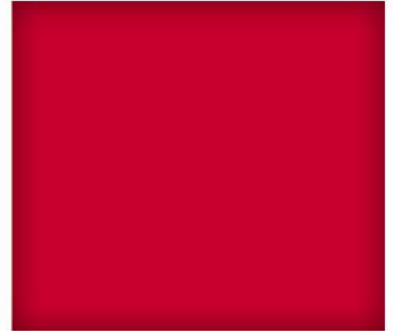




# Progress Energy



## **Deutsche Bank Alternative Energy, Utilities & Power Conference**

**New York City**

**May 12, 2011**

## **CAUTION REGARDING FORWARD-LOOKING INFORMATION**

*This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by words or phrases such as “may,” “will,” “should,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “target,” “forecast,” and other words and terms of similar meaning. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks and uncertainties. Progress Energy cautions readers that any forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement. Such forward-looking statements include, but are not limited to, statements about the benefits of the proposed merger involving Duke Energy and Progress Energy, including future financial and operating results, Progress Energy’s or Duke Energy’s plans, objectives, expectations and intentions, the expected timing of completion of the transaction, and other statements that are not historical facts. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include risks and uncertainties relating to: the ability to obtain the requisite Duke Energy and Progress Energy shareholder approvals; the risk that Progress Energy or Duke Energy may be unable to obtain governmental and regulatory approvals required for the merger, or required governmental and regulatory approvals may delay the merger or result in the imposition of conditions that could cause the parties to abandon the merger; the risk that a condition to closing of the merger may not be satisfied; the timing to consummate the proposed merger; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; the diversion of management time on merger-related issues; general worldwide economic conditions and related uncertainties; the effect of changes in governmental regulations; and other factors we discuss or refer to in the “Risk Factors” section of our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC). These risks, as well as other risks associated with the merger, are more fully discussed in the preliminary joint proxy statement/prospectus that is included in the Registration Statement on Form S-4 that was filed by Duke Energy with the SEC on March 17, 2011 in connection with the merger as well as in any amendments to that Registration Statement filed after that date. Additional risks and uncertainties are identified and discussed in Progress Energy’s and Duke Energy’s reports filed with the SEC and available at the SEC’s website at [www.sec.gov](http://www.sec.gov). Each forward-looking statement speaks only as of the date of the particular statement and neither Progress Energy nor Duke Energy undertakes any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.*

## **ADDITIONAL INFORMATION AND WHERE TO FIND IT**

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

## **PARTICIPANTS IN THE MERGER SOLICITATION**

*Duke Energy, Progress Energy, and their respective directors, executive officers and certain other members of management and employees may be soliciting proxies from Duke Energy and Progress Energy shareholders in favor of the merger and related matters. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of Duke Energy and Progress Energy shareholders in connection with the proposed merger is contained in the preliminary joint proxy statement/prospectus and will be contained in the definitive joint proxy statement/prospectus when it becomes available. You can find information about Duke Energy’s executive officers and directors in its definitive proxy statement filed with the SEC on March 17, 2011. You can find information about Progress Energy’s executive officers and directors in its definitive proxy statement filed with the SEC on March 31, 2011 and Amendment No. 1 to its Annual Report on Form 10-K filed with the SEC on March 17, 2011. Additional information about Duke Energy’s executive officers and directors and Progress Energy’s executive officers and directors can be found in the above-referenced Registration Statement on Form S-4. You can obtain free copies of these documents from Duke Energy and Progress Energy using the contact information above.*

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## **For questions or comments contact:**

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## Major Discussion Topics

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- Duke Energy merger update
- Progress Energy fleet modernization
- Crystal River 3 nuclear update

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## Duke Energy Merger Update



## Strategic Combination with Duke Energy

### Strategic Benefits

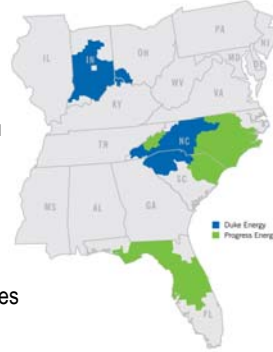
- Creates largest U.S. utility
- Substantial, diversified regulated business mix
- Unmatched financial and operational scale

### Investor Benefits

- Earnings accretive in year one<sup>1</sup>
- Long-term earnings growth target of 4-6 percent<sup>1</sup>
- Maintain Duke Energy dividend policy
- Continued balance sheet strength

### Customer Benefits

- Ability to create meaningful operational efficiencies for regulated electric customers over time



<sup>1</sup> Based upon adjusted diluted earnings per share

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## Status of Merger Filings

(as of May 3, 2011)

Stakeholder	Progress On Key Milestones	Filed	Approved
Shareholder	<ul style="list-style-type: none"> <li>▪ Filed initial S-4 for SEC review on March 17, 2011; On April 8, 2011 and April 25, 2011, filed amendments to S-4</li> <li>▪ Shareholder meetings in 2Q/3Q 2011</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Department of Justice (DOJ)	<ul style="list-style-type: none"> <li>▪ The parties have met their obligations under the Hart-Scott-Rodino Act, which is no longer a bar to closing the transaction</li> </ul>	<input checked="" type="checkbox"/>	Waiting Period Expired
Federal Communications Commission (FCC)	<ul style="list-style-type: none"> <li>▪ By early 3Q 2011, file for transfer of Progress Energy licenses</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
Federal Energy Regulatory Commission (FERC)	<ul style="list-style-type: none"> <li>▪ Filed merger approval application and related filings on April 4, 2011</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Nuclear Regulatory Commission (NRC)	<ul style="list-style-type: none"> <li>▪ Filed for indirect transfer of Progress Energy licenses on March 30, 2011</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
North Carolina	<ul style="list-style-type: none"> <li>▪ Filed merger approval application on April 4, 2011</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
South Carolina	<ul style="list-style-type: none"> <li>▪ Submitted merger-related filings on April 25, 2011</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Kentucky	<ul style="list-style-type: none"> <li>▪ Filed merger approval application on April 4, 2011</li> </ul>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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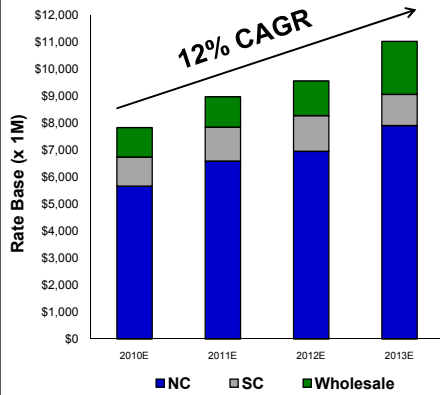


# Progress Energy Fleet Modernization

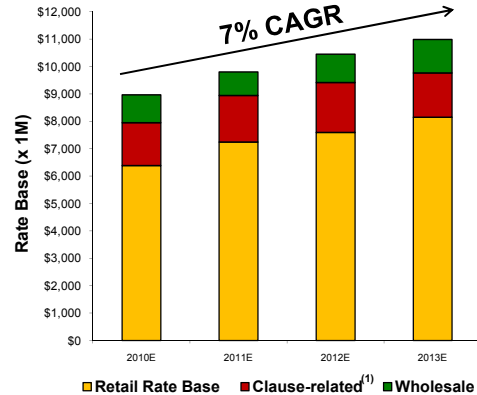


## Attractive Rate Base Growth

### Carolinas



### Florida



(1) Represents ECRC (CAIR at CR 4 & 5), Levy Nuclear, CR3 Nuclear Uprate and ECCR.



## Scrubber & SCR Installation Complete

### North Carolina Clean Smokestacks Act \$1.1 billion



Asheville  
2 units 376 MW



Mayo  
1 unit 727 MW



Roxboro  
4 units 2,422 MW

### Florida CAIR \$1.2 billion



Crystal River 4 & 5  
1,398 MW



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## Carolinas Coal-to-Gas Fleet Modernization



### Lee Repowering

- Replacing 397 MW coal-fired Lee Plant with 920 MW CCGT
- Received CPCN\* from NCUC in Oct. 2009
- Announced agreement with Piedmont Natural Gas for gas supply
- Expected in-service in January 2013



### Sutton Repowering

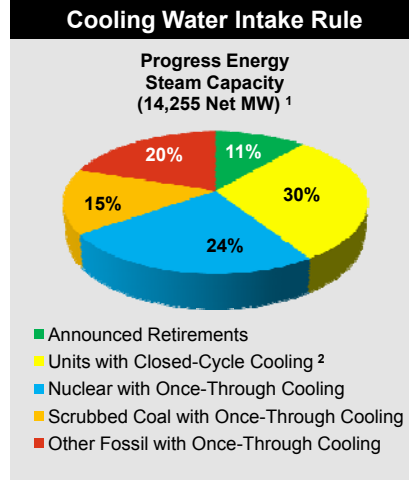
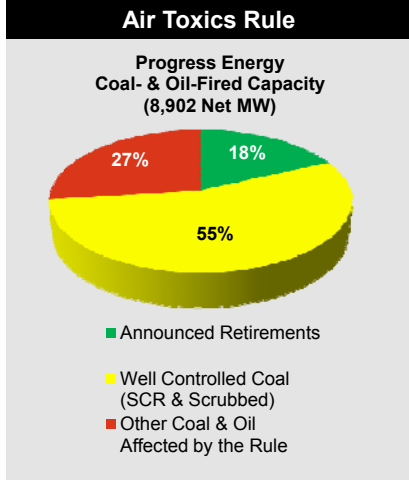
- Replacing 604 MW coal-fired plant with 625 MW CCGT
- Received CPCN\* from NCUC in June 2010
- Announced agreement with Piedmont Natural Gas for gas supply
- Expected in-service in December 2013



\*CPCN – Certificate of public convenience and necessity.

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# Progress Energy Generation Fleet Affected by Proposed EPA Rule

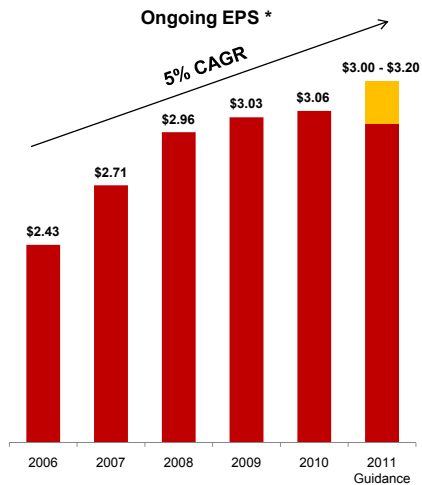
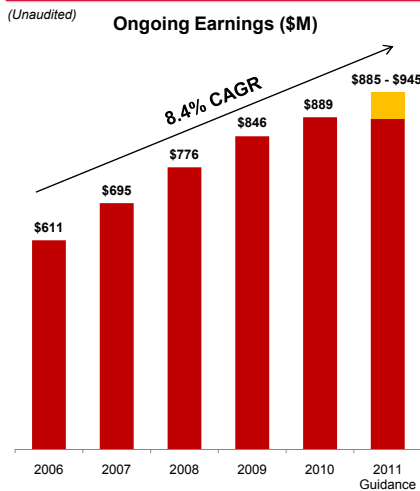


1. Includes capacity under construction.
2. Some closed-loop systems may not meet EPA's new definitions for "closed-cycle recirculating systems" listed in the proposed rule.

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# Earnings Growth Track Record



\* See appendix for reconciliation of ongoing EPS to reported GAAP EPS.

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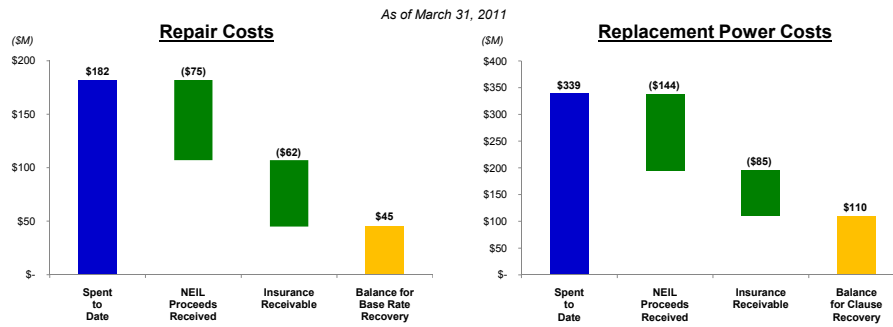


# Crystal River 3 Nuclear Update



## Crystal River Unit 3 Nuclear Outage

- Second delamination discovered mid-March
- Engineering analysis under way to identify potential repair options
- Cannot estimate return-to-service date or cost of repair at this time
- Florida PSC regulatory cost recovery
  - Replacement power (net of NEIL proceeds)
  - Approved for 2011 fuel cost recovery
  - Subject to refund, pending a prudence review



NEIL: Nuclear Electric Insurance Limited, a mutual insurance company  
 Insurance coverage limits per event are as follows:  
 • Property damage - \$2.25 billion  
 • Replacement power - \$490 million





## Additional Financial Considerations

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- Earnings drivers
  - PEF's remaining cost of removal reserve - \$369M
  - PEC has completed planned nuclear outages for 2011
  - Spring storms will result in 1-2¢ charge in 2Q-11
  - Merger and integration costs excluded from ongoing EPS
- Cash flow drivers
  - Bonus depreciation - \$200M incremental benefit in 2011
  - Minimal equity issuance in 2011
  - Pension contributions - \$210M during 1Q-11

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## Reconciliation of Ongoing Earnings



# Reconciliation of Ongoing to GAAP Earnings \*

(Unaudited)

Progress Energy, Inc.

## Reconciliation of Ongoing Earnings per Share to Reported GAAP Earnings per Share

	Years Ended December 31				
	2010	2009	2008*	2007*	2006*
Ongoing earnings per share	\$3.06	\$3.03	\$2.96	\$2.71	\$2.43
Tax levelization	-	-	-	-	-
CVO mark-to-market	-	0.07	-	(0.01)	(0.10)
Change in tax treatment of the Medicare Part D subsidy	(0.08)	-	-	-	-
Impairment	(0.02)	(0.01)	-	-	-
Plant retirement charges	-	(0.06)	-	-	-
Cumulative prior period adjustment	-	(0.04)	-	-	-
Valuation allowance and related net operating loss carry forward	-	-	(0.01)	-	-
Loss on debt redemptions	-	-	-	-	(0.14)
Discontinued operations	(0.01)	(0.28)	0.22	(0.74)	0.08
Reported GAAP earnings per share	\$2.95	\$2.71	\$3.17	\$1.96	\$2.27
Shares outstanding (millions) *	291	279	262	257	251

\* Previously reported 2008, 2007 and 2006 earnings per share have been restated to reflect the adoption of new accounting guidance that changed the calculation of the number of average common shares outstanding.



# Ongoing Earnings Adjustments

Progress Energy's management uses ongoing earnings per share to evaluate the operations of the company and to establish goals for management and employees. Management believes this non-GAAP measure is appropriate for understanding the business and assessing our potential future performance, because excluded items are limited to those that we believe are not representative of our fundamental core earnings. Ongoing earnings as presented here may not be comparable to similarly titled measures used by other companies.

Progress Energy is not able to provide a corresponding GAAP equivalent for the 2011 earnings guidance figures due to the uncertain nature and amount of these adjustments.

Reconciling adjustments from ongoing earnings to GAAP earnings are as follows:

#### Tax Levelization

Generally accepted accounting principles require companies to apply an effective tax rate to interim periods that is consistent with a company's estimated annual tax rate. The company projects the effective tax rate for the year and then, based upon projected operating income for each quarter, increases or decreases the tax expense recorded in that quarter to reflect the projected tax rate. Because this adjustment varies by quarter but has no impact on annual earnings, management does not consider this adjustment to be representative of the company's fundamental core earnings.

#### Contingent Value Obligation (CVO) Mark-to-Market

In connection with the acquisition of Florida Progress Corporation, Progress Energy issued 98.6 million CVOs. Each CVO represents the right of the holder to receive contingent payments based on net after-tax cash flows above certain levels of four synthetic fuels facilities purchased by subsidiaries of Florida Progress Corporation in October 1999. The CVO liability is valued at fair value, and unrealized gains and losses from changes in fair value are recognized in earnings each quarter. Progress Energy is unable to predict the changes in the fair value of the CVOs, and management does not consider this adjustment to be representative of the company's fundamental core earnings.

#### Change in the Tax Treatment of the Medicare Part D Subsidy

The federal Patient Protection and Affordable Care Act (PPACA) and the related Health Care and Education Reconciliation Act, which made various amendments to the PPACA, were enacted in March 2010. Under prior law, employers could claim a deduction for the entire cost of providing retiree prescription drug coverage even though a portion of the cost was offset by the retiree drug subsidy received. As a result of the PPACA as amended, retiree drug subsidy payments will effectively become taxable in tax years beginning after December 31, 2012, by requiring the amount of the subsidy received to be offset against the employer's deduction. Under GAAP, changes in tax law are accounted for in the period of enactment. Management does not consider this change in tax treatment to be representative of the company's fundamental core earnings. Progress Energy is still evaluating the additional impacts of the PPACA as amended. We do not anticipate additional significant impact.

#### Impairment

During the quarter, the company recorded an impairment of certain miscellaneous investments and other assets which decreased earnings per share by \$0.01 and had no impact for the same period last year. Management does not consider this adjustment to be representative of the company's fundamental core earnings.

#### Plant Retirement Charge

The company recognized charges for the impact of PEC's decision to retire certain coal-fired generating units, with resulting reduced emissions for compliance with the Clean Smokestacks Act's emission targets. Since the coal-fired generating units will be retired prior to their estimated useful lives, management does not consider this charge to be representative of the company's fundamental core earnings.

#### Cumulative Prior Period Adjustment

In the fourth quarter of 2009, PEC recorded a cumulative prior period adjustment related to certain employee life insurance benefits. Management does not consider this adjustment to be representative of the company's fundamental core earnings.

#### Valuation Allowance and Related Net Operating Loss Carry Forward

Progress Energy previously recorded a deferred tax asset for a state net operating loss carry forward upon the sale of Progress Energy Ventures Inc.'s nonregulated generation facilities and energy marketing and trading operations. In the fourth quarter of 2008, the company recorded an additional deferred tax asset related to the state net operating loss carry forward due to a change in estimate based on 2007 tax return filings. The company also evaluated the total state net operating loss carry forward for potential impairment and partially impaired it by recording a valuation allowance, which more than offset the change in estimate. Management does not consider this net valuation allowance to be representative of the company's fundamental core earnings.

#### Loss on Debt Redemptions

In the fourth quarter of 2006, Progress Energy redeemed \$1.3 billion of Senior Notes prior to their maturity dates. Management does not consider this loss to be representative of the company's fundamental core earnings.

#### Discontinued Operations

The company has reduced its business risk by exiting nonregulated businesses to focus on the core operations of the utilities. The prior-year impact was due primarily to adjustments related to a litigation judgment against our former Synthetic Fuels businesses. Due to the disposition of these assets, management does not consider this activity to be representative of the company's fundamental core earnings.



For more information about



Visit our website at

[www.progress-energy.com](http://www.progress-energy.com)

and click on the “Investors” tab.