

PROGRESS ENERGY, INC.

FINANCE COMMITTEE CHARTER

PURPOSE AND COMPOSITION

The Finance Committee (“Committee”) shall be a standing committee of the Board of Directors (“Board”). The Committee shall review and oversee the Company’s financial policies and planning, monitor the Company’s financial position, review and oversee the Company’s pension funds, review strategic investments, review the Company’s financing plans, and recommend changes in the Company’s dividend policy.

The Committee is composed of at least three members of the Board who are independent within the meaning of the Listing Standards of the New York Stock Exchange (NYSE). Committee members shall be appointed and/or removed by the Board. Each member of the Committee must be free from any relationships that would interfere with, or would give the appearance of interfering with, the exercise of independent judgment as a Committee member. The Board shall designate one of the members as the Committee’s Chair, who shall preside over the meetings of the Committee and report Committee actions to the Board.

DUTIES AND RESPONSIBILITIES

Duties and responsibilities of the Committee shall include, but are not limited to, the following:

1. Review and oversee the Company’s strategic planning and the implementation of such plans.
2. Operating Budget. Review Management’s proposed budgeted summary income statement for the upcoming year and approve and recommend to the Board the Progress Energy, Inc. point estimate earnings target. (The status of actual results compared to budget will be reviewed at every regularly scheduled meeting.)

Base Capital Budgets. Review proposed legal entity base capital budgets by category and approve and recommend to the Board the proposed legal entity and total Progress Energy, Inc. base capital. Review the performance against the approved base capital legal entity budgets. If spending in any category is projected to be 10% or \$5 million over budget (whichever is highest), the Chief Financial Officer (“CFO”) will advise the Committee Chair and provide a variance explanation; the variance will be reviewed with the full Committee at the next regularly scheduled meeting. If the total spending for base capital by legal entity is projected to exceed 10% or \$5 million over (whichever is highest), of the approved budget, Committee approval for the additional capital will be required at the next regularly scheduled meeting.

Major Projects/Programs Budget. Approve and recommend to the Board the proposed individual annual budgets and life of project budgets for major projects/programs greater than \$50 million. At each regular Committee meeting, project status for each major project will be reviewed on an exception basis. If spending in any major project is projected to be 10% over the annual budget, the CFO will advise the Committee Chair and will provide a variance explanation. This variance will be reviewed with the full Committee and Board at the next meeting.

3. Monitor the financial results as reported in the Company's financial statements and ensure relevant information is reported to the Board.
4. Approve and recommend to the Board the proposed utilization of risk capital and parent guaranties as part of the annual budget process. Review and approve any adjustments in the event that the Company anticipates that risk capital or parent guaranty utilization will exceed 110% of the original amounts approved.
5. Review the Company's use of risk capital and parent guarantees at each meeting. Note: The Audit and Finance Committees exercise different responsibilities in risk management. The Finance Committee is responsible for the oversight of the Risk Management Committee Policy and Guidelines and oversees the financial risks to include guaranties, risk capital, corporate financing activities and debt structure. The Finance Committee ensures that dollar amounts and limits are managed within a framework. The Audit Committee is responsible for ensuring there are guidelines and controls and reviews the framework for managing risk and adherence to the framework.
6. Approve strategic investments over \$20 million that are not already contemplated in the approved capital budgets and recommend to the Board for approval any of these strategic investments greater than \$50 million.
7. Approve divestitures greater than \$20 million per transaction and recommend to the Board for approval transactions greater than \$50 million.
8. Approve and recommend to the Board the declaration of dividends and changes in the Company's dividend policy.
9. Review and approve each year (in or about December) the overall corporate financing plan and recommend approval to the Board. The Board will, subject to review and modification, approve the financing plan. Management, subject to the protocols of the Securities Pricing Committee, will be able to execute transactions that are (1) below \$100 million or (2) greater than \$100 million if the transaction only involves changing the maturity or structure of debt (i.e., no significant change in debt outstanding). The Committee will approve any transaction (i.e., general deal scope and parameters) outside of the above parameters, and the Securities Pricing Committee will approve specific pricing of transactions

10. Review and oversee the Risk Management Committee Policy and Guidelines.
11. Review the actuarial assumptions, asset allocation and performance of the Company's Post-retirement Benefit Plans, and approve annual funding for these plans.
12. Conduct an annual self-assessment of the Committee's performance and the adequacy of this Charter.

MEETINGS

The Committee will normally hold three regular meetings each year in conjunction with Board of Director's meetings in order to accomplish its duties and responsibilities. The Committee's Chairman may call additional meetings as needed, to review matters of interest to the Committee. As deemed necessary by the Committee, meetings shall be attended by appropriate Company personnel.

Following each of its meetings, the Committee shall deliver a report on the meeting to the Board, including a description of all actions taken by the Committee at the meeting. The Committee shall keep written minutes of its meetings, which minutes shall be maintained with the books and records of the Company.

The CFO or his designee shall, at the request of the Chairman of the Committee, arrange meetings, prepare meeting agenda, and serve as Secretary to the Committee.