

Document title:

Progress Energy Life Insurance Plan, Progress Energy Accidental Death & Dismemberment Insurance Plan and Progress Energy Business Travel Accident Plan

Document number:

HRI-SUBS-00013

Applies to: Eligible employees of Progress Energy, Inc.; Progress Energy Carolinas, Inc.; Progress Energy Florida, Inc. (non-bargaining unit employees); Progress Energy Service Company, LLC

Keywords: human resources information; benefits booklets

Summary Plan Description
 Progress Energy, Inc.
 Employer Identification No. 56-2155481
 Plan No. 525
 Effective January 1, 2012

This document is a Summary Plan Description (SPD) for the Progress Energy Life Insurance Plan (the “Life Insurance Plan”), the Progress Energy Accidental Death & Dismemberment Insurance Plan (the “AD&D Plan”) and the Progress Energy Business Travel Accident Plan (the “BTA Plan”) (each a “plan” and together the “plans”), component plans under the Progress Energy, Inc. Life, AD&D & Business Travel Accident Plan (the “Plan”) sponsored by Progress Energy, Inc. (Progress Energy). This document provides information about the following benefits:

- *Employee Life Insurance*
- *Dependent Life Insurance*
- *Employee AD&D Insurance*
- *Dependent AD&D Insurance*
- *Business Travel Accident Insurance*

An SPD is a summary of the official plan documents that govern the terms, conditions and administrative operations of a benefit plan that is subject to the Employee Retirement Income Security Act of 1974 (ERISA). It does not describe every plan provision in full detail, and it does not alter any plan or any legal instrument related to the plans’ creation, operations, funding or benefit payment obligations. Every effort has been made to ensure that this document reflects relevant plan provisions in effect as of January 1, 2012. However, if there are any inconsistencies between this document and the official plan documents (including any insurance contracts), the terms and conditions of the applicable official plan documents (including any insurance contracts) will govern. In no case does this document imply or guarantee any right of future employment.

Non-bargaining regular, full-time employees and their eligible dependents of Progress Energy, as well as Progress Energy Carolinas, Inc., Progress Energy Florida, Inc., and Progress Energy Service Company, LLC (participating subsidiaries of Progress Energy) are eligible to participate in the Life Insurance Plan and AD&D Plan.

Non-bargaining regular, part-time and regular, full-time employees of Progress Energy and participating subsidiaries are eligible to participate in the BTA Plan.

Retirees of Progress Energy and participating subsidiaries who met specific age and service requirements at retirement are eligible to participate in Progress Energy-sponsored retiree life insurance.

Progress Energy reserves the right to amend or terminate the plans or any plan benefit at any time based on the cost of the benefits or other considerations without prior approval of or notification to any party.

Reference Form

FRM-SUBS-00011 Choice Benefits Change Form

AUTHORIZED COPY
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Contract Information

The Prudential Insurance Company of America
Newark, New Jersey

has issued Contract No. LG-24541-NC for the Life Insurance Plan (employee and dependent life insurance) and the AD&D Plan (employee and dependent AD&D coverage) and has issued contract BG-24541-FL for the BTA Plan to:

Progress Energy, Inc.
Raleigh, North Carolina

The plans provide benefits as described on the following pages of this document for certain groups of plan participants and eligible dependents covered under the plans. This document summarizes the principal provisions of the plans. The benefits and provisions described on the following pages are subject in all respects to the terms and conditions of the insurance contract between The Prudential Insurance Company of America and Progress Energy.

Eligibility

The Life Insurance Plan and the AD&D Plan cover regular, full-time employees and their dependents who meet the eligibility requirements specified herein and who are employed by Progress Energy or a participating subsidiary. Both plans provide benefits to eligible LTD recipients and their dependents as described herein. The Life Insurance Plan provides benefits to eligible retirees as described herein. The BTA Plan covers regular, full-time and regular, part-time employees who meet the eligibility requirements specified herein and who are employed by Progress Energy or a participating subsidiary. A subsidiary is a participating subsidiary if it is within Progress Energy's controlled group and if it, with the approval of Progress Energy, has elected by action of its Board of Directors to participate in the plans. The term "controlled group" shall mean the group of companies as defined in Section 1563(a) of the Internal Revenue Code (the "Code"). A participating subsidiary may only participate in the plans for so long as it is a member of Progress Energy's controlled group. A participating subsidiary may elect to withdraw from participation in the plans at any time.

Leased employees as defined in Section 414(n) of the Code and independent contractors are not eligible to participate in the plans.

Newly Eligible Employees

Non-bargaining regular, full-time employees of Progress Energy or a participating subsidiary are automatically enrolled in Basic employee life insurance and Basic AD&D coverage and are eligible to enroll in Optional employee life insurance and Optional AD&D coverage on their first day of employment or reclassification to non-bargaining regular, full-time employment status.

Non-bargaining regular, full-time and regular, part-time employees are automatically enrolled in business travel accident insurance on their first day of employment or reclassification to non-bargaining regular, full-time or regular, part-time employment status.

Dependents

If you are a non-bargaining regular, full-time employee of Progress Energy or a participating subsidiary and your dependents meet the eligibility requirements and none of the dependent coverage restrictions described below apply, you may elect dependent life insurance and dependent AD&D coverage for your spouse or domestic partner and dependent children.

Eligible dependents for life insurance and AD&D coverage are:

- Your spouse or domestic partner ¹
- Children under age 26 who:
 - Are your biological children; or
 - Have been placed with you for legal adoption, whether or not the adoption has become final; or
 - Are your stepchildren or domestic partner's children; or
 - Are your foster children; or
 - Are your ward under a legal guardianship appointment or for whom you have legal custody under a valid court decree.

- Your unmarried children age 26 or older²:
 - Who are incapable of self-support because of mental or physical disability, provided they became disabled before age 26, and
 - Who either live with you or live in a long-term care facility and are mainly dependent upon you or your spouse or domestic partner for support and care³, and
 - For whom you can provide proof of their continuous incapacity, residency, and dependency since age 26.

¹Your domestic partner is eligible only if you both satisfy the criteria described in the Declaration of Domestic Partner Relationship and have submitted a Declaration of Domestic Partner Relationship form to the Employee Service Center. The Guide to Benefits for Domestic Partners and forms are available through ProgressNet or from the Employee Service Center at 800-546-5705 or employee.service@pgnmail.com. Such documents are hereby incorporated by reference and made a part of this SPD. **Your former spouse (by divorce or annulment) and former stepchildren may not be covered under these plans unless the two of you remarry; likewise, your former domestic partner and domestic partner's children may not be covered unless you and your former domestic partner re-establish a domestic partner relationship or marry.**

²For children who are disabled, you must notify the Employee Service Center within 30 days of the child reaching age 26 and provide the necessary documentation.

³To determine if you provide more than half of a child's support, you must first determine the total support provided for that child. Total support includes amounts spent to provide food, lodging, clothing, education, medical and dental care, recreation, transportation and similar necessities.

Dependent Coverage Restrictions

- Under no circumstances can a child or spouse or domestic partner be eligible for dependent coverage if he or she is on active duty in the armed forces, with the exception of child life insurance.
- You cannot elect dependent coverage if:
 - You and your spouse, domestic partner or child are employed by Progress Energy or a participating subsidiary of Progress Energy and you and your spouse, domestic partner or child are eligible to participate in the plans*.
 - Your spouse or domestic partner is a retiree of Progress Energy or a participating subsidiary of Progress Energy and has coverage available as a retiree.
 - Your spouse, domestic partner or child is a bargaining unit employee of Progress Energy Florida, Inc. and is eligible for coverage under the bargaining unit plan.

The three restrictions above apply because an individual may not be covered both as an employee and a dependent under a single group insurance policy. Also, only one parent can elect to cover dependent children.

** If your spouse, domestic partner or child is a part-time or temporary employee of Progress Energy or a participating subsidiary of Progress Energy, he or she is not eligible to participate in the plans. In this situation, you may elect to cover your spouse, domestic partner or child.*

Note: Employees who cover or attempt to enroll ineligible dependents are in violation of the company's Code of Ethics and may be subject to disciplinary action up to and including termination of employment. They may also be required to pay damages and costs to the company, including reimbursement of any benefit payments made with respect to an ineligible dependent.

Leaves of Absence

If you make the required contributions, you may continue life insurance and AD&D coverage for yourself and your eligible dependents during the duration of your absence if you are granted a leave as described in the Employee Handbook for:

- Newborn care
- Adoption/foster care
- Any other absence that qualifies under the Family and Medical Leave Act
- Military service
- Long-term disability (see additional information below)

Note that you are not eligible for BTA insurance during the duration of your absence.

Long-Term Disability (LTD) Recipients – applies to employee life insurance and AD&D coverage

If you are a non-bargaining regular, full-time employee and your employment status is reclassified to LTD, and you are approved to receive benefits under your employer-sponsored LTD plan, you will be eligible to continue the amount of employee life insurance and AD&D coverage that was in effect on the day you qualified for LTD benefits. Eligibility for BTA ends on the day you qualified for LTD benefits.

As an LTD recipient, you will automatically continue to be covered under Basic employee life insurance. Basic employee life insurance coverage will be an amount equal to your annual base salary (but not to exceed \$50,000) as of the day you qualified for LTD benefits. Your employer will pay the full cost for Basic employee life insurance coverage for LTD recipients.

If you also elected Optional employee life insurance, you may elect to continue it. If you elect to continue your Optional employee life insurance, the total amount of coverage will be equal to the Basic amount plus the Optional amount, not to exceed the total amount of coverage that was in effect on the day you qualified for LTD benefits.

As an LTD recipient, you cannot increase the amount of your employee life insurance coverage but you may decrease the amount of coverage or drop optional coverage altogether. If you elect to decrease or drop your coverage, you cannot increase it at a later date or re-enroll as long as you remain disabled.

If you become disabled before your 60th birthday and are approved to receive benefits under your employer-sponsored LTD plan, the required contributions for Optional employee life insurance coverage will be paid by your employer effective with the date of your LTD approval. In this case, the coverage amount is frozen.

If you become disabled on or after your 60th birthday and are approved to receive benefits under your employer-sponsored LTD plan, you may continue your Optional employee life insurance coverage by paying the necessary premiums. The amount of coverage cannot be increased and if an election is made to decrease the total amount of coverage, it cannot be increased at a later date. The employer pays the full cost for Basic employee life insurance coverage and the LTD recipient pays the full cost for Optional employee life insurance coverage. Optional employee life insurance rates are age-based.

Exceptions to the information above:

- ***Certain CP&L employees***
CP&L employees who were reclassified to LTD status prior to January 1, 1995, and whose life insurance premiums were waived, are covered through a contractual agreement with Metropolitan Life Insurance Company. LTD recipients who are covered by Metropolitan and who accumulate enough years of service to meet the retirement age and service requirements are eligible for life insurance coverage under the retired employee provisions of the contractual agreement with Metropolitan.

- ***Employees of Progress Energy Florida, Inc. (non-bargaining employees), Progress Fuels Corporation (corporate employees), and Progress Telecom, LLC reclassified to LTD status prior to January 1, 2002***
 Non-bargaining employees who became disabled prior to January 1, 2002, and who were subsequently reclassified to LTD disabled retiree status under the Long-term Disability Plan of Florida Progress Corporation will continue to receive life insurance benefits as provided for under the Employees' Group Life Insurance Plan of Progress Energy Florida, Inc. at the time of their reclassification.

- ***Eligible employees under the Choice Benefits program***
 LTD recipients who are eligible for benefits under the Choice Benefits program who continue to accumulate enough years of service to meet the retirement age and service requirements may be eligible to continue coverage under the Life Insurance Plan after retirement. The amount of coverage and cost will be subject to the retired employee provisions of that plan at the time of retirement.

- ***Eligible employees under the FlexPower program***
 Non-bargaining employees eligible for benefits under the FlexPower program who became disabled prior to January 1, 2002, and who were subsequently classified to LTD disabled retiree status under the Long-term Disability Plan of Florida Progress Corporation, are not eligible for Progress Energy-sponsored life insurance benefits. These employees will continue to receive life insurance benefits as provided for under the Employees' Group Life Insurance Plan of Progress Energy Florida, Inc.

Long-Term Disability (LTD) Recipients – applies to dependent life and AD&D coverage

If you are a non-bargaining regular, full-time employee and your employment status is reclassified to LTD and you are approved to receive benefits under your employer-sponsored LTD Plan, you will be eligible to continue coverage on your eligible dependents if you make the required contributions. Election changes for dependents may be made during annual enrollment or because of a qualifying event as long as the dependent is not confined to home or elsewhere, in addition to proof of good health being approved if applicable.

Exceptions to the information above:

- ***Employees of Progress Energy Florida, Inc. (non-bargaining employees), Progress Fuels Corporation (corporate employees), and Progress Telecom, LLC reclassified to LTD status prior to January 1, 2002***
 Non-bargaining employees who became disabled prior to January 1, 2002, and who were subsequently reclassified to LTD disabled retiree status under the Long-term Disability Plan of Florida Progress Corporation will continue to receive life insurance benefits as provided for under the Employees' Group Life Insurance Plan of Progress Energy Florida, Inc. at the time of their reclassification.

Former Employees

Terminated employees of Progress Energy or a participating subsidiary who have entered into a binding written agreement that grants the terminated employee and any of his or her otherwise eligible dependents the right to continued participation in the Life Insurance Plan may continue coverage according to the terms of the agreement.

Retired Employees

Employees must meet specific age and service requirements at retirement in order to continue Progress Energy-sponsored life insurance coverage after retirement. Eligibility for employee AD&D, dependent life insurance and AD&D coverage ends at retirement. The age and service requirements differ depending upon the employer and the effective date of the employee's retirement. (See "Continuation of Coverage after Retirement" and the "Age and Service Requirements" that apply to you and your Employer Group below for more information.) Employees who terminated between June 1, 2005 and December 1, 2005, pursuant to the terms of the Voluntary Enhanced Retirement Program may continue to be covered under the Life Insurance Plan, subject to the terms of that program.

Continuation of Coverage after Retirement

Employees whose retirement is effective after January 1, 2002 (last day of active employment is on or after January 1, 2002) are eligible for Progress Energy-sponsored life insurance benefits as follows:

- Employees who meet both the Retirement Age and Service Requirements and the Welfare Benefits Age and Service Subsidy Requirements described on the following pages for their Employer Group are eligible to continue \$20,000 of Basic retiree life insurance coverage at no cost.
- Employees who meet the Retirement Age and Service Requirements and just the Welfare Benefits Age and Service Access Requirements described on the following pages for their Employer Group are eligible to continue \$20,000 of Basic retiree life insurance coverage by paying the full cost of the coverage.
- Non-bargaining employees who were receiving benefits under the Florida Power FlexPower program prior to January 1, 2002 who were age 55 or older as of January 1, 1998, are eligible for coverage equal to one times base pay at retirement with a 50% reduction at age 70, at no cost.

Employees* of Carolina Power & Light Company, Progress Energy Service Company, LLC and Progress Ventures, Inc. (former subsidiary of CP&L)

Retirement on or after January 1, 1998, but before January 1, 2002

Employees who terminated employment on or after January 1, 1998, but before January 1, 2002, and met both the Retirement Age and Service Requirements and the Welfare Benefits Age and Service Subsidy Requirements described under “Age and Service Requirements” below are automatically covered under the retiree \$10,000 Basic coverage option at no cost. If the total amount of life insurance coverage in force at the time of termination exceeded \$10,000, the employee could also elect one of the retiree Optional levels of coverage. Optional coverage for retirees who met both sets of age and service requirements is provided at retiree subsidized rates.

The maximum amount of Optional life insurance coverage that could be elected is the lesser of:

- The amount of coverage in effect at termination (less \$10,000 employer-provided amount), or
- \$3,000 of coverage per year of service, up to \$75,000 maximum (less \$10,000 employer-provided amount).

The retiree could also choose one of the following Optional coverage amounts:

- \$40,000 if eligible
- \$15,000 if eligible

A retiree could not elect an option that would increase coverage, but may decrease coverage by electing a lower Optional amount or by electing Basic coverage only. If the total amount of coverage is decreased, it cannot be increased at a later date.

Employees who terminated employment on or after January 1, 1998, but before January 1, 2002, and met both the Retirement Age and Service Requirements and the Welfare Benefits Age and Service Access Requirements described under “Age and Service Requirements” below could elect to have \$10,000 of life insurance coverage at full cost. Otherwise, Optional levels of coverage are not available.

**References to CP&L prior to August 1, 2000, apply to employees of the parent company that existed prior to the establishment of the CP&L Energy holding company on that date. References to CP&L on or after August 1, 2000, apply to employees of CP&L (the utility company that is a participating subsidiary of Progress Energy). References to Progress Energy Service Company, LLC and Progress Ventures, Inc. (participating subsidiaries of Progress Energy) applies to employees who transferred or relocated to these subsidiaries on or before January 1, 2002, and who were eligible for retiree benefits under the Choice Benefits program.*

Carolina Power & Light Company*

Retirement prior to January 1, 1998 - CP&L Supplemental Retirement Plan

For employees who retired under the CP&L Supplemental Retirement Plan prior to January 1, 1998, the maximum amount of retired employee life insurance available is based on the coverage level for which the employee was eligible at and subsequent to retirement. The age and service requirements which applied to continuation of life insurance at retirement between 1993 and 1998 are different from the previously referenced requirements and can be found in the Life Insurance booklets in effect during that time period.

The employer pays the full cost for coverage up to \$10,000. If the total amount of coverage in force exceeds \$10,000, the retired employee and the employer share the cost for coverage amounts over \$10,000.

If the total amount of coverage exceeds \$10,000, a lower level of coverage may be elected. If the coverage is decreased, an election cannot be made at a later date to increase the coverage.

The Optional coverage levels are the amount of coverage the employee was eligible for at, and subsequent to, retirement (less \$10,000 employer-provided amount); \$40,000 if eligible; or \$15,000 if eligible.

CP&L employees who retired under the CP&L Supplemental Retirement Plan between January 1, 1993 and January 1, 1998, but who did not meet the age and service requirements to continue Optional levels of life insurance coverage, are eligible to continue \$5,000 of coverage and are required to pay the full cost of the coverage.

**References to CP&L prior to August 1, 2000, apply to employees of the parent company that existed prior to the establishment of the CP&L Energy holding company on that date. References to CP&L on or after August 1, 2000, apply to employees of CP&L (the utility company that is a participating subsidiary of Progress Energy).*

Florida Power Corporation (non-bargaining employees)

Employees who retired on or before January 1, 2002

Employees whose retirement was effective on or before January 1, 2002, are eligible for the amount of retiree life insurance provided under the provisions of the Employees' Group Life Insurance Plan of Florida Power Corporation. Retirees who met the applicable age and service requirements will continue to be eligible for Basic life insurance at no cost. Employees who were age 55 or older as of January 1, 1998 are eligible for retiree Basic life coverage equal to one times base pay at retirement with a 50% reduction at age 70. All others receive \$20,000 retiree Basic life insurance coverage.

Age and Service Requirements

The following table describes how the age and service requirements relate to continuation and cost of life insurance coverage upon retirement:

- The *Retirement Age and Service Requirements* reflect the minimum requirements for retirement.
- The *Welfare Benefits Age and Service Access Requirements* reflect the minimum requirements for access to unsubsidized (full cost) retiree life insurance benefits.
- The *Welfare Benefits Age and Service Subsidy Requirements* reflect the minimum requirements for qualifying for subsidized retiree life insurance benefits.

To qualify for subsidized retiree life insurance benefits, you must meet the Welfare Benefits Age and Service Subsidy Requirements, shown in the following table. If you do not meet the Welfare Benefits Age and Service Subsidy Requirements, you may be eligible for access to Progress Energy-sponsored retiree life insurance coverage based on the Welfare Benefits Age and Service Access Requirements. In the event that you meet neither the subsidy nor access requirements, you may still be eligible to retire under the Progress Energy Pension Plan according to that plan's benefit and vesting service requirements, but you will not be eligible to elect life insurance benefits at retirement.

Once you have met the minimum required age and years of service as described under the Welfare Benefits Age and Service Subsidy and/or Access Requirements, you will remain eligible for retiree life insurance benefits (subsidized or access only) upon retirement.

Employees of a participating subsidiary may receive credit for prior service with a non-participating subsidiary only if that service was incurred during the time the non-participating subsidiary was within the controlled group of Progress Energy. (Note: Service with Progress Telecom, LLC will be included only through December 31, 2004.) A non-participating subsidiary is an employer that is within Progress Energy's controlled group of companies (as defined in Internal Revenue Code Section 1563) but does not offer a particular benefit to its employees.

Age and Service Requirements for Retirees – Must be attained by your retirement date

		Employer Group		
		Group 1	Group 2	Group 3
H I R E D A T E & C O M P A N Y	<p>New employees hired or rehired on or after 1/1/2002</p> <p>Eligible employees¹ of Progress Energy Carolinas, Inc., Progress Energy Service Company, and Progress Energy Ventures, Inc. (regardless of hire date)</p> <p>Eligible employees hired by or transferred to NCNG on or after 1/1/2000²</p> <p>Eligible employees hired by or transferred³ to Progress Energy Florida, Inc. (non-bargaining employees), Progress Fuels (corporate employees), and Progress Telecom Corporation (or Progress Telecom, LLC) on or after 1/1/2002</p> <p><i>See additional Employer Group information on the following page.</i></p>	<p>Eligible employees hired by NCNG on or before 12/31/1999</p> <p><i>Note: Employees hired by NCNG on or before 12/31/1999, must meet the age and service requirements defined below to qualify for Progress Energy, Inc.-sponsored retiree life insurance coverage. Employees hired on or after 1/1/2000, must meet the age and service requirements defined in Group 1.</i></p>	<p>Eligible employees of Progress Energy Florida, Inc. (non-bargaining employees), Progress Fuels (corporate employees), and Progress Telecom Corporation (or Progress Telecom, LLC) hired on or before 12/31/2001</p> <p><i>Note: Employees hired on or before 12/31/2001, who were receiving benefits under the FlexPower program prior to 1/1/2002, must meet the age and service requirements defined below to qualify for Progress Energy, Inc.-sponsored retiree life insurance coverage. Employees hired on or after 1/1/2002, must meet the age and service requirements defined in Group 1.</i></p> <p><i>See additional Employer Group information on the following page.</i></p>	
	A G E & S E R V I C E R E Q U I R E M E N T S	<p>Retirement Age and Service Requirements</p> <ul style="list-style-type: none"> ▪ Age 65 or older with at least 5 years of service; or ▪ Age 55 or older with at least 15 years of service; or ▪ 35 years of service regardless of age. <p>The years of service, above, must be in a non-bargaining unit employment classification. Temporary and part-time service must comply with the benefit service definition as defined in the Progress Energy Pension Plan document in order to meet these requirements.</p> <p>Welfare Benefits Age and Service Access Requirements</p> <ul style="list-style-type: none"> ▪ Age 65 or older with at least 5 years of service; or ▪ Age 55 or older with at least 15 years of service; or ▪ 35 years of service regardless of age. <p>The total years of service worked must include regular, full-time service for the minimum required years of service shown above.</p> <p>Welfare Benefits Age and Service Subsidy Requirements (must meet the first and second bullets <u>and</u> either bullet three or four)</p> <ul style="list-style-type: none"> ▪ Hired or rehired on or before 12/31/2001; and ▪ Attained age 40 or completed 5 years of eligible service on or before 12/31/2001; and ▪ Completion of 15 years of service after reaching age 40; or ▪ Completion of 35 or more years of service. <p>The total years of service worked must include regular, full-time service for the minimum required years of service shown above.</p>	<p>Retirement Age and Service Requirements</p> <ul style="list-style-type: none"> ▪ Age 65 or older with at least 5 years of service; or ▪ Age 55 or older with at least 20 years of service. <p>Welfare Benefits Age and Service Access Requirements</p> <ul style="list-style-type: none"> ▪ Age 65 or older with at least 5 years of service; or ▪ Age 55 or older with at least 20 years of service. <p>The total years of service worked must include regular, full-time service for the minimum required years of service shown above.</p> <p>Welfare Benefits Age and Service Subsidy Requirements</p> <ul style="list-style-type: none"> ▪ Hired or rehired on or before 12/31/2001; and ▪ Attained age 40 or completed 5 years of eligible service on or before 12/31/2001; and ▪ Completion of 15 years of service after reaching age 40. <p>The total years of service worked must include regular, full-time service for the minimum required years of service shown above.</p>	<p>Retirement Age and Service Requirements</p> <ul style="list-style-type: none"> ▪ Age 65 or older with at least 5 years of service; or ▪ Age 55 or older with at least 15 years of service. <p>Welfare Benefits Age and Service Access Requirements</p> <ul style="list-style-type: none"> ▪ Age 65 or older with at least 5 years of service; or ▪ Age 55 or older with at least 15 years of service. <p>The total years of service worked must include regular, full-time service for the minimum required years of service shown above; <i>exception:</i> regular, part-time service on or before 12/31/2001 counts towards the Welfare Benefits Age and Service Requirements.</p> <p>Welfare Benefits Age and Service Subsidy Requirements</p> <ul style="list-style-type: none"> ▪ Hired or rehired on or before 12/31/2001; and ▪ Attained age 40 or completed 5 years of eligible service on or before 12/31/2001; and ▪ Completion of 15 years of service after reaching age 40. <p>The total years of service worked must include regular, full-time service for the minimum required years of service shown above; <i>exception:</i> regular, part-time service on or before 12/31/2001 counts towards the Welfare Benefits Age and Service Requirements.</p>

The notes below apply to the table on the previous page:

¹*Applies to employees of Progress Energy Carolinas, Inc., Progress Energy Service Company, LLC and Progress Energy Ventures, Inc. (participating subsidiaries of Progress Energy, Inc.) who were eligible for benefits under the Progress Energy, Inc.-sponsored Choice Benefits program prior to 1/1/2002. Does not include any employees transferred or relocated to these subsidiaries who were eligible for benefits under the FlexPower program prior to the merger of the Choice Benefits and FlexPower benefit programs effective 1/1/2002, or employees who were hired by or transferred to NCNG prior to 1/1/2000.*

²*Applies to employees of NCNG who were eligible for benefits under the Progress Energy, Inc.-sponsored Choice Benefits program prior to 1/1/2000.*

³*Applies to former employees of Progress Energy Carolinas, Inc., Progress Energy Service Company, LLC and Progress Energy Ventures, Inc. (participating subsidiaries of Progress Energy, Inc.) who were eligible for benefits under the Progress Energy, Inc.-sponsored Choice Benefits program prior to 1/1/2002. Does not include any employees transferred or relocated to these subsidiaries who were eligible for benefits under the FlexPower program prior to the merger of the Choice Benefits and FlexPower benefit programs effective 1/1/2002, or employees who were hired by or transferred to NCNG prior to 1/1/2000.*

Additional Employer Group information regarding the table on the previous page:

Group 1 – former CP&L employees:

For retirement from the former CP&L after 1/1/1993 (last day of active employment was on or after 1/1/1993) but on or before 1/1/2002 (last day of active employment was on or before 12/31/2001) – retirees who met both the Retirement Age and Service Requirements AND the Welfare Benefits Age and Service Subsidy Requirements are eligible to continue Progress Energy-sponsored retiree Basic life insurance coverage at no cost and Optional life insurance coverage at company-subsidized retiree rates. Retirees who met the Retirement Age and Service Requirements AND the Welfare Benefits Age and Service Access Requirements are eligible to continue retiree Basic and Optional life insurance coverage at full cost rates.

For retirement from the former CP&L on or before 1/1/1993 (last day of active employment was on or before 12/31/1992) – retirees are eligible to continue Progress Energy-sponsored retiree Basic life insurance coverage for themselves at no cost and Optional life insurance coverage for themselves at company-subsidized retiree rates.

Group 3 – former Florida Progress employees:

For employees hired on or before 12/31/2001 – Retirement effective after 1/1/ 2002 (last day of active employment is on or after 1/1/2002) – employees hired on or before 12/31/2001, and who retire after 1/1/2002, and who meet the Retirement Age and Service Requirements AND the Welfare Benefits Age and Service Access Requirements defined in Group 3 on the previous page are eligible for Progress Energy-sponsored retiree Basic life insurance coverage at full cost rates. To qualify for Basic life insurance benefits at company-subsidized retiree rates (reduced from full-cost rates), both the Retirement Age and Service Requirements AND the Welfare Benefits Age and Service Subsidy Requirements defined in Group 3 on the previous page must be met.

For retirement effective on or before 1/1/2002 (last day of active employment was on or before 12/31/2001) - non-bargaining employees who retire from the former Florida Power Corporation, Florida Progress Corporation, or any participating subsidiary of the Progress Energy Florida, Inc.-sponsored FlexPower program on or before 1/1/2002, are eligible for Progress Energy-sponsored retiree Basic life insurance coverage at no cost.

Enrollment and Changes

Enrollment for Newly Eligible Employees

As a non-bargaining regular, full-time employee, you are automatically enrolled in Basic employee life insurance, Basic employee AD&D insurance and business travel accident insurance, effective on your hire date or the date you are reclassified as a non-bargaining regular, full-time employee.

You may elect additional (Optional) employee life insurance coverage or AD&D coverage for yourself. Enrollment through Employee Self Service or by completing a form is required within 30 days of your employment date or reclassification date. Coverage will be effective as of the date of enrollment except for elections that require proof of good health (see Proof of Good Health for Employee below).

You may also elect to cover your eligible dependents under dependent life insurance and dependent AD&D coverage (see “Enrolling Dependents” for detailed information).

Non-bargaining regular, part-time employees are automatically enrolled in business travel accident insurance, effective on your hire date or the date you are reclassified as a non-bargaining regular, part-time employee.

Employee Coverage Options

The table below lists the coverage options available to non-bargaining regular, full-time employees. If you are a new or reclassified non-bargaining employee and are absent due to illness or injury on the day your employee life and AD&D insurance coverage is scheduled to begin, coverage will be effective when you begin work on a regular, full-time basis. Likewise, if there is an increase in coverage you must be actively at work on the effective date of such increase in order for the increase to take effect. If you are absent due to illness or injury on the effective date of such increase, the increased coverage will be effective when you return to work on a regular, full-time basis.

Employee Life Insurance	Employee AD&D Insurance
<p>Basic Employee Life Insurance</p> <ul style="list-style-type: none"> ▪ An amount equal to annual base salary, up to \$50,000 maximum (fully paid by Progress Energy) <p>Optional Employee Life Insurance (employee paid)</p> <ul style="list-style-type: none"> ▪ 1 times annual base salary + Basic ▪ 2 times annual base salary + Basic ▪ 3 times annual base salary + Basic ▪ 4 times annual base salary + Basic ▪ 5 times annual base salary + Basic ▪ 6 times annual base salary + Basic ▪ 7 times annual base salary + Basic ▪ 8 times annual base salary + Basic <p>Proof of good health is required for some options in certain circumstances. (See Proof of Good Health for Employee below.)</p>	<p>Basic Employee AD&D Insurance</p> <ul style="list-style-type: none"> ▪ \$50,000 (fully paid by Progress Energy) ▪ \$250,000 Business Travel Accident Insurance (fully paid by Progress Energy) <p>Optional Employee AD&D Insurance (employee paid)</p> <ul style="list-style-type: none"> ▪ \$ 25,000 + Basic ▪ \$ 50,000 + Basic ▪ \$100,000 + Basic ▪ \$200,000 + Basic ▪ \$300,000 + Basic ▪ \$400,000 + Basic ▪ \$500,000 + Basic ▪ \$600,000 + Basic ▪ \$700,000 + Basic ▪ \$800,000 + Basic ▪ \$900,000 + Basic ▪ \$1,000,000 + Basic <p>Proof of good health is not required for AD&D insurance.</p>

Proof of Good Health for Employee

If proof of good health is required, you must complete a Health Statement Questionnaire and submit it to Prudential within five business days. The Health Statement Questionnaire will be sent to you or, if you enroll through Employee Self Service, you will be prompted to print one. If there is a provider charge for submitting the medical information associated with proving good health, you will be responsible for that charge. The coverage will be increased to the requested amount on the date the Health Statement is approved unless you are not actively at work on that date, in which case the required amount of coverage will be effective on the first day you are actively at work after the Health Statement is approved.

For new employees – Proof of good health is required to elect Optional employee life insurance coverage of 6, 7 or 8 times annual base salary. If coverage above 5 times annual base salary is elected, you will be covered under the 5 times annual base salary option until your Health Statement is approved or the first day you are actively at work after the Health Statement is approved if you were not actively at work on the date the Health Statement was approved. The amount of coverage above 5 times annual base salary will be effective as of the date the Health Statement is approved. If you are not approved for 6, 7 or 8 times annual base salary coverage, the 5 times annual base salary option will remain in effect.

For those reclassified to non-bargaining regular, full-time employee status – Proof of good health is not required unless you elect to increase your coverage level for Optional employee life insurance coverage.

For changes during annual benefits enrollment – Proof of good health is required for all increases in Optional employee life insurance.

For changes due to qualifying events – Proof of good health is required for all increases in Optional employee life insurance after your initial election.

Enrolling Dependents

New employees and employees reclassified to non-bargaining regular, full-time employee status must enroll through Employee Self Service or by completing a form within 30 days of their employment date or reclassification date in order to elect dependent coverage. Each dependent must meet the eligible dependent definitions (see Dependents in the Eligibility Section). Separate elections are required to elect coverage for your spouse or domestic partner and children. Coverage will be effective as of the date of electronic enrollment except for elections that require proof of good health. (See Proof of Good Health for Dependent on the following page.)

Dependent Coverage Options

The table below describes coverage options available for spouses and domestic partners of non-bargaining regular, full-time employees.

AUTHORIZED COPY
Enrollment and Changes

Spouse/Domestic Partner Life Insurance		Spouse/Domestic Partner AD&D Insurance	
No coverage	\$ 75,000	No coverage	
\$ 5,000	\$100,000	\$ 10,000	
\$ 8,000	\$150,000	\$ 25,000	
\$15,000	\$200,000	\$ 50,000	
\$25,000	\$250,000	\$100,000	
\$50,000		\$200,000	
		\$300,000	
		\$400,000	
		\$500,000	
Proof of good health is required for some options in certain circumstances. (See Proof of Good Health for Dependent below.)		Proof of good health is not required for AD&D insurance.	

Note: In accordance with the provisions of the insurance contract, you cannot elect life insurance coverage on your spouse or domestic partner that equals more than 100% of the total amount (Basic plus Optional) of your employee life insurance coverage. If you elect a spouse or domestic partner option that is greater than the total amount of your coverage, the spouse or domestic partner election will be reduced to the next highest allowable option that does not exceed the total amount of your employee life insurance coverage.

The table below describes coverage options available for children of non-bargaining regular, full-time employees.

Child/Domestic Partner Child Life Insurance		Child/Domestic Partner Child AD&D Insurance	
No coverage		No coverage	
\$ 3,000		\$ 10,000	
\$ 5,000		\$ 25,000	
\$10,000		\$ 50,000	
\$20,000		\$100,000	
Proof of good health is not required for child/domestic partner child life insurance.		Proof of good health is not required for AD&D insurance.	

Any increase in dependent life insurance coverage will not take effect until the dependent is not confined to home or elsewhere, in addition to any required proof of good health being approved.

Proof of Good Health for Dependent

If proof of good health is required, you must complete a Health Statement Questionnaire and submit it to Prudential within five business days. The Health Statement Questionnaire will be sent to you or, if you enroll through Employee Self Service, you will be prompted to print one. If there is a provider charge for submitting the medical information associated with proving good health, you will be responsible for that charge. The coverage will be increased to the requested amount on the date the Health Statement is approved unless the dependent is confined to their home or elsewhere on that date, in which case the requested amount of coverage will be effective on the first day the dependent is not confined to their home or elsewhere after the Health Statement is approved.

For new employees and reclassifications to non-bargaining regular, full-time employee status - You can elect up to \$25,000 of spouse or domestic partner life insurance coverage and any amount of child life insurance coverage without proof of good health. Dependent AD&D coverage does not require proof of good health.

If you elect the \$50,000, \$75,000, \$100,000, \$150,000, \$200,000 or \$250,000 spouse or domestic partner life insurance coverage option, proof of good health for your spouse or domestic partner will be required. If one of these options is elected, your spouse or domestic partner will be covered under the \$25,000 option until the Health Statement is approved. The amount of coverage above \$25,000 will be effective as of the date the Health Statement is approved. If your spouse or domestic partner is not approved for the higher level of coverage, the \$25,000 option will remain in effect. Any increase in coverage will not take effect until the dependent is not confined to home or elsewhere, in addition to any required proof of good health being approved.

For changes during annual benefits enrollment – Proof of good health is not required for increases to child life insurance coverage or increases to child, spouse or domestic partner AD&D coverage. Proof of good health is required for all increases in spouse or domestic partner life insurance coverage.

For changes due to qualifying events – Proof of good health is not required for increases to child life insurance coverage or increases to child, spouse or domestic partner AD&D coverage. Proof of good health is required for all increases to spouse or domestic partner life insurance coverage with one exception (see next paragraph).

If the qualifying event is marriage or fulfillment of all Progress Energy domestic partner relationship requirements, proof of good health is not required for spouse or domestic partner life insurance elections up to \$25,000. The current level of spouse or domestic partner life insurance coverage will be increased to \$25,000 (if currently less than \$25,000), effective as of the date the form is signed. The coverage will then be increased to the higher level of coverage on the date the Health Statement is approved unless the dependent is confined to their home or elsewhere on that date, in which case the coverage will be increased to the higher level of coverage on the first day the dependent is not confined to their home or elsewhere after the Health Statement is approved.

Note: Employees who cover ineligible dependents are in violation of the company's Code of Ethics and may be subject to disciplinary action up to and including termination of employment. They may also be required to pay damages and costs to the company, including any benefit payments made with respect to an ineligible dependent.

Changing Your Elections

After the 30-day new employee enrollment period has expired, you cannot change your elections for employee and dependent life insurance or AD&D coverage until the next annual benefits enrollment period unless you have a qualifying event. All increases in employee coverage amounts require that you be actively at work on the effective date. Dependent life insurance increases require that the dependent not be confined to their home or elsewhere on the effective date.

Annual Benefits Enrollment

You may change your employee and dependent life insurance and AD&D coverage each year during the annual benefits enrollment period. Proof of good health may be required (see Proof of Good Health for Employee and Proof of Good Health for Dependent on the previous pages). Elections made during annual benefits enrollment are effective January 1 of the following year if the coverage is approved on or before that date. If approval is not received until after January 1, your new election will be effective on the date coverage is approved (subject to the actively at work and confinement provisions described above). In this case, the amount or level of coverage will remain at the current level until the new coverage amount is approved.

Qualifying Events

The Internal Revenue Service rules do not permit you to change your Choice Benefits elections during the plan year unless you have a qualifying event. If you experience a qualifying event, a completed employer-provided Choice Benefits Change Form (FRM-SUBS-00011) must be received by the Employee Service Center within 30 days of the event to modify your employee and dependent life insurance and AD&D coverage. Otherwise, you will have to wait until the next annual enrollment period to change your coverage. Proof of good health may be required (see Proof of Good Health sections on the previous pages). The coverage will be increased to the requested level on the date the Health Statement Questionnaire is approved (subject to the actively at work and confinement provisions described above). If proof of good health isn't required or if decreasing or dropping coverage, changes due to birth, adoption or placement for adoption may be effective retroactively back to the date of the birth, adoption or placement for adoption, as long as such date is no more than 30 days prior to the date of notification, subject to the provisions of the underlying plan. All other changes when proof of good health isn't required or if decreasing or dropping coverage may only be effective on a prospective basis and no earlier than the first day of the pay period after the Choice Benefits Change Form is received by the Employee Service Center. All election changes must be on account of and consistent with the qualifying event.

If the qualifying event is due to loss of dependent status (e.g., divorce or a child who exceeds the maximum age), the termination of coverage will be effective on the date of the qualifying event.

Qualifying events include:

- Your marriage or fulfillment of all Progress Energy domestic partner relationship requirements.
- Legal separation, annulment, divorce or termination of domestic partner relationship.
- Birth, adoption or placement for adoption, or change in custody of your child.
- Death of your spouse or domestic partner or child.
- Loss of dependent status (child reaching age 26).
- You, your spouse, domestic partner or child takes or returns from an unpaid leave of absence.
- Your spouse's, domestic partner's, child's or your life and/or AD&D insurance coverage changes significantly (attributable to your spouse's, domestic partner's or child's employment or change in student status).
- Your spouse's, domestic partner's or child's employer conducts an annual enrollment and your spouse, domestic partner or child changes his or her benefit elections.
- You, your spouse, domestic partner, or child changes from part-time to full-time employment or from full-time to part-time employment.
- Your spouse, domestic partner or child becomes employed or unemployed.

If you have several children and one of them no longer meets the eligible dependent definition, you do not need to change your child life insurance and child AD&D coverage. However, if you are covering only one child and the child no longer qualifies as an eligible dependent, a completed employer-provided Choice Benefits Change Form (FRM-SUBS-00011) must be received by the Employee Service Center within 30 days of the loss of eligibility.

If you do not remove the dependent from coverage, you will be covering an ineligible dependent.

Note: Employees who cover ineligible dependents are in violation of the company's Code of Ethics and may be subject to disciplinary action up to and including termination of employment. They may also be required to pay damages and costs to the company, including any benefit payments made with respect to an ineligible dependent.

Progress Energy Life Insurance Plan

The Life Insurance Plan provides group term life insurance and there is no cash value or provision for policy loans or paid-up insurance. Benefits, in the amount of coverage in effect at the time of death, are payable to the beneficiaries of record if the employee, retiree or dependent dies while covered under the Life Insurance Plan. A \$250 payment from the life insurance proceeds may be made to the person who pays the burial expenses, if that person is not the beneficiary. There are no exclusions regarding the cause of death.

Cost of Employee and Dependent Life Insurance Options

Employees

Employee life insurance coverage amounts are based on your annual base salary and are rounded up to the next higher multiple of \$1,000, if not already a multiple of \$1,000. Your annual base salary includes pay supplements available solely to certified nuclear reactor trainers and operators but excludes commissions, bonuses, overtime and shift differential pay.

If you elect to have only Basic coverage, your employee life insurance coverage will equal your annual base salary up to \$50,000. If you elect one of the Optional levels of coverage, the total amount of your coverage will be equal to the Basic coverage amount plus the Optional coverage amount. The maximum total amount of coverage is \$4,000,000.

If proof of good health is required, the total amount of your employee life insurance coverage will be equal to the coverage option for which you are approved. (See Proof of Good Health for Employee under Enrollment and Changes.)

If your annual base salary changes during the year, the total amount of your employee life insurance coverage and the cost (if applicable) will be adjusted accordingly.

Progress Energy pays the full cost for Basic employee life insurance coverage. If you elect Optional coverage, you pay the full cost for the amount of coverage above the Basic amount. Optional life insurance rates are based on your age as of December 31 of the plan year.

Payroll deductions for Optional life insurance coverage are taken on an after-tax basis. For newly eligible employees, payroll deductions begin the pay period following processing of enrollment elections.

Dependents

Proof of good health is required to elect certain levels of spouse or domestic partner life insurance coverage. (See Proof of Good Health for Dependents under Enrollment and Changes.)

If you elect to cover your children for child or domestic partner child life insurance, the option you choose will cover each of your eligible children and the cost is the same, no matter how many children you have. Proof of good health is not required for dependent children.

You pay the full cost for dependent life insurance coverage and, in accordance with IRS guidelines, payroll deductions are taken on an after-tax basis. Spouse/domestic partner life insurance rates are based on your dependent's age as of December 31 of the plan year. For newly eligible employees, payroll deductions begin the pay period following processing of the enrollment form.

Everest Funeral Planning and Concierge Service

Funeral planning and concierge service by Everest is a special feature of the Life Insurance Plan that is provided at no cost. Everest is an independent advisory service that can assist with funeral preplanning or at the time of death for an employee, retiree, spouse/domestic partner or children under age 26. In addition to making special arrangements on your behalf, Everest advisors can help significantly reduce the cost of funeral services.

Click [here](#) to see a brochure. Contact Everest 24/7 by calling 800-913-8318 or logging on to <http://www.everestfuneral.com/enroll> using enrollment identification code **PEF09002**.

Living Benefit Option

A covered employee, retired employee, or a covered spouse or domestic partner with a life expectancy of 12 months or less may choose to enact the living benefit option.

This benefit allows the insured employee to elect to receive up to 75% of his or her life insurance benefits prior to his or her death (50% for insured spouse or domestic partner). Benefits are payable only once under the living benefit option and the amount of the payment can be no less than \$10,000 and no more than \$250,000 (\$10,000 minimum, \$200,000 maximum for insured spouse or domestic partner). The insured must elect this option voluntarily and may receive the proceeds in one sum or 12 equal monthly installments.

Under the living benefit option, the insured must meet all of the following requirements:

- Suffer from a terminal condition which is expected to result in death within 12 months (the medical condition must be certified by a physician and accepted by Prudential).
- Not have assigned the life insurance benefits (e.g., assigned to a trust or a former spouse as part of a divorce decree).
- Claim this benefit voluntarily. If the insured is required by law or government agency to exercise this option, the claim will be denied.

Benefits will be paid if the above requirements are met and payment is applied for while the employee or dependent life insurance coverage is in effect. The living benefit payment will reduce the amount of life insurance coverage in effect, as well as reduce any life insurance coverage that may be eligible for conversion or portability to a private policy.

Life insurance benefits paid in advance of death may be considered taxable income. A qualified tax consultant should be consulted regarding state and federal tax consequences.

Beneficiary Information – Life Insurance

Beneficiaries for Employee Life Insurance

An employer-provided beneficiary designation form should be completed for your Basic and Optional employee life insurance coverage at the time you enroll in the plan (or when you first enroll, you may name your beneficiary through the online web enrollment). At any time throughout the year (including annual enrollment), you may make beneficiary changes by completing the Choice Benefits Change Form (FRM-SUBS-00011) or by enrolling via ProgressNet and clicking on HR Portal and then accessing Employee Self Service. If you change your beneficiaries at anytime other than at annual enrollment, the beneficiary designation will be effective, upon receipt by the Employee Service Center, as of the date the form is signed. If you change your beneficiaries through Employee Self Service, the change will be effective immediately at any time other than annual enrollment. During annual enrollment, changes will be effective the following January 1.

Beneficiary forms must be legible and contain the beneficiary's full name, date of birth, Social Security number, address, and relationship to you and must be on file with the Employee Service Center as of the date of death in order to be valid. If the beneficiary is not related to you, show the relationship as "non-relative."

You can name the same or different beneficiaries for Basic and Optional employee life insurance coverage. If you name more than one primary beneficiary, you should designate the fractional benefit (in whole percentages) to be payable to each. If you name more than one primary, the percentages must add up to 100% for the primary beneficiaries. You should use whole percentages, and not dollar amounts, since the amount of the coverage may change.

You can also name one or more contingent beneficiaries who would receive the benefits if the primary beneficiary dies before you. If you name more than one contingent beneficiary, the percentages must equal 100% for the contingent beneficiaries. You should use whole percentages, and not dollar amounts, since the amount of the coverage may change.

If you do not indicate the percentage to be payable to each beneficiary, the benefit will be divided equally between the beneficiaries.

You can name as your beneficiary:

- One or more individuals, including minors. Note: You can designate a minor as a beneficiary (the method of payment to a minor will be determined based on the benefit amount and any applicable law in the state in which the minor resides).
- Your estate.
- An endowment or other organization having an official who is appointed to receive and disburse funds.
- The administrator (other than an individual) of your estate.
- A trustee under a trust agreement.

If you die while insured under the Life Insurance Plan and you have not named a beneficiary, or if your beneficiary is not alive at the time of your death, benefits under this plan may be paid in the order shown:

- Designated Beneficiary on file for Basic life and if none:
- Your spouse
- Your child(ren) in equal shares
- Your parents in equal shares

- Your brothers and sisters in equal shares
- Your estate

Beneficiaries for Dependent Life Insurance

You (the employee) are automatically the beneficiary for your dependents who are covered under the Life Insurance Plan. However, you may designate a beneficiary other than yourself by contacting the Employee Service Center. If you die at the same time as your covered dependent or are no longer living at the time of your dependent's death, benefits under the Life Insurance Plan may be paid in the order shown:

- Your spouse
- Your child(ren) in equal shares
- Your parents in equal shares
- Your brothers and sisters in equal shares
- Your estate

Accidental Death & Dismemberment Insurance

Accidental death and dismemberment (AD&D) coverage provides a benefit if you or an eligible dependent dies or is seriously injured in a covered accident. AD&D coverage is provided 24 hours a day 365 days a year. It includes covered accidents occurring on or off the job or while traveling by train, airplane, automobile, or other public or private transportation. The benefits provided are payable in addition to any other individual or group insurance that may be in effect at the time of the accident.

You may choose from several levels of AD&D coverage for yourself, your spouse or domestic partner, and your children. (See Enrollment and Changes for levels of coverage.) There are no pre-existing condition limitations for AD&D coverage and proof of good health is not required.

Cost of AD&D Options

Your employer pays the full cost of the \$50,000 Basic employee AD&D coverage and you pay the full cost of the Optional coverage.

You also pay the full cost of coverage for your spouse or domestic partner and children. The child/domestic partner child option you elect will cover all of your eligible children. The cost will be the same no matter how many children you have.

Payroll deductions for employee and spouse AD&D coverage are taken on a before-tax basis. Payroll deductions for domestic partner and dependent children (including domestic partner eligible children) AD&D coverage are taken on an after-tax basis. (See the Guide to Benefits for Domestic Partner for additional information.) For newly eligible employees, deductions will begin with the paycheck following the processing of your electronic enrollment.

Schedule of Benefits

The AD&D Plan pays a percentage of the amount of coverage elected when a covered loss is incurred. No more than 100% of your amount of insurance will be paid if more than one loss results from injuries sustained in a single accident. The loss must occur within 365 days of the accident.

"Loss" means, with regard to hands and feet, the actual severance through or above the wrist or ankle joint; with regard to eyes, speech, or hearing, entire and irrecoverable loss of sight, speech, or hearing; with regard to thumb and index finger, actual severance through or above metacarpophalangeal joints; with regard to paralysis (quadriplegia, paraplegia, hemiplegia), the complete and irreversible loss of the use of such limbs.

Loss of	Benefit payable (% of insured amount)
Life	100%
Both hands or both feet	100%
Sight in both eyes	
One hand and one foot	
One hand or one foot and sight of one eye	
Speech and hearing in both ears	
Quadriplegia (total and irreversible paralysis of all four limbs)	
Paraplegia (total and irreversible paralysis of both lower limbs)	75%

Accidental Death & Dismemberment Insurance

Loss of	Benefit payable (% of insured amount)
One hand or one foot Sight of one eye Speech Hearing in both ears Hemiplegia (total and irreversible paralysis of arm and leg on the same side of the body)	50%
Thumb and index finger same hand	25%

Escalator Clause

The base amount of insurance is increased at a biennial rate of 3% to a maximum of 15%. The first increase will become effective on the second anniversary of enrollment, with future increases on the same day every second year thereafter.

Exposure and Disappearance

Exposure to the elements will be considered an accidental bodily injury and it will be presumed that a covered person has suffered a loss of life if the body has not been found within one year of disappearance, stranding, sinking or wrecking of any vehicle in which the individual was an occupant.

Additional Benefits

All benefits listed below are paid in addition to the ***Schedule of Benefits*** listed above. To be eligible for the following benefits, the loss must be directly related to the injury and occur within 365 days of the accident.

Coma

An additional benefit will be payable for a coma if the covered person is deemed in a profound state of unconsciousness from which the person cannot be aroused, even by powerful stimulation, for 6 continuous months as determined by the person’s doctor. The amount payable will be 1% of the elected amount of insurance per month for up to 11 months.

Seat Belt

An additional benefit will be payable for loss of life as a result of an accident in a four-wheel vehicle while using a seat belt (unaltered lap restraint or lap and shoulder restraint). The amount payable will be equal to the lesser of 10% of the amount of insurance or \$20,000.

Verification that the seat belt or lap and shoulder restraint was in use and properly fastened at the time of loss is required by an official report of the accident through certification by the investigating officers.

Supplemental Restraint (air bag) System

An additional benefit will be payable for loss of life as a result of an accident in a four-wheel vehicle equipped with a factory-installed supplemental restraint system. For the air bag benefit to be payable, the person who incurs the loss must have been sitting in a seat protected by an air bag. A supplemental restraint system is defined as an air bag system intended to add protection to the head and chest areas. The amount payable will be equal to the lesser of 10% of the amount of insurance or \$20,000.

Verification that the supplemental restraint system was installed and active and that the seat belt or lap and shoulder restraint was in use and properly fastened at the time of loss is required by an official report of the accident through certification by the investigating officers.

Losses not covered under the seat belt and supplemental restraint (air bag) system additional benefit: A loss is not covered under this additional benefit if it results from driving or riding in any automobile used in a race or a speed or endurance test, for acrobatic or stunt driving, or for any illegal purpose.

Return of Remains

The additional benefit for return of remains only applies if there is a loss of life and such loss occurs outside a 150-mile radius of home. It is payable for covered expenses incurred to return the body home to the United States or Canada. Covered expenses include embalming, cremation, a coffin, and transportation of the remains. The amount payable for return of the remains is the lesser of \$2,500 or the actual expense.

Felonious Assault

The insured amount is increased by 5% of the insured coverage amount for a covered loss sustained by an employee as a result of a felonious assault, whether on or off the job. The term "felonious assault" is defined as a physical attack by another person resulting in bodily harm to you. Felonious assaults do not include moving violations as defined under the applicable state motor vehicle laws.

Spouse or Domestic Partner Training

Upon your death, a training benefit is payable for your spouse or domestic partner for a professional or trades training program if your spouse or domestic partner enrolls within 30 months after the date of your death. The training must be for the purpose of obtaining an independent source of support or enriching your spouse's/domestic partner's ability to earn a living. Proof of enrollment must be provided to the Claims Administrator/Insurance Company. The amount of this benefit will be the lesser of:

- \$25,000.
- 10% of the employee's insured amount.
- The actual annual tuition (excluding room and board).

Child Education

If an employee or covered spouse or domestic partner dies within 365 days of a covered accident, a special education benefit is payable for each eligible dependent child equal to the lesser of:

- \$25,000.
- 10% of the insured amount.
- The actual annual tuition (excluding room and board).

If the employee has no eligible children for this benefit at the time of death, an additional \$1,000 will be payable to the beneficiary.

This special education benefit is payable annually for up to four consecutive years to any eligible child (up to age 26 if a full-time student in an accredited school).

A child is eligible for the special education benefit if the dependent is enrolled at the time of the accidental death as a full-time student in any institution of higher learning beyond the 12th grade or is in the 12th grade and enrolls as a full-time student in an institution of higher learning within 365 days following the accidental death.

Day Care Benefit

If an injury sustained by an employee or covered spouse or domestic partner results in death within 365 days of the date of accident, a day care benefit for each eligible dependent child under the age of seven will be paid. A dependent child is eligible if he or she is enrolled in a licensed day care facility within 90 days from the date of the accidental death. Proof of enrollment must be provided to the Claims Administrator/Insurance Company. Payment will be equal to the lesser of:

- 5% of the insured amount per year.
- \$7,500 annually.
- The actual annual cost.

The day care benefit will be paid each year for four consecutive years, but not beyond the date the child reaches age seven.

If the employee has no eligible children for this benefit at the time of death, an additional \$2,000 will be payable to the beneficiary.

Survivor's Benefit (Critical Period Payments)

If the employee with Optional coverage or a covered spouse or domestic partner dies as a result of a covered accident, the surviving spouse or domestic partner or surviving children, if any, will receive 1/2% of the applicable insured amount each month for twelve consecutive months following the employee's death.

Enhanced Benefit for Children

If an insured dependent child sustains a covered loss, other than loss of life, an additional amount will be added to the amount payable for the loss so that the total amount payable equals the amount that would be payable for the child's loss of life, but not more than \$50,000.

Common disaster

If an employee with Optional AD&D coverage and covered spouse or domestic partner both die as the result of injuries from the same accident and within 365 days of the accident, the spouse's/domestic partner's loss of life benefit will be increased to equal the amount of the employee's loss of life benefit, under the Optional AD&D coverage.

Exclusions

The AD&D Plan will not pay if the loss is caused by the following:

- 1) Suicide, or an attempted suicide, while sane or insane.
- 2) Intentionally self-inflicted injuries, or any attempt to inflict such injuries.
- 3) Sickness, whether the loss results directly or indirectly from the sickness.
- 4) Medical or surgical treatment of sickness, whether the loss results directly or indirectly from the treatment.
- 5) Any bacterial or viral infection. But, this does not include:
 - a) A pyogenic infection resulting from an accidental injury; or
 - b) A bacterial infection resulting from accidental ingestion of a contaminated substance.
- 6) War, or any act of war. War means declared or undeclared war, and includes resistance to armed aggression.
- 7) An accident that occurs while a covered individual is serving on full-time active duty for more than 30 days in any armed forces (does not include Reserve or National Guard active duty for training).
- 8) Travel or flight in any vehicle used for aerial navigation. This includes getting in, out, on or off any such vehicle. This applies only if a covered individual is riding as a passenger in any aircraft not intended or licensed for the transportation of passengers.
- 9) Commission of or attempt to commit an assault or a felony.
- 10) Being legally intoxicated or under the influence of any narcotic unless administered or consumed on the advice of a doctor.
- 11) Participation in these hazardous sports: bungee jumping, skydiving, parachuting (unless the individual has to make a parachute jump for self-preservation), hang gliding, or ballooning.

Business Travel Accident Insurance

Non-bargaining regular, full-time and regular, part-time employees are covered by Business Travel Accident Insurance (accidental death and dismemberment) while on company business working outside their regular work territory. This coverage includes traveling from home to the company business destination and returning home. Business travel does not include commuting between your home and your regular place of work. Progress Energy pays the full cost of coverage for you.

Coverage Amounts

The benefit is determined based on the type of loss you experience within one year of a covered accident, as per the following schedule of benefits.

If, within one year from the date of an accident covered by the BTA Plan, you experience a loss as listed below, the Claims Administrator/Insurance Company will pay the applicable benefit shown below. If you sustain more than one such loss as the result of one accident, only the largest benefit amount will be paid. This amount will not exceed \$250,000.

Loss	Benefit Amount
Loss of life	\$250,000
Loss of both hands	\$250,000
Loss of both feet	\$250,000
Loss of entire sight of both eyes	\$250,000
Loss of one hand and one foot	\$250,000
Loss of one hand and entire sight of one eye	\$250,000
Loss of one foot and entire sight of one eye	\$250,000
Loss of speech and hearing (both ears)	\$250,000
Quadriplegia	\$250,000
Paraplegia	\$187,500
Hemiplegia	\$125,000
Loss of one hand	\$125,000
Loss of one foot	\$125,000
Loss of entire sight of one eye	\$125,000
Loss of speech	\$125,000
Loss of hearing (both ears)	\$125,000
Loss of thumb and index finger of the same hand	\$ 62,500
Coma of 31 continuous days or more	1% up to 100 months

Loss of a hand or foot means complete severance through or above the wrist or ankle joint. Loss of sight means the total, permanent loss of sight of the eye. The loss of sight must be unrecoverable by natural, surgical or artificial means. Loss of a thumb and index finger means complete severance through or above the metacarpophalangeal joints (the joints between the fingers and the hand).

Additional Benefits

The business travel accident benefits listed below may be paid in addition to the benefit amounts listed above:

Seat Belt & Air Bag Benefit

If the insured dies in an automobile accident and is wearing a seat belt in the manner prescribed by the vehicle's manufacturer, the BTA Plan will pay an additional \$10,000. In addition, if the insured dies in an automobile that is equipped with an air bag for the location in the car in which the insured was seated and the insured was wearing a seat belt, an additional benefit of \$10,000 will be paid.

Critically Burned Benefit

If an employee is critically burned and/or permanently disfigured over 25% of the body as a result of a covered accident, an additional benefit will be paid equal to the lesser of 5% of the Benefit Amount or \$5,000.

Critically burned means having received burns that are classified by a doctor as being more severe than second degree burns and that result in permanent disfigurement. Permanent disfigurement means scarring over 25% of the body that can be corrected only by cosmetic surgery.

Additional Benefit for Family Relocation and Accompaniment

Coverage is provided for family relocation and accompaniment while with you or on the way to join you on a relocation trip, or while accompanying you on an authorized business trip. Dependent child means each of your children up to age 26, including your legally adopted children, children placed with you for adoption prior to legal adoption, and each of your stepchildren and foster children who depend on you for support and maintenance. For your spouse/domestic partner, the amount payable is an amount equal to \$25,000. For each dependent child, the amount payable is an amount equal to \$10,000.

Return of Remains Benefit

If the insured suffers a loss of life and such loss occurs outside a 100-mile radius of the person's home, the BTA Plan will pay the lesser of the amount of return of remains expenses and \$5,000. Return of remains expenses include expenses for: (1) embalming, (2) cremation, (3) a coffin, and (4) transportation of the remains.

Exclusions

Some exclusions or limitations apply. Benefits will not be paid for an insured's loss caused by or resulting from:

- 1) Suicide or attempted suicide, while sane or insane.
- 2) Intentionally self-inflicted injuries, or any attempt to inflict such injuries.
- 3) Sickness, whether the loss results directly or indirectly from the sickness.
- 4) Medical or surgical treatment of sickness, whether the loss results directly or indirectly from the treatment.
- 5) Any bacterial or viral infection. But, this does not include:
 - a) A pyogenic infection resulting from an accidental injury; or
 - b) A bacterial infection resulting from accidental ingestion of a contaminated substance.
- 6) War, or any act of war. War means declared or undeclared war, and includes resistance to armed aggression.
- 7) An accident that occurs while the individual is serving on full-time active duty for more than 30 days in any armed forces (does not include Reserve or National Guard active duty for training).
- 8) Travel or flight in any vehicle used for aerial navigation (includes getting in, out, on or off any such vehicle), except as provided by any hazard provision, if:
 - a) The insured is riding as a passenger in any aircraft not intended or licensed for the transportation of passengers;
 - b) The insured is performing as a pilot or a crew member of any aircraft other than corporate aircraft listed in the group certificate; or
 - c) The insured is riding as a passenger, pilot, or crew member in an aircraft owned, operated, controlled or leased by or on behalf of the contract holder or any of its subsidiaries or affiliates other than corporate aircraft listed in the group certificate and leased helicopters used for inspecting lines.
- 9) Commission of or attempt to commit an assault or a felony.
- 10) Being legally intoxicated or under the influence of any narcotic unless administered or consumed on the advice of a doctor.

Aggregate Limits

Coverage is \$250,000 per employee with an aggregate amount of \$5,000,000. Aggregate limits of liability are shown above. The Claims Administrator/Insurance Company will not be liable for any amount over such limit for any one accident under the BTA Plan. If the total amount of benefits to be paid to all covered persons is more than the applicable aggregate limit of liability, the benefit amount payable for a specific covered person's loss under the BTA Plan will be determined as a proportionate share of the aggregate limit of liability.

Europ Assistance USA (EA)

Europ Assistance USA (EA) is a part of the Business Travel Accident Plan. You and your dependents have 24-hour access to a full range of professional, qualified personal assistance services if needed for emergency medical or legal help while traveling 100 miles or more away from home or in another country. The services may be used for travel both on and off the job.

If you need emergency medical or legal assistance while traveling abroad, or if you are more than 100 miles from home within the United States, call 800-368-7878 (toll-free). **You should tell the representative you are covered through Progress Energy, contract number 24541, membership number 036.**

For a brochure about this program, [click here](#).

EA provides the following services:

- Emergency Medical Assistance
- Emergency Travel Assistance
- Pre-Trip Information

The services are described below:

Emergency Medical Assistance

- Medical Referral/Medical Monitoring

When EA is notified of a medical emergency resulting from an accident or sickness of an employee, its medical staff will attempt to establish communication with local attending medical personnel in order to attempt to obtain a full understanding of the employee's situation and to monitor his or her condition. In addition, EA will continue to monitor the status of the employee's case by telephone through contacts with attending medical personnel and will remain in communication with the employee and the employee's family.

Upon request, EA will use its best efforts to provide the name, address and telephone number of physicians (including both general practitioners and specialists), hospitals, dentists, and dental clinics in the area in which the employee is traveling.

EA will not be responsible for determining the appropriate medical specialty for handling the employee's particular problem, nor for providing medical diagnosis or treatment. EA cannot guarantee the quality of the medical service provider or the medical facility, and the final selection of a medical service provider or medical facility shall be the responsibility of the employee.

- Guarantee of Medical Expenses

In order to avoid out-of-pocket expenses for an employee, EA will deal directly with the billing department of the medical provider and attempt to arrange for the bills to be sent to the appropriate insurance carrier. If treatment or discharge is being denied without a deposit, EA will arrange for the deposit by debiting a credit card or receiving a bank wire from either the employee or his or her family.

- Medically Necessary Evacuation/Repatriation

In the event of a medical emergency, when a physician designated by EA in consultation with a local attending physician determines that it is medically necessary for an employee to be transported under medical supervision to the nearest hospital or treatment facility or be repatriated to his/her place of residence for treatment, EA will arrange for the transport under proper medical supervision.

All decisions as to the medical need for evacuation and/or repatriation, the means and/or timing of any evacuation, the medical equipment and the medical personnel to be used and the final destination are medical decisions which will be made by physicians designated by EA in consultation with a local attending physician based on medical factors. Their decisions shall be conclusive in determining the need for such services.

- Repatriation of Remains

In the event an employee dies while traveling, EA will arrange for all necessary government authorizations, for a container appropriate for transportation, and for the return of the remains to the employee's place of residence for burial.

- Return of Dependent Children

If an eligible employee, traveling alone with his or her children, is hospitalized and as a result they are left unattended, EA will arrange for their return home with an appropriate escort, if necessary. Dependent children must be under the age of 18. If the children have return tickets, EA will have the tickets changed.

- Return of Traveling Companion

If an eligible employee's traveling companion loses previously made travel arrangements due to a delay caused by the employee's medical emergency, EA will arrange for the traveling companion's travel arrangements by the most direct route to the companion's destination.

- Visit by a Family Member or Friend

If the eligible employee is traveling alone and must be hospitalized for more than seven consecutive days, EA will arrange transportation for a member of the employee's immediate family or a friend designated by the employee from his or her home to the place where the employee is hospitalized.

- Return of Vehicle

In the event an eligible employee becomes ill or injured and cannot continue his or her trip in his or her vehicle and there is no other driver available, EA will arrange for transportation of the vehicle to the nearest appropriate rental agency or place of residence.

- Prescription Assistance

Should an eligible employee have an unexpected need for prescription medication or eyeglasses while traveling or if an eligible employee loses, forgets, or uses all of his or her prescription medication, EA will attempt to locate the medication locally. Additionally, EA will arrange for the prescription or eyeglasses to be delivered or obtained by the employee.

Emergency Travel Assistance

- Emergency Message Relay

Eligible employees may send and receive emergency messages toll free 24 hours a day through the EA Customer Service Center. This service is staffed by multilingual professionals and is available to employees for contact with relatives, friends and business associates. This service offers unlimited usage as long as messages are related directly to an emergency situation.

- Emergency Travel Arrangements
EA will make new reservations for airlines, hotels, and other travel services in the event of an emergency or need for an eligible employee and dependents to return home prior to the scheduled date.
- Emergency Cash
EA will advance up to \$250 in emergency funds to eligible employees with satisfactory guarantee of reimbursement. A satisfactory guarantee of reimbursement is the ability to debit an eligible employee's card and then arrange for the delivery of the advance.
- Legal Assistance/Bail
EA will assist employees in the location of local attorneys and will advance up to \$5,000 in bail funds, where permitted by law, with satisfactory guarantee of reimbursement. A satisfactory guarantee of reimbursement is the ability to debit an eligible employee's card and then arrange for the delivery of the advance.
- Location of Lost Items
EA will assist employees in the location of lost documents and personal items. Airlines, government authorities and credit card issuers are among those who will be contacted, if necessary.
- Interpretation/Translation
The multilingual staff at the EA Customer Service Center in Washington, D.C. will assist employees with foreign language and interpretation problems over the telephone.

Pre-Trip Information

The following services are available to eligible employees prior to departure or while traveling.

- Visa, Passport and Inoculation Requirements
EA will provide information concerning Visa, inoculation, passport or immunization requirements of the foreign countries in which eligible employees will be traveling.
- Cultural Information
EA will provide information concerning cultural information and other events, if available, in the areas in which the eligible employee is traveling.
- Temperature and Weather Conditions
EA will provide eligible employees with weather forecasts and temperatures for major cities around the world as well as domestic and international ski condition reports for major ski areas, if available.
- Embassy and Consular Referrals
EA will provide eligible employees with the address and telephone number of the nearest Consulate or Embassy, as appropriate.
- Foreign Exchange Rates
EA will provide information of foreign exchange rates between the US dollar and most major currencies. The rates are updated Monday through Friday and may vary slightly from rates posted by local financial institutions. The rates provided by EA are meant as general guidelines.
- Travel Advisories
When requested, EA will provide travel advisories to eligible employees as the U. S. Department of State updates them, if available.

Beneficiary Information – AD&D and Business Travel Accident

You should designate a beneficiary for your Basic and Optional employee AD&D coverage at the time you enroll online as a newly eligible employee and for your BTA coverage at the time you become automatically covered. You can name the same or different beneficiaries for Basic and Optional employee AD&D coverage and BTA coverage. The beneficiary designation will be effective as of your eligibility date.

If you name more than one primary beneficiary, you should designate the fractional benefit (in whole percentages) to be payable to each. If you name more than one primary, the percentages must add up to 100% for the primary beneficiaries. You should use whole percentages, and not dollar amounts, since the amount of the coverage may change.

You can also name one or more contingent beneficiaries who would receive the benefits if the primary beneficiary dies before you. If you name more than one contingent beneficiary, the percentages must equal 100% for the contingent beneficiaries. You should use whole percentages, and not dollar amounts, since the amount of the coverage may change.

If you do not indicate the percentage to be payable to each beneficiary, the benefit will be divided equally between the beneficiaries.

If you do not designate a beneficiary for your Basic and Optional employee AD&D coverage or your BTA coverage, the beneficiary will be the same as your designated Basic employee life insurance beneficiary.

Part-time employees may contact the Employee Service Center to name a beneficiary for BTA coverage.

You can name as your beneficiary:

- One or more individuals, including minors. Note: If you designate a minor as a beneficiary the method of payment will be determined based on the benefit amount and any applicable law in the state in which the minor resides.
- Your estate.
- An endowment or other organization having an official who is appointed to receive and disburse funds.
- The administrator (other than an individual) of your estate.
- A trustee under a trust agreement.

If you die while insured under the AD&D Plan or BTA Plan and you have not named a beneficiary for your AD&D coverage or BTA coverage, or if your beneficiary is not alive at the time of your death, benefits under these plans may be paid in the order shown:

- Designated Beneficiary on file for Basic life and if none:
 - Your spouse
 - Your child(ren) in equal shares
 - Your parents in equal shares
 - Your brothers and sisters in equal shares
 - Your estate

Beneficiary Information – AD&D and Business Travel Accident

You may change your AD&D and BTA beneficiary designation, at any time online via ProgressNet by clicking on HR Portal and then accessing Employee Self Service, or by completing the Choice Benefits Change Form (FRM-SUBS-00011). Beneficiary forms must be legible, contain the beneficiary's full name, date of birth, address, and relationship to you and must be on file with the Employee Service Center as of the date of death in order to be valid. If the beneficiary is not related to you, show the relationship as "non-relative." If you change your beneficiaries using the Choice Benefits Change Form at anytime, the beneficiary designation will be effective, upon receipt by the Employee Service Center, as of the date the form is signed. If you change your beneficiaries through Employee Self Service, the change will be effective immediately at any time other than annual enrollment. During annual enrollment, changes will be effective the following January 1.

Death Benefits - Employee

Benefits for employee AD&D and business travel accident coverage will be paid to your designated beneficiary in the event of your death.

Death Benefits - Dependent

The employee is automatically the beneficiary for the dependent AD&D death benefit; however, a beneficiary other than the employee may be designated.

Dismemberment Benefits

Dismemberment benefits are payable to the employee for both employee and dependent coverage.

Benefit Claims and Appeals Procedures

Determination of Benefits

Prudential shall notify you of the claim determination within 45 days of the receipt of your claim. This period may be extended by 30 days if such an extension is necessary due to matters beyond the control of the plan. A written notice of the extension, the reason for the extension and the date by which the plan expects to decide your claim, shall be furnished to you within the initial 45-day period. This period may be extended for an additional 30 days beyond the original 30-day extension if necessary due to matters beyond the control of the plan. A written notice of the additional extension, the reason for the additional extension and the date by which the plan expects to decide on your claim, shall be furnished to you within the first 30-day extension period if an additional extension of time is needed.

However, if a period of time is extended due to your failure to submit information necessary to decide the claim, the period for making the benefit determination by Prudential will be tolled (i.e., suspended) from the date on which the notification of the extension is sent to you until the date on which you respond to the request for additional information. If your claim for benefits is denied, in whole or in part, you or your authorized representative will receive a written notice from Prudential of your denial. The notice will be written in a manner calculated to be understood by you and shall include:

- (a) the specific reason(s) for the denial,
- (b) references to the specific plan provisions on which the benefit determination was based,
- (c) a description of any additional material or information necessary for you to perfect a claim and an explanation of why such information is necessary,
- (d) a description of Prudential's appeals procedures and applicable time limits, including a statement of your right to bring a civil action under section 502(a) of ERISA following your appeals, and
- (e) if an adverse benefit determination is based on a medical necessity or experimental treatment or similar exclusion or limit, an explanation of the scientific or clinical judgment for the determination will be provided free of charge upon request.

Appeals of Adverse Determination

If your claim for benefits is denied or if you do not receive a response to your claim within the appropriate time frame (in which case the claim for benefits is deemed to have been denied), you or your representative may appeal your denied claim in writing to Prudential within 180 days of the receipt of the written notice of denial or 180 days from the date such claim is deemed denied. You may submit with your appeal any written comments, documents, records and any other information relating to your claim. Upon your request, you will also have access to, and the right to obtain copies of, all documents, records and information relevant to your claim free of charge.

A full review of the information in the claim file and any new information submitted to support the appeal will be conducted by Prudential, utilizing individuals not involved in the initial benefit determination. This review will not afford any deference to the initial benefit determination.

Prudential shall make a determination on your claim appeal within 45 days of the receipt of your appeal request. This period may be extended by up to an additional 45 days if Prudential determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date that Prudential expects to render a decision shall be furnished to you within the initial 45-day period. However, if the period of time is extended due to your failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled (i.e., suspended) from the date on which the notification of the extension is sent to you until the date on which you respond to the request for additional information.

If the claim on appeal is denied in whole or in part, you will receive a written notification from Prudential of the denial. The notice will be written in a manner calculated to be understood by the applicant and shall include:

- (a) the specific reason(s) for the adverse determination,
- (b) references to the specific plan provisions on which the determination was based,
- (c) a statement that you are entitled to receive upon request and free of charge reasonable access to, and make copies of, all records, documents and other information relevant to your benefit claim upon request,
- (d) a description of Prudential's review procedures and applicable time limits,
- (e) a statement that you have the right to obtain upon request and free of charge, a copy of internal rules or guidelines relied upon in making this determination, and
- (f) a statement describing any appeals procedures offered by the plan, and your right to bring a civil suit under ERISA.

If a decision on appeal is not furnished to you within the time frames mentioned above, the claim shall be deemed denied on appeal. If the appeal of your benefit claim is denied or if you do not receive a response to your appeal within the appropriate time frame (in which case the appeal is deemed to have been denied), you or your representative may make a second, voluntary appeal of your denial in writing to Prudential within 180 days of the receipt of the written notice of denial or 180 days from the date such claim is deemed denied. You may submit with your second appeal any written comments, documents, records and any other information relating to your claim. Upon your request, you will also have access to, and the right to obtain copies of, all documents, records and information relevant to your claim free of charge. Prudential shall make a determination on your second claim appeal within 45 days of the receipt of your appeal request. This period may be extended by up to an additional 45 days if Prudential determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date by which Prudential expects to render a decision shall be furnished to you within the initial 45-day period. However, if the period of time is extended due to your failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled from the date on which the notification of the extension is sent to you until the date on which you respond to the request for additional information. Your decision to submit a benefit dispute to this voluntary second level of appeal has no effect on your right to any other benefits under this plan. If you elect to initiate a lawsuit without submitting to a second level of appeal, the plan waives any right to assert that you failed to exhaust administrative remedies. If you elect to submit the dispute to the second level of appeal, the plan agrees that any statute of limitations or other defense based on timeliness is tolled during the time that the appeal is pending. If the claim on appeal is denied in whole or in part for a second time, you will receive a written notification from Prudential of the denial. The notice will be written in a manner calculated to be understood by the applicant and shall include the same information that was included in the first adverse determination letter. If a decision on appeal is not furnished to you within the time frames mentioned above, the claim shall be deemed denied on appeal.

Enforce Your Rights

If your claim for a welfare 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 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. 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 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. 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 is frivolous.

When Coverage Ends

Generally, you can continue life insurance, AD&D and BTA coverage as long as you or your dependents meet the eligibility requirements under the plan and pay the necessary premiums. Your life insurance and AD&D coverage and that of your eligible dependents will continue until one of the following events occurs:

- You die or terminate employment with a participating subsidiary for any reason including retirement. (Note: Retirees that meet the eligibility requirements may continue retiree life insurance for themselves only.)
- Your employment status changes and you no longer meet the non-bargaining regular, full-time employee eligibility criteria or you are not an LTD recipient or a retired employee who meets the eligibility requirements to continue employee life insurance coverage.
- You transfer to a non-participating subsidiary or you are an employee of a participating subsidiary who terminates its participant status or leaves the controlled group of companies. If the plan is terminated, coverage ends on the date of such termination.
- Your employment status changes from an employee of a participating subsidiary to a Progress Energy Florida, Inc. bargaining unit employee. (*Progress Energy Florida, Inc. bargaining unit employees are eligible for benefits under the FlexPower program.*)
- The coverage under this plan or the master policy is terminated.
- Your dependent no longer meets the eligibility requirements of the plan.
- If you fail to pay, when due, any contribution required.

Terminated employees who meet the retirement age and service requirements are eligible to continue retiree life insurance coverage under the Life Insurance Plan. Dependent life insurance, dependent AD&D and employee AD&D cannot be continued if lost due to retirement.

Life insurance and AD&D coverage will terminate on the last day of the base pay period in which you and/or your dependent loses eligibility.

If you or your dependent should become dismembered as a result of a covered accident or die within 31 days after coverage has terminated, your employee or dependent AD&D or life insurance benefits will be paid to the beneficiary of record.

Options after Retirement or Termination

See the Portability and Conversion section below.

Portability and Conversion

Two options are available that may allow you to continue your employee and dependent life insurance and AD&D coverage after you retire or terminate employment.

- Portability (term insurance)
- Conversion (whole-life policy)

If eligible, generally you may select either the portability or conversion option, but not both. The difference between portability and conversion is explained below:

Portability Option

The plans' portability option allows you to continue or "port" life and AD&D coverage on yourself and your eligible dependents when you retire or terminate if you elect to continue your employee life insurance coverage. Your spouse or domestic partner may obtain coverage under the portability option in the event of your death or divorce or termination of a domestic partner relationship. You and/or your dependents will be billed directly by Prudential. There are two types of portability rates: (1) group rates which require proof of good health or (2) standard rates that do not require proof of good health. The rates are not guaranteed and are subject to change. Age-based rates apply for former employees and spouse/domestic partner life and AD&D. Flat rates apply for child life. Coverage on you and your covered spouse or domestic partner reduces to 60% when you reach age 65 (e.g., from \$100,000 to \$60,000) to 50% when you reach age 70 (e.g., from \$60,000 to \$50,000) to 25% when you reach age 75 (e.g., from \$50,000 to \$25,000) and terminates when you reach age 80.

The following guidelines apply:

- Portability applies to life insurance and AD&D coverage. Business travel accident insurance is not portable since it is fully paid by Progress Energy.
- Dependent child life insurance and dependent child AD&D coverage may only be ported if you and/or your spouse elects to port their life insurance coverage.
- Spouse coverage can be ported without employee porting in the case of divorce or employee's death.
- An employee cannot be disabled and must be actively at work on the day prior to termination or retirement and be under age 80.
- A dependent must not be confined to home or elsewhere on the day prior to termination or retirement.
- The minimum amount an employee may port is \$10,000. There is no minimum port amount for spouse/domestic partner and child coverage.
- The maximum amount an employee may port is the lesser of:
 - The amount of coverage under the active plan.
 - Five times salary for Optional Life, five times salary for Basic Life and five times salary for AD&D.
 - \$1,000,000 on a combined basis for Basic Life and Optional Life.
 - \$1,000,000 combined maximum for Basic AD&D and Optional AD&D. This is separate from the combined Life maximum.

- The maximum amount a covered spouse/domestic partner may port is the lesser of:
 - The amount of coverage under the active plan.
 - Five times the employee's salary.
 - \$1,000,000.

- Child coverage under the active plan may be ported at the in force coverage or less. The amount of coverage ported will be equal to or less than the amount in force prior to coverage ending and may not exceed 100% of the employee's coverage.

- There is no proof of good health requirement for AD&D coverage. If an employee elects coverage and is approved for coverage under life insurance, then additional AD&D coverage may be elected as well.

- Coverage may be obtained without proof of good health; however, if you elect to submit proof of good health for yourself or a dependent and it is approved, the rates may be lower than the standard portability rates. If proof of good health is not approved, coverage will be provided at the standard portability rates.

- Your spouse or domestic partner must be under age 80 and your children must be under age 19 (or under age 23 if full-time students).

- Portability is not available to Minnesota residents.

Conversion Option

A conversion option under the plan allows you and/or your dependent to obtain a private life insurance policy, paid for by you or your dependent, when the Basic and Optional life insurance coverage terminates. Conversion is also available for any amount above the maximum "port" amount. (This is the only circumstance under which an employee can select both conversion and portability.) If you were insured for AD&D coverage under the group plan, you may be eligible to add an accidental death benefit (ADB) rider to the conversion policy. Subject to approval by Prudential, the amount of ADB is equal to the amount of life insurance coverage you are converting and may be included in policies issued at age 70 and under. The ADB is available for amounts between \$25,000 and \$500,000.

If regular participation has ended for any reason other than non-payment of premiums, a private policy can be purchased without medical examination directly from the insurance carrier. This coverage may differ from the coverage provided under the plan. The private policy will be written according to one of the plans, other than term insurance, available from the insurance carrier at the rate for your or the dependent's class of risk and age.

Application Forms

Portability Election forms and Notice of Group Life Conversion Privilege forms may be obtained from the Employee Service Center.

To apply for the conversion option, you must send the Group Life Conversion Privilege form directly to an independent agent of Prudential within 31 days after the date your coverage ends or you will lose your conversion option. You may call Prudential at 877-889-2070 regarding conversion.

To apply for the portability option, you must send the Portability Election form directly to The Prudential Insurance Company of America, within 31 days after the date your coverage ends or you will lose your portability option. You may call Prudential at 800-778-3827 regarding portability.

Plan Administration

Plan Identification

The official names of the plans are the Progress Energy Life Insurance Plan, the Progress Energy Accidental Death & Dismemberment Plan and the Progress Energy Business Travel Accident Plan. These plans are part of the Progress Energy, Inc. Life, AD&D and Business Travel Accident Plan (the “Plan”), plan number 525. The employer identification number (EIN) issued by the Internal Revenue Service for Progress Energy, Inc. is 56-2155481.

The Plan Sponsor’s address is:

Progress Energy, Inc.
PO Box 1551
Raleigh, NC 27602-1551

Costs and Funding

The plans are fully-insured and partially funded by the Progress Energy Employee Benefits Trust. Premiums for employee life insurance and employee AD&D coverage under the plans are funded in part by the participating subsidiaries and in part by plan participants. Premiums for dependent life insurance coverage are paid for by contributions from participating employees. Premiums for dependent AD&D coverage are paid for by contributions from plan participants. Premiums for business travel accident coverage are paid by the participating subsidiaries.

The Plan Trustee is:

State Street Bank and Trust Company
One Enterprise Drive
North Quincy, MA 02171

Life Insurance and Accidental Death & Dismemberment benefits are provided under Group Contract Number LG-24541-NC issued to the Plan Sponsor by The Prudential Insurance Company of America. Business Travel Accident benefits are provided by contract number BG-24541-FL issued to the Plan Sponsor by The Prudential Insurance Company of America.

Administration

The plans are welfare plans as defined by the Employee Retirement Income Security Act of 1974 (ERISA), as amended. The plan year ends on December 31 of each year and the plans operate and maintain records on a calendar year basis.

Plan Administrator

A Plan Administrator has been appointed, as required by law, to be responsible for the operation of the plans. The Plan Administrator has overall responsibility for the operation of the plans and controls the administration of the plans. The Plan Administrator has the discretionary authority to interpret the plans and to decide any and all matters arising thereunder, including but not limited to matters related to eligibility for benefits, application of plan limitations, and the amount of any required contributions by or on behalf of any participants. The Plan Administrator has delegated to the Claims Administrator/Insurance Company the exclusive authority in its sole discretion to determine claims for benefits under the plan and to review denied claims for benefits on appeal, including the authority to interpret applicable provisions of the plans and to make factual determinations.

Although the Plan Administrator and Claims Administrator/Insurance Company have the right to interpret the provisions of the plans and to decide all matters arising thereunder, the Plan Administrator and Claims Administrator/Insurance Company do not have the authority to deviate from the provisions of the plans, or to approve any exceptions to the plans. The Plan Administrator and Claims Administrator/Insurance Company have a fiduciary obligation under applicable law to apply the provisions of the plans as written.

If it should become necessary to contact the Plan Administrator, call or write referring to the plan identification number.

The Plan Administrator is:

Progress Energy Service Company, LLC
PO Box 1551
Raleigh, NC 27602-1551

The Employee Service Center provides administrative services for plan participants and can be reached at the address above, by calling 800-546-5705 or by email at employee.service@pgnmail.com.

Claims Administrator/Insurance Company

The Claims Administrator, also referred to as the Insurance Company, is:

The Prudential Insurance Company of America
Prudential Plaza
Newark, NJ 07101

The Prudential Insurance Company of America as Claims Administrator/Insurance Company has the sole discretion to interpret the terms of the Group Contracts, to make factual findings, and to determine eligibility for benefits. The decision of the Claims Administrator/Insurance Company shall not be overturned unless it is found to be arbitrary and capricious.

Participating Employers

Employees of the following participating subsidiaries of Progress Energy, Inc. are covered by these plans subject to all eligibility requirements stated herein.

Progress Energy Carolinas, Inc.
Progress Energy Florida, Inc. (non-bargaining employees)
Progress Energy Service Company, LLC

Agent for Service of Legal Process

Legal process can be served upon the Plan's Agent, Sponsor, or Administrator, and/or the supervising official of the insurance department of the state in which you reside.

The Plan's Agent for service of legal process is:

Vice President - Human Resources
Progress Energy Service Company, LLC
PO Box 1551
Raleigh, NC 27602-1551

Continuation of the Plans and Plan Amendments

The Plan Sponsor reserves the right to amend or terminate the plans or any plan benefit at any time based on the cost of the benefits or other considerations without prior approval of or notification to any party.

Your Rights Under ERISA

The following statement is provided in compliance with the requirements of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Receiving Information About Your Plan and Benefits

As a participant in the plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

- Examine without charge at the Plan Administrator's office and at other specified locations such as worksites, all plan 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 updated summary plan descriptions. 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 this summary annual report.

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 welfare benefit or exercising your rights under ERISA. If your claim for a welfare benefit is denied, 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.

Enforcing Your Rights

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. 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 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 once you have exhausted the internal administrative claims and appeals process under the plan. 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 is frivolous).

AUTHORIZED COPY
Other Important Information
Your Rights Under ERISA

If you have any questions about your plan, you should contact the Plan Administrator or the Employee Service Center. If you have any questions about this statement 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.

Contact Information

Contact Information

If you do not find the information you need in this SPD, turn to the resource below for additional information.

Employee Service Center

The Employee Service Center provides administrative services for plan participants and representatives can be reached by calling 800-546-5705 or by email at employee.service@pgnmail.com.