December 2015

Important Information about the Merger of the Progress Energy Pension Plan (“Progress Plan”) into the Duke Energy Retirement Cash Balance Plan (“RCBP”)

Effective as of the close of December 31, 2015, the Progress Plan will be merged into the RCBP. The merger of the Progress Plan into the RCBP will not change your accrued benefit or benefit formula.

This notice, along with the summary plan description for the Progress Plan, will be your summary plan description for the RCBP following the merger of the Progress Plan into the RCBP. No action is required on your part in response to this notice. This notice, however, should be kept with your benefit plan records.

This notice is for participants in the Progress Plan who will have their benefit transferred to the RCBP as part of the merger of the Progress Plan into the RCBP. Separate summary plan descriptions have been prepared for other employees who participate in the RCBP. In the future, we will prepare a summary plan description for the RCBP that reflects the merger of the Progress Plan.

Please note the following changes to the summary plan description for the Progress Plan to reflect the merger of the Progress Plan into the RCBP.

1. The name of the plan is Duke Energy Retirement Cash Balance Plan.

2. With the change in the name of the Plan, any claims should include a statement that it is a “claim under the Duke Energy Retirement Cash Balance Plan” and any appeals of claims should include a statement that it is an “appeal of a denied claim under the Duke Energy Retirement Cash Balance Plan.”

3. The plan sponsor is Duke Energy Corporation.

4. The plan number assigned by Duke Energy Corporation to the RCBP (i.e., the merged plan) is 001. The Employer Identification Number (EIN) assigned by the IRS to Duke Energy Corporation is 20-2777218.

If you have any questions regarding this notice or the RCBP, please contact the myHR Service Center toll free at 1-888-465-1300.

Duke Energy reserves the right to change, amend or terminate the RCBP at any time, for any reason. Participation in the RCBP is not a promise or guarantee of future employment. In the event of any discrepancy between this notice and/or the summary plan description and the official plan documents for the RCBP, the plan documents will govern.
PROGRESS ENERGY PENSION PLAN
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Introduction

This booklet is a Summary Plan Description (“SPD”) for the Progress Energy Pension Plan (the “Plan”) and replaces all prior descriptions of the Plan. If your employment terminated before January 1, 2015, some of the provisions of the SPD may not apply to you. Generally, your Plan benefit, if any, will be subject to the provisions of the Plan in effect at termination of employment. However, the administrative information described in the SPD will apply to your benefit, such as access to benefit information, how to request a distribution, governmental limits on benefits, claims procedures, and rights under the provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”).

The SPD is intended to be an easy-to-understand explanation of your benefits. It does not include all Plan provisions, especially those relating to situations that are unlikely to occur or that could affect only a few Participants. The official Plan Documents contain the full Plan details. If a description in this booklet or any oral representation differs from the Plan Documents, the Plan Documents will govern. Participation in the Plan is not an offer or guarantee of employment and does not create an employment contract with any employee.

Progress Energy, Inc. reserves the right through action of Duke Energy Corporation or its delegate to modify, suspend, amend, discontinue its contributions to, or terminate the Plan at any time for any reason in its sole discretion, subject to the provisions of ERISA.

How To Use This Booklet

This booklet describes the Plan benefits you may be eligible to receive when you leave the Controlled Group of Duke Energy Companies. It starts with the Plan – At a Glance giving an overview of the Plan. The sections that follow are the details of the Plan—from eligibility for participation in the Plan to how you receive a Plan benefit. You will find definitions for the terms used throughout this booklet in the Glossary of Terms. Please read this booklet carefully so that you understand how the Plan can work for you.

In this booklet, the “Company” means Progress Energy, Inc. and Participating Employers. The “NCNG Plan” means the North Carolina Natural Gas Corporation Employees’ Pension Plan, which was merged into the Supplemental Retirement Plan of Carolina Power & Light Company (the “CP&L Plan”) effective December 31, 1999. The CP&L Plan was renamed the Supplemental Retirement Plan of Progress Energy, Inc. effective January 1, 2001 and then renamed as the Plan effective January 1, 2002. The “FPC Plan” means the Retirement Plan for Exempt and Nonexempt Employees of Florida Progress Corporation which, for non-bargaining employees, was merged into the Plan effective January 1, 2002.

If you have additional questions about the Plan, contact the myHR Service Center at 888-465-1300. A copy of the Plan Document may be obtained upon written request to:

Benefits Committee
Duke Energy Corporation
P.O. Box 1321, DEC38D
Charlotte, NC 28201
# Plan – At a Glance

<table>
<thead>
<tr>
<th>What does it do for me?</th>
<th>Your Cash Balance Account in the Plan provides:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>▪ A Company-paid portion of your retirement income (in addition to Social Security, your 401(k) plan savings and Company matching contributions, your personal savings, and other personal investments).</td>
</tr>
<tr>
<td></td>
<td>▪ A portable retirement benefit – If you leave the Controlled Group of Duke Energy Companies after you are vested in your Plan benefit, you may take the benefit with you, roll it over into an Individual Retirement Account (“IRA”), roll it over into the RSP (if you have an account balance) or another employer’s qualified plan that accepts rollovers.</td>
</tr>
<tr>
<td></td>
<td>▪ A retirement benefit whose growth you can track. While you are an active employee, you can access the Your Benefits Resources (“YBR”) website from the Duke Energy Portal’s Employee Center – Benefits-Retirement page. You can also access the site from anywhere you have Internet access by visiting resources.hewitt.com/duke-energy. Additionally, you may contact the myHR Service Center at 888-465-1300 to obtain your account balance and you will also receive annual statements.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>When am I eligible?</th>
<th>Participation in the Plan was closed effective December 31, 2013. If you are hired or rehired after December 31, 2013, you will not participate or again participate as an Active Participant in the Plan.</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Refer to Who Is Eligible for detailed information on eligibility for Plan participation.</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>How do I enroll?</th>
<th>Enrollment is automatic once you become eligible.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>You should complete a Beneficiary designation</td>
</tr>
<tr>
<td></td>
<td>▪ If you are married, your Spouse is required to provide written, notarized consent for you to name a different Beneficiary under the Plan.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>What does it cost me?</th>
<th>You pay nothing. The Company pays the full cost of your participation in the Plan.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>What about my prior pension plan?</th>
<th>Certain Participants who were also Participants in the CP&amp;L, NCNG and FPC pension plans may be eligible for:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>▪ Vesting credit for prior service under those plans.</td>
</tr>
<tr>
<td></td>
<td>▪ Frozen benefits based on pay and service through the date that the plans merged into the Plan, in addition to Cash Balance Account benefits (certain former NCNG and FPC Plan Participants).</td>
</tr>
<tr>
<td></td>
<td>▪ Frozen benefits based on pay and service through the date of termination of employment prior to January 1, 1999, in addition to cash balance benefits for certain former CP&amp;L Plan Participants rehired on or after January 1, 2010 and before January 1, 2014.</td>
</tr>
<tr>
<td></td>
<td>▪ Alternative benefit formulas that may produce a higher value than the cash balance amount (certain former CP&amp;L Plan Participants only).</td>
</tr>
<tr>
<td></td>
<td>If you were a Participant in any of these prior plans when they were amended to include Cash Balance Accounts, you may be eligible for additional or alternative pension benefits. See Appendix A and Appendix B.</td>
</tr>
</tbody>
</table>

| Where can I learn more about planning for retirement? | While you are an active employee, you can access the YBR website from the Duke Energy Portal’s Employee Center – Benefits-Retirement page. You can also access the site from anywhere you have Internet access by visiting resources.hewitt.com/duke-energy. You may also contact the myHR Service Center at 888-465-1300 and ask to speak to a retirement specialist. |
Background
The Plan is designed to provide retirement benefits to eligible Plan Participants under the Duke Energy cash balance formula. Prior to January 1, 2014, pay and interest credits were based on a different cash balance formula. Further, prior to January 1, 1999, the Plan had a final average pay formula.

Benefits
Under the Plan, a Cash Balance Account is set up for you (for recordkeeping purposes). Each year you participate, your Cash Balance Account grows through:

- **Pay Credits**—A dollar amount based on your Eligible Total Pay.
- **Interest Credits**—Interest Credits on your account balance.

Benefits Accrued Under Prior Plans
If you were an Active Participant in the CP&L Plan with an Earned (Accrued) Benefit on December 31, 1998, your Earned Benefit was converted to your Opening Account Balance in the Plan as soon as you completed one Hour of Service on or after January 1, 1999.

If you were a Participant in the NCNG or the FPC Plans when they merged into the CP&L Plan, your Earned Benefit under the prior plan was calculated and frozen as of the date of the plan merger. This means that if you are vested when you terminate employment from the Controlled Group of Duke Energy Companies, you will receive a benefit under the prior plan formula, in addition to your Cash Balance Account under the Plan.

If you were a vested terminated Participant in the CP&L Plan with an Earned (Accrued) Benefit on or before December 31, 1998, you did not have a Benefit Commencement Date and you are rehired on or after January 1, 2010 and before January 1, 2014, a Cash Balance Account is established for you under the Plan as soon as you have completed one Hour of Service on or after January 1, 2010. Your Cash Balance Account will grow with Pay Credits and Interest Credits. You are not eligible for an opening cash balance account. When you terminate from the Controlled Group of Duke Energy Companies, you will receive your vested benefit under the prior plan formula, in addition to your Cash Balance Account under the Plan.

For more information, see Appendix A and Appendix B.

Plan Costs
Benefits under the Plan are funded by Participating Employers. There is no cost to you.

Who is Eligible
Participation in the Plan was closed effective December 31, 2013. If you are hired or rehired after December 31, 2013, you will not participate or again participate as an Active Participant in the Plan.

You generally are eligible to participate only if you work for a Participating Employer as a common law employee in a non-bargaining position. Leased employees, contract employees, independent contractors, non-resident aliens with no U.S. source income, employees who are eligible to participate in another Defined Benefit Plan, and all employee classifications other than regular full-time employees, or part-time or temporary employees, are not eligible to participate in the Plan.

For special provisions that may apply for Participants of prior plans, refer to *If You Terminate and Are Rehired, Appendix A, and/or Appendix B.*

Enrollment and Participation
Your participation in the Plan begins automatically when you meet the eligibility requirements. You do not have to enroll.
Generally, your participation ends if you leave the Controlled Group of Duke Energy Companies (unless
you are on an approved leave of absence) and are not eligible for a benefit. For example, you are not
eligible for a benefit if you have worked less than three years (which means you are not vested) when you
leave the Controlled Group of Duke Energy Companies. Your participation also ends if you leave the
Controlled Group of Duke Energy Companies, are eligible for a benefit, and receive it in full.

**Participation Under Special Circumstances**

**During Periods of Disability**

If you begin receiving long-term disability benefits under the Duke Energy Long-term Disability (“LTD”)
Insurance Plan on or after July 1, 2014, you will not continue to be an Active Participant under the Plan
while disabled. If you began receiving LTD benefits under the Duke Energy LTD Insurance Plan before
July 1, 2014 and you were employed by a Participating Employer immediately before becoming disabled,
you will continue to be treated as an active employee for all Plan purposes. For employees who began
receiving LTD benefits before July 1, 2014, your benefit accrual during your LTD absence will be based
on the monthly base pay you were earning at the time you became disabled.

**If You Transfer Between Controlled Group Companies**

When you transfer to employment that does not permit your continued participation in the Plan, your
Cash Balance Account will continue to earn Interest Credits, but you will not receive Pay Credits. If you
later transfer to eligible employment with no other break in service, you will immediately be eligible to
earn Pay Credits if you had previously met the Plan’s eligibility requirements.

**If You Terminate and Are Rehired**

If you terminate employment from the Controlled Group of Duke Energy Companies and are rehired on
or after January 1, 2014, you will not again become an Active Participant in the Plan. If you left before
you were vested, your prior benefit may be reinstated depending on how long you worked before leaving
and how long you were gone, as described below. Please note that if your prior service included
temporary and/or part-time service, other provisions may apply and you should contact the myHR Service
Center for further details.

### Participation After Rehire

<table>
<thead>
<tr>
<th>If You:</th>
<th>Then:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Were vested when you were previously employed by the Controlled Group of Duke Energy Companies</td>
<td>You will not be an Active Participant in the Plan. Your Cash Balance Account will continue to earn Interest Credits, but not Pay Credits.</td>
</tr>
<tr>
<td>Were not vested at the time your employment terminated, but are rehired within 12 months of your termination date</td>
<td>You will not be an Active Participant in the Plan. Your Cash Balance Account will be reinstated (with Interest Credits) and, thereafter, will earn Interest Credits, but not Pay Credits. You will be granted Vesting Service as if you had never terminated and you will continue to accrue service toward your three-year Vesting requirement.</td>
</tr>
<tr>
<td>Were not vested at the time your employment terminated, but are rehired within five years of your termination date</td>
<td>You will not be an Active Participant in the Plan. Your Cash Balance Account will be reinstated (with Interest Credits) and, thereafter, will earn Interest Credits, but not Pay Credits. Your Vesting Service is reestablished and you will continue to accrue service toward your three-year Vesting requirement.</td>
</tr>
</tbody>
</table>
Were not vested at the time your employment terminated, and have been gone longer than five years

You will not be an Active Participant in the Plan. Your Cash Balance Account is forfeited and will not be reinstated.

If You Have Received a Pension Benefit
If you received a full distribution of your pension or if you are still receiving Annuity payments, your Cash Balance Account will not be reinstated. If you are rehired on or after January 1, 2014, you will not again be an Active Participant in the Plan.

What It Means To Be Vested
When you are vested, you have a non-forfeitable right to your pension benefit. If you terminate employment from the Controlled Group of Duke Energy Companies after you are vested, you will be entitled to a pension benefit.

Vesting Service
Vesting Service is service that counts toward Vesting. Vesting Service begins on the later of your date of hire or the date the Nonparticipating Company that was your employer was acquired by the Controlled Group of Duke Energy Companies (the Company and related companies for the period before the merger of Duke Energy and the Company). It includes all of your employment within the Controlled Group of Duke Energy Companies, and the periods of time that you are on active duty performing service in the uniformed services, as defined by the Uniformed Services Employment and Reemployment Rights Act of 1994 (“USERRA”).

In most cases, service with Nonparticipating Companies before they become part of the Controlled Group of Duke Energy Companies (the Company and related companies for the period before the merger of Duke Energy and the Company) does not count toward Vesting Service.

Becoming Vested
Generally, you become vested under the Plan on the earliest of:

- The date you complete three years of Vesting Service (five years if you do not have an Hour of Service after December 31, 2007),
- The date after December 31, 2013 that you become entitled to receive benefits under the Duke Energy LTD Insurance Plan,
- The date after December 31, 2013 that you die while employed within the Controlled Group of Duke Energy Companies, or
- The date that you reach your Normal Retirement Age (after December 31, 2013, age 65) while employed within the Controlled Group of Duke Energy Companies at that age.

When Vesting Service Ends
Vesting Service generally ends on the earlier of the following dates:

- The date your employment terminates from the Controlled Group of Duke Energy Companies because you retire, resign, are discharged or die, or
- The first anniversary of the date you are absent from employment for other reasons, including vacation, illness or injury, layoff or leave of absence.

In addition, there are special rules that may increase your Vesting Service. If you are absent from employment for any reason and return to work within 12 months, the period of absence will count as Vesting Service. If you are absent from employment for more than 12 months due to an approved leave,
that period of absence will also count as Vesting Service. If you are absent on account of a military leave or while receiving long-term disability benefits, your period of military leave or period of disability, as applicable, will count as Vesting Service.

**Cash Balance Account**

If you were a participant in the plan prior to January 1, 2014, your Cash Balance Account consists of two subaccounts. One subaccount represents your account balance as of December 31, 2013, that will continue to grow with annual interest only until your employment terminates and you take a distribution of your benefit. The second subaccount represents the monthly Pay Credits you receive on or after January 1, 2014 and monthly interest credits on that balance.

Under the Plan, your Cash Balance Account will grow with Pay Credits and Interest Credits while you are employed. After termination of employment, your vested Cash Balance Account will grow with Interest Credits only until your benefit is paid out.

**Opening Account Balance**

Generally, when you become eligible for a Cash Balance Account, whether as a new hire before January 1, 2014 or as the result of a merger or if you are a rehire with Vesting Service that was earned prior to December 31, 1998, you have an Opening Account Balance of $0.

**Pay Credits**

Pay Credits are allocated to your account at the end of each month in which you are an eligible employee and receive Eligible Total Pay. The Pay Credit allocated to your account in any month equals a percentage of your Eligible Total Pay for the month. Eligible Total Pay includes most amounts reported on your Form W-2 including your base pay, overtime, most short-term incentive pay and lump sum merit pay. See the *Glossary of Terms* for the complete definition of Eligible Total Pay. The percentage is determined based on your age and years of Benefit Service* at the beginning of each calendar year, as shown in the following table:

<table>
<thead>
<tr>
<th>Your age plus years of Benefit Service on Jan. 1</th>
<th>Your monthly Pay Credit for the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>less than 35</td>
<td>4% of monthly Eligible Total Pay</td>
</tr>
<tr>
<td>35 to 49</td>
<td>5% of monthly Eligible Total Pay</td>
</tr>
<tr>
<td>50 to 64</td>
<td>6% of monthly Eligible Total Pay</td>
</tr>
<tr>
<td>65 or more</td>
<td>7% of monthly Eligible Total Pay</td>
</tr>
</tbody>
</table>

*Generally, you earn one month of Benefit Service for each month you are both employed by the Company and are an Active Participant in the Plan.

**Pay Credit Formula**

Eligible Total Pay × Pay Credit percentage = Pay Credit amount

**Example**

Joe is age 45 with 15 years of Benefit Service on January 1, 2015, and his Eligible Total Pay for each month in 2015 is $5,000. Based on his age and Benefit Service (which equal 60 age plus service points), Joe’s Pay Credit percentage equals 6%. The Pay Credit to Joe’s Cash Balance Account for each month during 2015 would equal:
Pay Credit Example

<table>
<thead>
<tr>
<th>Monthly Total Eligible Pay</th>
<th>Pay Credit Percentage</th>
<th>Pay Credit Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,000</td>
<td>x 6.00%</td>
<td>= $300</td>
</tr>
</tbody>
</table>

Joe would receive total Pay Credits of $3,600 ($300 times 12) for 2015.

Additional Pay Credits

You receive an Additional Pay Credit to your account equal to 4% of the amount that your Eligible Total Pay is more than the Social Security taxable wage base for a year. The Social Security Administration does not count earnings over the Social Security taxable wage base to calculate retirement benefits. The Additional Pay Credit helps make up for the lack of Social Security credit for this pay. The Social Security taxable wage base is generally adjusted each year. For 2015, the wage base is $118,500.

Interest Credits

Interest Credits on your account balance attributable to Pay Credits after December 31, 2013 are credited at the end of each month based on your account balance at the end of the prior month. Interest Credits on your account balance attributable to Pay Credits through December 31, 2013 are made annually on December 31st (or, if earlier, your Benefit Commencement Date) based on your account balance as of January 1st of the year. Interest Credits will be applied to your Cash Balance Account until your Benefit Commencement Date, even if you leave the Controlled Group of Duke Energy Companies.

The annual Interest Credit rate attributable to Pay Credits accrued through December 31, 2013 is 4%. The monthly Interest Credit rate attributable to Pay Credits accrued after December 31, 2013 is 0.327% (conversion to three decimal places of a 4% annual Interest Credit rate).

<table>
<thead>
<tr>
<th>Interest Credit Formula</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly Interest Credit for Post-2013 Pay Credits:</td>
</tr>
<tr>
<td>Balance as of end of prior month x 0.327%</td>
</tr>
<tr>
<td>Annual Interest Credit for Pre-2014 Pay Credits:</td>
</tr>
<tr>
<td>Balance as of January 1 x 4%</td>
</tr>
</tbody>
</table>

If you transfer among the Controlled Group of Duke Energy Companies, special rules apply. (See If You Transfer Between Controlled Group Companies under Participation Under Special Circumstances.)

When You Terminate Employment or Retire

If you are vested when you terminate or retire from the Controlled Group of Duke Energy Companies, the value of your Cash Balance Account determines whether or not you will have a choice as to how and when you receive payment of your benefit. If the value of your Cash Balance Account is greater than $5,000, you generally can defer distribution. However, if you do not timely elect a payment option prior to the April 1 following the calendar year in which you reach age 70½ (or, if you continued working past age 70½, the April 1 following the calendar year in which your employment with the Controlled Group of Duke Energy Companies terminates), your vested benefit will automatically be paid at that time as follows:

- If you are married — 50% Joint and Survivor Annuity with spouse as the survivor annuitant
- If you are single — Single Life Annuity
Once payment begins (i.e., the first of the month in which you are to receive payment), you will not be able to change the payment option. (Please consult a tax professional for additional information.)

**Automatic Payment**

Generally, if the value of your cash balance benefit (along with the value of any other Defined Benefit Plan Accrued Benefit) is equal to or less than $5,000 and you terminate employment with the Controlled Group of Duke Energy Companies and you are vested, your pension benefit will be paid in a single lump sum taxable distribution shortly after your termination. If the value of your vested cash balance benefit is $1,000 or less, it will be paid to you in a lump sum payment (a direct rollover is not available) shortly after termination, and you will not have the option to keep your money in the Plan. If the value of your vested cash balance benefit is more than $1,000, but equal to or less than $5,000, if you do not elect to receive distribution in cash or to be paid directly to an eligible retirement plan, distribution will automatically be made in a direct rollover to an IRA designated by the Plan Administrator as soon as reasonably practicable following the date your employment terminates, even if you do not consent to this distribution.

**Payment Start Dates**

*Beginning January 1, 2015,* you may elect to begin receiving your vested benefit at any time after your termination of employment from the Controlled Group of Duke Energy Companies.

If you do not receive your pension benefit immediately, your account will continue to receive Interest Credits, but not Pay Credits, until your Benefit Commencement Date. (See *Interest Credits.*)

**Conversion of Cash Balance Account to Annuity**

The Plan offers a variety of payment options designed to give you flexibility. If your benefit is not subject to the automatic payment provisions (see *Automatic Payment*), your payment option choices depend on your age, marital status and account value at the time you choose to receive payment, as shown below. If you elect to receive monthly payments, your cash balance benefit will be converted to a single life annuity (or to another form of Annuity, based on your payment option choice).

**Minimum Annuity Benefit**

In no event will a single life annuity beginning at Normal Retirement Age be less than $300 per month (for terminations of employment after December 31, 2004).

** This minimum benefit provision does not apply to rehired Participants who have already received a prior distribution, to certain former CP&L Plan Participants rehired on or after January 1, 2010 and before January 1, 2014, or to Participants who are eligible to receive pension benefits based on their prior participation as non-bargaining employees in the NCNG or FPC Plans.

**Normal Forms of Payment**

- If you are married, the normal form of payment is the 50% joint and survivor annuity with your Spouse as Beneficiary. In the event that your Spouse dies before you, you cannot name a new Beneficiary once payments have commenced. If you want to choose a lump sum distribution or another optional form of payment, you may do so only if you obtain your Spouse's written, notarized consent.

- If you are single, the normal form of payment is a single life annuity. You may also choose from among the optional forms of payment below.

The following is an explanation of the pension payment options available for your cash balance benefit under the Plan. If you are also eligible for an alternative or additional payment under a prior formula, you may be eligible for additional payment options. For more information call my HR Service Center at 888-465-1300.
Optional Forms of Payment

In addition to the normal forms of payment, the following optional forms are available under the Plan:

_Lump Sum_

The total value of your Cash Balance Account is paid in a single lump sum cash payment. You may roll over the lump sum into an IRA, into the RSP (if you have an account balance) or into an eligible employer plan that accepts rollovers and thereby avoid immediate taxation. Before you receive a lump sum payment, the Plan Administrator will provide you with the IRS model notice about rollovers of lump sum payments and the special tax rules that apply to them. If you receive a lump sum before age 59½ and do not roll it over, it may be subject to a 10% penalty tax in addition to income taxes. If your cash balance benefit is paid to you as a lump sum, no further Plan payments will be made to you or to your Beneficiary after your death.

_Partial Lump Sum_

This option pays a lump sum—either 25%, 50% or 75% of the entire Cash Balance Account—as well as an Annuity. You may elect this option only if you are age 50 or older when you terminate employment or retire and the remaining monthly Annuity equals at least $500. The remaining monthly Annuity is paid as a single life annuity if you are single or as a 50% joint and survivor annuity if you are married. Under this option, the final Annuity payment will be made the end of the month of your, or, if applicable, your Spouse’s death. In the event that your Spouse dies before you, you cannot name a new Beneficiary once payments have commenced.

_Single Life Annuity with Refund Feature_

This option provides a monthly benefit payable over your lifetime. To provide that you or your Beneficiary receives the full value of your Cash Balance Account, the amount of your monthly benefit is actuarially reduced (but in no event will be less than the benefit payable at December 31, 2013 using the factors in effect as of that date). If there is any unpaid value of your account at your death, it will be paid as a single lump sum to your Beneficiary as soon thereafter as administratively practicable. You may change the name of your Beneficiary with your Spouse’s written, notarized consent. The change in Beneficiary must be received prior to your death.

_50% Joint and Survivor Annuity with Refund Feature_

Under this option, your monthly benefit is actuarially reduced (but in no event will be less than the benefit payable at December 31, 2013 using the factors in effect as of that date). If your Spouse survives you, one-half of your monthly benefit would continue to your Spouse for life. If there remains any unpaid value of your account following the final Annuity payment after both you and your Spouse die, a single lump sum will be paid to the Beneficiary named at the time this option was elected, or the Beneficiary designated by a written, notarized statement signed by both you and your Spouse, or the last survivor, if that Beneficiary election is no longer valid. The final payment under this option will be made the end of the month of the later of your death or the death of your Spouse, as soon thereafter as administratively practicable. In the event that your Spouse dies before you, you cannot name a new Beneficiary for the monthly Annuity, however you may change the Beneficiary designated to receive any remaining unpaid value of your account payable in a single lump sum following your death.

_75% Joint and Survivor Annuity with Life Reversion_

Under this option, your monthly benefit is actuarially reduced to reflect the cost of continuing payments to your Spouse in the amount of 75% of the benefit you were receiving at the time of your death. In the event that your Spouse dies before you, your payments will be increased to the amount you would have received under the single life annuity option on the first of the month following your Spouse’s death (or January 1, 2014, if later). The final payment under this option will be made the end of the month of the later of your death or the death of your Spouse. In the event that your Spouse dies before you, you cannot name a new Beneficiary once payments have commenced.
100% Joint and Survivor Annuity with Life Reversion

Under this option, your monthly benefit is actuarially reduced to reflect the cost of continuing payments at the same level to your Spouse. In the event that you predecease your Spouse, your Spouse will receive the same monthly benefit you were receiving for life. If your Spouse dies before you, however, your payments will be increased to the amount you would have received under the single life annuity option on the first of the month following your Spouse’s death (or January 1, 2014, if later). In the event that your Spouse dies before you, you cannot name a new Beneficiary once payments have commenced. The final payment under this option will be made the end of the month of the later of your death or the death of your Spouse.

In the Event of Your Death

Before Your Benefit Commencement Date

If you were vested or die while an active employee after December 31, 2013, and you died before the Benefit Commencement Date from your Cash Balance Account, your Beneficiary(ies) will receive a death benefit based on the lump sum you could have received from the Plan.

In the event that your Beneficiary dies before the Benefit Commencement Date, a lump sum will be paid to his or her estate as soon as administratively practicable.

Lump-sum Option

If your Beneficiary receives a lump sum payment, it will be equal to the amount you would have received if you had retired or terminated employment on the date of your death. Pay Credits will be updated to reflect the portion of the year, if any, that you were eligible to receive these credits. Interest Credits will be applied until the Benefit Commencement Date.

Your Beneficiary, whether a Spouse or non-spouse, may elect a rollover of any lump sum distribution to an IRA. Anyone in this situation should contact a tax professional for details before making this election.

Annuity Option

If your Spouse chooses an Annuity, he or she will receive 100% of the monthly pension you would have received from your Cash Balance Account at retirement age, actuarially reduced to reflect a benefit payable immediately to your Spouse.

Your Spouse’s Benefit Commencement Date must not be later than the first day of the month following the date you would have reached Normal Retirement Age. If your Spouse dies before the Benefit Commencement Date, then his or her beneficiary (or his or her estate if a beneficiary has not been named) will receive your benefit as soon as administratively practicable after his or her death. The benefit payable to the beneficiary would be a lump sum equal to the amount your Spouse would have received.

Non-spouse beneficiaries are not eligible for the Annuity option.

For information about death benefits for the additional benefits under the CP&L, NCNG and FPC prior plan formulas, see Appendix B.

After Payments Have Begun

If you receive any benefit from the Plan before your death, any remaining benefit due will be paid according to the payment option you elected when benefits commenced.

Naming Beneficiaries

Beneficiary designations may be completed online through the YBR website or by contacting the myHR Service Center. While you are an active employee, you can access the YBR website from the Duke Energy Portal’s Employee Center – Benefits-Retirement page. You can also access the site from
anywhere you have Internet access by visiting resources.hewitt.com/duke-energy. Additionally, you may contact the myHR Service Center at 888-465-1300.

**Whom You May Name as a Beneficiary**

Your Beneficiary may be a person, trust, estate or other legal entity named by you to receive payment of benefits provided under the Plan in the event of your death. The naming of Beneficiaries is subject to the rules described below and may be subject to applicable federal and state law.

**Beneficiary Guidelines**

Rules for naming your Beneficiary for your Cash Balance Account depend on your marital status:

- **If you are single**—You may name any Beneficiary you wish.
- **If you are married**—Federal law requires that your current legal Spouse be your Beneficiary unless he or she provides written, notarized consent to the designation of another Beneficiary.

If you designate a Beneficiary while employed before the year in which you attain age 35, the designation expires on the first day of the year in which you attain age 35. You can again designate the same or another Beneficiary (with Spouse’s consent, as applicable) on or after the first day of the year in which you attain age 35 (or at any time after you are no longer employed). If you designate your Spouse as a Beneficiary and then divorce, the Beneficiary designation is automatically revoked except to the extent as may be required by a Qualified Domestic Relations Order (“QDRO”). Also, if you designate a Beneficiary and then marry, the Beneficiary designation is automatically revoked.

If you are also eligible for benefits under the NCNG or FPC Plans (bargaining and non-bargaining), you may elect different Beneficiaries for each Plan’s benefit. This also applies to certain former CP&L Plan Participants rehired on or after January 1, 2010 and before January 1, 2014. If you are married, you will need your current Spouse’s written, notarized consent to elect a Beneficiary other than your Spouse under these plans.

**Beneficiary Defaults**

If you don’t name a Beneficiary, your Beneficiary does not survive you, or your Beneficiary designation is no longer valid and you have not completed a new Beneficiary designation, payments available to a Beneficiary or Beneficiaries upon your death will be paid as follows:

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>If You Don’t Name a Beneficiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>If you are married</td>
<td>Your current legal Spouse will receive your benefit.</td>
</tr>
<tr>
<td>If you are single</td>
<td>Your estate will receive your benefit.</td>
</tr>
</tbody>
</table>

**When You Must Complete a Beneficiary Designation Form**

Your completed Beneficiary designation must be on file with the myHR Service Center before your death for your election to be effective. You may change or revoke any election by updating your online Beneficiary designation. Your updated Beneficiary designation must be on file before your death, and, if you are married, your current legal Spouse must provide written, notarized consent to your election of a non-spouse Beneficiary.

**Starting Your Pension**

**Background**

To start receiving your benefits, you must terminate employment from the Controlled Group of Duke Energy Companies. You may request a benefit election package from the myHR Service Center. To complete the required election forms, you must confirm your Benefit Commencement Date, declare your marital status, elect a benefit payment option and, in some cases, name a Beneficiary. If you are married and decide to elect any option other than the 50% joint and survivor annuity under the plan, your current
legal Spouse must provide written, notarized consent to the election. The myHR Service Center will provide you with payment requirements under the CP&L, NCNG or FPC Plan.

You may change any election (subject to spousal consent), but the myHR Service Center must receive the new election by the date that pension payroll is processed for the Benefit Commencement Date specified on your election form. You may not change any election or Beneficiary after your Benefit Commencement Date.

Choosing a Benefit Commencement Date

Upon request for a retirement package, the myHR Service Center will send you a benefit election package with pension benefit estimates for the various payment options based on the Benefit Commencement Date that you select. The Benefit Commencement Date generally may not be earlier than 30 days and no longer than 180 days from the date your benefit election package is provided to you. However, if both you and your current legal Spouse consent, you may waive the minimum 30-day election period.

In order to begin your pension on the date indicated, the myHR Service Center must receive your properly completed election forms along with required documentation by the date that pension payroll is processed for the Benefit Commencement Date specified on your election form.

Choosing a Payment Option

When you choose a payment option other than the normal form of payment (see Normal Forms of Payment), you may also have to provide a Beneficiary designation and/or written, notarized consent from your current legal Spouse.

Beneficiary Designation

If payments will continue to another person after your death, you may need to designate a Beneficiary. (See Background for more information.)

Spousal Consent

If you are married on your Benefit Commencement Date and you wish to elect a payment option other than the normal form of payment for married Participants, or select someone other than your current legal Spouse for the survivor benefit, your current legal Spouse must consent to the payment option you choose and the designation of a non-spousal Beneficiary, if applicable. Before your Spouse provides consent, it’s important for your Spouse to understand what it means to waive his or her right to the 50% joint and survivor annuity.

Your Spouse’s consent must be in writing and be notarized. Your Spouse’s consent is irrevocable for the specific election to which it applies. If you change your mind one or more times during the election period, your Spouse’s written, notarized consent will be required each time. Once payments have begun, you cannot change your choice for any reason, including a change in your marital status.

Payment Schedule

You will be asked to specify the date you would like payments to begin. Assuming that your paperwork is received in a timely manner as noted above, your monthly pension payments will begin on or about the last day of the month following your Benefit Commencement Date. For example, with a Benefit Commencement Date of August 1, your first payment will be on or about August 31. You may elect to receive a check, or to have your monthly payment electronically deposited into your checking or savings account.

If the myHR Service Center does not receive your pension payment election forms before the date that pension payroll is processed for the Benefit Commencement Date specified on your election form, your pension may be deferred and you may be required to complete revised election forms.
Taxation of Pension Benefits

Pension benefits are considered taxable income by the IRS when distributed unless directly rolled over into an IRA, the RSP (if you have an account balance), or another employer’s qualified plan that accepts rollovers. Any portion of your benefit that you receive as a lump sum cash distribution is subject to mandatory 20% income tax withholding. You may also be subject to mandatory state income tax withholding. These withholdings are the required minimum withholdings. When you file your income tax return, you may be subject to additional taxes. Please consult with a tax professional to understand your tax liability.

In addition, if you are under age 59½ when you receive a lump sum distribution, your benefit may be subject to a 10% tax penalty in addition to income taxes. Generally, you may defer taxes and avoid tax penalties if you roll over the lump sum directly into an IRA, the RSP (if you have an account balance), or another employer’s qualified plan that accepts rollovers. Pension benefits received as a monthly Annuity may also be subject to normal federal and in some cases, state income taxes. Monthly Annuities, regardless of your age, generally are not subject to a 10% tax penalty.

Before you receive benefit payments under the Plan, the myHR Service Center will provide you with the IRS model notice about rollovers and the special tax rules that apply to them. Before making your decisions regarding your Benefit Commencement Date and payment option, you are encouraged to consult with a tax professional.

Special Benefit Rules

Non-Transferability of Benefits and Qualified Domestic Relations Orders (QDROs)

Generally, you may not transfer your interest in the Plan. This limitation means you may not sell it, use it as collateral, or give it away. Also, in most cases, your benefits under the Plan are not subject to attachment or garnishment by your creditors or those of your Beneficiary. However, the Plan will honor a Qualified Domestic Relations Order (“QDRO”) which is a court order in a divorce, legal separation or similar proceeding that requires part or all of a Participant’s vested pension benefit to be paid to a former Spouse and/or child or children. You must notify the Plan Administrator if you have a QDRO. You may obtain, without charge, a copy of the Plan’s procedures governing QDRO determinations (including model domestic relations orders) from the Plan Administrator’s QO Center website (www.qocenter.com) or by contacting the myHR Service Center at 888-465-1300. General correspondence and questions concerning QDROs should be directed to the myHR Service Center. The QO Center website also provides Plan procedures governing QDROs.

Aon Hewitt is responsible for the Plan’s QDRO administration, including questions regarding qualification of an order. Your legal representative may contact the Qualified Order Team at 888-858-5500 between 8:30 a.m. and 5:00 p.m. Central Time, Monday through Friday. The mailing address is:

Duke Energy Corporation
Attention: Qualified Order Team
P.O. Box 1433
Lincolnshire, IL 60069-1433
Fax: 847-883-9313 (draft orders only)

Maximum Benefits

Federal regulations under the IRC Section 415 limit the amount of benefits that can be paid to any individual from a qualified Defined Benefit Plan (such as the Plan). These limitations normally affect only the higher-paid employees (or, in some cases, employees retiring at an early age) and are subject to periodic change by the IRS. If these limits should apply to you, you will be notified by the Plan Administrator.
In addition, federal regulations under IRC Section 401(a)(17) currently limit the amount of Eligible Total Pay used in computing the amount of benefits payable under the Plan. The limit is $265,000 for 2015 and is increased periodically.

**Funding-Based Restrictions**

Certain restrictions on the payment of lump sums, amendments increasing Plan benefits, and future benefit accruals apply if the funding percentage of the Plan falls below certain thresholds. You will be notified if any of these restrictions become applicable under the Plan.

**Keep Us Informed**

It is your responsibility to make sure your benefit records are correct and that the personal information needed to administer your benefits is current. For example, you must keep the Plan Administrator informed of your current address to avoid delays and possible loss of benefits or rights. Promptly review any confirmation and other benefit statements carefully, and immediately advise the Plan Administrator if you believe there is an error.

**Medical Account**

The Plan’s trust contains a separate fund, called an IRC Section 401(h) account, to which the Company may contribute funds to assist in providing medical and dental benefits to certain retired employees. No employee contributions will be made to this account.

**Interest Rate Impact**

If you elect to receive your vested Plan account balance as an Annuity, your account balance will be converted to a monthly Annuity that has the same actuarial value as your account balance using mortality assumptions and the following interest rates:

- Portion of your account attributable to Pay Credits after December 31, 2013 – the IRS “applicable interest rate”.
- Portion of your account attributable to Pay Credits through December 31, 2013, the 30-Year Treasury Rate published by the IRS.

The interest rate is determined as of the August of the year immediately prior to the year in which your Benefit Commencement Date occurs. Plan estimates, which may be processed online through YBR or by calling the myHR Service Center, will provide information on the interest rates used for these conversions.

An increase in the interest rate used for conversion of the Plan account to an Annuity would result in an increase in the monthly Annuity payment amount, and a decrease in the interest rate would result in a decrease in the monthly Annuity payment amount.

Similarly, if you elect to receive a prior plan Annuity benefit in the form of a lump sum (to the extent this option is available), the Annuity benefit will be converted to a lump sum that has the same actuarial value as the Annuity. An increase in the interest rate used for conversion of an Annuity benefit to a lump sum would result in a decrease in the lump-sum value, and a decrease in the interest rate would result in an increase in the lump-sum value.

**Top-Heavy Rules**

A top-heavy plan is a plan that provides more than 60% of its benefits to key employees. Both “top-heavy” and “key employees” are terms defined in the IRC. If the Plan should ever become top heavy, you will be informed and the Plan will be modified as prescribed by law. For example, the Plan might provide increased benefit accruals.
Amendment

While Progress Energy, Inc. expects to continue the Plan indefinitely, it reserves the right, through action of Duke Energy Corporation or its delegate, to amend, in whole or in part, any or all of the provisions of the Plan.

However, no modification or amendment may permit the use of Plan assets for any purpose other than the payment of Plan benefits and Plan expenses prior to the satisfaction of all Plan liabilities. In addition, unless permitted by law, no amendment may retroactively take away a benefit that you have accrued to the date of the amendment.

Merger, Consolidation or Transfer

If the Plan is merged or consolidated with, or its assets transferred to another pension plan, your Accrued Benefits will be protected. The merger, consolidation or transfer will be permitted only if you would be entitled to receive a benefit equal to or greater than the benefit you were entitled to under the Plan before the merger, consolidation or transfer.

Termination

Progress Energy, Inc. has also reserved the right through action of Duke Energy Corporation or its delegate to terminate the Plan at any time. If the Plan is terminated, benefit accruals will cease and Participants will become fully vested in the benefit they have earned up to the date of termination, to the extent the benefit is funded or insured by the Pension Benefit Guaranty Corporation (“PBGC”), explained as follows:

- If there is enough money in the Plan to provide retirement benefits earned to the date of termination, Plan assets would be used to pay expenses and buy annuities, payable at retirement, for each Participant. Small benefits would be cashed out in a lump sum. Any assets remaining after all benefit liabilities have been satisfied will revert to the Company.
- If the assets are not sufficient to provide these Annuities and lump sums, Plan assets would be used, as provided by law, to pay expenses and to provide for the benefit of retired and terminated vested Participants and other Participants, in that order. If the assets are not sufficient to provide all these benefits, the PBGC takes over.

Pension Benefit Guaranty Corporation

Your pension benefits under the Plan are insured by the PBGC, a federal insurance agency. If the Plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under the Plan, but some people may lose certain benefits.

The PBGC guarantee generally covers: (1) normal and early retirement benefits; (2) disability benefits if you become disabled before the Plan terminates, and (3) certain benefits for your survivors.

The PBGC guarantee generally does not cover:

- Benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates;
- Some or all of benefit increases and new benefits based on Plan provisions that have been in place for fewer than five years at the time the Plan terminates;
- Benefits that are not vested because you have not worked long enough for the Company;
- Benefits for which you have not met all of the requirements at the time the Plan terminates;
• Certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the Plan’s Normal Retirement Age; and

• Non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay and severance pay.

Even if certain benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money the Plan has and how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, ask your Plan Administrator or contact the PBGC’s Technical Assistance Division, 1200 K Street NW, Suite 930, Washington, DC 20005-4026, or call 202-326-4000. TTY/TDD users may call the federal relay service toll-free at 800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC’s pension insurance program is available through the PBGC’s website on the Internet at http://www.pbgc.gov.

Plan Documents
This SPD summarizes the key features of the Plan. The official Plan document and trust agreement governs the Plan’s actual operation and payment of all benefits. Copies of these documents, together with the annual report filed with the U.S. Department of Labor, are available for review by any Plan member or Beneficiary. Plan members can get copies of these documents. The reasonable cost for furnishing the documents (e.g., copying costs) may be charged. They may be obtained upon written request to the Plan Administrator.

Plan Administration

Plan Identification
Employer Identification Number 56-2155481
Plan Number 001

Type of Plan
The Plan is of the following types:

• The Plan is a pension plan under ERISA because it provides retirement income to employees.

• The Plan is a Defined Benefit Plan because your benefit is based on a formula (and not based on the value of assets in an individual account).

• The portion of the Plan that is the Cash Balance Account is a cash balance plan because the benefit formula is based on an assumed account.

• The Plan is intended to be a tax-qualified plan for purposes of the IRC.

Plan Sponsor
Progress Energy, Inc.
c/o Duke Energy Corporation
P.O. Box 1321, DEC38D
Charlotte, NC 28201
Telephone: 704-382-4703

Plan Administrator
The Plan Administrator of the Plan is the Duke Energy Benefits Committee. The Plan Administrator administers the Plan and has the discretionary authority, in its sole judgment, to interpret all the terms of
the Plan, determine eligibility and entitlement to Plan benefits and decide all disputed claims in accordance with the terms of the Plan. Benefits are paid only if the Plan Administrator (or its delegate) decides in its discretion that the applicant is entitled to benefits under the Plan. You may contact the Plan Administrator at:

    Benefits Committee
    Duke Energy Corporation
    P.O. Box 1321, DEC38D
    Charlotte, NC 28201
    Telephone: 704-382-4703

The Plan Administrator may assign or delegate any of its authority or duties to others.

Effective Date of the Plan

The CP&L Plan was established in 1940. It was amended over the years and converted to a cash balance pension plan on January 1, 1999. On January 1, 2002, the FPC Plan was merged into the Plan. The Plan was renamed the Progress Energy Pension Plan on January 1, 2002.

The Plan operates on a calendar year basis (January 1 through December 31) for recordkeeping purposes.

Plan Agent for Legal Service

The agent for service of legal process is:

    Corporate Secretary
    Duke Energy Corporation
    550 South Tryon Street
    Charlotte, NC 28202

Service of legal process may also be made upon the Plan Trustee or Plan Administrator.

Pension Trust Fund and Plan Trustee

The Participating Employers pay the entire cost of maintaining and administering the Plan. Employees do not contribute any money to the Plan. Contributions made to the Plan are held in trust for the benefit of Participants and their Beneficiaries, Spouses or estates. All contributions to the Pension Trust Fund under the Duke Energy Corporation Master Retirement Trust are actuarially determined and paid into a trust established exclusively for designated Plan purposes, including payment of certain administrative expenses.

The Pension Trust Fund is held by the following trustee, which has signed a trust agreement with the Duke Energy Corporation:

    Duke Energy Corporation Master Retirement Trust
    The Northern Trust Company, Trustee
    50 South LaSalle Street
    Chicago, IL 60675

Fund Management and Investment

It is the responsibility of the Investment Committee to monitor the investment performance of the trustee and fund managers. The Investment Committee establishes an investment policy and oversees financial, actuarial and other investment services. The Investment Committee may be contacted at: Investment Committee, Duke Energy Corporation, P.O. Box 1321, DEC40A, Charlotte NC 28201, 704-382-4703.
Claims and Appeals Procedure

If you have a claim for benefits or any grievance, complaint or claim concerning any aspect of the administration of the Plan, call the my HR Service Center at 888-465-1300 to obtain the appropriate form on which to file your written claim. The claim form will have instructions as to how to submit your written claim to the Benefits Division (or its delegate). You must submit such claim no later than two years from the earliest of:

- in the case of any account balance or other account transaction information, the date such information was first made available to you,
- in the case of any payment or series of payments, the date of payment or the date the first in the series of payments was paid, or
- for all other claims, the date on which the action first occurred.

Your claim must be in writing and include:

- a statement that it is a claim under the Progress Energy Pension Plan;
- your full name, mailing address and daytime telephone number;
- if applicable, a copy of your written designation of a representative, including the representative's full name, mailing address and daytime phone number, and
- a complete description of the claim, including any issue or information you or your representative want considered.

If your claim is denied, either in whole or in part, you or your Beneficiary will receive written notification within 90 days after receipt of your claim, unless special circumstances require an extension of time for processing the claim. If an extension is necessary, you will be notified, in writing, and the extension period will not be for more than 90 days. At any point in the claims process, you or your representative may request documents, records, or other information relative to your claim from the Benefits Division (or its delegate), and copies will be provided within a reasonable time and free of charge.

If your claim is denied, you may file a written appeal with the Duke Energy Claims Committee (the “Claims Committee”) c/o Duke Energy Corporation, P.O. Box 1321, DEC38D, Charlotte NC 28201 within 60 days after the claim for benefits was denied. The Claims Committee will then review the denied claim and give written notice of its final decision. Your appeal must be in writing and include:

- a statement that it is an appeal of a denied claim under the Progress Energy Pension Plan;
- your full name, mailing address and daytime telephone number;
- if applicable and not previously submitted, a copy of your written designation of a representative, including the representative's full name, mailing address and daytime telephone number; and
- a complete description of the appeal including a description of the original claim and any issue or information that you or your representative want considered.

The final decision notice will be furnished within 60 days or within 120 days if special circumstances require more time. The Claims Committee must promptly inform you, in writing, of the reason for the delay and the date you can expect to receive a notice. The final decision notice will include the reason for the decision, with specific reference to pertinent Plan provisions. You may, at any time during the claim denial or review process, hire an attorney — at your own expense — to represent you. You must first follow the Plan's claims procedures prior to filing any action or lawsuit, and any action or lawsuit must be filed no later than one year from the date of the decision on appeal. The Plan's proper name (see Plan Administration above) and your name should be used in any related formal correspondence.
Your Rights Under ERISA

As a Participant in the Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan Participants shall be entitled to:

Receive Information About Your Plan and Benefits

- Examine, without charge, at the Plan Administrator’s office, Duke Energy Benefits Committee, c/o Duke Energy Corporation, 550 South Tryon Street (DEC38D), Charlotte, NC 28202, all documents governing the Plan, including insurance contracts and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and copies of the latest annual report (Form 5500 Series) and an updated summary plan description. The Plan Administrator may make a reasonable charge for the copies.
- Receive a summary of the Plan’s annual financial report. The Plan Administrator is required by law to furnish each Participant with a copy of the Annual Funding Notice.
- Obtain a statement telling you whether you have a right to receive a pension at Normal Retirement Age and if so, what your benefits would be at Normal Retirement Age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The Plan must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called “fiduciaries” of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including your employer or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps that you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court once you have exhausted your administrative remedies under the Plan. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan Administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan’s decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support order, you may file suit in a federal court.

If it should happen that Plan fiduciaries misuse the Plan’s money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful,
the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim to be frivolous.

**Assistance with Your Questions**

If you have questions about your Plan, you should contact the myHR Service Center at 888-465-1300. If you have any questions about this statement of your rights or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

**Glossary of Terms**

**Accrued Benefit**—See Earned Benefit.

**Active Participant**—An Active Participant is one who has met Plan eligibility requirements, is currently eligible to accrue benefits, and who is eligible to receive payment from the Plan at some point in the future.

**Additional Pay Credits**—Additional Pay Credits are made if Eligible Total Pay exceeds the Social Security taxable wage base for a particular year. Additional Pay Credits equal Eligible Total Pay minus the Social Security taxable wage base multiplied by 4%.

**Annuity**—A monthly retirement benefit payable for as long as you live. Under some payment options, the monthly benefit continues to your surviving Spouse after your death.

**Average Final Compensation (also known as Final Average Pay)**—Average Final Compensation for the CP&L Plan is based on the highest average monthly compensation of a consecutive 60-month compensation period in the last 120 months of Benefit Service prior to your termination of employment or January 1, 2004, if earlier. If your Benefit Service prior to your termination of employment or January 1, 2004, if earlier, is less than five years, compensation is your average monthly compensation prior to your termination of employment or January 1, 2004, if earlier.

**Beneficiary**—A person, trust, estate or other legal entity named by you to receive payment of benefits provided under the Plan in the event of your death. Alternate payees under a QDRO as defined by IRC 414(p) may be Plan Beneficiaries to the extent provided by such a QDRO.

**Benefit Commencement Date**—The effective date that your Accrued Benefit becomes payable to you or your surviving Spouse or Beneficiary as an Annuity or lump sum payment, which date is the first day of the month. The actual payment date is the last day of the month following your Benefit Commencement Date.

**Benefit Service**—A period of employment with a Participating Employer that is recognized as service for determining the amount of your cash balance Pay Credits and your benefit under the Final Average Pay Formula (if applicable).

**Cash Balance Account**—A hypothetical account to which your Opening Account Balance (if applicable), Pay Credits, Additional Pay Credits (if applicable), and Interest Credits are applied, and that is used to determine your Accrued Benefit.

**Company**—For Plan purposes, the Company includes Progress Energy, Inc. and any affiliated companies that adopt the Plan.

**Controlled Group of Duke Energy Companies**—For Plan purposes, this includes the Participating Employers and Nonparticipating Companies as defined in the SPD.
**Defined Benefit Plan**—Under a Defined Benefit Plan, there is a definite formula by which a Participant’s benefits are measured. Employer contributions are determined actuarially. Assets are not allocated to individuals, as is done in defined contribution plans.

**Earned Benefit**—The amount of the benefit beginning at Normal Retirement Age that you have earned under the Plan, which is, if applicable, the greater of your cash balance pension or Final Average Pay Formula pension. For certain eligible NCNG employees and FPC non-bargaining employees, the Earned Benefit is the amount of your prior plan benefit and your benefit under the Plan. For certain eligible CP&L Plan Participants rehired after January 1, 2010 and before January 1, 2014, the Earned Benefit is the sum of the cash balance pension and the Final Average Pay Formula pension.

**Eligible Total Pay**—Eligible Total Pay for the Cash Balance Account includes most amounts you are paid by a Participating Employer as an eligible employee, such as your base pay plus overtime, most short-term incentive pay and lump sum merit pay, as reported on your form W-2. Amounts that you elect to defer under the RSP on a before-tax basis, contributions you pay on a before-tax basis for Duke Energy Medical and Dental Plan coverage, amounts that you contribute to Duke Energy Health Savings Account, Health Care Spending Account and Dependent Care Spending Account, and pre-tax deferrals under the Duke Energy Executive Savings Plan that would have been eligible pay if not deferred, are also included. Eligible pay does not include compensation items such as:

- Reimbursements and allowances for expenses
- Cash or non-cash fringe benefits
- Severance pay
- Moving expenses
- Welfare benefits
- Pay for unused vacation
- Long-term incentive payments (incentives attributable to multi-year performance periods and compensation in the form of, or otherwise based upon, the value of Duke Energy Corporation common stock)
- Transition Pay
- Pay continuation during uniformed services (military) leave, including military differential wage payments
- Or any other compensation item that has been determined not to be eligible by the Company.

**Final Average Pay Formula**—Applicable only to eligible Participants in the CP&L Plan on or before December 31, 1998, this benefit formula bases benefits on your highest 60 months of base pay earnings over the final 120-month period of your employment. (See Appendix B.)

**Frozen Benefit**—The amount payable under a prior plan formula as of the day before Cash Balance Accounts were established for prior plan Participants.

**Hour of Service**—An hour for which you are paid, or are entitled to payment, for the performance of services for the Company, including vacation, sick time and other paid leaves of absence. An Hour of Service does not include time for which you receive unemployment compensation or Workers’ Compensation payments.

**Inactive Participant**—An inactive participant is one who has met Plan eligibility requirements, is no longer eligible to accrue benefits and Benefit Service, but who is eligible to receive payment from the Plan at some point in the future or is currently receiving payment.

**Interest Credits**—The interest applied to your Cash Balance Account (see Cash Balance Account).
IRC—The Internal Revenue Code of 1986, as amended.

Nonparticipating Company—Any Company that is more than 80% owned (directly or indirectly) by Duke Energy Corporation or any other Company that must be considered a Nonparticipating Company by law, that does not offer the Plan to its employees.

Normal Retirement Age—Under the Plan, beginning January 1, 2014, your Normal Retirement Age is the day you reach age 65. Before January 1, 2014, your Normal Retirement Age was the later of the day you reach age 65, or the third anniversary of the date you first became a Participant of the Plan, provided that you are employed on that date.

Normal Retirement Date—The earliest date on which you qualify for normal retirement under the Plan. Your Normal Retirement Date is the first of the month following the month in which you reach Normal Retirement Age.

Normal Retirement Pension—This refers to the payment option paid to you on your Normal Retirement Date in the absence of an election. If you are single, your Normal Retirement Pension is a single life annuity payable at age 65. If you are married, your Normal Retirement Pension is the 50% joint and survivor annuity payable at age 65.

Opening Account Balance—The Opening Account Balance for Participants active in the Plan on December 31, 1998 who were credited with at least one Hour of Service on or after January 1, 1999 represents the conversion of their Earned Benefits under the Final Average Pay Formula as of December 31, 1998, into a lump sum value.

Participant—See “Active Participant” and “Inactive Participant.”

Participating Employer—The Duke Energy Corporation companies that participate in the Plan, which currently include: Duke Energy Progress, Inc. and Duke Energy Florida, Inc. (non-bargaining employees).

Pay Credits—The amount allocated to your Cash Balance Account under the Plan’s cash balance formula. This amount currently is determined based on the total of your age and Benefit Service as of the beginning of each calendar year and your Eligible Total Pay.

Pension Benefit Guaranty Corporation (PBGC)—The federal insurance agency charged with administering the plan termination provisions of Title IV of ERISA. Employers pay premiums to the PBGC, which guarantees benefits up to a specified maximum for Participants and Beneficiaries when Defined Benefit Plans terminate.

Pension Trust Fund—A fund consisting of money contributed by the Company plus earnings to provide pension benefits.

Plan Administrator—The Duke Energy Benefits Committee is the Plan Administrator and administers the Plan.

Plan Document—A definite written Plan maintained by an employer for the benefit of employees or Beneficiaries that is intended to be on-going and that is communicated to employees. The Plan Document sets forth the benefits available under the Plan and the eligibility requirements.

Plan Sponsor—Progress Energy, Inc. is the Plan Sponsor, and thereby has established, and maintains, the Plan.


Social Security taxable wage base—The Social Security taxable wage base is set by the federal government each year. It is the maximum amount of earnings on which both you and the Company pay Social Security taxes.

Spouse—The person to whom you are legally married for Federal tax purposes on the relevant date. Once you are in receipt of your pension benefit, you cannot name a new Spouse as a Beneficiary for pension purposes.
Summary Plan Description ( SPD )—This document describing the Plan.

Vesting—This term refers to your right to the benefits you earn under the Plan. Generally, you become vested upon completing three years of Vesting Service, including service with other companies within the Controlled Group of Duke Energy Companies. If you leave the Controlled Group of Duke Energy Companies before you are vested, your benefit will be forfeited.

Vesting Service—A period of employment with the Company or a Nonparticipating Company that is recognized as service for determining entitlement to benefits and/or Vesting. (See Vesting Service for additional information.)
Appendix A: Special Transition Provisions for Prior Plan Participants

This section describes certain transition provisions for certain prior plan Participants. If you retired under the Voluntary Enhanced Retirement Program between June 1 and December 1, 2005, pension benefits were enhanced for most Participants. For more information about the transition provisions and/or the Voluntary Enhanced Retirement Program, call the myHR Service Center at 888-465-1300.

Prior CP&L Plan Participants

If you were an Active CP&L Plan Participant on December 31, 1998, your Earned Benefit under the Final Average Pay Formula was converted to your Opening Account Balance in the Pension Plan as soon as you completed one Hour of Service on or after January 1, 1999. If you were an Active Participant in the CP&L Plan on December 31, 1998, you received transition credits to your Cash Balance Account annually until the earlier of your termination of employment or December 31, 2008. Your benefit under the Plan, however, will not be less than your benefit under the Final Average Pay Formula as of December 31, 2003.

If you left Carolina Power & Light Company (“CP&L”) or one of its controlled group of companies before January 1, 1999, and returned after January 1, 1999 but before January 1, 2010, a Cash Balance Account was set up for you upon your return. If you did not receive either a lump sum distribution or monthly payments from the Plan before you were rehired, your new Cash Balance Account received an Opening Account Balance based on your Earned (vested) Benefit as of December 31, 1998 (payable at age 65).

If you were a vested terminated Participant in the CP&L Plan with an Earned (Accrued) Benefit on or before December 31, 1998, you did not have a Benefit Commencement Date and you are rehired on or after January 1, 2010 and before January 1, 2014, a Cash Balance Account was established for you on your return without an opening cash balance account. When you terminate from the Controlled Group of Duke Energy Companies, you will receive a benefit equal to the sum of (1) your Accrued Benefit under the Final Average Pay Formula of the CP&L Plan, frozen as of the date of your initial termination of employment and (2) your cash balance benefit under the Plan.

See Appendix B for more information on the Final Average Pay Formula.

Prior NCNG Plan Participants

If you were an Active Participant in the NCNG Plan on December 31, 1999, your participation in the Plan began January 1, 2000, provided you met the eligibility requirements. If you were an Active Participant in the NCNG Plan on December 31, 1999, the Plan allocated transition credits to your Cash Balance Account beginning in 2000 through the earlier of the date your employment terminated or December 31, 2013.

When you terminate from the Controlled Group of Duke Energy Companies, you will receive a benefit equal to the sum of (1) your Earned Benefit under the NCNG Plan, frozen as of December 31, 1999 and (2) your cash balance benefit under the Plan.

See Appendix B for more information on the NCNG Plan.

Prior FPC Plan Participants

If you were an Active Participant in the FPC Plan on December 31, 2001, your participation in the Plan began January 1, 2002. Transition credits will be added to your Cash Balance Account if you have been continuously employed by a Participating Employer since the date of the merger with CP&L, November 30, 2000, through December 31, 2013.
When you terminate from the Controlled Group of Duke Energy Companies, you will receive a benefit equal to the sum of (1) your Earned Benefit under the FPC Plan, frozen as of December 31, 2013 and (2) your cash balance benefit under the Plan.

See Appendix B for more information on the FPC Plan.

**Appendix B: Alternative and Additional Benefits Under Prior Retirement Plans**

You may be eligible for alternative or additional benefits under the Pension Plan or under a prior plan formula if you were a Participant in:
- The CP&L Plan prior to January 1, 1999 (see Deferred Vested Pension, below),
- The CP&L Plan on December 31, 1998,
- The NCNG Plan on December 31, 1999 or
- The FPC Plan on December 31, 2001.

**CP&L Plan – Final Average Pay Formula**

If you were an Active CP&L Plan Participant on December 31, 1998, your benefit under the Plan will not be less than your benefit under the Final Average Pay Formula as of December 31, 2003.

The amount of your Frozen Benefit under the Final Average Pay Formula depends on:

- **Your years of Benefit Service through December 31, 2003** -- As well as your years of projected Benefit Service if you retire early;

- **Your final average pay** -- The average of your highest five consecutive years of base pay earnings during your last ten years (60 consecutive months within the last 120 months) of eligibility for this formula;

- **Your estimated Social Security benefit** -- Your Social Security retirement income based on your base pay earnings with the Company projected back over your entire career; and

- **Your age when you begin payments** -- Your Normal Retirement Age is 65 (or, before January 1, 2014, the third anniversary of the date you became a Participant in the Plan, if later). If you leave the Controlled Group of Duke Energy Companies and choose to receive your pension benefit before age 65, your monthly payments will be reduced since you would receive them over a longer period of time.

The following provides an explanation of normal, early, late and deferred vested pensions.

**Normal Retirement Pension**

Your benefit under the Final Average Pay Formula will be based on (1) below. If you are also eligible for the formula under (2), you will receive the greatest of (1), (2) or the benefit available from your Cash Balance Account.

1. 1.7% of your Benefit Service (to a maximum of 60%) multiplied by the final five-year (60-month) average base pay earnings; or, if greater, 60 consecutive months within the last 120 months prior to retirement, reduced by 1.43% for each year of Benefit Service (to a maximum of 50%) multiplied by the projected Social Security benefit at age 65.

2. If you were a Plan Participant before January 1, 1981, you will receive the basic monthly benefit provided by the Plan in effect prior to January 1, 1981. The basic monthly benefit at Normal Retirement Age is determined as follows:
   a) 1.7% of the first $400 of your average monthly wage during your period of Benefit Service, plus 2.2% of such wage in excess of $400, multiplied by the number of years (and 12ths thereof) of Benefit Service up to and including 25 years, plus
b) 0.7% of the first $400 of your average monthly wage, plus 1.2% of such wage in excess of $400, multiplied by the number of years (and 12ths thereof) of Benefit Service, if any, in excess of 25 years.

**Early Retirement Pension**

If you are age 55 or older and have completed at least 15 years of Vesting Service, you may begin receiving an early retirement pension immediately upon termination. Early retirement benefits are calculated in the same way as normal retirement benefits, except that they may be reduced based on your age when payments begin and your Vesting Service as of your retirement date.

If you have 35 years of eligibility service, you may retire before age 55 and immediately receive the same percentage (75%) of your benefit that you would have received if you started payments at age 55.

**Late Retirement Pension**

If you choose to postpone retirement beyond age 65 (your Normal Retirement Date), your benefit calculation will reflect your continuous service after age 65, up until December 31, 2003.

**Please Note:** If you retire after December 31, 2003, your pension under the Final Average Pay Formula will be based on the “Frozen” Accrued Benefit earned through December 31, 2003, and will not be increased for any reason.

**Deferred Vested Pension**

If you are a former CP&L employee who (a) left CP&L prior to January 1, 1999, (b) satisfied the Vesting rules in effect at the time of your termination, and (c) have been rehired by the Company on or after January 1, 2010 and before January 1, 2014, you have an earned, vested benefit under the Final Average Pay Formula. When you left CP&L, you were awarded a deferred vested pension benefit payable at your Normal Retirement Date (age 65). If you had more than 15 years of service at your termination, you are eligible to receive your benefit as early as age 55 in a reduced amount using the deferred vested benefit factors described below. A deferred vested pension under the Final Average Pay Formula is calculated in the same way as an early retirement pension, but uses different early commencement factors.

Your pension benefit under the Final Average Pay Formula will be based on the Accrued Benefit earned through your termination date and previously communicated to you, and will not be increased for any reason.

Upon your rehire after January 1, 2010 and before January 1, 2014, you are eligible for both the CP&L Plan Final Average Pay Formula benefit earned from your prior service and the benefit you earn under the cash balance formula. When you terminate employment from the Controlled Group of Duke Energy Companies, you will be offered pension options based upon your Cash Balance Account as well as pension options for your benefit earned under the Final Average Pay Formula, described below.

**Plan Benefit Payment Options**

Your choices for how to receive your Final Average Pay Formula benefit may be different from your Cash Balance Account payment options. Contact the myHR Service Center at 888-465-1300 for more information on your payment options.

**In the Event of Your Death**

Contact the myHR Service Center at 888-465-1300 for more information regarding the death benefits payable in the event of your death prior to your commencement of your benefit.
NCNG Plan

Eligibility
If you were a Participant in the NCNG Plan on December 31, 1999, you may be eligible for a Frozen Benefit under that Plan.

Calculating Your NCNG Benefit

Normal Retirement Benefit
Your Frozen Benefit under the NCNG Plan represents the benefit you accrued through December 31, 1999, payable at your Normal Retirement Date. The amount is calculated as 50% of your average monthly compensation, reduced by 1/20th for each year of service less than 20 years as of December 31, 1999.

\[
\text{Frozen Benefit payable at age 65} = 0.5 \times \text{average monthly compensation} \times \left(1 - \frac{1}{20} \times \text{years of service less than 20}\right)
\]

Your average monthly compensation is the average of your monthly pay for the five consecutive years within the last 10 years of employment before December 31, 1999, that produce the highest average pay. If you had been employed less than five years on December 31, 1999, your total period of employment through December 31, 1999 will be used to determine your average monthly compensation.

Your pay includes all of your salary or wages, overtime, bonuses and incentive payments through December 31, 1999, up to the annual IRS compensation limits ($160,000 in 1999).

Receiving Your NCNG Frozen Benefit

The date you commence payment of your Frozen Benefit depends on your age and service when you terminate or retire. You must, however, begin payments no later than April 1 following the later of the year in which you reach age 70½ or terminate employment.

At Normal Retirement
You can receive a normal retirement benefit on the first day of the month coinciding with or following your Normal Retirement Date (age 65).

At Early Retirement
You may retire as early as the first day of any month after you have reached age 55 and completed 20 years of service. This is your early retirement date under the NCNG Plan. If you retire early, you may elect to receive a monthly benefit beginning on the first day of the month following your early retirement date. For example, if your early retirement date is April 1, your first pension payment could be on May 1.

A benefit paid before age 65 will be based on your Frozen NCNG Plan age 65 Benefit, reduced because payments will extend over a longer period of time. If you retire early, you may defer your benefit payments until you reach your Normal Retirement Date. If you wait until your Normal Retirement Date for your first payment, the benefit will not be reduced.

You may also begin payments on the first day of any month between your early retirement date and your Normal Retirement Date, with the benefit based on your age when payments begin.

The below table shows the percentage of your benefit you will receive, depending on the date payments begin:

<table>
<thead>
<tr>
<th>Age at Retirement</th>
<th>Percentage of Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>65</td>
<td>100%</td>
</tr>
<tr>
<td>66</td>
<td>99.5%</td>
</tr>
<tr>
<td>67</td>
<td>99.0%</td>
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<tr>
<td>68</td>
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<td>69</td>
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<tr>
<td>70</td>
<td>97.5%</td>
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<tr>
<td>70½</td>
<td>97.0%</td>
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<tr>
<td>71</td>
<td>96.5%</td>
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<tr>
<td>72</td>
<td>96.0%</td>
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<td>73</td>
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<tr>
<td>100</td>
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### NCNG Plan Early Retirement Factors

<table>
<thead>
<tr>
<th>Age When Early Retirement Benefit Begins</th>
<th>Percent of Age 65 Benefit Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td>64</td>
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<tr>
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<td>60</td>
<td>66.67%</td>
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<tr>
<td>59</td>
<td>63.33%</td>
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<tr>
<td>58</td>
<td>60.00%</td>
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<tr>
<td>57</td>
<td>56.67%</td>
</tr>
<tr>
<td>56</td>
<td>53.33%</td>
</tr>
<tr>
<td>55</td>
<td>50.00%</td>
</tr>
</tbody>
</table>

Your benefit will be reduced for each full month that is less than one year.

**Late Retirement Benefit**

If you continue to work after your Normal Retirement Date, you may retire as of the first day of any month following the date your normal retirement benefit would have begun. This is your late retirement benefit. Your payment will be based on the benefit you accrued through December 31, 1999. If you were past your Normal Retirement Date on December 31, 1999, the formula will depend on when you reached age 65:

- If you were age 65 before October 1, 1988, your monthly benefit will be equal to the greater of:
  - 50% of your average monthly compensation, reduced by 1/20th for each year of service less than 20 years
  - The actuarial equivalent of the benefit you would have received had you retired on your Normal Retirement Date
- If you were not age 65 before October 1, 1988, your monthly benefit will be 50% of your average monthly compensation, reduced 1/20th for each year of service less than 20 years.

**Deferred Vested Benefit**

If you terminate employment before you are eligible for an early or normal retirement benefit under the NCNG Plan, but after you are vested, you are eligible for a deferred vested benefit. You may begin payment of your deferred vested pension at age 55 if you have at least 20 years of Vesting Service when you terminate your employment from the Controlled Group of Duke Energy Companies. If you have less than 20 years of Vesting Service when you leave the Controlled Group of Duke Energy Companies, payments generally will start when you reach age 65, and must start no later than April 1 following the later of the year in which you reach age 70½ or terminate employment.

**NCNG Plan Benefit Payment Options**

Your choices for how to receive your NCNG Plan benefit may be different from your Cash Balance Account payment options. Contact the myHR Service Center at 888-465-1300 for more information on your payment options.

**In the Event of Your Death**

Contact the myHR Service Center at 888-465-1300 for more information regarding the death benefits payable in the event of your death prior to your commencement of your benefits.
FPC Plan

Eligibility for Frozen Benefit
You are eligible for a Frozen Benefit under the FPC Plan if you were a Participant in that plan on December 31, 2001, and became a Participant in the Plan as of January 1, 2002.

The Frozen Benefit Formula
Your Frozen Benefit is calculated using a formula that takes your High-4 pay, years and months of Credited Service and estimated age 65 Social Security benefit as of December 31, 2001, into account.

Defining the Terms

High-4 Pay—The greater of the average of your highest consecutive 48 months (four years) of base pay or the average of your highest four calendar years of base pay throughout your career with a Participating Employer of the FPC, through December 31, 2001. Base pay includes base pay lump sum increases, but not overtime, shift differentials, bonuses, Sharing the Success or ECIP awards, MICP awards, LTIP awards or amounts in excess of annual IRS compensation limit ($170,000 in 2001).

Credited Service—Credited Service means the period of time used to calculate your benefit under the FPC Plan. It is generally equal to the period of time you actually worked.

For purposes of calculating your age-65 Frozen Benefit, the formula will count service through December 31, 2001. For the purposes of determining the percentage of your Frozen Benefit payable before age 65, if applicable, the plan will also include all Credited Service in the Plan beginning January 1, 2002.

Social Security Benefit—Your Social Security benefit means an estimate of the Social Security amount you would receive beginning at age 65, based on your actual base pay from the Controlled Group of Duke Energy Companies (including service with FPC) and estimates of your earnings for earlier years.

FPC Plan Frozen Benefit Formula

\[
\text{FPC Plan Frozen Benefit Formula} \\
1-4/5\% \times \text{High-4 Pay} \times \text{Credited Service (up to 35 years)} \\
\text{Minus} \\
1-1/7\% \times \text{Social Security age 65 benefit} \times \text{Credited Service (up to 35 years)}
\]

Special note to former Sebring Utilities employees
If you were employed with the Sebring Utilities Commission and accepted employment with FPC on April 1, 1993, you will receive Credited Service under the FPC Plan (and the Plan) for your employment with the Sebring Utilities Commission. Your Frozen Benefit from the FPC Plan will, however, be reduced by the amount of your vested benefit under the Sebring Utilities Commission Pension Plan (actuarially adjusted if you terminate prior to age 60).

Normal Retirement Benefit
Normal retirement age is age 65 or the fifth anniversary of the date you become a Participant in the FPC Plan, if later. Your normal retirement benefit is payable at your Normal Retirement Age. If you terminate employment after you reach Normal Retirement Age, you will be eligible to collect 100% of your Frozen Benefit beginning the first of the month following your retirement.

Early Retirement Benefit
To qualify for the early retirement provisions of the FPC Plan, you must be at least age 55 with 15 years of Credited Service (including service with the Company) when you terminate employment from the Controlled Group of Duke Energy Companies. If you are eligible for early retirement, you may begin collecting your Frozen FPC Plan Benefit immediately or you may defer payment until a later date. The
amount you receive will depend on your service as of the date you terminate employment within the Controlled Group of Duke Energy Companies and your age when you start receiving benefit payments.

**Early Retirement Benefit Amounts**

<table>
<thead>
<tr>
<th>Your age when your benefit begins:</th>
<th>With at least 15 credited years but less than 20 years of credited service when you leave Duke Energy:</th>
<th>With 20-34 years of credited service when you leave Duke Energy:</th>
<th>With 35 or more years of credited service when you leave Duke Energy:</th>
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</thead>
<tbody>
<tr>
<td>64</td>
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<td>59</td>
<td>82%</td>
<td>93%</td>
<td>100%</td>
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<tr>
<td>58</td>
<td>76%</td>
<td>86%</td>
<td>100%</td>
</tr>
<tr>
<td>57</td>
<td>70%</td>
<td>79%</td>
<td>100%</td>
</tr>
<tr>
<td>56</td>
<td>65%</td>
<td>72%</td>
<td>100%</td>
</tr>
<tr>
<td>55</td>
<td>60%</td>
<td>65%</td>
<td>100%</td>
</tr>
</tbody>
</table>

This example illustrates the single life annuity option amount that would be payable for the Participant’s lifetime. If another form of payment that will continue to a survivor is chosen, the monthly benefit would be reduced.

Keep in mind, service you accrue under the Plan will also count toward your eligibility for early retirement payments under the FPC Plan.

**Deferred Vested Benefit**

You are entitled to a benefit if you terminate employment from the Controlled Group of Duke Energy Companies after you are vested in the Plan, even if you are not yet eligible for normal or early retirement. To be vested, you must have five or more years of Vesting Service when your employment stops.

Your pension will be calculated according to the formula shown on Appendix B, using your High-4 pay, Credited Service and age 65 Social Security benefit calculated as of your termination date. Your Social Security benefit will be based on the law in effect at the time you leave the Controlled Group of Duke Energy Companies. If you are under age 55 at termination, for Social Security purposes we will project your earnings at your last rate of pay to your Normal Retirement Age. All calculations were frozen as of December 31, 2001.

If the value of your benefit is $7,500 or less, you are eligible to receive a one time, lump sum payment instead of a monthly benefit. If the present value of your Plan benefit is more than $5,000, your Spouse’s consent is needed to elect the lump sum payment. The amount you receive will depend on your service as of the date you terminate employment within the Controlled Group of Duke Energy Companies and your age when you start receiving benefit payments. Your benefit may be reduced for survivorship coverage as described in the table below:
Percent of Frozen Benefit Amounts Payable Before Age 65
Deferred Vested Benefit

<table>
<thead>
<tr>
<th>Your age when benefit begins</th>
<th>5–14 years</th>
<th>15–19 years</th>
<th>20–34 years</th>
<th>35 or more years</th>
</tr>
</thead>
<tbody>
<tr>
<td>64</td>
<td>89.87%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>63</td>
<td>80.96</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>62</td>
<td>73.09</td>
<td>100</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
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<td>54.42</td>
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<td>86</td>
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<td>79</td>
<td>100</td>
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<tr>
<td>56</td>
<td>41.12</td>
<td>65</td>
<td>72</td>
<td>100</td>
</tr>
<tr>
<td>55</td>
<td>37.57</td>
<td>60</td>
<td>65</td>
<td>100</td>
</tr>
</tbody>
</table>

Plan Benefit Payment Options

Your choices for how to receive your FPC Plan benefit may be different from your Cash Balance Account payment options. Contact the myHR Service Center at 888-465-1300 for more information on your payment options.

In the Event of Your Death

Contact the myHR Service Center at 888-465-1300 for more information regarding the death benefits payable in the event of your death prior to your commencement of your benefit.

Voluntary Enhanced Retirement Program (2005)

If you retired under the Voluntary Enhanced Retirement Program between June 1 and December 1, 2005, pension benefits were enhanced for most Participants. For more information about the Voluntary Enhanced Retirement Program, call the myHR Service Center at 888-465-1300.