NorthWestern Energy
NRG Energy
NSTAR
NV Energy
NW Natural
OGE Energy
Oglethorpe Power
Omaha Public Power
Otter Tail
Pacific Gas & Electric
Pepco Holdings
Pinnacle West Capital
PJM Interconnection
PNM Resources
Portland General Electric
PPL
Progress Energy
Public Service Enterprise Group
Puget Energy
Regency Energy Partners LP
Reliant Energy
Salt River Project
SCANA
Sempra Energy
Southern Company Services
Southern Union Company
Southwest Power Pool
Spectra Energy
STP Nuclear Operating
TECO Energy
Tennessee Valley Authority
TransCanada
UIL Holdings
UniSource Energy
Unitil
Westar Energy
Westinghouse Electric
Williams Companies
Wisconsin Energy
Wolf Creek Nuclear
Xcel Energy

Appendix B

CDB General Industry Executive Compensation Database

ACH Food
Agrium U S
Air Products and Chemicals
Amazon com
Amgen
APL
ARAMARK
Arrow Electronics
Automatic Data Processing
Avon Products
Baxter International
Boehringer Ingelheim
Bovis Lend Lease
Coca-Cola Enterprises
Colgate-Palmolive
ConAgra Foods
Continental Airlines
Cox Enterprises
CSX
Daiichi Sankyo
Dannon
Dean Foods
Delta Air Lines
Diageo North America
DIRECTV
Eastman Kodak
Eaton
eBay
Eisai
Eli Lilly
EMC
Evergreen Packaging
Fluor
Freeport-McMoRan Copper & Gold
Gap
Gavilon
General Mills
Goodyear Tire & Rubber
Henkel of America
Hertz
Ingersoll Rand
Jacobs Engineering
JM Family
KBR
Kellogg
Kohl's
L-3 Communications
Land O Lakes
Limited
Marriott International
Masco
Medtronic
Millennium Pharmaceuticals
Navistar International
Neoris USA
Norfolk Southern
Novo Nordisk Pharmaceuticals
Office Depot
Parker Hannifin
Potash
PPG Industries
Praxair
QUALCOMM
Qwest Communications
R.R. Donnelley
Research in Motion
Rolls-Royce North America
SAIC
Sara Lee
SCA Americas
Schering-Plough
Seagate Technology
Securitas Security Services USA
Sodexo USA
Southwest Airlines
Starbucks
Sun Microsystems
Terex
Textron
Time Warner Cable
Tyco Electronics
U.S. Foodservice
Union Pacific
United Airlines
US Airways
Viacom
Visteon
Waste Management
Whirlpool
WPP
Wyeth Pharmaceuticals
Xerox
Yum! Brands

2011 Annual Meeting of Shareholders
May 5, 2011 at 10:00 a.m. local time

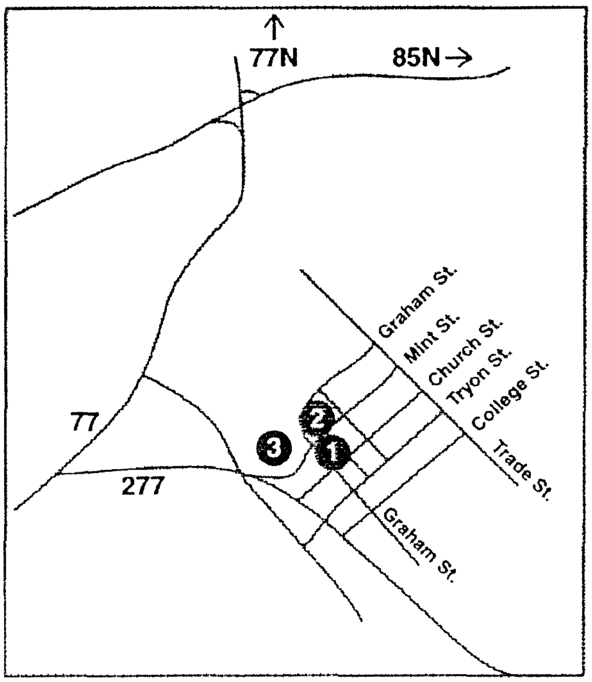
Duke Energy Corporation
Energy Center — O.J. Miller Auditorium
526 South Church Street
Charlotte, NC 28202

Directions to Annual Meeting of Shareholders

From I-77 North:
Take the Morehead Street exit - 10A
Turn Left onto Morehead Street
Turn Left onto Mint Street
Mint Street Parking Deck located adjacent to Bank of America Stadium

From I-77 South:
Take the I-277/John Belk Freeway/US-74/Wilkinson Blvd. exit - 9B
Merge onto I-277 N/US-74 E.
Take the Carson Blvd. exit - 1D
Stay straight to Carson Blvd.
Turn Left onto Mint Street
Mint Street Parking Deck located adjacent to Bank of America Stadium

Free parking available in the Mint Street Parking Deck.
1 -Energy Center
2 -Mint Street Parking Deck
3 -Bank of America Stadium



Duke Energy Kentucky
Case No. 2011-124
Staff First Set Data Requests
Date Received: April 28, 2011

STAFF-DR-01-032
PUBLIC

REQUEST:

Have any of the Joint Applicants, or any person on their behalf, performed any analysis, calculation, estimate, or projection, whether partial, preliminary, incomplete, or final, of any potential synergies, benefits, savings, or cost reductions that might result from the Duke Energy merger with Progress? If yes, provide copies of each analysis, calculation, estimate, or projections.

RESPONSE:

This response has been partially filed with the Commission under a Petition for Confidential Treatment.

Notwithstanding the information filed with the Commission under a Petition for Confidential Treatment, the Joint Applicants provide reports that were prepared either prior to or after the announcement of the merger on January 8, 2011, but which do not contain either confidential or privileged information. These reports are attached to this response as STAFF-DR-01-32, and are specifically identified as follows:

- Investment Analysis by Oppenheimer, Baird, and Bank of America dated January 9, 2011 (Previously filed as Tab 3B to Index and Documents Relating to Regulatory Approvals Pending Before Other Agencies (Second Filing), filed May 6, 2011);

- Joint Dispatch Agreement Between Duke Energy Carolinas, LLC and Carolina Power and Light Company (proposed) (Previously filed as Tab 3C to Index and Documents Relating to Regulatory Approvals Pending Before Other Agencies (Second Filing), filed May 6, 2011);

- Compass Lexecon Analysis of Economic Efficiencies Under Joint Dispatch (attached);

- Fuels Synergies Review (Booz and Company) (Public Version) (attached); and

- Market Power Study (attached).

PERSON RESPONSIBLE:

As to attached reports - William D. Johnson and James E. Rogers

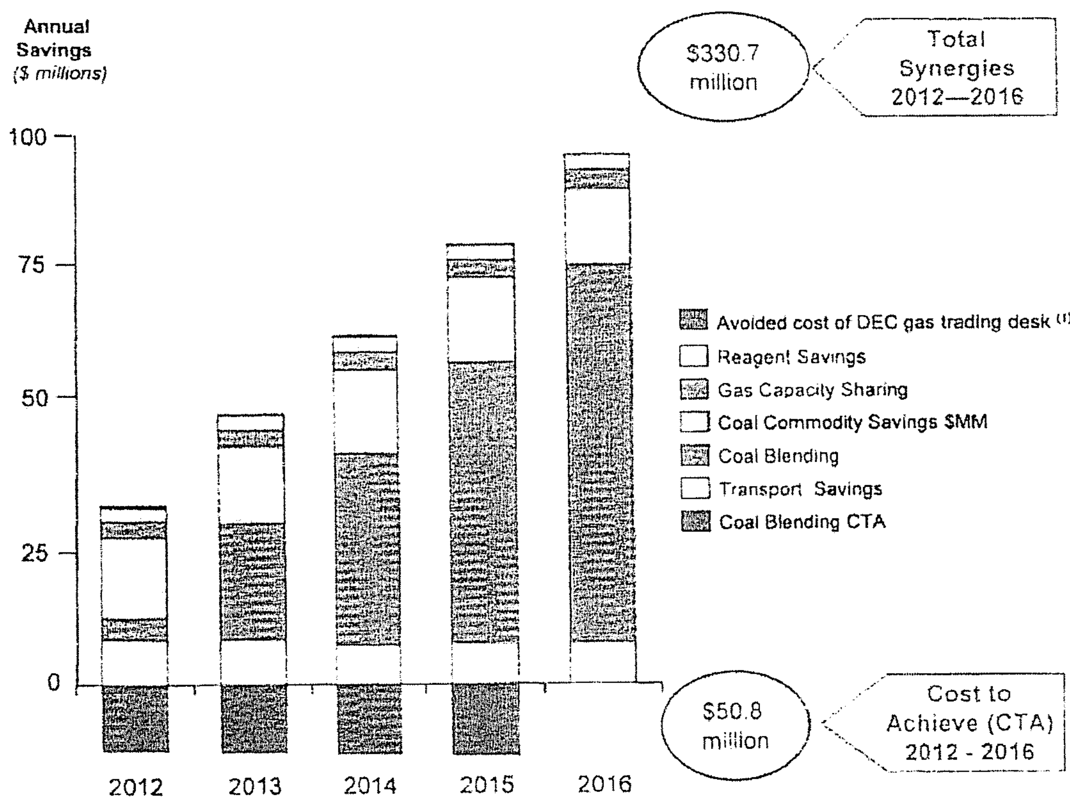
As to Objection – Legal

Duke Energy Carolinas (DEC)
Progress Energy Carolinas (PEC)

Fuels Synergies Review

Synergies Summary

Fuel Supply Synergies



Strategic Rationale

Refreshed fuel sourcing strategy
- Combining fleets provides opportunities to optimize fuel sourcing

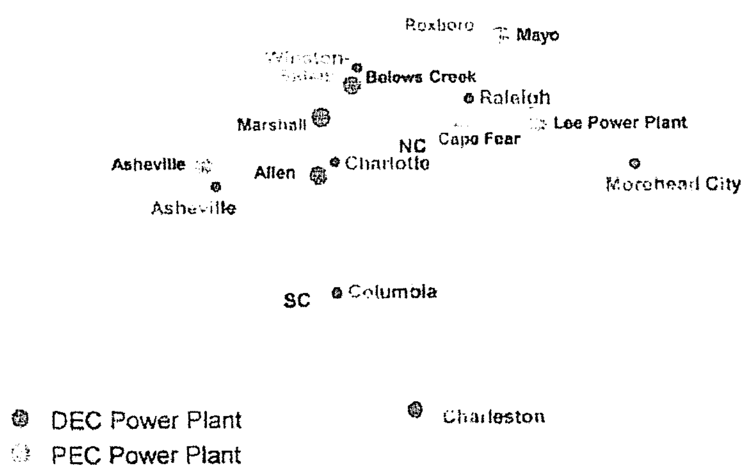
Improved cost position and supply diversity
- Reduced fuel and transportation expenses
  - Expected commodity savings
  - Transportation savings
- Rationalization of reagent contracts and supply routes

Opportunity Description	
Description	▪ Fuel and transportation cost savings
Synergies	▪ ~$330MM over 5 years

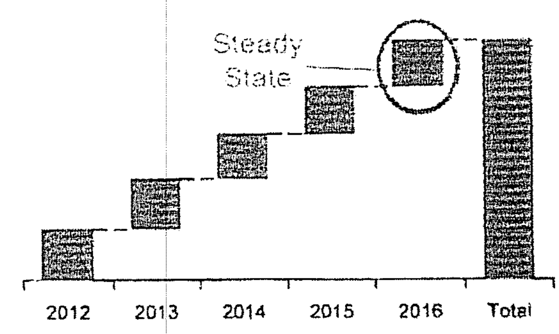
Note: No material savings associated with reductions in inventory levels
1) Cancellation of expansion plans to the DEC natural gas trading functions providing savings in the amount of $400k per year
Source DEC and PEC Coal, Gas, Transportation, and Reagents data. Booz & Company Analysis

Coal Transportation Synergies

Norfolk Southern ("NS") Served Plants

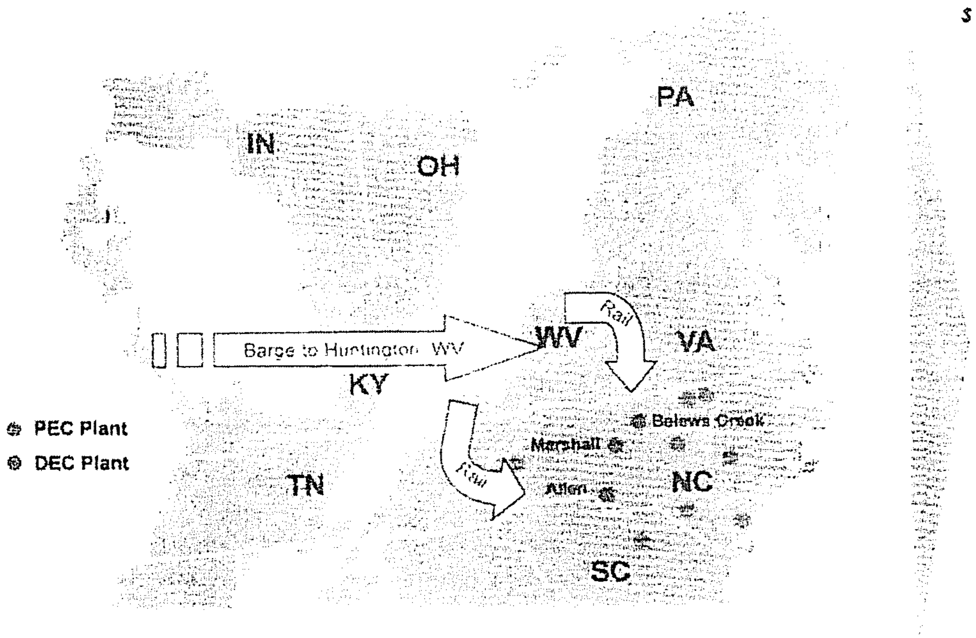


Transport Savings Opportunity
($ millions)

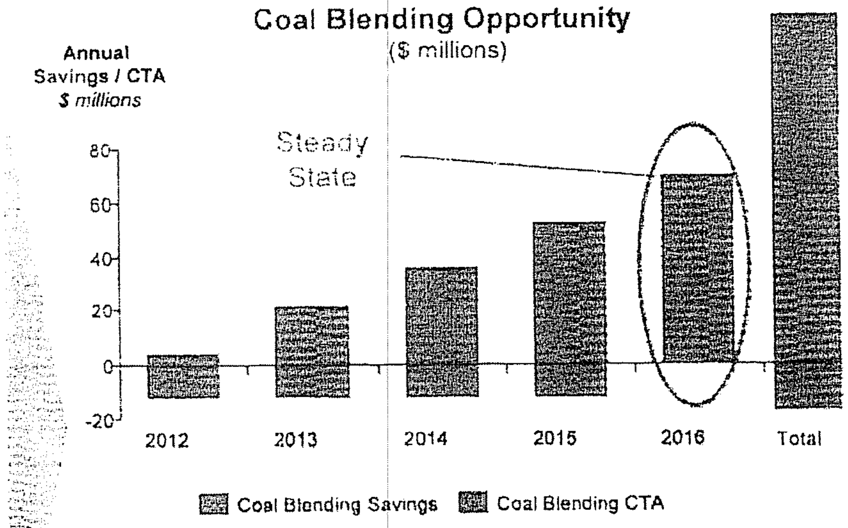


Coal Blending and Sourcing Analysis

Coal Sourcing Basins and Delivery Routes



Coal Blending Opportunity
($ millions)

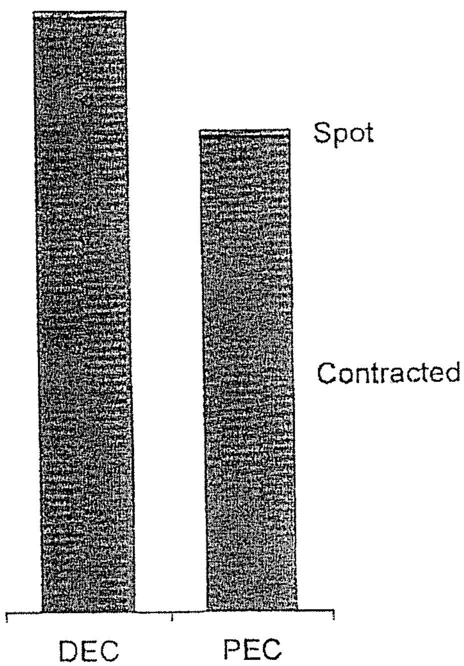


1) Cliffside Unit 6 is excluded from the analyses as it is still under construction

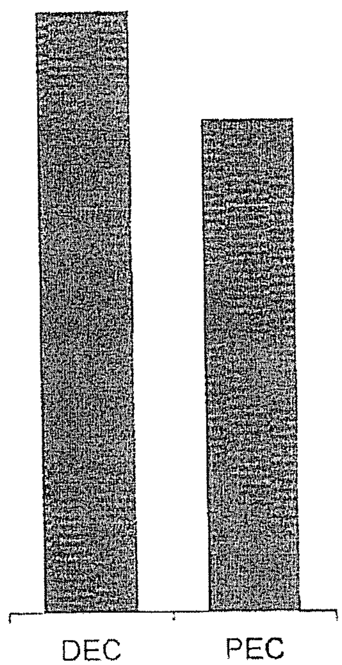
Source: DEC and PEC annual reports, Energy Velocity, Booz & Company analysis

Coal Commodity Synergies

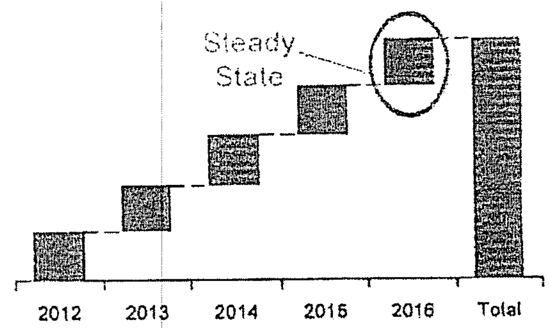
Coal Purchases from Central Appalachia
2009 Tons (000's)



Coal Price[1,2]
In $ per Ton



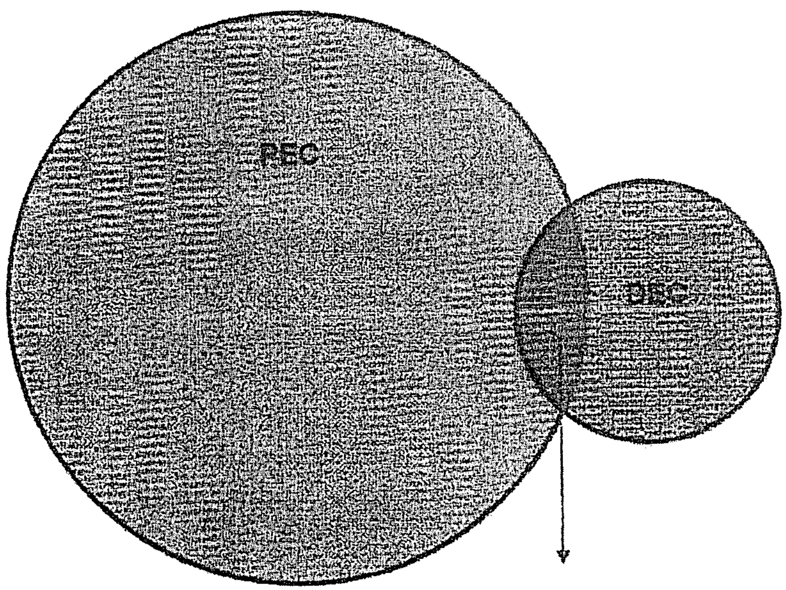
Coal Commodity Savings Opportunity
($ millions)



1) DEC price is based on provided active coal contracts details for 2010; PEC coal price is based on provided active coal contracts details for 2011
2) Carolinas Only
Source: Energy Velocity 2009; DEC and PEC active coal contracts details. Booz & Company analysis

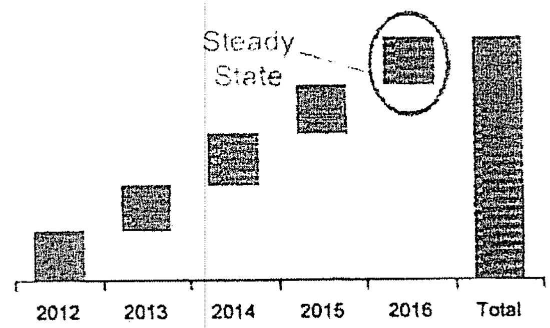
Gas Capacity Sharing Synergies

Pipeline Capacity Alignment



Gas Capacity Sharing Opportunity

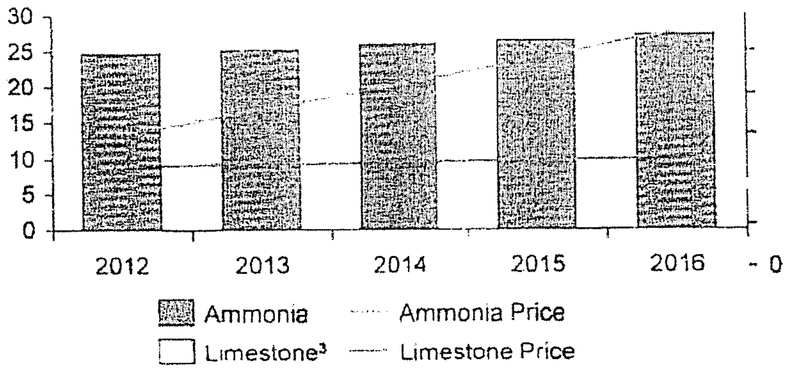
($ millions)



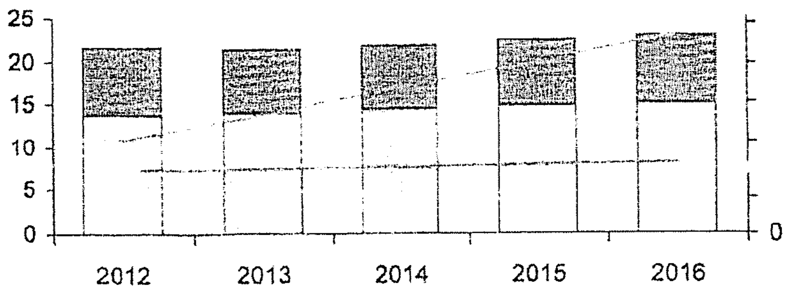
Sources: DEC and PEC gas capacity contracts; Booz & Company analysis

Reagents: Ammonia and Limestone Analysis

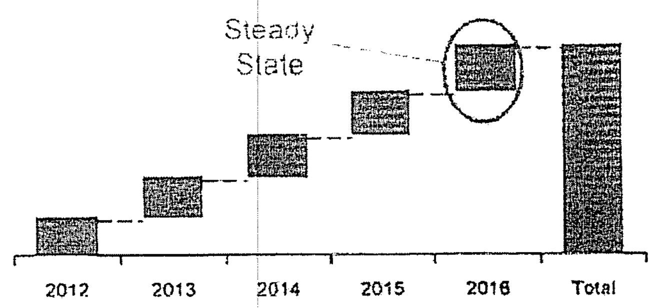
DEC Baseline Spend[1]
In $ MM



PEC Baseline Spend
In $ MM



Reagent Savings Opportunity
($ millions)



1) Based on tons not under contract
Source: Booz & Company analysis

EXHIBT 7

MARKET POWER STUDY

EXHIBIT 7

MARKET POWER STUDY

LIST OF EXHIBITS

Exhibit J-3

Duke Energy Generation and Purchases [1/]

Balancing Authority/ RTO	Plant Name	Summer Capacity MW	Ownership Share	Ownership Interest MW
DUK (Current Generation)				
DUK	Belews Creek	2,220	100.00%	2,220
DUK	Buck	431	100.00%	431
DUK	Cliffside	760	100.00%	760
DUK	Dan River	324	100.00%	324
DUK	G G Allen	1,127	100.00%	1,127
DUK	Marshall	2,078	100.00%	2,078
DUK	Riverbend	518	100.00%	518
DUK	W S Lee	452	100.00%	452
DUK	McGuire	2,200	100.00%	2,200
DUK	Catawba	2,258	19.25%	435
DUK	Oconee	2,538	100.00%	2,538
DUK	Bad Creek	1,360	100.00%	1,360
DUK	Cowans Ford	325	100.00%	325
DUK	Jocassee	730	100.00%	730
DUK	Keowee	152	100.00%	152
DUK	Other Hydro	589	100.00%	589
DUK	Buzzard Roost	176	100.00%	176
DUK	Lincoln Combustion	1,267	100.00%	1,267
DUK	Mill Creek	595	100.00%	595
DUK	Rockingham	825	100.00%	825
	Subtotal	20,926		19,102
Planned Retirement By Summer 2012				
DUK	Buck 3-4 (5/15/11)	(113)	100.00%	(113)
DUK	Buck 7-9 (6/1/12)	(62)	100.00%	(62)
DUK	Cliffside 1-4 (10/1/11)	(198)	100.00%	(198)
DUK	Dan River 1-3,5 (2012)	(300)	100.00%	(300)
DUK	Riverbend 8-11 (6/1/12)	(64)	100.00%	(64)
DUK	Buzzard Roost 6-15 (6/1/12)	(176)	100.00%	(176)
	Subtotal	(913)		(913)
Planned Capacity Additions by 2012				
DUK	Jocassee 1+2 (uprate)	50	100.00%	50
DUK	Bridgewater Hydro (uprate)	9	100.00%	9
DUK	Buck CC (12/31/11)	620	100.00%	620
DUK	Cliffside (6/30/12)	825	100.00%	825
	Subtotal	1,504		1,504
DEC Purchases				
	Cherokee Cogen			88
	SEPA Allocation			59
	Misc Purchases			123
				270
	DUK, Total Owned and Purchased, Current			19,372 [2/]
	DUK, Total Owned and Purchased, 2012			19,963

Exhibit J-3

Balancing Authority/ RTO	Plant Name	Summer Capacity MW	Ownership Share	Ownership Interest MW
MISO [3/]				
MISO	Walter C Beckjord 1-5, GTs [4/]	892	100.00%	892
MISO	Walter C Beckjord 6 [4/]	414	37.50%	155
MISO	Dicks Creek [4/]	136	100.00%	136
MISO	East Bend [4/]	600	69.00%	414
MISO	Miami Fort 6, GTs [4/]	219	100.00%	219
MISO	Miami Fort 7-8 [4/]	1,020	64.00%	653
MISO	Woodsdale [4/]	462	100.00%	462
MISO	W H Zimmer [4/]	1,300	46.50%	605
MISO	Vermillion Energy Facility [4/]	568	75.00%	426
MISO	Cayuga	1,104	100.00%	1,104
MISO	Connersville	86	100.00%	86
MISO	Edwardsport	160	100.00%	160
MISO	Gibson 1-4	2,512	100.00%	2,512
MISO	Gibson 5	620	50.05%	310
MISO	Markland	45	100.00%	45
MISO	Miami Wabash	80	100.00%	80
MISO	Noblesville	286	100.00%	286
MISO	R Gallagher	560	100.00%	560
MISO	Wabash River 2-7	676	100.00%	676
MISO	Madison	576	100.00%	576
MISO	Henry County	129	100.00%	129
MISO	Wheatland	460	100.00%	460
MISO	St. Paul Cogeneration	33	100.00%	33
PJM	Conesville 4 [5/]	780	40.00%	312
PJM	J M Stuart [5/]	2,350	39.00%	916
PJM	Killen Station [5/]	610	33.00%	201
				12,408
PJM [6/]				
PJM	Lee Energy Facility [7/]	568	100.00%	568
PJM	Washington Energy Facility [7/]	617	100.00%	617
PJM	Fayette Energy Facility [7/]	614	100.00%	614
PJM	Hanging Rock Energy Facility [7/]	1,220	100.00%	1,220
PJM	North Allegheny	70	100.00%	70
	PJM, Total			3,089
OVEC				
OVEC	Kyger Creek [8/]	993	9.00%	89
OVEC	Clifty Creek [8/]	1,203	9.00%	108
	OVEC, Total			198

Exhibit J-3

Balancing Authority/ RTO	Plant Name	Summer Capacity MW	Ownership Share	Ownership Interest MW
WECC				
WACM	Happy Jack	29	100.00%	29
WACM	Silver Sage	42	100.00%	42
WACM	Kit Carson	51	100.00%	51
PACE	Three Buttes	99	100.00%	99
PACE	Top of the World Wind Energy	200	100.00%	200
	WECC, Total			421
ERCOT				
ERCOT	Ocotillo	59	100.00%	59
ERCOT	Notrees	153	100.00%	153
ERCOT	Sweetwater Wind Project	585	48.40%	283
	ERCOT, Total			495
Total, Owned and Purchased, Current				35,984 9/
Total, Owned and Purchased, 2012				**36,574** 9/

Notes:

1/ Seasonal ratings may not match ratings used for other purposes.

2/ Excludes some small solar generating units owned by a Duke Energy affiliate (less than 10 MW).

3/ Ratings from EIA 860 Generator Database, as updated by Duke Energy.

4/ The facilities are expected to be transferred to PJM in 2012.

5/ These co-owned generators (Conesville, J M Stuart and Killen Station) are physically located in the PJM footprint but are directly connected to facilities under the control of MISO and operate as MISO Network Resources.

6/ Based on EIA 860, as updated (see note 2 above). These ratings differ slightly from the capacity figures used in PJM in its 2009 PJM Load, Capacity and Transmission Report, January 13, 2010 used for purposes of market-wide data (http://www.pjm.com/documents/reports/eia-reports.aspx).

7/ These units are committed to PJM through May 31, 2012 as a result of PJM's capacity auction (RPM).

8/ These units are committed to serving load obligations in MISO.

9/ Excludes some small solar generating units owned by a Duke Energy affiliate.

Exhibit J-4

Progress Energy Generation and Purchases

Balancing Authority Area	Unit Name	Summer Capacity (MW)	Ownership Share	Ownership Interest (MW)
CPLE/CPLW				
CPLW	Asheville	703.0	100.00%	703.0
CPLE	Blewett	74.0	100.00%	74.0
CPLE	Brunswick	1,858.0	81.67% [1/]	1,858.0
CPLE	Cape Fear	380.0	100.00%	380.0
CPLE	Darlington County	801.0	100.00%	801.0
CPLE	H B Robinson	916.0	100.00%	916.0
CPLE	Harris	900.0	83.83% [1/]	900.0
CPLE	L V Sutton	659.0	100.00%	659.0
CPLE	Lee	472.0	100.00%	472.0
CPLW	Marshall	5.0	100.00%	5.0
CPLE	Mayo	742.0	83.83% [1/]	742.0
CPLE	Morehead	12.0	100.00%	12.0
CPLE	Richmond	1,287.0	100.00%	1,287.0
CPLE	Roxboro	2,424.0	96.30% [1/]	2,424.0
CPLE	Tillery	89.0	100.00%	89.0
CPLE	W H Weatherspoon	304.0	100.00%	304.0
CPLW	Walters	112.0	100.00%	112.0
CPLE	Wayne County	863.0	100.00%	863.0
	Subtotal			**12,601.0**
Planned Capacity Additions by 2012				
CPLE	Richmond (6/1/11)	635.0	100.00%	635.0
CPLE	H B Robinson Uprate	25.0	100.00%	25.0
CPLE	Harris 1 Uprate	30.0	100.00%	30.0
	Subtotal			**690.0**
PEC Purchases [2/]	**Counterparty/Facility**			
DUK	Broad River [3/]			850.0
CPL	Roxboro (contract ended 12/31/09, purchase continue)			47.0
CPL	Southport (contract ended 12/31/09, purchase continue)			86.0
CPL	Southern Company (Rowan)			145.0
CPL	SEPA Allocation			95.0
	Subtotal			**1,223.0**
	CPLE, CPLW, Total Owned and Purchased, Current			**13,824.0**
	CPLE, CPLW, Total Owned and Purchased, 2012			**14,514.0**
FPC				
FPC	Anclote	1,011.0	100.00%	1,011.0
FPC	Avon Park	48.0	100.00%	48.0
FPC	Bayboro	174.0	100.00%	174.0
FPC	Crystal River Units 1-2	869.0	100.00%	869.0
FPC	Crystal River Unit 3	860.0	91.78%	789.3
FPC	Crystal River Units 4-5	1,442.0	100.00%	1,442.0

Exhibit J-4

Balancing Authority Area	Unit Name	Summer Capacity (MW)	Ownership Share	Ownership Interest (MW)
FPC	DeBary	645.0	100.00%	645.0
FPC	G E Turner	149.0	100.00%	149.0
FPC	Higgins	113.0	100.00%	113.0
FPC	Hines Energy Complex	1,912.0	100.00%	1,912.0
FPC	Intercession City	987.0	100.00% [4/]	987.0
FPC	P L Bartow	1,310.0	100.00%	1,310.0
FPC	Rio Pinar	12.0	100.00%	12.0
FPC	Suwannee River	284.0	100.00%	284.0
FPC	Tiger Bay	205.0	100.00%	205.0
FPC	University of Florida	46.0	100.00%	46.0
	Subtotal			9,996.3

PEF Purchases	Counterparty/Facility	
	QF Dade County Resource Recovery	43.0
	QF El Dorado	114.2
	QF Lake Cogen	110.0
	QF Lake County Resource Recovery	12.8
	QF LFC Jefferson	8.5
	QF LFC Madison	8.5
	QF Mulberry	115.0
	QF Orange Cogen (CFR Biogen)	74.0
	QF Orlando Cogen	79.2
	QF Pasco County Resource Recovery	23.0
	QF Pinellas County Resource Recovery 1	40.0
	QF Pinellas County Resource Recovery 2	14.8
	QF Ridge Generating Station	39.6
	Southern Co. UPS [5/]	412.0
	Shady Hills	478.0
	Vandolah	462.0
	Subtotal	2,034.6
	Total, FPC	**12,030.9**

Total, Owned and Purchased, **Current**	25,854.9
Total, Owned and Purchased, 2012	**26,544.9**

Notes:

1/ Progress Energy controls these jointly owned facilities and supplies output to its joint owner to serve their load. This load is included in PEC load.

2/ Not listed are smaller renewable purchases, such as Buncombe County Landfill, Hydrodyne Industries, and Madison Hydro Partners.

3/ The purchase contract specifies 835 MW, but the transmission reservation is for 850 MW.

4/ PEF is a joint owner (with Georgia Power Company) of a 143 MW CT at Intercession City site. Georgia Power has the exclusive right to the output of this facility June-September, and PEF has the exclusive right for the remainder of the year.

5/ PEF purchases 412 MW from SOCO's Scherer 3 and Miller 1-4 units.

CONFIDENTIAL PROPRIETARY TRADE SECRET

Exhibit J-5

Available Economic Capacity

Carolinas Markets

			Pre-Merger						Post-Merger				
			DUKE		PROGRESS				DUKE ENERGY				
Market	Period	Price	MW	Mkt Share	MW	Mkt Share	Market Size	HHI	MW	Mkt Share	Market Size	HHI	HHI Chg
No Rate Depancaking													
DUK	S_SP1	$ 80	1,081	26.6%	1	0.0%	4,072	1,125	1,082	26.6%	4,072	1,126	1
DUK	S_SP2	$ 55	1,294	27.2%	-	0.0%	4,757	1,086	1,294	27.2%	4,757	1,086	-
DUK	S_P	$ 40	1,352	37.7%	-	0.0%	3,587	1,575	1,352	37.7%	3,587	1,575	-
DUK	S_OP	$ 35	809	23.5%	-	0.0%	3,448	832	809	23.5%	3,448	832	-
DUK	W_SP	$ 80	3,503	44.2%	-	0.0%	7,922	2,180	3,503	44.2%	7,922	2,180	-
DUK	W_P	$ 40	1,067	25.3%	-	0.0%	4,221	857	1,067	25.3%	4,221	857	-
DUK	W_OP	$ 35	26	0.9%	-	0.0%	3,049	438	26	0.9%	3,049	438	-
DUK	SH_SP	$ 55	1,875	34.4%	-	0.0%	5,457	1,427	1,875	34.4%	5,457	1,427	-
DUK	SH_P	$ 35	14	0.7%	-	0.0%	2,187	434	14	0.6%	2,187	434	-
DUK	SH_OP	$ 33	21	0.9%	-	0.0%	2,337	411	21	0.9%	2,337	411	-
CPLE	S_SP1	$ 80	170	7.2%	2	0.1%	2,343	437	172	7.3%	2,343	438	1
CPLE	S_SP2	$ 55	66	2.7%	32	1.3%	2,431	484	98	4.0%	2,431	491	7
CPLE	S_P	$ 40	96	3.1%	-	0.0%	3,136	364	96	3.1%	3,136	364	-
CPLE	S_OP	$ 35	132	3.0%	1,340	30.8%	4,359	1,150	1,472	33.8%	4,359	1,336	186
CPLE	W_SP	$ 80	764	16.6%	-	0.0%	4,606	555	764	16.6%	4,606	555	-
CPLE	W_P	$ 40	21	0.4%	246	4.8%	5,126	464	267	5.2%	5,126	468	4
CPLE	W_OP	$ 35	54	1.1%	-	0.0%	5,113	474	54	1.1%	5,113	474	-
CPLE	SH_SP	$ 55	176	4.2%	556	13.2%	4,210	525	732	17.4%	4,210	636	111
CPLE	SH_P	$ 35	33	0.7%	389	8.5%	4,591	495	422	9.2%	4,591	507	12
CPLE	SH_OP	$ 33	57	1.2%	140	3.0%	4,624	408	197	4.3%	4,624	415	7

CONFIDENTIAL PROPRIETARY TRADE SECRET

Exhibit J-5

Available Economic Capacity
Carolinas Markets

			Pre-Merger						Post-Merger				
			DUKE		PROGRESS				DUKE ENERGY				
Market	Period	Price	MW	Mkt Share	MW	Mkt Share	Market Size	HHI	MW	Mkt Share	Market Size	HHI	HHI Chg
With Rate Depancaking													
DUK	S_SP1	$ 80	1,081	26.6%	1	0.0%	4,072	1,125	1,085	26.6%	4,072	1,129	5
DUK	S_SP2	$ 55	1,294	27.2%	-	0.0%	4,757	1,086	1,294	27.2%	4,757	1,085	-
DUK	S_P	$ 40	1,352	37.7%	-	0.0%	3,587	1,575	1,349	37.6%	3,587	1,573	(2)
DUK	S_OP	$ 35	809	23.5%	-	0.0%	3,448	832	985	28.6%	3,448	1,073	241
DUK	W_SP	$ 80	3,503	44.2%	-	0.0%	7,922	2,180	3,505	44.2%	7,922	2,186	7
DUK	W_P	$ 40	1,067	25.3%	-	0.0%	4,221	857	1,121	26.5%	4,223	926	69
DUK	W_OP	$ 35	26	0.9%	-	0.0%	3,049	438	26	0.9%	3,049	436	(2)
DUK	SH_SP	$ 55	1,875	34.4%	-	0.0%	5,457	1,427	1,874	34.4%	5,457	1,427	(1)
DUK	SH_P	$ 35	14	0.7%	-	0.0%	2,187	434	14	0.6%	2,228	496	63
DUK	SH_OP	$ 33	21	0.9%	-	0.0%	2,337	411	20	0.9%	2,337	414	3
CPLE	S_SP1	$ 80	170	7.2%	2	0.1%	2,343	437	213	9.1%	2,343	442	6
CPLE	S_SP2	$ 55	66	2.7%	32	1.3%	2,431	484	139	5.7%	2,431	444	(41)
CPLE	S_P	$ 40	96	3.1%	-	0.0%	3,136	364	296	9.4%	3,136	382	19
CPLE	S_OP	$ 35	132	3.0%	1,340	30.8%	4,359	1,150	1,489	34.2%	4,359	1,364	214
CPLE	W_SP	$ 80	764	16.6%	-	0.0%	4,606	555	912	19.8%	4,606	645	90
CPLE	W_P	$ 40	21	0.4%	246	4.8%	5,126	464	496	9.4%	5,272	430	(35)
CPLE	W_OP	$ 35	54	1.1%	-	0.0%	5,113	474	60	1.2%	5,113	464	(11)
CPLE	SH_SP	$ 55	176	4.2%	556	13.2%	4,210	525	746	17.7%	4,210	598	73
CPLE	SH_P	$ 35	33	0.7%	389	8.5%	4,591	495	422	9.2%	4,591	499	4
CPLE	SH_OP	$ 33	57	1.2%	140	3.0%	4,624	408	196	4.2%	4,624	414	6
CPLW	S_SP1	$ 80	65	8.2%	-	0.0%	799	398	64	8.0%	799	401	3
CPLW	S_SP2	$ 55	39	4.8%	-	0.0%	799	449	63	7.9%	799	425	(23)
CPLW	S_P	$ 40	24	3.1%	-	0.0%	770	373	99	12.4%	799	417	43
CPLW	S_OP	$ 35	36	4.5%	-	0.0%	799	388	89	11.2%	799	451	63
CPLW	W_SP	$ 80	78	13.3%	-	0.0%	585	415	78	13.3%	585	418	3
CPLW	W_P	$ 40	3	0.5%	-	0.0%	712	442	62	8.5%	726	397	(45)
CPLW	W_OP	$ 35	7	0.9%	-	0.0%	783	407	8	1.0%	783	405	(1)
CPLW	SH_SP	$ 55	62	9.2%	-	0.0%	676	465	59	8.8%	676	440	(24)
CPLW	SH_P	$ 35	5	0.7%	-	0.0%	676	450	5	0.7%	676	456	6
CPLW	SH_OP	$ 33	8	1.2%	-	0.0%	676	380	8	1.1%	676	385	4

CONFIDENTIAL PROPRIETARY TRADE SECRET

Exhibit J-6

Applicants' Sales Data

Duke Energy Carolinas' Generation and Sales

	Type	2008 (MWh)	2009 (MWh)	2010 (MWh)	Total (MWh)	Percent	Source
1	Total Duke Carolinas Generation	85,846,145	80,577,153	84,845,228	251,268,526		Form EIA-861
2	Retail Sales	77,246,972	74,443,058	79,553,460	231,243,490	92.2%	Form EIA-861
3	Sales for Resale	8,229,109	5,386,629	5,889,571	19,505,309		Form EIA-861
4	Sales inside Duke BAA	4,773,892	4,412,686	4,934,413	14,120,991	5.6%	[3] - [5]
5	Sales outside Duke BAA	3,455,217	973,943	955,158	5,384,318	2.1%	EQR
6	Sales to PJM	1,867,406	804,536	714,799	3,386,741	1.351%	EQR
7	Sales to Other BAAs	1,499,904	132,963	196,947	1,829,814	0.730%	[5]-[6]-[8]
8	Sales to Progress BAAs	87,907	36,444	43,412	167,763		EQR
9	Sales to Progress Energy	75,120	34,464	40,046	149,630	0.060%	[8]-[10]
10	Sales to Progress BAAs other than to Progress Energy	12,787	1,980	3,366	18,133	0.007%	EQR

Progress Energy Carolinas' Generation and Sales

	Type	2008 (MWh)	2009 (MWh)	2010 (MWh)	Total (MWh)	Percent	Source
1	Total Progress Carolinas Generation	55,727,432	56,013,177	58,188,728	169,929,337		Form EIA-861
2	Retail Sales	43,786,847	42,980,718	45,703,382	132,470,947	75.8%	Form EIA-861
3	Sales for Resale	14,328,970	13,965,922	13,998,620	42,293,512		Form EIA-861
4	Sales inside Progress BAAs	11,795,391	12,015,693	13,551,664	37,362,748	21.4%	[3] - [5]
5	Sales outside Progress BAAs	2,533,579	1,950,229	446,956	4,930,764	2.8%	EQR
6	Sales to PJM	2,241,947	1,468,901	397,315	4,108,163	2.351%	EQR
7	Sales to Other BAAs	266,771	445,182	39,638	751,591	0.430%	[5]-[6]-[8]
8	Sales to Duke BAA	24,861	36,146	10,003	71,010		EQR
9	Sales to Duke Energy	22,237	34,825	9,500	66,562	0.038%	[8]-[10]
10	Sales to Duke BAA other than to Duke Energy	2,624	1,321	503	4,448	0.003%	EQR

Exhibit J-6

EQR Data (Short-Term Energy Sales)

Duke Energy Carolinas	2008	2009	2010
Total Sales (MWh)	4,134,654	1,363,796	1,029,643
Sales into Progress Energy Carolinas BAA (MWh)	87,907	36,444	43,412
Share of DEC's Sales into Progress Energy Carolinas BAA	2.13%	2.67%	4.22%
Sales into Progress Energy Carolinas BAA (MWh)	87,907	36,444	43,412
Sales to PEC (MWh)	74,520	34,464	40,046
Sales to Others (MWh)	13,387	1,980	3,366
Sales to Wholesale Customers with Load in BAA (MWh)*	75	50	925
Sales to PEC (%)	84.77%	94.57%	92.25%
Sales to Others (%)	15.23%	5.43%	7.75%
Sales to Wholesale Customers with Load in BAA (%)*	0.09%	0.14%	2.13%

Progress Energy Carolinas	2008	2009	2010
Total Sales (MWh)	2,952,714	2,016,855	597,404
Sales into Duke Energy Carolinas BAA (MWh)	24,861	36,146	10,003
Share of PEC's Sales into Duke Energy Carolinas BAA	0.84%	1.79%	1.67%
Sales into Duke Energy Carolinas BAA (MWh)	24,861	36,146	10,003
Sales to DEC (MWh)	22,237	34,825	9,500
Sales to Others (MWh)	2,624	1,321	503
Sales to Wholesale Customers with Load in BAA (MWh)**	-	-	-
Sales to DEC (%)	89.45%	96.35%	94.97%
Sales to Others (%)	10.55%	3.65%	5.03%
Sales to Wholesale Customers with Load in BAA (%)**	0.00%	0.00%	0.00%

* Sales to NCEMC. Other reported buyers were AEP, BNP Paribas Energy, Cargill, Conoco Phillips, Constellation, The Energy Authority, Lehman Brothers, Merrill Lynch, PJM, J. Aron, Tenaska, and TVA.

** Other reported buyers were Cargill, The Energy Authority, SCEG and Southeastern Power Administration.

Source: EQRs (as compiled by Ventyx)

MODELING AND DATA INPUTS

CASm is a proprietary linear programming model developed specifically to perform the calculations required in undertaking the delivered price test. The model includes each potential supplier as a distinct "node" or area that is connected via a transportation (or "pipes") representation of the transmission network. Each link in the network has its own non-simultaneous limit and cost. Potential suppliers are allowed to use all economically and physically feasible links or paths to reach the destination market. In instances where more generation meets the economic facet of the delivered price test than can actually be delivered on the transmission network, scarce transmission capacity is allocated based on the relative amount of economic generation that each party controls at a constrained interface. The model incorporates Simultaneous Import Limits ("SILs") as required by the Commission.

I conducted the competitive analysis screen using the existing market structure and publicly available data on generation and transmission capacity. The data inputs were adjusted to reflect 2012 conditions as a representative year (*e.g.*, to reflect updated fuel prices, load, and generation). A complete set of the input data used in my analysis is contained in my workpapers.[1]

A. Regions Modeled

I included as potential suppliers all entities within three wheels of the destination market.[2] The model includes all significant generation and load sources, including traditional utilities, non-utility and merchant generators, municipal utilities and cooperatives. Each entity is generally

---

[1] My workpapers contain both a public and a confidential/proprietary set of workpapers. The public workpapers contain the basic input data and outputs of the analyses I have conducted. The confidential workpapers contain the CRA's proprietary CASm model and associated databases (to allow an entity to replicate my delivered price test analyses), and information that requires confidential treatment. A confidential/proprietary agreement is provided as part of the public workpapers that allows an entity access to the confidential/proprietary workpapers.

[2] Potential suppliers were selected in recognition of the Commission's guidance regarding the number of wheels a potential supplier can realistically travel and still be considered a player in the destination market. For example, in *FirstEnergy*, the Commission limited the number of wheels "a supplier could reasonably travel to reach the destination market," recognizing that "[m]ore distant suppliers would face considerable losses and transmission costs." The Commission limited the potential suppliers to those within four wheels. *Ohio Edison Co.*, 80 FERC ¶ 61,039, *reh'g denied*, 81 FERC ¶ 61,109 (1997), *reh'g denied*, 85 FERC ¶ 61,203 (1998).

Also, the request for comments on the use of computer models in merger analysis suggests that "three wheels has been deemed adequate." Inquiry Concerning the Commission's Policy on the Use of Computer Models in Merger Analysis, Notice of Request for Written Comments and Intent to Convene a Technical Conference, Docket No. PL98-6-000, April 16, 1998, at 24. I conservatively excluded suppliers in some regions, such as utilities in Canada, that are technically within three wheels of some of the destination markets.

modeled as an individual "node."[3] For most of the regions included in the model, including the relevant regional transmission organizations ("RTOs"), balancing authority areas were used to aggregate generation and transmission assets.

B. Generating Resources

The main sources for data on generating plant capability are the EIA-860 and EIA-411 reports. I also have reviewed data from Ventyx, The Velocity Suite's databases ("Ventyx"),[4] which are also largely based on these same public reports, planning reports and Integrated Resource Plans ("IRPs"),[5] and prior filings made by the companies. These data sources provide information on capacity (nameplate and seasonal (summer and winter) net dependable capacity ("NDC") ratings), planned retirements and additions, operating status, primary and secondary fuel, and ownership, including jointly-owned units. NDC ratings were used for the analyses, with the summer ratings used for the shoulder time periods. Planned retirements and known capacity additions through 2012 were reflected in the analysis; otherwise all units with operating status listed as "Operating" were included in the analysis. For jointly-owned plants, shares were assigned to each of the respective owners, except as specified below and in the testimony. The capacity representing shares of jointly-owned units was "moved" in most regions of the model from its actual physical location to the geographic location of the owner, to the extent the owner is a load-serving entity. Firm transmission to the owner's balancing authority area is assumed to be in place. For example, this treatment was used for moving OVEC generation to its respective owners' location in PJM and MISO.

Each supplier's generating resources were adjusted to reflect long-term (one year or more) capacity purchases and sales where they could be identified from publicly available data.[6] The

---

3 The term "nodes" is used in CASm to denote a region or bubble where load, generation, or transmission assets are aggregated.

4 Ventyx is a set of databases, analytical tools and forecasts that is widely used in the industry.

5 *See, e.g., The Duke Energy Carolinas Integrated Resource Plan* (Annual Report), September 1, 2010, filed with the North Carolina Utilities Commission - Docket No. E-100, Sub 128; *Progress Energy Carolinas, Integrated Resource Plan*, September 13, 2010, filed with the North Carolina Utilities Commission - Docket No. E-100, Sub 128, and the Public Service Commission of South Carolina - Docket No. 2010 - 8 – E; *Annual Report of the North Carolina Utilities Commission*, November 30, 2010; and *Progress Energy Florida's 2010 Ten-Year Site Plan*, April 1, 2010, filed with the Florida Public Service Commission.

6 Sources for such information include FERC Form 1 and EIA Forms 411 and 412, utility resource plans and NERC's Electricity Supply and Demand database (as compiled by Ventyx). Requirements contracts generally are

capacity representing firm purchases and sales, analogous to the treatment of jointly-owned units, was "moved" in the model from its actual physical location to the geographic location of the buyer. Generation ownership was adjusted to reflect the transfer of control by assuming that the sale resulted in a decrease in capacity for the seller and a corresponding increase in capacity for the buyer.[7] Consistent with guidance provided in Appendix A, it was assumed that system power sales were comprised of the lowest-cost supply for the seller unless a more representative price could be identified.[8] Public data on purchases and sales, however, are not entirely complete or consistent across sources. In any event, adjustments to generating capacity for long-term sales and purchases is primarily relevant for the Applicants. The generation database is intended to reflect 2012 conditions and I have included only a limited amount of new generation that is coming on-line by 2012.[9] DEO and DEK have proposed to withdraw their transmission assets from MISO and join PJM as of January 1, 2012.[10] To reflect this, approximately 5,200 MW of generation, primarily generation owned by DEO and DEK, was "moved" from MISO to PJM as part of their integration into PJM. About 5,000 MW of Duke Energy's load obligations was also moved to PJM.[11]

Because the delivered price test is intended to evaluate energy products, seasonal capacity was de-rated to approximate the actual availability of the units in each period. That is, it was

---

treated as the equivalent of native load and potential supplier's Economic Capacity was not adjusted to reflect them.

7 Consistent with this assumption, non-utility generation ("NUGs") were assumed to be under the control of the purchasing utility. The Revised Filing Requirements direct applicants to consider whether operational control of a unit is transferred to the buyer. Such information generally is not readily available for non-applicants. Therefore, I treated long-term sales as being under the control of the purchaser

8 "[T]he lowest running cost units are used to serve native load and other firm contractual obligations" (Order No. 592 at 30,132). The lowest-cost supply that was available year-round (i.e., excluding hydro) was used. To the extent that long-term sales could be identified specifically as unit sales, the capacity of the specific generating unit was adjusted to reflect the sale, and the variable element of the purchase price attributed to the sale was the variable cost of the unit. The dispatch price for system purchases was based on the energy price reported for long-term purchases in FERC Form 1 (or similar forms, as reported in Ventyx) where such purchases could be identified and a variable cost price determined. In instances where the purchases could not be matched with FERC Form 1 data, the dispatch price was estimated.

9 As I discuss in my testimony, I evaluated a 2015 snapshot, reflecting generation additions/retirements expected by that date and expected load growth, but holding all other assumptions constant.

10 *See* http://www.pjm.com/markets-and-operations/market-integration/~/media/markets-ops/duke-integration/duke-request.ashx

11 *See* http://www.pjm.com/markets-and-operations/market-integration/~/media/planning/res-adeq/load-forecast/summer-2010-peaks-and-5cps.ashx. I assumed that Duke Energy was responsible for 85 percent of load in the Duke Zone.

assumed that generation capacity would be unavailable during some hours of the year for either (planned) maintenance or forced (unplanned) outages. Data reported in the NERC "Generating Availability Data System" ("GADS") was used to calculate the "average equivalent availability factor" to estimate total outages, and the "average equivalent forced outage rate" to estimate forced outages for fossil and nuclear plants.[12] Based on a review of historical planned outages (as reported in the FERC Form 714), scheduled maintenance was assumed to occur mostly in the shoulder season (80 percent), with remainder scheduled during the winter season. Forced outages were assumed to occur uniformly throughout the year.

Supply curves were developed for each potential supplier in the model, based on estimates of each unit's incremental costs. The incremental cost is calculated by multiplying the fuel cost for the unit by the unit's efficiency (heat rate) and adding any additional variable costs that may apply, such as costs for variable operations and maintenance ("VO&M") and costs for environmental controls.[13]

Data used to derive incremental cost estimates for each unit were taken from the following sources:

- Heat Rates – EIA Form 860, supplemented by data reported in Ventyx's database. (Note that the most recently available data from the Form 860 date back to 1995, so much of the heat rate data is based on information reported by Ventyx.)[14]

- Fuel Costs - Futures prices and Regional Projections. Regional dispatch costs for natural gas and oil units were derived from futures market data and spot price history (2012 data, retrieved in January 2011). For gas-fired units, I relied on 2012 NYMEX Henry Hub natural gas futures contract prices and applied

---

[12] GADs reported data from 2005-2009 was used in most instances. In addition to thermal unit availability, hydro unit availability and generation are specified for each time period. For each of the time periods analyzed, hydro capacity factors have been assigned to each unit based on historical operation. Capacity factors for hydro units were based on five years of Form 923 monthly generation data, reported maximum capacities and, where necessary, assumptions regarding minimum capacity (assumed to be 15 percent of maximum if no data is available).

[13] For NUGs, the incremental costs were estimated on the basis of the energy price reported in relevant regulatory filings, if available. Otherwise, NUGs were assumed to be must-run and the variable costs set to zero. New merchant and utility capacity included in the analysis was priced assuming an average full-load heat rate of 10,000 Btu/kWh for combustion turbines and 7,000 Btu/kWh for combined cycle plants. These values were derived from an evaluation of existing technology. Variable O&M costs for new units were assumed to be the same as for existing units.

[14] For combined-cycle units, Ventyx provides information on the combined-cycle and peaking (*e.g.*, duct-firing) modes of operation and I have incorporated this information where available.

regional basis differentials. I used these data to estimate regional delivered commodity prices for all gas-fired units modeled. Basis differentials were estimated from a review of regional market center and Henry Hub prices from EIA. The NYMEX Henry Hub price, plus each region's basis differential equals my estimated regional price. For oil-fired units, I relied on the NYMEX futures contract for light sweet crude oil. I estimated delivered residual and distillate oil prices based on a multi-year analysis of delivered refined products versus spot crude oil prices. I used plant specific coal prices (from FERC Form 423 (January 2009 to October 2010) supplemented by Ventyx's Spot prices available data) as the basis for my coal unit dispatch cost and escalated to 2012 using information in EIA's 2009 Annual Energy Outlook (table 15). In instances where no forecast was available for a given unit, I used regional average price estimate as my default. In addition, I assumed that supercritical coal units had a maximum dispatch cost of $30/MWh.

- Variable O&M – $1/MWh for gas and oil steam units, $3/MWh for scrubbed coal-fired units and $2/MWh for other coal-fired units (generic estimates based on trade and industry sources). Additional Variable O&M adders for other unit types are shown in my workpapers. As noted, these Variable O&M costs are generic estimates by plant type and do not necessarily match actual individual unit O&M costs. Notably, Variable O&M accounts for a minor portion of the dispatch costs used in the analysis, and, importantly, the specific O&M assumption tends not to alter the merit order of the generic types of generation.

- Environmental Costs – All units covered by Phase II of the Clean Air Act Amendments of 1990 (CAAA) are assessed a variable dispatch adder to cover costs associated with SO2 emissions. This unit-specific cost is calculated using the SO2 content of fuel burned at the unit as reported in FERC Form 423 (adjusting for emissions reduction equipment at the facility) and an SO2 allowance cost of $30/ton.[15] In addition to SO2, the unit dispatch costs also reflect the impact of existing NOx trading programs in the Northeast (OTR). Unit-specific data on NOx rates (lbs/mmBtu) were taken from the EPA's "2000 Acid Rain Program Emission Scorecard."[16] The NOx allowance price for the OTR was assumed to be $680/ton.[17]

---

[15] Consistent with my methodology for estimating coal prices, I used plant specific estimates of SO2 emissions as the basis for my coal unit dispatch cost. When there was no estimate for a given unit, I defaulted to a regional average SO_2 estimate. SO_2 costs are from Evolution Markets LLC.

[16] In cases where unit-specific data were not available, such as for new capacity, the following boiler level assumptions were applied, based on the unit's fuel type: Coal – 0.4; Oil – 0.2; Natural Gas – 0.1.

[17] NOx rates were derived from EPA's Acid Rain Program Emission Scorecard and NOx allowance price is from Evolution Markets LLC.

C. Transmission

The Commission's Appendix A analysis specifies that the transmission system be modeled on the basis of inter-balancing authority area transmission capability using transmission prices based on transmission providers' maximum non-firm OATT rates, except where lower rates can be documented. This dictates a transportation representation of the transmission network, and the structure of CASm was designed to conform to Appendix A. This representation remains appropriate for some regions in the United States (*i.e.*, those where transmission service is still generally provided under each transmission owner's OATT). Basing tariffs on OATT rates is increasingly modified by RTO transmission pricing arrangements, however, and the Commission has instructed applicants to account for them.[18] I incorporated the RTO arrangements in my modeling of transmission rates and limits and have also explicitly incorporated SILs into my modeling assumptions.

Balancing area-to-balancing area transmission capability was taken primarily from postings on the various transmission operators' Open Access Same-Time Information System ("OASIS"). OASIS reports Total Transfer Capability ("TTC"), firm Available Transfer Capability ("ATC") and non-firm ATC. Data generally are provided monthly for a twelve-month period starting with the next month. Given that I apply a SIL into each destination market, the overall amount of rival capacity into the destination market is limited by the SIL.

A summary of the posted OASIS data is provided in workpapers, which also show the assumed values for all of the transmission paths in the analysis. For the direct interconnections to DUK, CPLE and CPLW, I used the average of Applicants' Monthly TTC posting and decremented it for TRM.[19] I also adjusted the TTCs to reflect the schedules between balancing authority areas included in the analysis in each time period, as discussed below. Monthly ATC or TTC values were used in other regions of the Southeast in most instances. For other regions where transmission is no longer posted on a balancing area-to-balancing area basis, I have generally used values from older filings or used information from other sources, although I would note that the

---

[18] *See Revised Filing Requirements Under Part 33 of the Commission's Regulations*, Order No. 642, FERC Stats. & Regs. [Regs. Preambles July 1996-Dec. 2000] ¶ 31,111 at 31,890 (2000), *on reh'g*, Order No. 642-A, 94 FERC ¶ 61,289 (2001). ("Revised Filing Requirements" or "Order No. 642").

[19] For the limits between DUK and the two CPL BAAs, I used postings from Progress Energy Carolinas' OASIS.

assumption on transmission capacity in the regions outside of the Carolinas has an insignificant non-material impact on the results of my analysis.

Consistent with Order No. 592, the ceiling rates in Schedule 8 (Non-Firm Point-to-Point Transmission Service) of each utility's Order No. 888 filings were used as the basis for transmission rates for utilities that are not part of RTO arrangements.[20] In many instances, utilities report both on-peak and off-peak ceiling rates in its Order No. 888 filing. If so, the applicable transmission rate for the on- and off-peak periods were used. If not, the filed ceiling rate was applied for all periods. Ancillary service charges from Schedules 1 (Scheduling, System Control and Dispatch Service) and 2 (Reactive Supply and Voltage Control from Generation Sources Service) of Order No. 888 filings were added where applicable to determine the final rates. For the RTOs, I have used information on their respective OASIS sites to calculate the applicable transmission rates.

Losses, which are assumed to be 2.8 percent, are assessed for each wheel incurred along the path to deliver power to the destination market but are not added for the final wheel into the destination market.

D. SILS

I relied on SIL data provided by Applicants. Applicants provided me with an analysis of the SIL into DUK, CPLE, CPLW and their first-tier markets (SC, SCEG, SOCO and TVA) for three seasonal snapshots: Summer, Winter and Spring. For each market, Applicants provided the First Contingency Incremental Transfer Capability ("FCITC") and the interchange schedules that they have modeled by season. The SIL from Applicants' study is the sum of the FCITC minus interchange (where interchange is defined as a negative value for imports). My analysis accounts for the agreements underlying the interchange by moving generation resources between balancing authority areas. Therefore, the remaining transmission capability into a market is the portion of the SIL that has not already been accounted for in my modeling. For example, one of the interchange schedules included in Applicants' SIL analysis is an 850 MW reservation from DUK to CPLE to

---

[20] In instances where transmission data were not reported in dollars per MWh, the \$/MW rates were converted to \$/MWh rates using the "Appalachian" method. *Appalachian Power Co.*, 39 FERC ¶ 61,296 at 61,965 (1987). In some instances, I used rates posted on the transmission operators' OASIS offerings page, which may be lower than the ceiling rates provided in Schedule 8. In instances when data was not available, I assumed default transmission rates of \$2/MWh and \$1/MWh for peak and off-peak periods, respectively.

reflect Progress Energy Carolinas' long-term power purchase agreement with respect to the Broad River peaking facility located in DUK. In my analysis, I treat Broad River as a resource in CPLE during times when the peaking facility is economic to operate based on the assumptions in the DPT and, therefore, I have modeled the interchange capability related to the Broad River schedule and account for this by assuming 850 MW of the SIL is already used.[21] This accounting for how much of the interchange has already been modeled is done in each time period to determine the amount of SIL available for suppliers, including Applicants, outside of the market. A detailed accounting of the interchange modeled in each market by time period is provided in workpapers.

E. Allocation of Limited Transmission

Appendix A notes that there are various methods for allocating transmission, and that applicants should support the method used.[22] For purposes of this analysis, limited transmission capacity was allocated using a prorata "squeeze-down" method, so-named because it seeks to prorate capacity at each node and is the closest approximation to what the Commission applied in *FirstEnergy*[23] that is computationally feasible. Under this method, shares of available transmission are allocated at each interface, diluting the importance of distant capacity as it gets closer to the destination market. When there is economic supply (*i.e.*, having a delivered cost less than 105 percent of the destination market price) competing to get through a constrained transmission interface into a balancing authority area, the transmission capability is allocated to the suppliers in proportion to the amount of economic supply each supplier has outside the interface.

Shares on each transmission path are based on the shares of deliverable energy at the source node for the particular path being analyzed. The calculations start at the outside of a

---

[21] The treatment of non-SIL transmission capabilities is symmetric. For example, when Broad River is economic, I decrement the non-SIL TTC rating from DUK to CPLE to reflect that a portion of the transfer capability along the path is used by PEC to import Broad River into the CPLE market.

[22] *See Inquiry Concerning the Commission's Merger Policy Under the Federal Power Act; Policy Statement*, Order No. 592, FERC Stats. & Regs.[Regs. Preambles 1996-2000] ¶ 31,044 at 30,133(1996) ("Merger Policy Statement" or "Order No. 592") ("In many cases, multiple suppliers could be subject to the same transmission path limitation to reach the same destination market and the sum of their economic generation capacity could exceed the transmission capability available to them. In these cases, the ATC must be allocated among the potential suppliers for analytic purposes. There are various methods for accomplishing this allocation. Applicants should support the method used."), *reconsideration denied*, Order No. 592-A, 79 FERC ¶ 61,321 (1997).

[23] *Ohio Edison Co.* at 61,106-07: "When there was more economic capacity (or available economic capacity) outside of a transmission interface than the unreserved capability would allow to be delivered into the destination market, the transmission capability was allocated to the suppliers in proportion to the amount of economic capacity each supplier had outside the interface."

network, defined with the destination market as its center, and end at the destination market itself. A series of decision rules are required to accomplish this proration. The purpose of these decision rules is limited to assigning a unique power flow direction to each link for any given destination market analysis. Once the links are given a direction, the complex network can be solved. CASm implements a series of rules to determine the direction of the path. The first rule (and the one expected to be applied most frequently) is based on the direction of the flow under an economic allocation of transmission capacity. Other options take into consideration the predominant flow on the line based on desired volume (the amount of economic capacity seeking to reach the destination market, the number of participants seeking to use a path in a particular direction, and the path direction that points toward the destination market). Directions can also be set manually.

The model proceeds to assign suppliers at each node a share equal to their maximum supply capability. At each node, "new" suppliers (those located at the node outside of the next interface) are given a share equal to their supply capability, and the shares of more distant suppliers (those who have had to pass through interfaces or SILs more remote from the destination market in order to reach the node) are scaled down to match the line capacity into the node. Ultimately, the shares at the destination market represent the prorated shares of Economic Capacity (or Available Economic Capacity) that is economically and physically feasible.[24] Additional details on how CASm allocates transmission is provided in Exhibit J-8.

F. Prices

As described in Exhibit J-1, information I reviewed to select the prices that I used in my analysis included (i) Applicants' system lambdas for 2009 and 2010, adjusted to reflect forecast fuel price differences for the 2012 modeled year; (ii) the price levels that would balance each Applicant's supply stack with their average load for the period; (iii) the capacity factors for each type of capacity that the Applicants own to determine which units, with what fuel and heat rate, typically sets prices in the time period; (iv) energy prices forecasted by Ventyx; and (v) EQR data. The underlying data for each of these items is provided in workpapers.

---

24 The allocation of imports in the model sometimes results in slight underutilization of the SILs. The effect can be slight changes in pre- to post-merger market size.

G. Load

Load values were generally based on information from FERC Form 714, which contains information on historical hourly load and forecasted peak and energy, IRPs and other planning documents. For loads on the Duke Energy Carolinas' and Progress Energy Carolinas' systems, I used information on peak load from the IRPs.[25] These loads, and others in the model, were then shaped based on the hourly load pattern for Duke Energy Carolinas in its FERC Form 714. In instances where reliable load estimates were unavailable, I conservatively assumed the entity had sufficient load such that they did not have any Available Economic Capacity.

For PJM, I have used the same basic assumptions that I developed for my recent analysis in connection with the FirstEnergy-Allegheny Energy merger,[26] but updated to reflect 2012 load levels and to incorporate the DEO and DEK load and resources becoming part of PJM.[27] Specifically, first I assumed that AEP and Virginia Power continue to have full load-serving responsibilities and use their lowest cost generation to meet load. Second, I assumed that New Jersey, Maryland and Delaware auctioned load will continue to be served by the parties that won recent auctions and, if they are generation owners, that they would serve load using their own generation. Based on a review of results available at the time of my analysis in June 2010, this means that approximately 70 percent of these loads are met by dedicated resources. As with the AEP and Virginia Power loads, I assume that these generation-owning parties serve the tranches they won with their lowest-cost generation. Third, , I assumed that in the Pennsylvania utilities' auctions, the major Pennsylvania utility shares are limited to 65 percent of their POLR loads and that they in fact achieve those shares and serve their loads from their lowest-cost local generation (as the Commissions' regulations mandate that I assume). Under this set of assumptions, about 70 percent of total PJM load is assumed to have generation committed to serving it in an Available

---

25 Duke Energy Carolinas' load was adjusted to be consistent with my modeling of the Catawba facility by excluding NCEMC's loads related to its ownership share in Catawba (which is included in Duke Energy Carolinas' IRP forecast). Load for PEC was split between CPLE and CPLW based on information from Applicants (about 10 percent of PEC's loads are in CPLW).

26 *See Application of FirstEnergy Corp. and Allegheny Energy, Inc.*, Docket No. EC10-68-000, Testimony of William H. Hieronymus, June 21, 2010.

27 As noted earlier, I assumed Duke Energy served 85 percent of load in the Duke Zone using its lowest cost generation located in PJM. For Duke Energy's resources remaining in MISO, I estimated its load obligation as the difference between Cinergy's load (as reported in its FERC Form 714) and Duke Energy's load obligations in PJM.

Economic Capacity sense, leaving only about 30 percent available to compete in the Southeast markets that are the focus of my analysis in connection with this transaction.

H. Sensitivity Analyses

I have conducted price sensitivity analyses in which market prices were either increased or decreased by 10 percent. These are "one-off" sensitivity analyses where I have relied on the same input data as contained in my base case analysis except for changing the assumed market price. The numerical results are provided in workpapers.

Increasing prices by 10 percent significantly increases Progress Energy Carolinas' Available Economic Capacity. The effect is to cause one additional screen failure in the CPLE BAA, in a shoulder period, and screen failures in the same two periods in the DUK BAA (assuming no rate depancaking) as the screen failures in the CPLE BAA. The same screen failures occur in the CPLE BAA when depancaking is taken into account. There are additional failures in the DUK BAA when transmission rate pancaking is eliminated. As described in Exhibit J-1, failures arising from depancaking cannot signal a market power problem. There are no failures in CPLW. These results, while somewhat more concerning than the base case results, still result in non-systematic occasional screen failures such as I discuss in my testimony.

Conversely, decreasing prices by 10 percent significantly reduces Applicants' and particularly Progress Energy Carolinas' Available Economic Capacity. There are no screen failures in any time period in any of the three BAAs, irrespective of whether rates are assumed to be depancaked or not.

These sensitivities are useful in illustrating the flatness of supply curves in the regions of the time period price levels and hence the extent to which results are price-sensitive. However, they are less useful than sensitivities in Economic Capacity analyses. For Available Economic Capacity, raising prices without changing anything else creates a mis-match between prices and load levels and hence artificially increases, or decreases, Available Economic Capacity by amounts that can significantly alter results.

I. Historical Sales Information

Historical sales information was based on information from Applicants' FERC Form 1 and their Electronic Quarterly Reports ("EQRs"). These data are summarized in Exhibit J-6, discussed in my testimony and details included in my workpapers.

COMPETITIVE ANALYSIS SCREENING MODEL (CASm)

Charles River Associates' Competitive Analysis Screening model ("CASm") is designed to perform the calculations required in order to conduct a market power analysis under Appendix A of the FERC Merger Policy Statement ("Order No. 592" or "Appendix A") and the Revised Filing Requirements.[1] The delivered price test specified in Appendix A requires an analysis of market concentration for a large number of markets under a number of different conditions. CASm facilitates this process by performing the required calculations.

The primary requirement of Appendix A is to assess potential suppliers to a market using a "delivered price test." This test involves comparing variable generation costs plus delivery costs (transmission rates, transmission losses and ancillary services) to a "market price." If the delivered cost of generation is less than 105 percent of the market price, the generation is considered economic. Economic generation is further limited to the amount that can be delivered into the market, given transmission capability and constraints.

CASm is a linear programming ("LP") model that implements the prescribed delivered price test by determining -- for each destination market, for each relevant time period, and for each relevant supply measure -- potential supply to the destination market both pre- and post-merger (or transaction). In effect, CASm determines the relevant geographic market by applying the delivered price test, based on the economics of production and delivery (transmission rates, transmission losses and ancillary services), and also based on the physical transmission capacity available to the competing suppliers on an open access basis. This requires a delivery route for the energy on the established transmission paths, each of which has a capability, transmission rate and transmission losses associated with it. CASm finds the supply that can be delivered to the destination market consistent with cost minimization and the delivered price test.

As a formal matter, CASm minimizes the production and transmission costs of supplying demand in the destination market. Any shortfall in demand is filled by a hypothetical generator located in the destination market that can produce an unlimited amount of energy at 105 percent of the market price. On this basis, any supplier who can profitably supply energy to the destination market will do so, to the maximum extent that their cost structure and the transmission system allow. This formulation ensures that no supplied generation is uneconomic; the hypothetical generator will undercut all such suppliers.

CASm determines pre- and post-merger market shares and calculates concentration (as measured by the Herfindahl-Hirschman Index, or HHI) and the change in HHIs.

---

[1] CASm has been used in analyzing numerous mergers and power plant acquisitions as well as market-based rate authority proceedings before the Commission.

To undertake these analyses, CASm solves a series of scenarios involving a network of interconnected suppliers. By limiting suppliers based on the economics of generation and delivery, or by limiting the interconnections between those suppliers based on the transmission capability, each Appendix A analysis can be completed. CASm includes a simplified depiction of the transmission system, essentially a system of "pipes" with independent, fixed capacity between and among utilities.

The following sections describe:

- What data inputs are required to operate CASm
- How different analyses are undertaken in CASm
- What outputs CASm produces; and
- How CASm is implemented.

INPUT DATA

Market Participants

The largest element of the required data for CASm relates to individual market participants, which generally are utilities with both generating capacity and load obligations. In addition, some market participants may have load obligations but no generating capacity (*e.g.*, transmission dependent utilities, or TDUs) or have generating capacity but no load obligations (*e.g.*, merchant capacity). CASm regards all distinct market participants as having the ability to both supply and consume electricity. The particular circumstances of each analysis will determine the extent to which each activity is possible.

Nodes

In CASm, a node is a location where electricity is generated or consumed, or where it may "split" or change direction. All market participants are defined as having a unique node, and hence unique location in the transportation network. Total simultaneous import limits can be imposed at each node to mirror reliability restrictions.

Output Capability

Each market participant may have generating ability, which is defined generically in terms of any number of "tranches" of generation having both a quantity (MW) and dispatch cost ($/MWh). This output capability and cost may differ over time, for example because of planned and unplanned outage rates and fuel prices. CASm has a number of data inputs available for modifying the underlying physical availability of generating assets to get the relevant "supply curve" for any given model period.

Destination Market Prices

For each destination market, a prevailing market price is defined. The destination market price is used to calculate a threshold price that potential suppliers must meet to be included in the market for the delivered price test.

Interconnections

Interconnections represent the network that links market participants together. These interconnections are represented as a "transportation" network, where flows are specifically directed.

Lines

A line between two nodes in CASm may represent either a single line, or the combined effect of a number of lines. Each line has an upper limit on the flow, and losses may occur on the line. Because capacity on the line may represent physical limits less firm commitments, limits are allowed to be different, depending on the direction of the flow. Limits on the simultaneous flow on combinations of lines can be imposed to simulate the effect of loopflow or reliability constraints. Limits can also be imposed on the total amount of supply into a Node.

Scenarios

The final input area for CASm is related to scenario definition. Scenarios define which parties are considering merging, which load periods are relevant, and so on. In effect, the scenarios define a number of individual analyses to be performed, and how they should be compared to each other for reporting purposes. CASm can solve scenarios either as separate LP programs or, in instances where there are no changes in the underlying data or network, CASm can solve a single scenario and then calculate the changes "virtually" using the underlying results of the initial scenario. When solving separate pre and post scenarios, CASm uses the same decisions in the post scenario as in the pre scenario, although there may be slight differences if the model can find two alternative solutions that meet the LP's requirements.

Accounting for Ownership

It is sometimes necessary to merge the results for several nodes, or to split them, based on ownership changes between scenarios. CASm has a "report as" function that will merge the results of several nodes into a single one to correctly account for ownership. Also, CASm may "impute" all or part of any tranche in the supply curve of a node to any other node to account for shared ownership. This feature is used by CASm primarily for vertical market analysis.

REQUIRED CALCULATIONS

Appendix A's delivered price test defines two different supply measures to evaluate:

- **Economic Capacity** is the amount of capacity that can reach a market at a cost (including transmission rates, transmission losses and ancillary services) no more than 105 percent of the destination market price.

- **Available Economic Capacity** is the amount of Economic Capacity that is available after serving native load and other net firm commitments with the lowest cost units.

For every analysis, the following process is undertaken:

First, a Linear Programming (LP) problem is solved. The LP construction is slightly different, depending on the underlying assumptions of each of the supply measures. CASm includes two options for allocating scarce transmission capacity. CASm has a "proration" option, which is called "squeeze-down." This is discussed in detail below. Another option is an economic allocation of limited transfer capability. Under this option, where available supply exceeds the ability of the network to deliver that capacity to the destination market, the least-cost supply is allocated the available transmission capacity.

The final step involves calculating what can be delivered to the destination market, after accounting for line losses. CASm allocates total system losses amongst suppliers on the basis on how much they injected, and how far away (how many wheels) they are from the destination market.

Economic Capacity

For the Economic Capacity analysis, CASm solves an LP with the following form:

minimize cost for supplies at the destination market

subject to:

supply cost at destination < system lambda + 5%, for all suppliers

supply < quantity, for each node and tranche

supply + flows in = flows out + "demand", for each node

line flows are adjusted for losses, for all interconnections line flows < available limit, for all interconnections (constrained network only)

sum over lines (flow * simultaneous factor) <= simultaneous limit, for all limits

sum over nodes (net injection * flowgate factor) <= flowgate limit, for all limits

The objective is slightly different when transmission capacity is to be prorated. The objective then becomes:

minimize cost for supplies at the destination market; and

minimize divergence from calculated pro rata "share," for each supplier

And, where ownership imputation is being used, the following constraints are added:

sum over economic tranches <= imputed share of economic tranches, for all owners at each imputed node

Available Economic Capacity

For the Available Economic Capacity analysis, CASm solves an LP with the following form:

minimize cost for supplies at the destination market

subject to:

supply cost at destination < system lambda + 5%, for all suppliers

supply < quantity (less native load), for each node and tranche

supply + flows in = flows out + "demand", for each node

line flows are adjusted for losses, for all interconnections

line flows < available limit, for all interconnections (constrained network only)

sum over lines (flow * simultaneous factor) <= simultaneous limit, for all limits

sum over nodes (net injection * flowgate factor) <= flowgate limit, for all limits

This is different from the economic capacity analysis only to the extent that potential suppliers are required to meet their load obligations prior to participating in the market.

When transmission capacity is to be prorated the objective becomes:

minimize cost for supplies at the destination market; and

minimize divergence from calculated pro rata "share," for each supplier

And, where ownership imputation is being used, the following constraints are added:

> sum over economic tranches <= imputed share of economic tranches, for all owners at each imputed node

OUTPUTS

The primary output from CASm is a report that summarizes the results of different analyses. For each destination market, load period and FERC analysis type, CASm reports the following for both pre- and post-merger:

- Supplied MW
- Market Share
- HHIs

This report also shows the change in HHIs post-merger compared to pre-merger.

CASm also produces a transmission report that shows the detail of each node, and the injections and flows between them. Finally, a summary of the results for each market is also produced.

"SQUEEZE-DOWN" PRORATION

In the "squeeze-down" proration algorithm, prorated shares on each line are based on the weighted shares of deliverable energy at the source node for that line. As discussed more fully below, weighted shares at the destination market node are calculated by a recursive algorithm that starts at the "outside" of the network then calculates shares on each line until it reaches the "middle." Specifically, where available supply exceeds the ability of the network to deliver that capacity to the destination market, suppliers are allocated shares at each node, and hence each outgoing line, based on the results of an algorithm that considers both supply and transfer capability at each node. Starting at the "outside" of the network, CASm calculates a share at each node that is based on a proportion of the incoming transfer capability (and the share of that capability allocated to each supplier), and the maximum economic supply available at that node. When the algorithm reaches the destination market, a total share of the incoming transfer capability has been determined.

This algorithm requires that all possible paths are simultaneously feasible, which, in turn, requires that each line be assigned a unique "direction." The steps of the proration algorithm include:

1. A C++ program enumerates all possible paths to the destination, the cost of transmission on each path and the maximum possible flow on the path. A "wheel limit," or maximum number of point-to-point links, may be imposed on paths.

2. The minimum "entry cost" for each supplier is calculated. This cost is the injection cost of the cheapest generator that has capacity for possible delivery to the destination.

3. Paths for which the entry cost plus the transmission cost are higher than 105% of the destination market price are rejected as being uneconomic.

4. To the extent remaining paths are not simultaneously feasible (because, for example, suppliers can seek to use the paths in both directions), a series of decision rules for determining the direction of the line are undertaken (in the following order):

    - Instructions can be manually input as to the chosen direction of a line.
    - Merger-case decisions should be consistent with base-case decisions.
    - The direction of the line as determined in an economic allocation of available transmission is applied.
    - The direction heading toward a destination market, if it is clear, is chosen.
    - The direction that retains the maximum potential volume-weighted flow on the line (calculated from the paths that depend on this line) is chosen.
    - The direction on which the maximum number of economic paths depend is chosen.

If these other options fail to reach a feasible solution, manual input will be required.

5. If there are simultaneous limits, they are checked for feasibility. All lines that have a worsening effect on a simultaneous constraint, given their defined flow direction, are checked against the simultaneous limit. If they would exceed the simultaneous limit if fully utilized, then their maximum capacity is prorated downwards in proportion to their respective limit participation factors. In this way, no set of targets will be produced that could not be delivered in a way that is feasible with the simultaneous limits.

6. Proration begins at nodes furthest from the destination market (where only exports, and no imports are being attempted). Suppliers at these nodes are assigned a "share" equal to their maximum economic supply capability.

7. Proration continues at the next set of nodes that should consist only of nodes with inflows from "resolved" nodes from step 5. Suppliers at these nodes are assigned a "share" equal to their

maximum economic supply capability. Suppliers from the "resolved" nodes have their shares scaled down to match the transmission capacity into the node.

8. To the extent an iteration of the algorithm does not resolve any additional nodes and the destination market has not yet been reached (i.e., a loop is detected), flow is disallowed from any unresolved node to the furthest and smallest node affected by a loop.

9. The proration has been completed when the destination market node has been resolved. At that point, the "shares" at the destination market represent the prorated shares of deliverable energy.

10. If ownership at a node is to be "imputed," or credited to another node, further proration targets are calculated. First, only those tranches that can deliver to the destination within 105% of the market price are considered. A factor representing the share each owner has of these economic tranches is calculated. For each owner, a constraint is calculated that limits the sum of injections attributed to that owner to be not more than that owner's "share" of the target calculated above. In this way, the proportion of ownership of economic capacity at a node is fairly reflected in the final solution outcome.

11. Injections for each supplier are "capped" at the calculated shares, and these injections are then checked for economic feasibility. While suppliers need not deliver their energy to the destination in exactly the way that their share was calculated, the solution is still both economically and physically feasible. The final solution represents the least-cost method of delivering these supplies.

CASM IMPLEMENTATION

CASm has been implemented using GAMS (Generalized Algebraic Modeling System). GAMS is a programming language which supports both data manipulation and calls to many mainstream mathematical modeling systems. The linear programming problems generated by CASm are solved by BDMLP or CPLEX. The path enumeration program has been written in Microsoft Visual C++ version 5.

CONFIDENTIAL PROPRIETARY TRADE SECRET

Exhibit J-9

Available Economic Capacity
First-Tier Markets

			Pre-Merger						Post-Merger				
			DUKE		PROGRESS				DUKE ENERGY				
Market	Period	Price	MW	Mkt Share	MW	Mkt Share	Market Size	HHI	MW	Mkt Share	Market Size	HHI	HHI Chg
SC	S_SP1	$ 80	8	8.8%	-	0.0%	90	419	8	8.8%	90	415	(5)
SC	S_SP2	$ 55	3	3.6%	-	0.0%	90	420	4	4.6%	90	414	(6)
SC	S_P	$ 40	1	0.3%	-	0.0%	314	5,109	1	0.3%	314	5,109	(1)
SC	S_OP	$ 35	4	1.1%	-	0.0%	401	6,020	4	1.1%	401	6,019	-
SC	W_SP	$ 80	161	16.7%	-	0.0%	969	565	160	16.5%	969	556	(9)
SC	W_P	$ 40	5	0.3%	-	0.0%	1,578	1,686	5	0.3%	1,578	1,683	(2)
SC	W_OP	$ 35	12	1.1%	-	0.0%	1,038	451	12	1.1%	1,038	444	(8)
SC	SH_SP	$ 55	98	5.0%	-	0.0%	1,963	392	150	7.7%	1,963	398	6
SC	SH_P	$ 35	15	0.7%	-	0.0%	2,092	389	19	0.9%	2,092	378	(11)
SC	SH_OP	$ 33	20	1.0%	-	0.0%	1,963	399	27	1.4%	1,963	397	(1)
SCEG	S_SP1	$ 80	8	1.1%	-	0.0%	725	4,695	8	1.1%	725	4,695	-
SCEG	S_SP2	$ 55	3	0.4%	-	0.0%	787	4,537	3	0.4%	787	4,536	(1)
SCEG	S_P	$ 40	1	0.2%	-	0.0%	320	7,157	1	0.2%	320	7,158	1
SCEG	S_OP	$ 35	2	0.7%	-	0.0%	320	7,154	3	0.9%	320	7,153	-
SCEG	W_SP	$ 80	207	8.6%	-	0.0%	2,413	2,928	207	8.6%	2,413	2,928	-
SCEG	W_P	$ 40	2	0.1%	-	0.0%	1,369	1,167	2	0.1%	1,369	1,166	-
SCEG	W_OP	$ 35	10	1.4%	-	0.0%	750	439	11	1.4%	750	445	6
SCEG	SH_SP	$ 55	134	5.3%	-	0.0%	2,530	828	157	6.2%	2,530	837	9
SCEG	SH_P	$ 35	5	0.3%	-	0.0%	1,655	589	6	0.4%	1,645	556	(32)
SCEG	SH_OP	$ 33	8	0.5%	-	0.0%	1,592	393	10	0.6%	1,584	397	4
SOCO	S_SP1	$ 80	285	2.2%	-	0.0%	12,998	860	284	2.2%	12,998	856	(4)
SOCO	S_SP2	$ 55	185	1.4%	-	0.0%	13,041	790	178	1.4%	13,041	791	1
SOCO	S_P	$ 40	33	0.3%	-	0.0%	10,232	758	30	0.3%	10,232	756	(2)
SOCO	S_OP	$ 35	104	1.0%	-	0.0%	10,755	643	110	1.0%	10,664	648	5
SOCO	W_SP	$ 80	550	2.9%	-	0.0%	18,999	1,183	556	2.9%	18,999	1,181	(2)
SOCO	W_P	$ 40	23	0.2%	-	0.0%	11,597	663	20	0.2%	11,639	657	(6)
SOCO	W_OP	$ 35	49	0.8%	-	0.0%	6,522	324	66	1.0%	6,373	312	(12)
SOCO	SH_SP	$ 55	303	2.1%	-	0.0%	14,246	642	324	2.3%	14,347	629	(13)
SOCO	SH_P	$ 35	6	0.1%	-	0.0%	9,389	553	19	0.2%	9,252	558	5
SOCO	SH_OP	$ 33	7	0.1%	-	0.0%	7,432	384	26	0.4%	7,361	373	(11)

CONFIDENTIAL PROPRIETARY TRADE SECRET

Exhibit J-9

Available Economic Capacity
First-Tier Markets

			Pre-Merger						Post-Merger				
			DUKE		PROGRESS				DUKE ENERGY				
Market	Period	Price	MW	Mkt Share	MW	Mkt Share	Market Size	HHI	MW	Mkt Share	Market Size	HHI	HHI Chg
TVA	S_SP1	$ 80	140	1.6%	-	0.0%	8,801	551	140	1.6%	8,801	546	(4)
TVA	S_SP2	$ 55	102	1.0%	-	0.0%	9,936	923	102	1.0%	9,936	920	(3)
TVA	S_P	$ 40	91	1.1%	-	0.0%	8,334	596	91	1.1%	8,334	595	-
TVA	S_OP	$ 35	79	0.9%	-	0.0%	8,625	1,032	79	0.9%	8,625	1,032	-
TVA	W_SP	$ 80	234	1.6%	-	0.0%	14,297	1,487	234	1.6%	14,297	1,487	-
TVA	W_P	$ 40	17	0.2%	-	0.0%	8,737	323	17	0.2%	8,733	324	1
TVA	W_OP	$ 35	28	0.4%	-	0.0%	7,834	310	27	0.4%	7,834	310	-
TVA	SH_SP	$ 55	177	1.6%	-	0.0%	10,883	514	177	1.6%	10,880	508	(6)
TVA	SH_P	$ 35	38	0.5%	-	0.0%	8,122	365	39	0.5%	8,119	369	4
TVA	SH_OP	$ 33	46	0.6%	-	0.0%	8,339	320	52	0.6%	8,337	322	2
PJM	S_SP1	$ 80	3,364	4.6%	1	0.0%	72,523	604	3,374	4.7%	72,525	604	-
PJM	S_SP2	$ 55	2,159	3.3%	-	0.0%	65,065	665	2,246	3.5%	64,980	665	-
PJM	S_P	$ 40	2,875	4.7%	-	0.0%	60,598	703	2,875	4.8%	60,596	703	-
PJM	S_OP	$ 35	1,571	3.0%	-	0.0%	52,680	903	1,571	3.0%	52,680	903	-
PJM	W_SP	$ 80	4,304	5.6%	-	0.0%	76,562	584	4,264	5.6%	76,557	584	(1)
PJM	W_P	$ 40	295	0.7%	-	0.0%	44,169	816	295	0.7%	44,169	816	-
PJM	W_OP	$ 35	716	1.6%	-	0.0%	43,880	890	716	1.6%	43,880	890	-
PJM	SH_SP	$ 55	2,069	3.6%	-	0.0%	57,993	683	2,246	3.9%	57,951	683	(1)
PJM	SH_P	$ 35	461	1.2%	-	0.0%	37,235	917	461	1.2%	37,233	917	-
PJM	SH_OP	$ 33	950	2.3%	-	0.0%	42,271	883	950	2.3%	42,271	883	-

CONFIDENTIAL PROPRIETARY TRADE SECRET

Exhibit J-10

Economic Capacity
Carolinas Markets

			Pre-Merger						Post-Merger				
			DUKE		PROGRESS				DUKE ENERGY				
Market	Period	Price	MW	Mkt Share	MW	Mkt Share	Market Size	HHI	MW	Mkt Share	Market Size	HHI	HHI Chg
DUK	S_SP1	$ 80	18,301	75.4%	804	3.3%	24,268	5,756	19,109	78.7%	24,268	6,259	502
DUK	S_SP2	$ 55	16,594	73.0%	852	3.8%	22,744	5,404	17,478	76.9%	22,744	5,973	569
DUK	S_P	$ 40	13,433	75.8%	604	3.4%	17,733	5,801	14,039	79.2%	17,733	6,319	519
DUK	S_OP	$ 35	10,431	70.5%	672	4.5%	14,793	5,061	11,149	75.4%	14,793	5,748	687
DUK	W_SP	$ 80	17,529	71.7%	1,036	4.2%	24,442	5,226	18,573	76.0%	24,442	5,839	613
DUK	W_P	$ 40	12,016	70.8%	750	4.4%	16,983	5,083	12,809	75.4%	16,983	5,746	664
DUK	W_OP	$ 35	8,681	65.9%	766	5.8%	13,165	4,449	9,461	71.9%	13,165	5,232	783
DUK	SH_SP	$ 55	14,073	70.9%	800	4.0%	19,851	5,114	14,873	74.9%	19,851	5,687	573
DUK	SH_P	$ 35	8,372	69.4%	478	4.0%	12,066	4,903	8,936	74.1%	12,066	5,557	654
DUK	SH_OP	$ 33	7,863	68.9%	486	4.3%	11,407	4,835	8,392	73.6%	11,407	5,477	642
CPLE	S_SP1	$ 80	404	2.6%	12,007	78.3%	15,337	6,191	12,420	81.0%	15,337	6,613	422
CPLE	S_SP2	$ 55	397	2.7%	11,392	77.3%	14,737	6,043	11,790	80.0%	14,737	6,460	417
CPLE	S_P	$ 40	685	5.6%	8,629	70.1%	12,305	4,987	9,371	76.2%	12,305	5,838	851
CPLE	S_OP	$ 35	632	5.3%	8,555	71.5%	11,968	5,171	9,202	76.9%	11,968	5,945	773
CPLE	W_SP	$ 80	869	5.4%	10,431	64.5%	16,166	4,268	11,316	70.0%	16,166	4,975	707
CPLE	W_P	$ 40	1,051	7.7%	8,140	59.4%	13,697	3,653	9,300	67.9%	13,697	4,670	1,017
CPLE	W_OP	$ 35	1,082	8.7%	7,015	56.1%	12,511	3,292	8,131	65.0%	12,511	4,296	1,003
CPLE	SH_SP	$ 55	617	4.4%	9,710	68.7%	14,132	4,825	10,333	73.1%	14,132	5,432	607
CPLE	SH_P	$ 35	1,048	8.8%	7,346	61.6%	11,926	3,912	8,436	70.7%	11,926	5,042	1,130
CPLE	SH_OP	$ 33	979	9.1%	6,090	56.3%	10,821	3,315	7,091	65.5%	10,821	4,359	1,044
CPLW	S_SP1	$ 80	228	15.0%	779	51.4%	1,516	2,936	1,007	66.4%	1,516	4,480	1,545
CPLW	S_SP2	$ 55	225	14.8%	792	52.2%	1,516	3,013	1,008	66.5%	1,516	4,487	1,474
CPLW	S_P	$ 40	182	15.0%	493	40.7%	1,211	1,994	679	56.1%	1,211	3,251	1,257
CPLW	S_OP	$ 35	183	15.1%	506	41.8%	1,210	2,071	690	57.1%	1,210	3,347	1,276
CPLW	W_SP	$ 80	129	11.7%	551	49.9%	1,106	2,717	680	61.5%	1,106	3,878	1,161
CPLW	W_P	$ 40	145	11.6%	591	47.4%	1,246	2,477	740	59.4%	1,246	3,620	1,143
CPLW	W_OP	$ 35	160	13.8%	455	39.3%	1,158	1,843	617	53.3%	1,158	2,951	1,108
CPLW	SH_SP	$ 55	192	15.0%	673	52.8%	1,276	3,068	856	67.1%	1,276	4,559	1,491
CPLW	SH_P	$ 35	159	15.9%	392	39.0%	1,005	1,865	558	55.6%	1,005	3,173	1,308
CPLW	SH_OP	$ 33	163	16.2%	393	39.1%	1,005	1,883	567	56.5%	1,005	3,272	1,389

CONFIDENTIAL PROPRIETARY TRADE SECRET

Exhibit J-11

Economic Capacity

First-Tier Markets

			Pre-Merger						Post-Merger				
			DUKE		PROGRESS				DUKE ENERGY				
Market	Period	Price	MW	Mkt Share	MW	Mkt Share	Market Size	HHI	MW	Mkt Share	Market Size	HHI	HHI Chg
SC	S_SP1	$ 80	18	0.4%	31	0.6%	5,209	9,657	49	0.9%	5,209	9,657	-
SC	S_SP2	$ 55	18	0.4%	29	0.6%	5,016	9,643	47	0.9%	5,016	9,644	-
SC	S_P	$ 40	19	0.4%	28	0.6%	4,744	9,623	48	1.0%	4,744	9,624	-
SC	S_OP	$ 35	20	0.5%	27	0.7%	4,176	9,573	48	1.1%	4,176	9,573	1
SC	W_SP	$ 80	187	3.2%	342	5.8%	5,904	7,037	530	9.0%	5,904	7,074	37
SC	W_P	$ 40	215	4.0%	301	5.6%	5,385	6,778	520	9.7%	5,385	6,824	46
SC	W_OP	$ 35	188	3.9%	300	6.2%	4,797	6,430	488	10.2%	4,797	6,479	49
SC	SH_SP	$ 55	362	5.9%	607	9.9%	6,148	4,787	973	15.8%	6,148	4,905	118
SC	SH_P	$ 35	454	8.4%	459	8.5%	5,411	4,226	922	17.0%	5,411	4,373	147
SC	SH_OP	$ 33	453	9.1%	466	9.4%	4,960	3,848	919	18.5%	4,960	4,020	171
SCEG	S_SP1	$ 80	11	0.2%	11	0.2%	5,994	8,434	23	0.4%	5,994	8,434	-
SCEG	S_SP2	$ 55	12	0.2%	11	0.2%	5,219	8,223	23	0.4%	5,219	8,223	-
SCEG	S_P	$ 40	12	0.3%	11	0.3%	3,667	8,254	23	0.6%	3,667	8,255	-
SCEG	S_OP	$ 35	12	0.4%	10	0.3%	3,068	7,996	23	0.7%	3,068	7,996	-
SCEG	W_SP	$ 80	172	2.7%	171	2.7%	6,454	6,574	343	5.3%	6,454	6,588	14
SCEG	W_P	$ 40	180	4.1%	161	3.7%	4,353	5,710	343	7.9%	4,353	5,742	31
SCEG	W_OP	$ 35	182	7.2%	161	6.4%	2,523	4,969	346	13.7%	2,523	5,064	95
SCEG	SH_SP	$ 55	396	6.4%	355	5.7%	6,236	4,605	751	12.1%	6,236	4,678	73
SCEG	SH_P	$ 35	454	10.7%	317	7.4%	4,266	3,294	774	18.1%	4,266	3,454	160
SCEG	SH_OP	$ 33	435	13.4%	308	9.5%	3,236	2,684	748	23.1%	3,236	2,947	263
SOCO	S_SP1	$ 80	1,007	1.7%	346	0.6%	57,937	4,184	1,356	2.3%	57,937	4,186	2
SOCO	S_SP2	$ 55	998	1.9%	402	0.8%	53,356	4,248	1,403	2.6%	53,356	4,251	3
SOCO	S_P	$ 40	917	2.2%	431	1.0%	41,344	4,169	1,354	3.3%	41,344	4,173	5
SOCO	S_OP	$ 35	884	2.3%	409	1.1%	39,157	4,242	1,311	3.4%	39,157	4,248	7
SOCO	W_SP	$ 80	960	1.7%	413	0.7%	56,892	4,056	1,377	2.4%	56,892	4,058	2
SOCO	W_P	$ 40	867	2.2%	515	1.3%	39,541	4,038	1,385	3.5%	39,559	4,040	2
SOCO	W_OP	$ 35	829	2.9%	299	1.0%	28,938	4,032	1,184	4.1%	28,947	4,042	11
SOCO	SH_SP	$ 55	986	2.0%	553	1.1%	48,451	3,817	1,546	3.2%	48,452	3,821	4
SOCO	SH_P	$ 35	905	2.5%	300	0.8%	35,752	3,653	1,241	3.5%	35,729	3,662	9
SOCO	SH_OP	$ 33	852	3.1%	280	1.0%	27,482	3,550	1,118	4.1%	27,477	3,570	19

CONFIDENTIAL PROPRIETARY TRADE SECRET

Exhibit J-11

			Pre-Merger						Post-Merger				
			DUKE		PROGRESS				DUKE ENERGY				
Market	Period	Price	MW	Mkt Share	MW	Mkt Share	Market Size	HHI	MW	Mkt Share	Market Size	HHI	HHI Chg
TVA	S_SP1	$ 80	324	0.8%	172	0.4%	42,562	6,865	497	1.2%	42,562	6,866	1
TVA	S_SP2	$ 55	319	0.9%	178	0.5%	37,714	6,506	498	1.3%	37,713	6,507	1
TVA	S_P	$ 40	338	1.1%	100	0.3%	32,014	6,154	435	1.4%	32,011	6,155	2
TVA	S_OP	$ 35	268	1.0%	113	0.4%	27,715	6,048	385	1.4%	27,712	6,050	2
TVA	W_SP	$ 80	434	1.0%	162	0.4%	43,517	6,303	598	1.4%	43,517	6,304	1
TVA	W_P	$ 40	357	1.1%	124	0.4%	32,297	5,405	479	1.5%	32,297	5,406	1
TVA	W_OP	$ 35	346	1.3%	128	0.5%	25,839	4,885	485	1.9%	25,839	4,886	1
TVA	SH_SP	$ 55	382	1.1%	137	0.4%	35,558	5,528	534	1.5%	35,558	5,529	1
TVA	SH_P	$ 35	371	1.4%	124	0.5%	26,441	4,664	504	1.9%	26,441	4,665	2
TVA	SH_OP	$ 33	391	1.7%	128	0.5%	23,503	4,148	534	2.3%	23,503	4,149	1
PJM	S_SP1	$ 80	8,706	5.7%	650	0.4%	154,103	740	9,355	6.1%	154,103	744	5
PJM	S_SP2	$ 55	7,082	5.2%	590	0.4%	135,828	819	7,671	5.7%	135,828	824	5
PJM	S_P	$ 40	7,053	5.9%	564	0.5%	118,989	810	7,616	6.4%	119,011	815	5
PJM	S_OP	$ 35	4,805	4.9%	529	0.5%	98,034	955	5,332	5.4%	98,034	960	5
PJM	W_SP	$ 80	8,593	5.8%	734	0.5%	147,738	717	9,326	6.3%	147,738	722	6
PJM	W_P	$ 40	4,604	4.5%	647	0.6%	103,246	858	5,250	5.1%	103,289	863	5
PJM	W_OP	$ 35	4,606	4.9%	632	0.7%	94,020	908	5,236	5.6%	94,020	915	7
PJM	SH_SP	$ 55	6,084	5.2%	537	0.5%	116,883	825	6,620	5.7%	116,883	829	5
PJM	SH_P	$ 35	4,207	4.9%	483	0.6%	85,670	915	4,687	5.5%	85,682	920	5
PJM	SH_OP	$ 33	4,207	5.1%	460	0.6%	82,589	938	4,667	5.7%	82,608	944	5

EXHIBIT 4

COMPASS LEXECON ANALYSIS OF ECONOMIC EFFICIENCIES UNDER JOINT DISPATCH

COMPASS LEXECON

EXHIBIT 4

Analysis of Economic Efficiencies under Joint Dispatch

Prepared for

Duke Energy Carolinas and Progress Energy Carolinas

I. Executive Summary

A. Overview of Tasks

Compass Lexecon was asked by Duke Energy Carolinas ("DEC") and Progress Energy Carolinas ("PEC") (and collectively, "Companies") to calculate an estimate of the potential cost savings that would be expected to be derived from a combined dispatch of their Carolina electric generating assets located in the two companies' individual balancing authority areas ("BAA") over a 5-year horizon from 2012 to 2016. To accomplish this task, Compass Lexecon used a security-constrained dispatch production cost model to run optimized least-cost production for the individual BAAs on a stand-alone basis and then ran the same model assuming a combined "joint dispatch" across the BAAs holding constant assumptions about load, fuel prices, existing contracts, etc. A net reduction in the total production costs required to serve system loads represents the estimated savings attributable to the joint dispatch.

B. Efficiency Benefits of Joint Dispatch

The estimated potential cost savings of jointly dispatching the DEC and PEC Carolina-based generation fleets are driven largely by optimizing dispatch so as to minimize fuel costs. This optimization results in lower costs of fuel because the joint dispatch creates a larger, more flexible pool of operating assets that is available to draw on when making generation dispatch decisions. Joint dispatch enhances the ability to substitute available capacity at a more efficient plant in one BAA for a more costly unit required to meet load in the other BAA absent the joint dispatch. While these estimated net savings vary in magnitude from period to period, using base case assumptions, savings attributable to joint dispatch over the five year period of approximately $364 million dollars can be expected.

Base Case Savings ($mm)

2012	2013	2014	2015	2016	Total
$38	$49	$64	$97	$116	$364

C. Realization of the Efficiency Benefits Is Not Realistic Absent the Merger

The use of joint dispatch by the companies is an integration benefit that is unavailable absent the merger. By merging, the companies freely integrate the dispatch of their generating units in a way that is not possible absent being a combined organization due to the existence of real time operational constraints and transactions costs.

D. Calculated Efficiency Benefits Are Conservative

The estimated joint dispatch cost savings can be considered a conservative estimate for several reasons. First, multiple sensitivity analyses show that changes in underlying input assumptions generally result in higher estimated benefits. Secondly, the model does not capture the ability of joint dispatch to take advantage of daily fuel and electricity price volatility or potential benefits that can arise for capturing savings within a given hour. Finally, ancillary benefits to the local economy from lower electricity prices have not been analyzed nor has the extent to which future joint planning could further reduce the costs of the merged companies.

II. The Joint Dispatch Analysis

A. The Joint Dispatch Model

A chronological hourly production cost dispatch model was used to calculate the estimated benefits of jointly dispatching the DEC and PEC systems for the years 2012-2016. In particular, a security-constrained dispatch model was used to conduct the analysis to ensure that it could dynamically capture transmission system limitations integrated into the production cost modeling. Moreover, by using a security-constrained dispatch model, the hour-to-hour changes when jointly dispatching the DEC and PEC power systems could be captured.[1]

As Appendix A explains in greater detail, a security-constrained dispatch model allows for optimization of the day-to-day decision making associated with committing generation facilities to serve projected loads. For each day in the analysis, the model determines those generating resources that should be committed, accounting for planned and forced outages, to meet the following day's expected hourly loads as cost effectively as possible. The model simulates least-cost dispatch without sacrificing operational reliability by incorporating a detailed representation of the actual high voltage transmission system. Using a model that can simulate chronological hourly operations subject to actual transmission system limitations was necessary to accurately estimate joint dispatch benefits.

Although the dispatch model captures day-to-day generation unit commitment and hour-to-hour dispatch, it does have some limitations. For example, it does not capture real-time system operational changes that may occur within any particular day. That is, the model does not simulate actions that need to be taken to balance load to accommodate differences between expected and actual loads that may occur in real time. In addition, the model does not predict occasional disturbances that can occur when unexpected generation or transmission outages occur within a particular day. In general it is reasonable to assume that these intra-day disturbances can be more efficiently resolved with a larger integrated system. As previously noted the model results are considered conservative and do not capture this intra-day benefit.

To calculate the potential benefits due to joint dispatch, the analysis was structured to estimate the total variable costs of meeting the load of each of the companies before and after the merger, and to calculate the difference in costs generated by these scenarios. For each company,

[1] Appendix A describes the dispatch model used to conduct the analysis.

the projected total retail and firm wholesale loads for its customers were compiled for each of the years 2012-2016. The analysis then simulated the dispatch of the companies' resources to meet the load, first assuming that the companies independently meet their customers' loads, and then assuming the companies jointly dispatch generating resources to meet their combined loads. A comparison of the projected costs shows that the cost of meeting the loads through joint dispatch is lower than the costs of meeting the loads of each company separately. Therefore, joint dispatch results in positive benefits – i.e., cost savings.

The source of these benefits is the increased efficiency that the companies can achieve by jointly dispatching their generating resources. Through joint dispatch, the complement of resources that are committed to meet loads day-by-day is able to be jointly optimized. This allows for a lower cost portfolio of generation supply to be utilized to meet customer loads. In addition, joint dispatch allows the companies to take advantage of a combined generating resource portfolio on an hour-by-hour basis.

B. Input Assumptions

The modeling analysis focused on the DEC and PEC balancing authority areas in the Carolinas.[2] A variety of modeling input data and assumptions were necessary to carry out the analysis. Some of these data, such as generating unit and transmission system physical characteristics, were readily available to be compiled given that they are based on current and expected facility technology which is known with certainty. Other data, such as expected fuel prices and loads, needed to be forecasted. The primary source of the input data and assumptions used in the analysis were DEC and PEC. Descriptions of the various input assumptions are as follows.[3]

First, to conduct security-constrained dispatch analysis requires that the model use a detailed representation of the high voltage transmission system which includes precise interconnections for all individual generating units and load centers. The companies provided the appropriate transmission system information, including planned upgrades to accommodate future generation plant additions and retirements. These transmission system data allowed the analysis to capture any actual physical limitations that may be encountered when dispatching generation resources.

Next, the companies provided information on all their current and future generating unit capacities. Future generation unit retirements and additions were based on the companies' most recent integrated resource plans ("IRP") and represent known future system supply changes. These data were checked against the transmission system data to ensure all generation units in the two companies' service territories were captured in the analysis (including generation

[2] The model also captures transmission system interaction with other interconnected BAAs, however explicit generation dispatch of these other interconnected regions was not modeled in the analysis.
[3] Appendix B summarizes in greater detail the majority of input data and assumptions used for the analysis.

resources not owned by the companies). In addition, any generation units from which the companies have power purchase agreements were included as company resources in the analysis.[4]

In order to ensure that a consistent source of generating unit heat rates (efficiencies) was used in the analysis, heat rate data were obtained from Ventyx Velocity Suite Products ("Ventyx"). The Ventyx heat rate data are primarily derived through the analysis of actual recent operational data collected by the Environmental Protection Agency in association with emissions monitoring. Using these heat rates ensured that expected generation fuel consumption was estimated based on recent operational data. The companies also provided information on expected maintenance and forced outage rates for the generating units.[5] The modeling analysis used these rates to schedule future maintenance requirements and simulate forced outages.[6]

Fuel price forecasts and customer load assumptions also were primarily obtained from the companies. Expected delivered coal and uranium prices were provided for all generating units for each of the years in the analysis. Expected natural gas prices were based on the Nymex Henry Hub natural gas monthly futures contracts as of October of 2010 with adjustments for basis differentials between Henry Hub and the Carolinas. Natural gas prices were adjusted to take into account delivery charges based on DEC and PEC access to natural gas transportation services.[7] Expected distillate fuel oil prices were based on the Nymex number 2 fuel oil futures contracts prices as of October of 2010.[8]

Each company provided total (retail and wholesale customer) hourly load data served by resources owned or located in the company BAAs. Expected changes in wholesale load obligations and expected future growth in load obligations were obtained from the companies. Known changes in firm wholesale load obligations were incorporated into the analysis. Expected load growth forecasted by the companies as reported in their IRPs was then used to escalate load over the forecast horizon.

The analysis uses the companies' transmission system interconnections consistent with historic and physical system limitations to establish expected transmission system interchange flows. In the pre-merger dispatch, the transmission system interconnections are assigned and limited, consistent with the companies' pre-existing transmission service agreements. In the

[4] Long-term power purchase agreements are primarily used by PEC.

[5] In cases where company data for individual units were not provided, the model was populated with publicly available North American Electric Reliability Corporation Generating Availability Data System data.

[6] Near-term DEC and PEC maintenance schedules were not used in the analysis. Instead, maintenance was scheduled by the model based on required scheduled outage rates. This eliminated the impact that any particular near term long or short outage may have on the results of the analysis.

[7] In some instances certain gas-fired generation resources are subject to local distribution charges which can significantly increase the delivered price of gas to a particular generating facility.

[8] Various DEC and PEC combustion turbine generating units are able to operate on both natural gas and number 2 fuel oil. In certain instances these generating units are limited to using fuel oil during the winter months in accordance with fuel supply arrangements.

joint dispatch case, the pre-merger transmission interconnections associated with pre-existing transmission agreements is maintained and available to facilitate additional power exchanges. At the same time, joint dispatch power exchanges also take advantage of any additional available transmission capacity to facilitate power exchanges between the companies, taking into account physical constraints on the transmission system.

The analysis does not assume pre- or post-merger that PEC or DEC makes opportunity off-system sales and/or purchases with other interconnected regions. However, the possibility of future opportunity sales and purchases, and their impact on the analysis, would not materially change the results of the analysis. For example, in many cases, off-system sales will still be made post-merger. After the merged companies have met their native demand, if there are resources available at a lower cost than the price the off-system buyer is willing to pay, the merged company will still make the sales. The merged companies still benefit from these sales, while supplying native load at a lower cost than when the companies dispatched separately. Thus, pre-merger off-system sales may be reduced in some instances, but increased in other instances as the improvements and efficiencies from joint operations result in lower marginal costs for the system as a whole.

Also, based on historical data and market observations, opportunities to produce increased value from off-system sales, especially to PJM, occur when natural gas prices rise significantly as they did in 2008. At low prices, such as those seen in 2009 to the present, these opportunities are significantly reduced. Given the relatively low natural gas price forecast used in the dispatch model ($5.23 annual NYMEX strip for 2012) the value creation off-system is not as material as the joint dispatch savings themselves. Furthermore, as discussed below in the sensitivities section, if actual natural gas prices rise over the forecast horizon, both off-system value creation and joint dispatch savings have the potential to increase relative to current fuel prices.

III. Joint Dispatch Modeling Results

A. Description of Results

The results of the joint dispatch analysis show that the merged companies can obtain significant cost savings by using their electric generation supply portfolios more efficiently. These savings are the result of relying on the lowest cost energy available from the companies' combined generation portfolio day-by-day and hour-by-hour. Combining the companies' generation portfolios allows displacement of higher cost energy that would have otherwise been used by each individual company in the absence of joint dispatch. Exhibit No. 1 provides several examples of how the joint dispatch of the companies' combined generation resources creates cost savings.

Exhibit No. 1 shows the projected monthly utilization of the companies' large and small coal fired units, gas fired combined cycle units, and gas/oil-fired combustion turbine units before and after the merger for the years 2012 and 2015.[9] Beginning with 2012, Exhibit No. 1 (page 1 of 8) shows that the DEC large (> 200 MW) coal-fired generating units' utilization increases across the majority of months. During hours when DEC's high efficiency coal-fired generators have excess production capability they can provide lower-cost energy when compared to PEC's somewhat less efficient large coal-fired generators.

In addition, Exhibit No.1 (pages 1, 2, & 3 of 8) shows that there are times when DEC's coal-fired generating units can substitute for PEC's more expensive gas-fired combined cycle generating units (while at other times, depending on system conditions and loads, the opposite substitution of PEC for DEC resources can occur).[10] Finally, there is a variety of substitution where PEC and DEC moderate-cost, intermediate resources (smaller coal and combined cycles) substitute for the more expensive gas and oil-fired combustion turbines that both PEC and DEC have in their portfolios. In these instances, Exhibit No. 1 (page 4 of 8) shows significant reductions in peaking unit utilization that is replaced by resources other than peaking units.

The substitution pattern is similar in 2015, although the monthly production and substitution change in response to load growth and coal plant retirement. As Exhibit No. 1 (page 5 of 8) shows, DEC's large coal-fired generating units' utilization increases across the majority of months. We also see in 2015 that the expected utilization of intermediate and peaking units increases considerably as new gas-fired units come online and older coal units are retired. Thus, Exhibit No. 1 shows that the monthly pattern of substitution becomes more variable.

In 2015, Exhibit No. 1 (pages 6 & 7 of 8) shows that the projected change of utilization of intermediate cost resources (smaller coal and combined cycles) as a result of the merger varies from month-to-month. Sometimes, DEC's generating units utilization increases while PEC's generation units utilization decreases, however there are also months where the opposite occurs. In addition, Exhibit No. 1 (page 8 of 8) shows that there continues to be considerable variation in the substitution of lower cost supply for DEC's and PEC's most expensive gas and oil-fired peaking combustion turbines. At times, both companies' peaking units' utilization declines, while at other times one company's peaking units' utilization increases while the other company's peaking units' utilization declines.

These monthly utilization changes are directly driven by the relative variable costs of the companies' generation resources and the change in monthly load profiles. Because load profiles and outage schedules change significantly from month-to-month, the patterns of substitution vary considerably month-to-month. The results show that it is generally the case that DEC's lower-cost supplies can be better utilized during periods of lower demand when the generating units would not otherwise be producing at maximum output. The results also show that reductions in

[9] These two years were selected to provide an example of the change before and after planned resource additions.

[10] This can be seen by observing that in some months DEC's coal unit production increases are not completely offset by PEC's coal unit production decreases. This means that reductions in PEC gas-fired production are occurring as well.

peaking unit utilization are consistently achieved in certain months of the year. However, the intermediate unit changes in utilization are more complicated, as sometimes intermediate units are substituting for higher cost units, while in other times lower cost coal units are substituting for the higher cost intermediate units.

Exhibit No. 2 summarizes the benefits associated with the estimated cost savings that result from the joint dispatch base case. Exhibit No. 2 shows that under base case assumptions the joint dispatch of PEC's and DEC's generation assets to serve consumers in the Carolinas is estimated to reduce the combined companies' dispatch costs by $364 million in nominal terms over the years 2012-2016. This translates to 1-2.5% per annum savings when compared to continued dispatch of the companies' assets to separately meet their customer loads. As demonstrated in the sensitivities section these savings have upside potential under many scenarios.

The joint dispatch savings are not limited to only DEC and PEC. A portion of the projected benefits will accrue to both existing long-term firm municipal and cooperative consumers as well as wholesale customers making short-term purchases in the Carolinas. Municipal and cooperative consumers that are full and/or partial requirements wholesale customers of the companies will see lower fuel costs as a result of joint dispatch. The wholesale market in general can expect a more efficient system to provide overall regional benefits through lower energy prices.

With respect to these long-term firm customers, both DEC and PEC are currently serving a considerable amount of municipal load in the Carolinas under long-term power supply agreements (see Exhibits No. 3 A and B).[11] The joint dispatch analysis includes all of the DEC and PEC long-term firm wholesale customer loads. Thus, in those instances where the companies' joint dispatch results in lower cost energy supplies, wholesale customers with contracts will see benefits. In addition, in those instances where wholesale customer generation assets are managed by the companies, the joint dispatch should allow for better optimization of these contractually managed assets.

Short-term wholesale customers can also expect to benefit from reduced power costs. Although the majority of the wholesale customer load in the Carolinas is already served under long-term agreements that span several years into the future, in general the companies will make available cost-based power supply that will be lower cost due to joint dispatch than it would be otherwise. To the extent wholesale customers make short-term wholesale purchases from the companies or purchase power on pro-rata formula based rates, they can expect power prices to be lower.

[11] In some instances municipal power supply assets are also managed by the companies

B. Joint Dispatch Creates Cost Savings

The use of joint dispatch by the companies is an integration benefit that is unavailable absent the merger. By merging, the companies freely integrate the dispatch of their generating units in a way that is not possible absent being a combined organization. Through the implementation of joint dispatch, each company's available electric energy can be used to displace the other's higher cost electric energy whenever cost savings exists without regard to timing or the size of the difference. This level of integration would not be possible to achieve absent the merger.

The difficulty of achieving these benefits absent the merger is due to the fact that the joint dispatch benefits are achieved hour-to-hour (and even minute-to-minute) with very little risk. Even though without combining the companies, DEC, PEC, or both, may have, during any given hour, resources not needed to serve their retail customers, the practical ability to sell this available hour-to-hour electric energy supply into the wholesale market is much more limited. Joint dispatch removes these limitations. Joint dispatch provides a much more transparent view of the other party's portfolio of resources and can alter the commitment of both portfolios to serve the combined load at a lower cost. In a bilateral market, both parties are factoring in risk of conditions changing. Joint dispatch allows the combined portfolio to be adjusted in real time to further optimize when conditions do change.

For example, wholesale market transactions are primarily conducted at least a day ahead of delivery and must incorporate a level of margin that accounts for transaction risks. To the extent beneficial wholesale purchases and sales need to be planned further ahead than a day or week to account for expected generating unit availability and native load requirements, it can be difficult for the companies to consummate such transactions except in those instances where excess supply can be forecasted with certainty. Moreover, where cost savings from joint dispatch are associated with substitution of peaking generation units, which tend to operate for only hours at a time and are subject to real-time dispatch, wholesale market transactions are not granular enough in many instances to allow companies to coordinate supply exchanges. Through the integration of generation operations the companies obtain the control over generating assets that is necessary to capitalize on hour-to-hour, minute-to-minute, or even in some instances second-to-second, cost savings operations. Joint dispatch is how the companies implement the integration and create cost savings.

Finally, the difficulty of obtaining these benefits absent a merger of the companies is evident from the companies' inability to jointly operate in real time as necessary to capture such savings in periods pre-merger. Simply put, the joint dispatch environment of a merged company is a more efficient environment in which to minimize total fuel cost as compared to wholesale market transactions between individual companies.

C. Projected Joint Dispatch Savings Are Conservative

The estimated $364 million in joint dispatch cost savings to be realized by DEC's and PEC's retail and wholesale customers is expected to be a conservative estimate for several reasons. First, input assumptions based on the current economy create conservative estimates of joint dispatch benefits. For example, sensitivity analyses described below show that there are future scenarios where joint dispatch cost savings would be expected to be greater. Second, the joint dispatch analysis cannot explicitly capture all of the benefits that the companies will realize from operating their systems jointly. There will be greater ability to respond cost effectively to real-time dispatch requirements and over the long-run the companies can be expected to find additional savings opportunities through learning and possibly joint planning. Finally, even in instances where it may be the case that the joint dispatch cost savings could be lower than estimated, it will always be the case that cost savings benefits that result directly from the joint dispatch fail to capture other economic benefits that will accrue to the Carolinas. The lower-energy cost benefits of the merger not only directly benefit customers of the companies, but will also be beneficial to all Carolinians by imparting broader benefits to the regional economy.

Sensitivities: First, as would be expected, the estimated benefits will vary by changing the underlying input assumptions. To understand the sensitivity of the results to the input assumptions, the changes in benefits that result from varying important assumptions that affect the modeling results -- fuel prices and load growth -- were calculated. These two assumptions were ideally suited for sensitivity analysis because, for example, the companies currently envision minimal incremental changes to their generation fleet over the next several years beyond what is already captured in the model. That is, future capacity additions and retirements for each company are well known for at least the next five years and the primary drivers of future variable costs will be fuel prices and load growth.

Exhibits No. 4A-E show the joint dispatch savings assuming higher and lower gas prices, higher coal prices, and higher and lower load growth scenarios. While all of the scenarios affect the total calculated savings due to joint dispatch, all modeled scenarios provide positive and substantial benefits. For example, Exhibit 4A shows the results of the high gas price sensitivity analysis. This case assumes natural gas prices are higher by approximately $1.50 in 2012 and $3.00 higher in 2015. A significant increase in joint dispatch benefits occurs when gas prices increase from the base case resulting in projected costs savings over the period 2012-2016 of approximately $629 million in nominal terms or an increase of $265 million over the base case because coal for gas substitution results in a much larger per MWh savings.

Exhibit 4B shows the results of lower assumed natural gas prices. This case assumes that Henry Hub prices for natural gas are a flat $4.00 over the modeling period. This relatively low price scenario results in modeled benefits due to joint dispatch of $312 million, or a reduction of $52 million. The net effects of changing natural gas price assumptions is driven by, for example, the increase in benefits that flow from displacing less efficient natural gas-fired units with more efficient natural gas or coal-fired units in a higher gas price world. Conversely, lower gas prices reduce these potential benefits. Higher coal prices as shown in Exhibit 4C, assumed to be $0.50 higher than the higher-priced individual company coal forecast, similarly reduce modeled joint dispatch benefits by a small amount to $326 million (i.e., a reduction of $38 million).

As shown in Exhibit 4D, at an extremely low assumed load growth of only 0.5% per annum versus a compounded level of 2-2.5% in the base case, benefits would be expected to decline to a net $249 million, a net savings reduction of $115 million relative to the base case. This scenario reflects conservative assumptions about actual future conditions, but still yields substantial positive potential savings from joint dispatch. Higher rates of load growth, assumed to be approximately +1% compounded per annum above the base case, yield modeled benefits of $437 million, or an increase of $73 million as shown in Exhibit 4E.

As shown by these results, when varying important input assumptions there are significant potential increases to the benefits with relatively small potential decreases to the benefits. These asymmetric changes in the benefits result when testing changes in the input assumptions in all cases except an extreme low load growth case. The source of this asymmetry can be traced to the base case assumptions which are driven by recent recessionary economic conditions. Electric demand and natural gas prices are at low levels when compared to prior to the recent recession. To the extent the economy rebounds more rapidly than expected, the merger will create greater benefits than those calculated for the base case. Furthermore, even if recessionary conditions persist, the joint dispatch savings would increase if underlying fuel costs rise due to environmental or other global market conditions.

Additional Real Time Benefits: Second, the joint dispatch analysis is not granular enough to capture the minute-to-minute operations of dispatchers. Generation dispatchers receive data every few seconds allowing them to make real time operational decisions (e.g. adjust generator(s) output to match load; react to unit trips, adjust unit ramp rates, change unit start times, adjust spinning reserve requirements, etc). Efficiencies gained in these real time, or minute-to-minute, operations are not fully captured in the analysis.

In addition, as the companies gain experience operating their generating units and transmission systems with greater integration there will undoubtedly be future opportunities for savings. As the companies operate generation units to meet combined loads they will gain an understanding of how to use these resources in a complementary fashion. Finally, to the extent future system expansion planning can capitalize on the joint operation of the companies' generation and transmission systems, there will likely be additional benefits that cannot yet be identified.

Insulation From Real Time Price Volatility: The model uses forward fuel prices that only vary monthly when making dispatch decisions. This framework assumes the same daily and hourly price for fuel in each hour of the month consistent with the monthly fuel forecast previously described. In practice, daily fuel prices can spike within the month resulting in short-term opportunities not captured in the model. For example, since January 1, 2010 delivered gas into Transco Z5 has ranged from as low as $3.23 per MMBTU to over $19 per MMBTU on a daily basis. The ability to partially mitigate these price anomalies result in joint dispatch savings above and beyond those characterized in this study.

Economic Stimulus: Importantly, the lower energy costs and associated lower prices estimated by the joint dispatch analysis provide additional benefits to the local economy of the Carolinas that is not captured by the dispatch analysis itself. That is, at lower prices, regional economic activity will be encouraged, thus raising local economic output (gross state product) as well as providing for improved employment opportunities.

Overall, as is always the case with analyses that rely on numerous assumptions about future conditions, the benefits estimated by a model such as the one employed here can never be expected to be perfectly forecast. There can be changes in underlying assumptions and there may be aspects of the companies' joint operations that sometimes prevent every single possible beneficial joint dispatch decision from being taken. However, for the reasons discussed herein the benefits can be expected to be conservatively estimated and it is certain that there will be cost savings benefits due to joint dispatch that are positive and significant.

Appendix A

Security Constrained Dispatch Production Cost Model

The joint dispatch analysis utilized the security constrained unit commitment and dispatch model (DAYZER)[12] to simulate expected DEC and PEC generation unit commitment and dispatch on an hourly basis. DAYZER incorporates all the security, reliability, economic and engineering constraints on generation units and transmission system components, allowing the simulation of realistic actual system operations. Thus, DAYZER was programmed to explicitly incorporate a detailed physical representation of all electric generation and transmission in the DEC and PEC balancing authority areas.

The objective of the joint dispatch analysis was to simulate, pre- and post-merger, the security constrained least-cost hourly electricity system dispatch of the DEC and PEC systems for the years 2012-2016. Because the DEC and PEC generation resources are used exclusively to meet customer loads in the Carolinas, the modeling focused on electric generation resources in the Carolinas.[13] The model simulated both a day-ahead generation unit commitment, and an hourly generation unit dispatch, subject to electric system operational requirements. Thus, for each day in the analysis the model first determined the least cost mixture of generation resources that need to be committed (available) to meet the following day's loads and then determined the least-cost hourly dispatch of the committed resources.[14]

The model takes into account the following factors when determining generation unit dispatch: (1) transmission security constraints (n-1) including any second contingency constraints if applicable; (2) operating reserve requirements (spinning and non-spinning reserves, automatic generation control and quick start reserves); (3) transmission losses; (4) generation unit ramping constraints and minimum up and down times; (5) hourly hydro-electric schedules; (6) pumped storage optimization; and, (7) generation unit start-up, no load and variable costs.

The model requires numerous inputs which are summarized as follows:

1) Generation unit characteristics and input costs:
    - Generation unit characteristics
        - Capacity (MW)--vary with season as appropriate and for hydro-electric units vary hourly based on typical daily patterns for each month that have been observed historically.

[12] DAYZER is an acronym for Day-Ahead Locational Market Clearing Prices Analyzer.
[13] The model allows for inadvertent power flows between regions subject to transmission costs and physical limitations, but inter-regional dispatch is not modeled.
[14] The model determines a day-ahead security constrained dispatch which does not capture real-time shifts in demand and supply that can require unscheduled dispatch of generation resources.

- Heat rates, variable operation and maintenance costs, emission rates and expected maintenance and forced outage rates.
- Plant location and operating constraints (start-up time, ramp up, and associated costs).

o Long-term power purchase agreement terms and conditions that govern plant dispatch and delivery.

o Fuel Costs:

- Coal, natural gas, fuel oil, and uranium prices.

2) Load

o Hourly total load forecasts for each company allocated to load centers based on company transmission models.

o Breakdown of retail and wholesale loads as necessary to properly incorporate company obligations in the analysis.

3) Transmission System

o All major transmission facilities including new transmission lines associated with new generation unit additions.

o Transmission system contingency requirements as necessary.

o Operating reserve requirements.

Subject to the operational constraints, the model determined the least-cost mixture of committed generation units to rely upon day-by-day, and hour-by-hour, for the pre- and post-merger scenarios. Then, for each scenario, the total variable costs (composed primarily of fuel costs) were calculated and summed for all hours in each year analyzed. The difference in the total variable costs is the savings attributable to jointly dispatching the generation resources of the two companies.

Appendix B

Joint Dispatch Modeling Assumptions

The following sections provide details associated with the input assumptions used for the joint-dispatch analysis.

Generation Units:

The generation units assumptions can be categorized into the following three categories—existing units, unit retirements and unit additions. Summarization of each of these categories is as follows.

A- Existing Generation Units:

A-1: The characteristics of the existing generation units have been compiled primarily using data obtained from the companies. The companies provided generation unit listings that included capacity ratings, scheduled and forced outage rates, pollutant emission rates, and variable operation and maintenance cost estimates. Generation unit average heat rates were developed based on Environmental Protection Agency continuous emissions monitoring data compiled by Ventyx. Using heat rates from a consistent empirical data source ensured that no biases were introduced in the dispatch process.

A-2: Hydro-electric capacity factors were based on actual historical monthly generation for the last three years as provided by DEC and 10 years as provided by PEC.

A-3: Dual fuel CTs burn only No. 2 fuel oil in the winter period (Nov. – Mar.) except where noted.

A-4: PEC's purchases from the two Congentrix NUGs are at a projected low capacity factor.

A-5: Pump Storage efficiency:
-Bad Creek Pumping Efficiency = 77.35%.
-Jocassee Pumping Efficiency = 78.50%.

Particular generation units' assumptions are as follows:

PEC Specific Generation Units:

A-6: Asheville steam units provide spinning reserve pre-merger.

A-7: Asheville F-frame combustion turbines often run at partial load to provide operating reserves – assume a 15,000 BTU/kWh heat rate at partial load.

A-8: Wayne combustion turbines – Winter: 3 units oil only, 1 gas; Summer: 2 units gas, 2 units oil if needed to run.

A-9: Wayne Units 3, 4, and 5 are dual fuel.

A-10: Richmond combustion turbines – Winter: burn gas.

A-11: Combustion turbines less than 100 MW can provide quick start reserves, CT's above 100 MW do not provide quick start reserves.

DEC Specific Generation Units:

A-12: All CT's provide quick start.

A-13: Non-Pump storage hydro units do not provide quick start .

A-14: All dual-fuel CT's run on gas year round.

A-15: Pump storage units are utilized for regulation but do not provide spinning or non-spinning reserves.

Must Commit Generation Units:

A-16: Asheville Steam units should be treated as must commit for voltage support.

A-17: Sutton 3 and Robinson 1 must be running for voltage support.

A-18: Riverbend 4 and 5 have a must commit requirement for voltage support.

B-Generation Unit Retirements:

B-1: DEC and PEC generation unit retirement assumptions are shown in the following table. These assumptions are based on company integrated resource plans.

Unit Name	Unit Type	Zone	Retirement Date	Summer Capacity (MW)	Winter Capacity (MW)
Wansley 8	NCC	Carolina Power & Light W	12/1/2011	160	160
Buck 7	GT	Duke Energy Corp	6/1/2012	25	25
Buck 8	GT	Duke Energy Corp	6/1/2012	25	25
Buck 9	GT	Duke Energy Corp	6/1/2012	12	12
Buzzard Roost 10	GT	Duke Energy Corp	6/1/2012	18	18
Buzzard Roost 11	GT	Duke Energy Corp	6/1/2012	18	18
Buzzard Roost 12	GT	Duke Energy Corp	6/1/2012	18	18
Buzzard Roost 13	GT	Duke Energy Corp	6/1/2012	18	18
Buzzard Roost 14	GT	Duke Energy Corp	6/1/2012	18	18
Buzzard Roost 15	GT	Duke Energy Corp	6/1/2012	18	18
Buzzard Roost 6	GT	Duke Energy Corp	6/1/2012	22	22
Buzzard Roost 7	GT	Duke Energy Corp	6/1/2012	22	22
Buzzard Roost 8	GT	Duke Energy Corp	6/1/2012	22	22
Buzzard Roost 9	GT	Duke Energy Corp	6/1/2012	22	22
Dan River 4	GT	Duke Energy Corp	6/1/2012	0	0
Dan River 5	GT	Duke Energy Corp	6/1/2012	24	24
Riverbend 10	GT	Duke Energy Corp	6/1/2012	22	22
Riverbend 11	GT	Duke Energy Corp	6/1/2012	20	20
Riverbend 8	GT	Duke Energy Corp	6/1/2012	0	0
Riverbend 9	GT	Duke Energy Corp	6/1/2012	22	22
Dan River 3	STc200	Duke Energy Corp	10/1/2012	142	145
Lee ST 1	STc100	Carolina Power & Light E	1/1/2013	74	80
Lee ST 2	STc100	Carolina Power & Light E	1/1/2013	77	80
Lee ST 3	STc+	Carolina Power & Light E	1/1/2013	246	257
Dan River 6	GT	Duke Energy Corp	6/1/2013	24	24
FPL Cherokee Clean Energy	NCC	Duke Energy Corp	6/30/2013	88	88
L V Sutton 1	STc200	Carolina Power & Light E	1/1/2014	97	98
L V Sutton 2	STc200	Carolina Power & Light E	1/1/2014	104	107
L V Sutton 3	STc+	Carolina Power & Light E	1/1/2014	403	411
W S Lee 1	STc100	Duke Energy Corp	10/1/2014	100	100
W S Lee 2	STc100	Duke Energy Corp	10/1/2014	100	102
W S Lee 3	STc200	Duke Energy Corp	10/1/2014	170	170
Cape Fear 5	STc200	Carolina Power & Light E	12/31/2014	144	148
Cape Fear 6	STc200	Carolina Power & Light E	12/31/2014	172	175
W H Weatherspoon 1	STc100	Carolina Power & Light E	12/31/2014	48	49
W H Weatherspoon 2	STc100	Carolina Power & Light E	12/31/2014	48	49
W H Weatherspoon 3	STc100	Carolina Power & Light E	12/31/2014	75	79
Buck 5	STc200	Duke Energy Corp	1/1/2015	128	131
Buck 6	STc200	Duke Energy Corp	1/1/2015	128	131
Riverbend 4	STc100	Duke Energy Corp	1/1/2015	94	96
Riverbend 5	STc100	Duke Energy Corp	1/1/2015	94	96
Riverbend 6	STc200	Duke Energy Corp	1/1/2015	133	136
Riverbend 7	STc200	Duke Energy Corp	1/1/2015	133	136

C-Generation Unit Additions:

C-1: DEC and PEC generation unit addition assumptions are shown in the following table. These assumptions are based on company integrated resource plans.

Unit name	Unit Type	Zone	Installation Date	Summer Capacity (MW)	Winter Capacity (MW)
Buck Combined Cycle	NCC	Duke Energy Corp	1/1/2012	620	677
Cliffside Steam 6	STc+	Duke Energy Corp	10/1/2012	825	843
Wayne County Combined Cycle	NCC	Carolina Power & Light E	1/1/2013	920	1049
Dan River Combined Cycle	NCC	Duke Energy Corp	1/1/2013	620	677
Sutton Combined Cycle	NCC	Carolina Power & Light E	12/1/2013	625	717

Load Data:

Hourly load forecasts have been provided by DEC and PEC with the load distribution provided from the load flow cases provided by DEC.

Load Growth:

For DEC and PEC the following cumulative annualized load growth rate assumptions are applied to the base 2011 peak loads:

Zone	Season	2012	2013	2014	2015	2016
PEC East	S	2.6%	5.5%	8.1%	10.1%	11.9%
DEC	S	1.5%	3.1%	5.2%	7.4%	9.9%
PEC West	S	2.6%	5.5%	8.1%	10.1%	11.9%
PEC East	W	2.5%	5.5%	8.0%	9.9%	11.8%
DEC	W	1.6%	3.3%	5.4%	7.6%	10.2%
PEC West	W	2.5%	5.5%	8.0%	9.9%	11.8%

For DEC and PEC the following peak loads and annual energy consumption are used in the analysis:

Zone		2012	2013	2014	2015	2016
PEC East	Peak Load	12,637.26	12,979.71	13,279.98	13,514.69	13,736.33
	Energy GWh	60,268.49	61,303.23	62,347.63	63,433.69	64,619.81
DEC	Peak Load	19,823.91	20,129.50	20,536.20	20,961.79	21,454.39
	Energy GWh	98,531.43	99,758.88	101,785.61	103,900.37	106,727.93
PEC West	Peak Load	1,097.14	1,128.35	1,155.39	1,176.40	1,195.69
	Energy GWh	5,783.00	5,931.58	6,074.71	6,186.58	6,304.93

PEC loads were adjusted to shift a portion of the load growth into the on-peak in association with PEC wholesale sales agreements. This is achieved by increasing on-peak loads and then adjusting off-peak energy consumption as necessary to match PEC annual energy consumption forecasts.

D-Transmission Contract Assumptions:

D-1: Only firm energy and transmission contracts were modeled (see table below).

D-2: Generation contracts are for energy only, so all operating reserves should be zero, and the cost should be as shown in table below (all contracts are dispatchable).

D-3: A 436 MW transmission contract from PEC East to PEC West through DEC was modeled.

D-4: The Rowan CC contract (150 MW) sinks to PEC West.

D-5: The DEC Cherokee and other renewable contracts are not dispatchable.

D-6: PEC renewable and cogeneration contracts are not dispatchable.

D-7: The Broad River contract sinks to PEC East.

D-8: Cherokee Contract expires on 6/30/2013.

D-9: A 100 MW contract from DEC to PEC East (2011 through 2016) was modeled.

D-10: A PEC East Import contract 250 MW at $50 from SCEG (1-1-2011 through 12/31/2012) was modeled.

D-11: A PEC external purchase contract (SEPA Hydro), 94 MW through 2016.

			Contractual Capacity MW			
Region	Seller	Plant/Unit	Summer	Winter	Start Date	End Date
DEC	Cherokee County Cogeneration Partners, L.P.	Cherokee County Cogeneration	88	88	7/1/1998	6/30/2013
PEC	Southern Power Company	Rowan CC	151	151	1/1/2010	12/31/2019
PEC	Calpine	Broad River 1	160	166	6/1/2001	5/31/2021
PEC	Calpine	Broad River 2	160	166	6/1/2001	5/31/2021
PEC	Calpine	Broad River 3	160	166	6/1/2001	5/31/2021
PEC	Calpine	Broad River 4	168	194.5	6/1/2001	2/28/2022
PEC	Calpine	Broad River 5	168	194.5	6/1/2001	2/28/2022
PEC	SEPA	SEPA Hydro Contract	94	94	12/31/2010	12/31/2012
PEC	SEPA	SEPA Hydro Contract	109	109	1/1/2013	12/31/2038

Operating Reserves Assumptions:

The operating reserves are 371 MW for PEC, 50% spinning and 50% quick start. PEC West has 100 MW of spin reserve requirement and quick start is met through firm transmission. DEC has only quick start requirement of 506 MW and no spinning reserves.

AGC requirements are 120 MW for PEC and 110 MW for DEC.

Post-merger operating reserves:

CASE	Submarket	Spin	Quickstart	AGC
Post	DEC_PEC	185	691	230

Pre-merger operating reserves:

CASE	Submarket	Spin	Quickstart	AGC
Pre	PEC	185	185	120
Pre	PEC West	100	0	0
Pre	DEC	0	506	110

Emission Allowance Prices:

Emission permit prices for NOX and SOX were obtained from PEC and were used for both companies. The values are shown in the following tables:

NOx Permit Prices		
	Oct-Apr	May-Sep
Year	$/Ton	$/Ton
2010	$363	$408
2011	$275	$308
2012	$867	$1,055
2013	$897	$1,237
2014	$955	$1,211
2015	$986	$1,229
2016	$972	$1,233

SO2 Permit Prices	
Year	$/Ton
2010	$34
2011	$32
2012	$30
2013	$377
2014	$426
2015	$375
2016	$256

Fuel Prices:

Natural Gas:

Natural gas futures prices for Transco Zone 5 plus LDC charges were used in the analysis. The standard LDC charge for all natural gas units is 1.63% of Zone 5 price. Except for the following units:

Unit Id	Unitname	Fuelname	LDC
4409	Buck 7	NG_BK_DAN	2.5
4410	Buck 8	NG_BK_DAN	2.5
4411	Buck 9	NG_BK_DAN	2.5
4914	Dan River 4	NG_BK_DAN	2.5
4915	Dan River 5	NG_BK_DAN	2.5
4916	Dan River 6	NG_BK_DAN	2.5
5315	W S Lee GT8	NG_LEE	3.8
5409	W S Lee GT7	NG_LEE	3.8
6704	Riverbend 10	NG_RBEND	4.9
6705	Riverbend 11	NG_RBEND	4.9
6710	Riverbend 8	NG_RBEND	4.9
6711	Riverbend 9	NG_RBEND	4.9

Coal Prices:

Coal Price forecasts for both DEC and PEC were provided by the companies.

Oil Prices (Fuel Oil No. 2):

Oil prices are from NYMEX futures for heating oil #2.

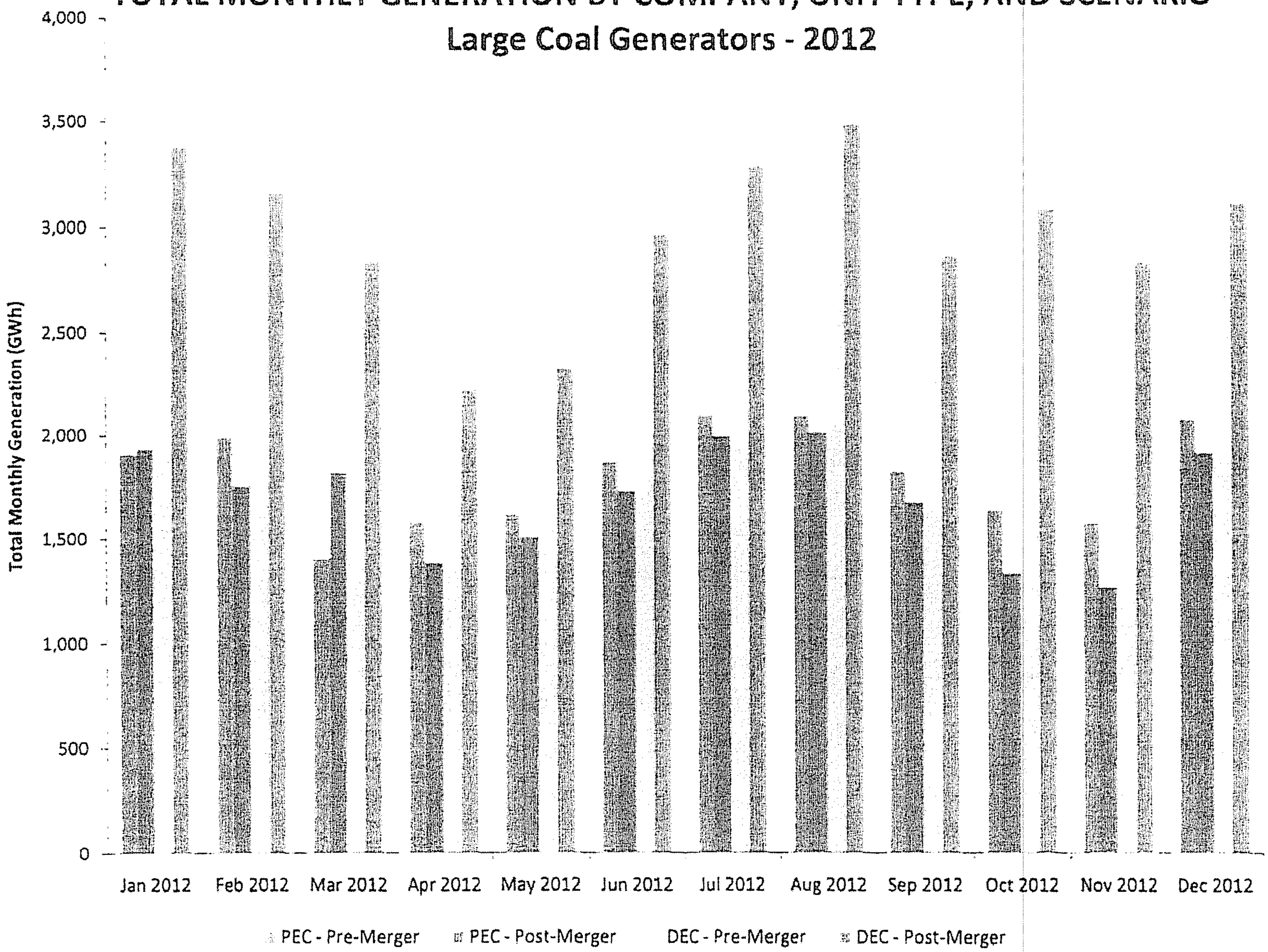
Transmission Model:

DEC 2015 load flow models were used for 2012-2016 simulation. It was assumed that the load flow case included all DEC's planned transmission upgrades. Relevant transmission upgrades affecting PEC capacity additions were taken into account. The list of transmission constraints was generated by DAYZER using contingency analysis for the calendar year 2011 and 2015.

CONFIDENTIAL PROPI .RY TRADE SECRET

Exhibit No. 1

TOTAL MONTHLY GENERATION BY COMPANY, UNIT TYPE, AND SCENARIO
Large Coal Generators - 2012

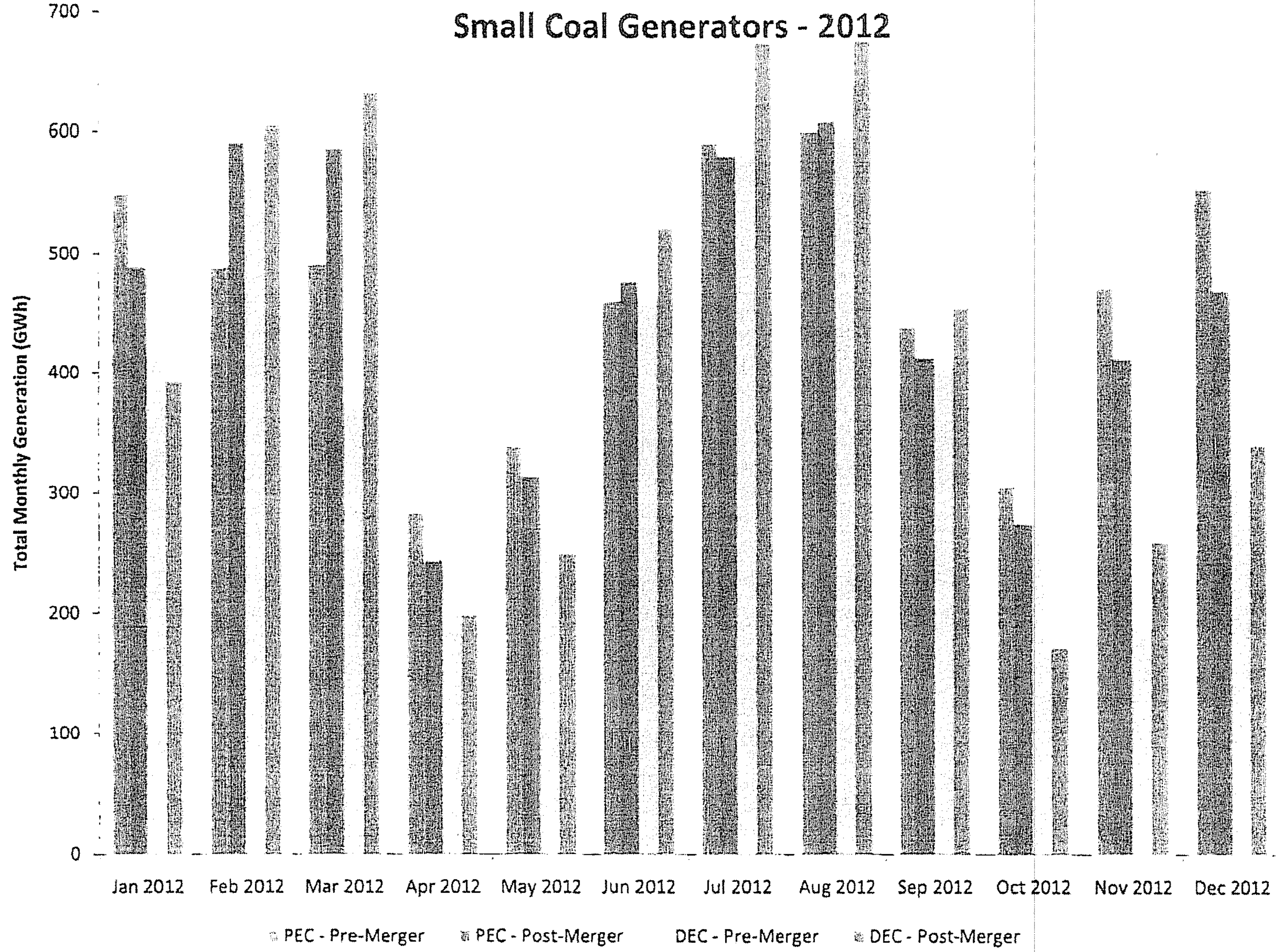


Note: Coal fired generating units greater than 200 MW.
Source: Joint Dispatch Analysis.

Exhibit No. 1

TOTAL MONTHLY GENERATION BY COMPANY, UNIT TYPE, AND SCENARIO

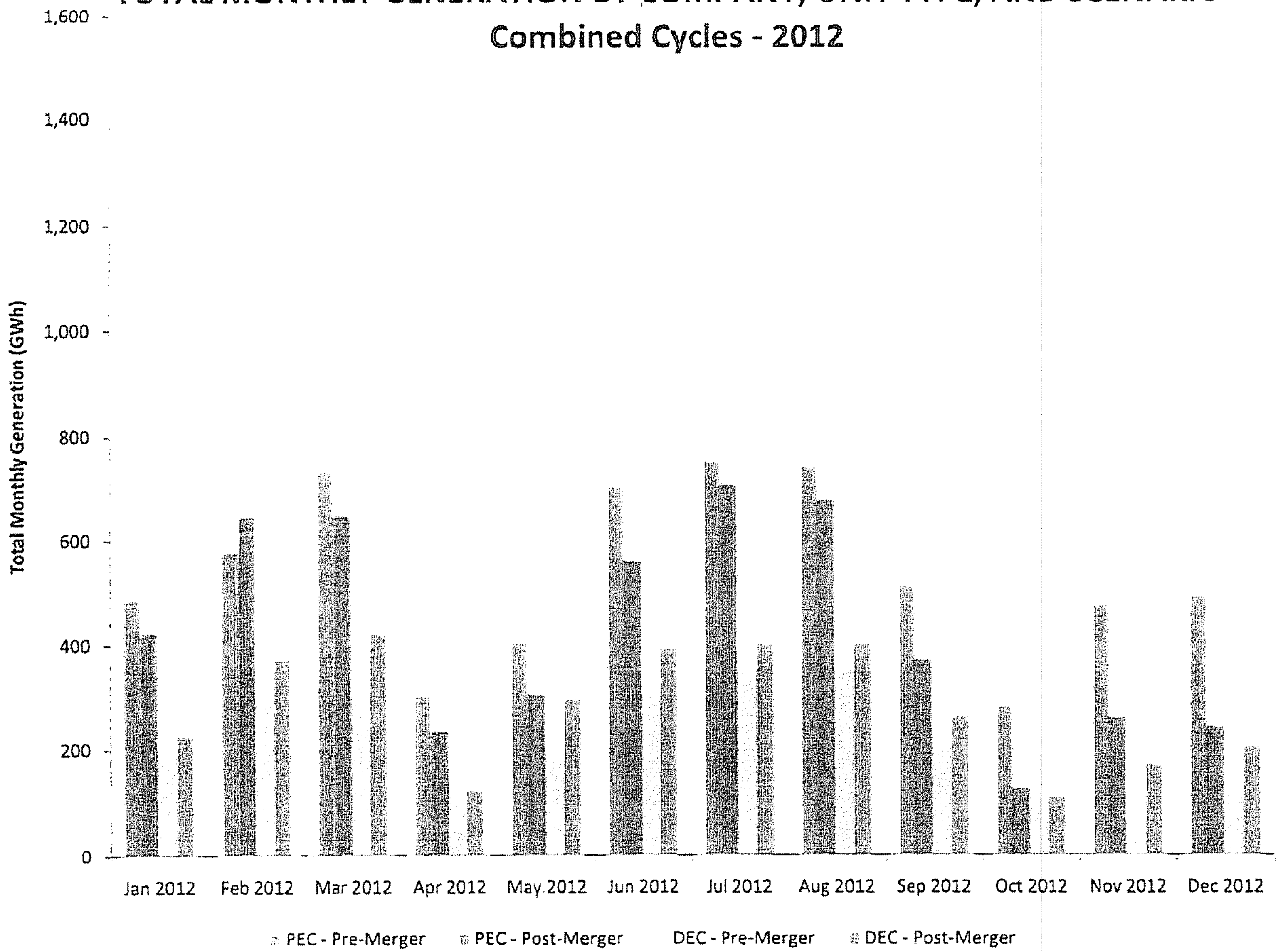
Small Coal Generators - 2012



Note: Coal fired generating units less than 200 MW.
Source: Joint Dispatch Analysis.

Exhibit No. 1

TOTAL MONTHLY GENERATION BY COMPANY, UNIT TYPE, AND SCENARIO
Combined Cycles - 2012

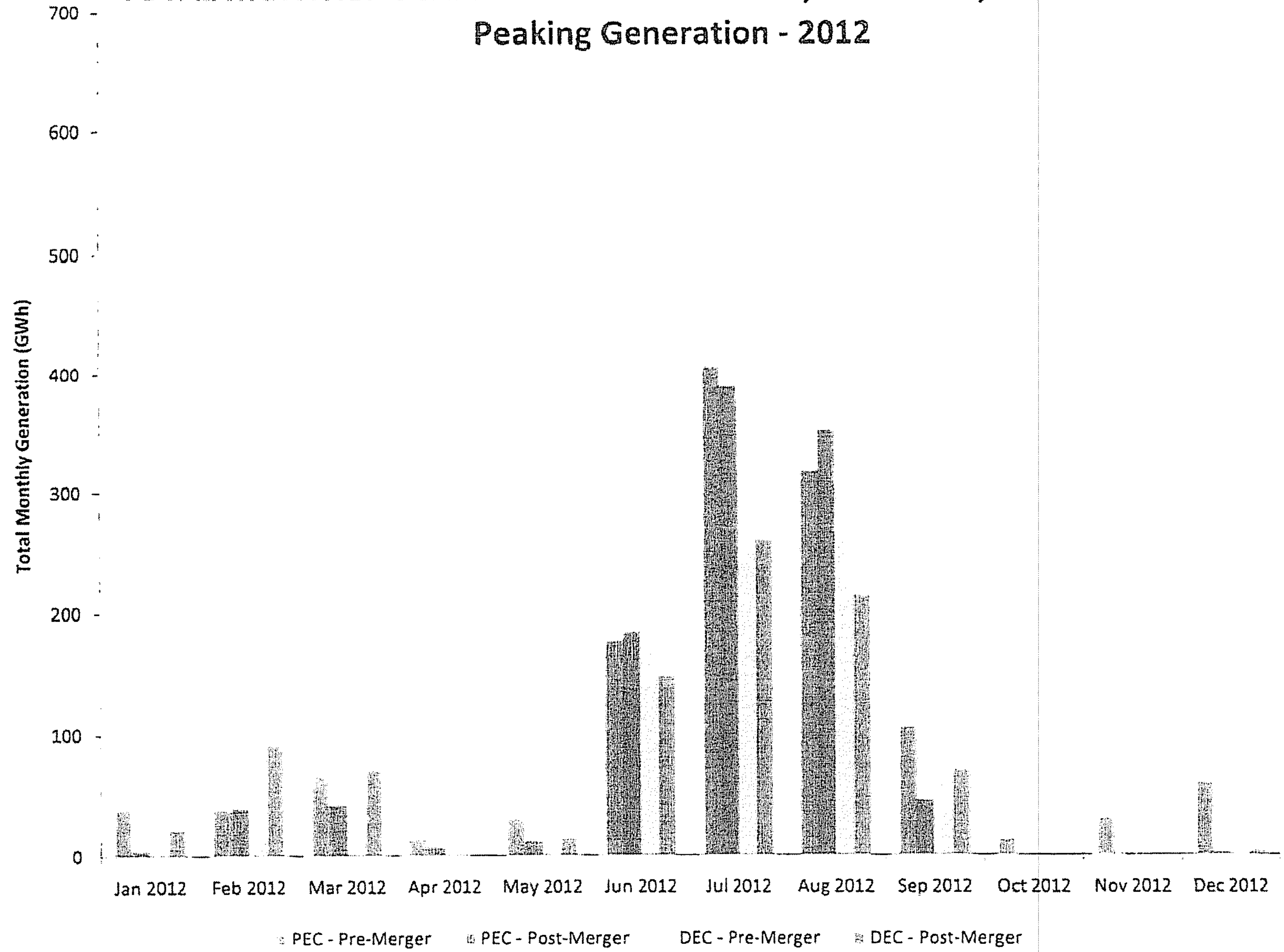


Note: Gas fired combined cycle units.
Source: Joint Dispatch Analysis.

CONFIDENTIAL PROPI .RY TRADE SECRET

Exhibit No. 1

TOTAL MONTHLY GENERATION BY COMPANY, UNIT TYPE, AND SCENARIO
Peaking Generation - 2012



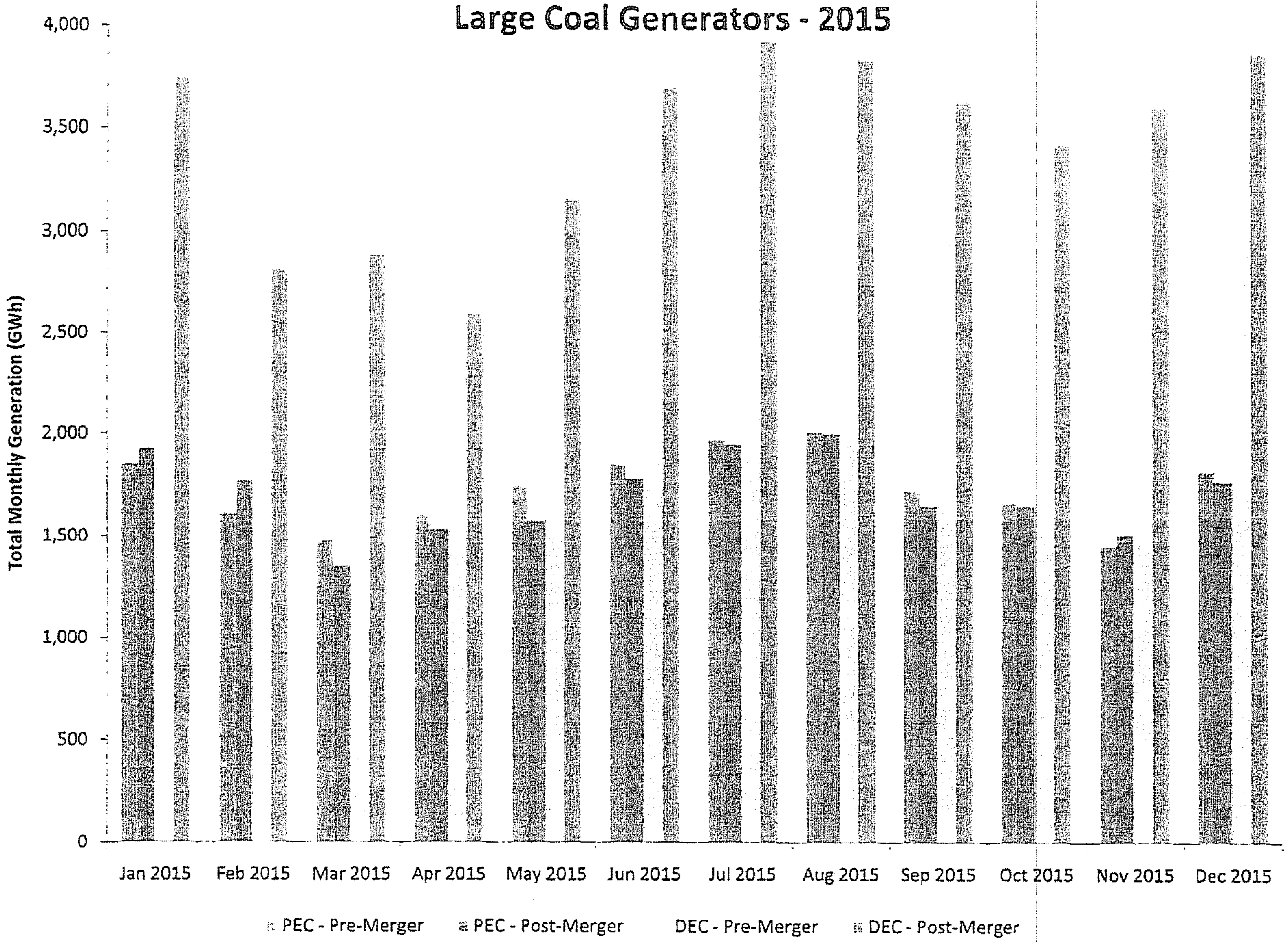
Note: High cost gas/oil fired combustion turbine generators owned by the companies.
Source: Joint Dispatch Analysis.

CONFIDENTIAL PROPI. .RY TRADE SECRET

Exhibit No. 1

TOTAL MONTHLY GENERATION BY COMPANY, UNIT TYPE, AND SCENARIO

Large Coal Generators - 2015

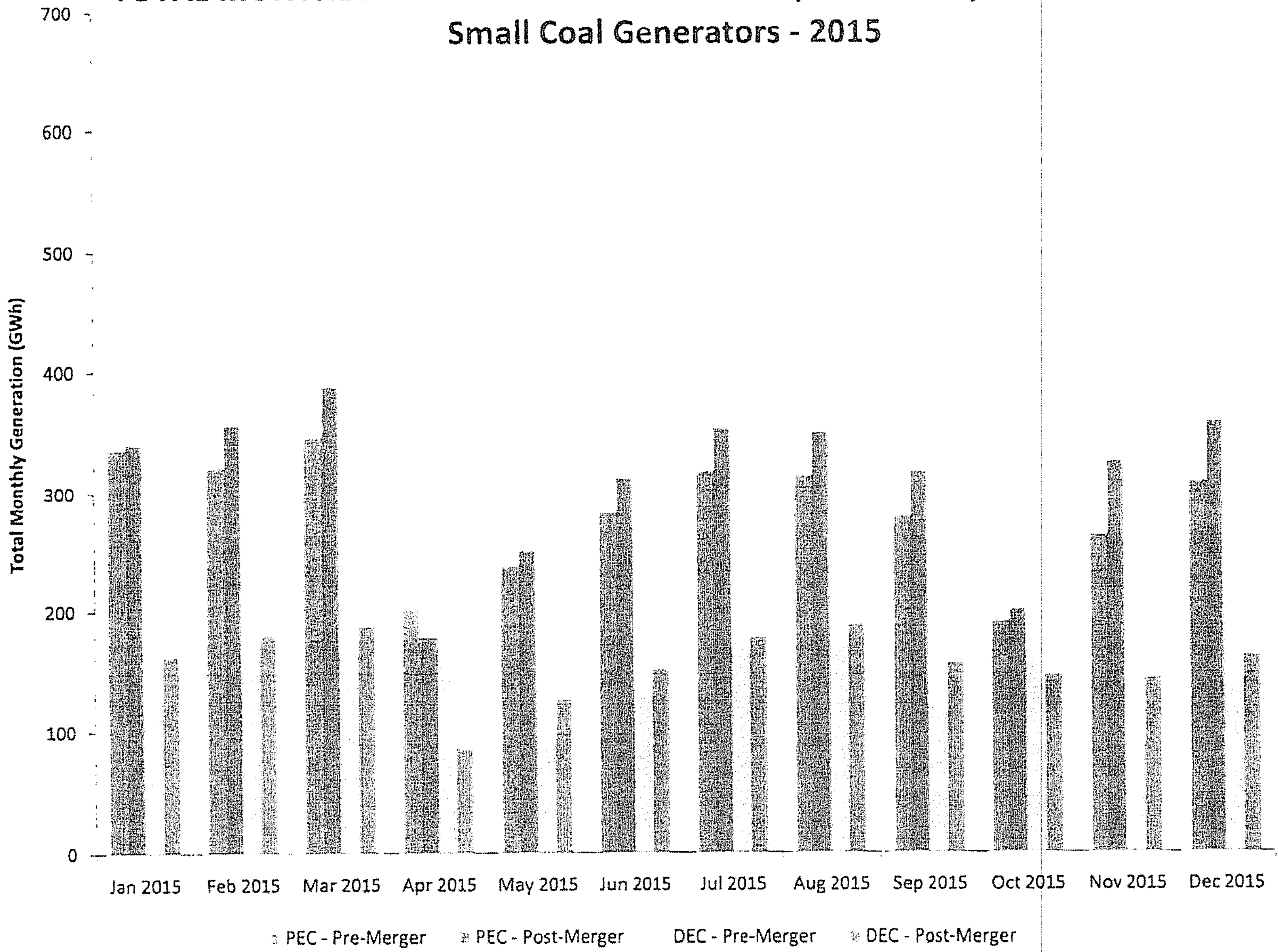


Note: Coal fired generating units greater than 200 MW.
Source: Joint Dispatch Analysis.

CONFIDENTIAL PROPI .RY TRADE SECRET

Exhibit No. 1

TOTAL MONTHLY GENERATION BY COMPANY, UNIT TYPE, AND SCENARIO
Small Coal Generators - 2015



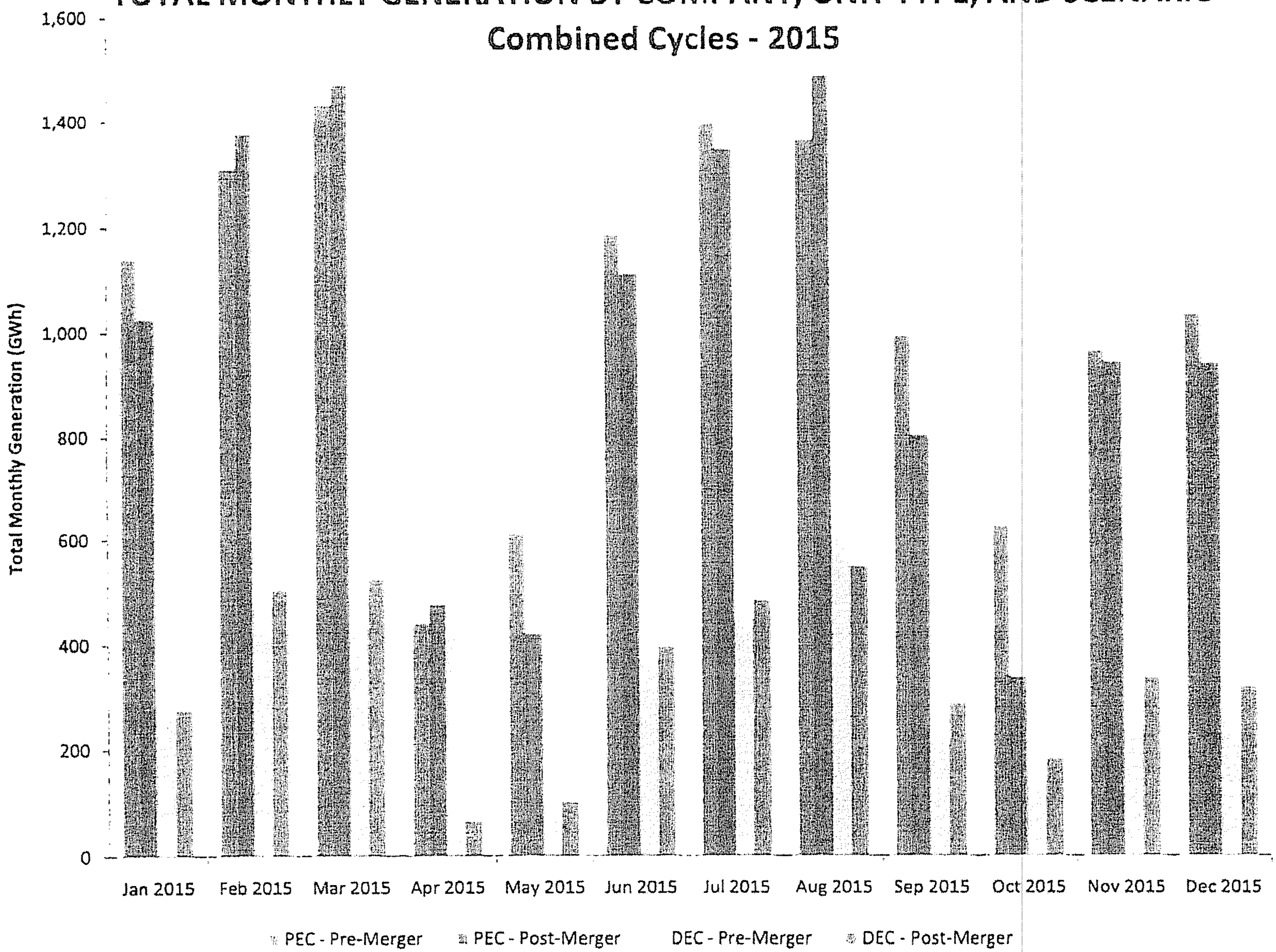
Note: Coal fired generating units less than 200 MW.
Source: Joint Dispatch Analysis.

CONFIDENTIAL PROPI ARY TRADE SECRET

Exhibit No. 1

TOTAL MONTHLY GENERATION BY COMPANY, UNIT TYPE, AND SCENARIO

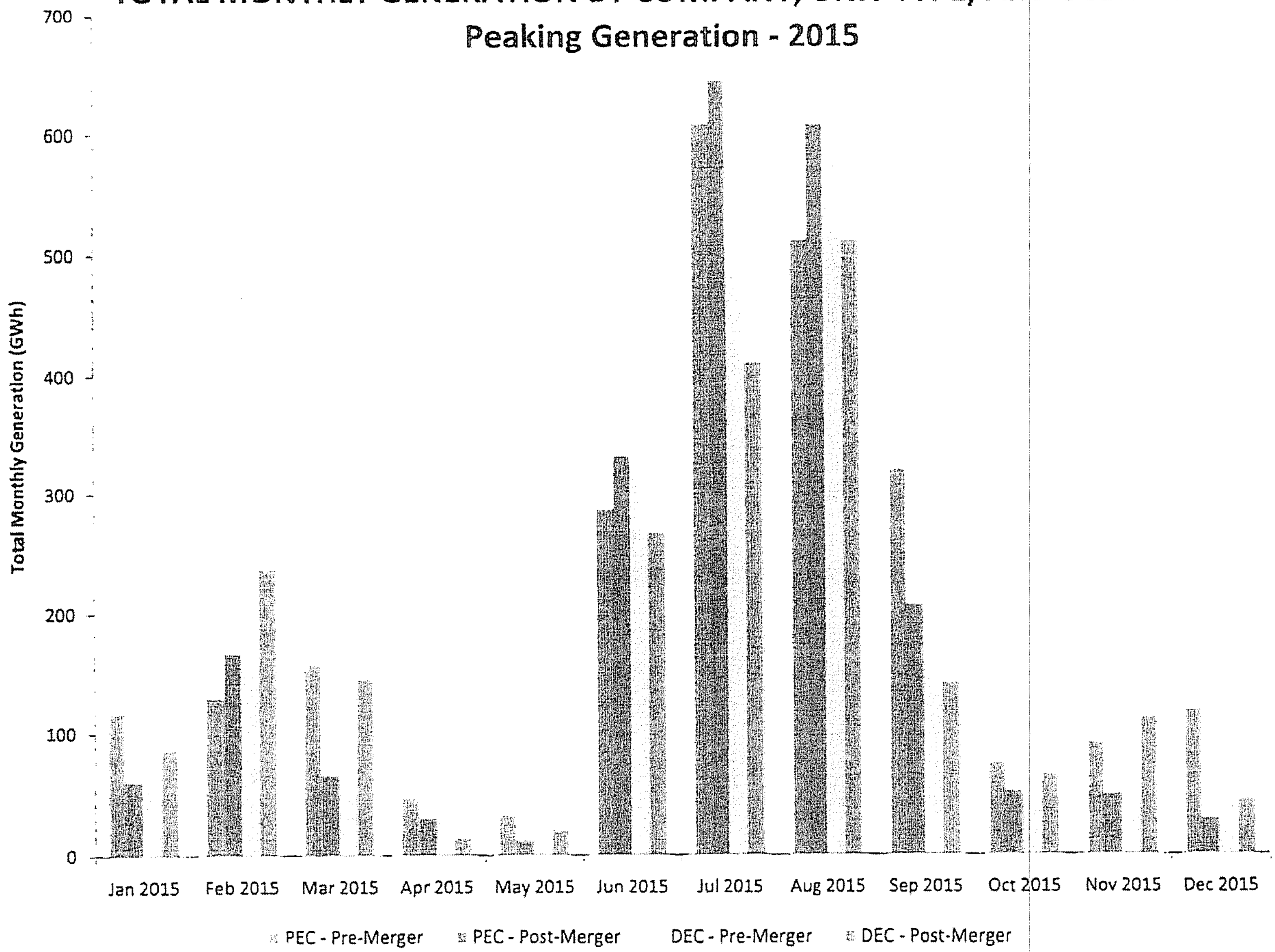
Combined Cycles - 2015



Note: Gas fired combined cycle units.
Source: Joint Dispatch Analysis.

Exhibit No. 1

TOTAL MONTHLY GENERATION BY COMPANY, UNIT TYPE, AND SCENARIO
Peaking Generation - 2015



Note: High cost gas/oil fired combustion turbine generators owned by the companies.
Source: Joint Dispatch Analysis.

CONFIDENTIAL PROPI .RY TRADE SECRET

Exhibit No. 2

ESTIMATED COST SAVINGS ASSOCIATED WITH DUKE AND PROGRESS JOINT DISPATCH

Base Case ($mm)

		2012	2013	2014	2015	2016
Estimated Cost - No Joint Dispatch		$3,871	$4,110	$4,426	$4,465	$4,715
Estimated Cost - With Joint Dispatch		$3,833	$4,061	$4,361	$4,368	$4,599
Savings	$	$38	$49	$64	$97	$116
	%	1.0%	1.2%	1.5%	2.2%	2.5%

	'12-'16
Cumulative Savings	$364

Source: Joint Dispatch Analysis

CONFIDENTIAL PROPK .RY TRADE SECRET

Exhibit No. 3A
DUKE WHOLESALE CONTRACTUAL OBLIGATIONS
2012

Wholesale Customer	Contract Designation	Type	Contract Term	Capacity (MW)
NC/SC Municipalities	Partial Requirements	Native Load Priority	12/31/2018	326
NP&L Wholesale	Full Requirements	Native Load Priority	Annual renewals. Can be terminated on one-year notice by either party.	14
Blue Ridge EMC	Full Requirements	Native Load Priority	12/31/2021	174
Piedmont EMC	Full Requirements	Native Load Priority	12/31/2021	90
Rutherford EMC	Partial Requirements	Native Load Priority	12/31/2021	156
Haywood EMC	Full Requirements	Native Load Priority	12/31/2021	21
NCEMC	Catawba Contract Backstand	Native Load Priority/ System Firm	Through Operating Life of Catawba and McGuire Nuclear Station	687
NCEMC	Shaped Capacity Sale	Native Load Priority	12/31/2038	72

Note: Customers included in NC/SC Municipalities: City of Concord, NC; Town of Dallas, NC; Town of Forest City, NC; Town of Kings Mountain, NC; Lockhart Power Company; Town of Due West, SC; Town of Prosperity, SC; and the City of Greenwood, SC. Contract designation for the City of Greenwood is for Full Requirements. Customers included in NP&L Wholesale: the Town of Highlands, NC and Western Carolina University.

Source: Duke Energy Carolina's 2010 Integrated Resource Plan.

CONFIDENTIAL PROPR .RY TRADE SECRET

Exhibit No. 3B

PROGRESS WHOLESALE CONTRACTUAL OBLIGATIONS

2012

Wholesale Customer	Contract Designation	Type	Contract Term	Capacity (MW)
Town of Black Creek, NC	Full Requirements	Native Load Firm	12/31/2017	3.2
City of Camden, SC	Full Requirements	Native Load Firm	12/31/2013	50
Fayetteville Public Works Commission	Partial Requirements	Native Load Firm	6/31/2012	301
Fayetteville Public Works Commission	Full Requirements	Native Load Firm	6/30/2032	531
French Broad EMC	Full Requirements	Native Load Firm	12/31/2012	90
Haywood EMC	Partial Requirements	Native Load Firm	12/31/2021	34
Town of Lucama, NC	Full Requirements	Native Load Firm	12/31/2017	5.3
North Carolina Electric Membership Corporation	NCEMC SOR D	Native Load Firm	12/31/2019	420
North Carolina Electric Membership Corporation	NCEMC SOR A	Native Load Firm	12/31/2015	225
North Carolina Electric Membership Corporation	NCEMC SOR E	Native Load Firm	12/31/2012	225
North Carolina Electric Membership Corporation	NCEMC PPA	Subordinate to Native Load Firm	12/31/2024	300
North Carolina Eastern Municipal Power Agency	Partial Requirements	Native Load Firm	12/31/2017	763
Piedmont EMC	Partial Requirements	Native Load Firm	12/31/2021	21
Town of Sharpsburg, NC	Full Requirements	Native Load Firm	12/31/2017	5.6
Town of Stantonsburg, NC	Full Requirements	Native Load Firm	12/31/2017	5.9
Town of Waynesville, NC	Full Requirements	Native Load Firm	12/31/2015	17
Town of Winterville, NC	Full Requirements	Native Load Firm	12/31/2017	12

Source: Progress Energy Carolina's 2010 Integrated Resource Plan.

Exhibit No. 4A

ESTIMATED COST SAVINGS ASSOCIATED WITH DUKE AND PROGRESS JOINT DISPATCH

High Gas Price Case ($mm)

		2012	2013	2014	2015	2016
Estimated Cost - No Joint Dispatch		$3,984	$4,300	$4,755	$4,995	$5,407
Estimated Cost - With Joint Dispatch		$3,924	$4,216	$4,627	$4,826	$5,218
Savings	$	$61	$84	$128	$168	$188
	%	1.5%	2.0%	2.7%	3.4%	3.5%

	'12-'16
Cumulative Savings	$629

Source: Joint Dispatch Analysis

Exhibit No. 4B

ESTIMATED COST SAVINGS ASSOCIATED WITH DUKE AND PROGRESS JOINT DISPATCH

Low Gas Price Case ($mm)

		2012	2013	2014	2015	2016
Estimated Cost - No Joint Dispatch		$3,707	$3,832	$4,055	$4,032	$4,222
Estimated Cost - With Joint Dispatch		$3,678	$3,785	$3,985	$3,959	$4,129
Savings	$	$29	$47	$70	$74	$93
	%	0.8%	1.2%	1.7%	1.8%	2.2%

	'12-'16
Cumulative Savings	$312

Source: Joint Dispatch Analysis

CONFIDENTIAL PROPI ARY TRADE SECRET

Exhibit No. 4C

ESTIMATED COST SAVINGS ASSOCIATED WITH DUKE AND PROGRESS JOINT DISPATCH

High Coal Price Case ($mm)

		2012	2013	2014	2015	2016
Estimated Cost - No Joint Dispatch		$4,179	$4,274	$4,545	$4,774	$5,096
Estimated Cost - With Joint Dispatch		$4,147	$4,230	$4,487	$4,686	$4,992
Savings	$	$32	$45	$58	$88	$104
	%	0.8%	1.0%	1.3%	1.8%	2.0%

	'12-'16
Cumulative Savings	$326

Source: Joint Dispatch Analysis

Exhibit No. 4D

ESTIMATED COST SAVINGS ASSOCIATED WITH DUKE AND PROGRESS JOINT DISPATCH

Low Load Case ($mm)

		2012	2013	2014	2015	2016
Estimated Cost - No Joint Dispatch		$3,792	$3,921	$4,098	$3,976	$4,043
Estimated Cost - With Joint Dispatch		$3,758	$3,880	$4,051	$3,914	$3,977
Savings	$	$34	$41	$46	$62	$66
	%	0.9%	1.0%	1.1%	1.6%	1.6%

	'12-'16
Cumulative Savings	$249

Source: Joint Dispatch Analysis

CONFIDENTIAL PROPR .RY TRADE SECRET

Exhibit No. 4E

ESTIMATED COST SAVINGS ASSOCIATED WITH DUKE AND PROGRESS JOINT DISPATCH

High Load Case ($mm)

		2012	2013	2014	2015	2016
Estimated Cost - No Joint Dispatch		$3,995	$4,340	$4,775	$4,983	$5,396
Estimated Cost - With Joint Dispatch		$3,953	$4,287	$4,704	$4,862	$5.246
Savings	$	$42	$53	$71	$121	$150
	%	1.1%	1.2%	1.5%	2.4%	2.8%

	'12-'16
Cumulative Savings	$437

Source: Joint Dispatch Analysis