


Memorandum of Understanding

Special Voluntary Reverse Seniority Severance for Fleet Services Department

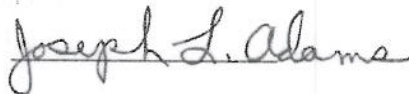
This Memorandum of Understanding ("Memorandum") is agreed to between Progress Energy Florida, Inc., ("Company") and the IBEW System Council U-8 ("Union"). As set out below, it provides an opportunity for two Fleet Services Technician (A)'s in the Fleet Services Department to voluntarily elect layoff with severance. The terms of this Memorandum are as follows:

1. This memorandum covers only a severance opportunity that will be made available to bargaining unit employees in the Fleet Services Technician (A) classification in the Fleet Services Department.
2. The opportunity presented in this Memorandum is based upon unique circumstances surrounding the impending job reductions to take place in the Company's Fleet Services Department.
3. Management will deliver to all Fleet Services Technician (A)'s a Special Voluntary Reverse Seniority Severance Form no later than January 19, 2009. (See attached Form.) Employees will have ten (10) calendar days to respond from the day they receive the form. The current Fleet Services Department Seniority Roster will be used to determine eligibility for employees.
4. All Fleet Services Technician (A)'s should respond by checking either the "Yes" or "No" section of the Form. For employees who check "Yes", Management's selection of employees who will receive severance will be based on Departmental Seniority and there will be a cap of two. Those selected will receive severance of two weeks of pay for every year of service, paid in a lump sum, and their employment will be terminated.
5. Employees who select this option may or may not have their positions posted.
6. Management will determine the release date for employees selected for severance under the terms of this Memorandum.
7. Some employees may attain milestones of age and years of service during the first quarter of 2009 that are relevant to pension and insurance benefits. Those employees may be allowed to remain employed until April 1, 2009 to attain such milestones. Attachment "A" outlines each of the milestones.

For the Company:


Date: 1/16/09

For the Union:



SPECIAL VOLUNTARY REVERSE SENIORITY SEVERANCE FORM FOR FLEET SERVICES DEPARTMENT

IN ACCORDANCE WITH THE MEMORANDUM OF UNDERSTANDING BETWEEN THE COMPANY AND THE UNION, SEVERANCE PACKAGES ARE BEING OFFERED TO EMPLOYEES USING A REVERSE SENIORITY-BASED SYSTEM.

PLEASE MAKE SURE THAT YOU HAVE REVIEWED ATTACHMENT "A" OF THE SPECIAL VOLUNTARY REVERSE SENIORITY SEVERANCE MEMORANDUM OF UNDERSTANDING PRIOR TO COMPLETING THIS FORM.

YOU ARE REQUIRED TO FILL OUT THE INFORMATION BELOW, INDICATING YOUR CHOICE, MAKE A COPY FOR YOUR RECORDS AND RETURN THIS FORM TO YOUR SUPERVISOR.

IF YOU INDICATE "YES" ON THIS FORM, YOUR DEPARTMENTAL SENIORITY WILL DETERMINE WHETHER OR NOT YOU WILL BE SELECTED FOR SEVERANCE.

_____ NO, I DO NOT WISH TO BE CONSIDERED FOR A SEVERANCE PACKAGE.

_____ YES, I WISH TO BE CONSIDERED FOR A SEVERANCE PACKAGE. I UNDERSTAND THAT MY EMPLOYMENT WILL BE TERMINATED AND MY SENIORITY AND BIDDING RIGHTS AS SPECIFIED IN THE MEMORANDUM OF AGREE, ARTICLE III, SECTION 8(B) CEASE.

PRINT NAME _____

SIGNATURE _____

LAST 4 DIGITS OF SSN: _____

DATE _____

CURRENT POSITION _____

CURRENT LOCATION _____

Date Received _____

Employee Signature

Supervisor Signature

MEMORANDUM OF UNDERSTANDING – ATTACHMENT “A”

PENSION PLAN

- Continuous Service – a calendar year in which a bargaining unit employee worked at least 1,000 hours
- Credited Service – months and years actually worked

- **Final Average Pay** formula – for employees hired before 1/1/2003:
 - To be vested (which means to own the benefit), a bargaining unit employee must have at least 5 years of Continuous Service

 - Normal Retirement milestone – Age 65 and at least 5 years of Continuous Service
 - Early Retirement milestones:
 - Age 55 and at least 15 years of Continuous Service – pension benefit is reduced
 - Age 55 and at least 35 years of Credited Service – no reduction in your pension benefit
 - Age 60 and at least 20 years of Credited Service – no reduction in your pension benefit
 - Age 62 and at least 15 years of Continuous Service – no reduction in your pension benefit

- **Cash Balance** formula – for employees hired on or after 1/1/2003:
 - To be vested, an employee must have at least 3 years of Continuous Service. If you have met this requirement, then you are eligible for a Cash Balance benefit.

RETIREE MEDICAL AND LIFE INSURANCE

- To qualify for retiree medical and life insurance benefits a bargaining unit employee must meet one of these age and service requirements at retirement:
 - Age 65 or older with at least 5 years of Continuous Service, or
 - Age 55 or older with at least 15 years of Continuous Service.

401(k) PLAN

- Vesting is on a graduated schedule; a bargaining unit employee will be 100% vested with 5 or more years of Continuous Service.

Further details can be found in the Summary Plan Description [SPD] for each plan. All applicable SPDs were included on the CD-ROM that was distributed to all employees in July. They are also available on ProgressNet: click on “Policies, Procedures & Forms” then search under “Progress Energy Florida, Inc.”.

Questions can be sent via email to a special email address: ProgressEnergy.Benefits@pgnmail.com