

Florida Power Corporation Calculation of Net Synergies

(In millions, except per share amounts)

Line No.	Description	Amount
1	Florida Progress Stock per share	\$54.000
2	Pre-merger price per share	44.625
3	Premium per share	9.375
4	Total shares	98.617
5	Total stock premium	924.534
6	Prorata share to Florida Power (1)	30.9%
7	Premium Allocated to Florida Power	285.681
8		
9	System Annual Acquisition Adjustment (2)	26.797
10	Retail allocation	94.45%
11	Retail Annual Acquisition Adjustment	\$25.310
12		
13		
14	Pretax Synergies	\$58.700
15	Merger Transition Costs (3)	4.516
16	Pretax Adjusted Synergies	54.184
17	Retail allocation	94.45%
18	Retail pre-tax Synergies	51.177
19	Inverse of Statutory Tax Rate (1-.38575)	61.425%
20	Retail After tax Synergies	\$31.435
21		
22	Net Synergies - After tax (Line 20 - Line 11)	\$6.125
23	Net Synergies - (Available for sharing) - Pretax	\$9.992

(1) Florida Power's prorata share of synergies $\$54/\$175 =$ 30.9%

(2) Based on an after-tax merger related debt of 4.607% ($7.5\% * .61425$) and a term of 15 years

(3) Merger transition costs $\$67.737/15$ years = \$4.516

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