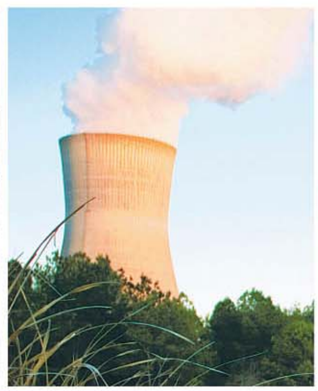
Progress Energy






Morgan Stanley Utilities Conference

New York City

March 11-12, 2010

Safe Harbor for Forward-Looking Statements

Caution Regarding Forward-Looking Information:

This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The matters discussed in this document involve estimates, projections, goals, forecasts, assumptions, risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

Examples of factors that you should consider with respect to any forward-looking statements made throughout this document include, but are not limited to, the following: the impact of fluid and complex laws and regulations, including those relating to the environment and energy policy; our ability to recover eligible costs and earn an adequate return on investment through the regulatory process; the ability to successfully operate electric generating facilities and deliver electricity to customers; the impact on our facilities and businesses from a terrorist attack; the ability to meet the anticipated future need for additional baseload generation and associated transmission facilities in our regulated service territories and the accompanying regulatory and financial risks; our ability to meet current and future renewable energy requirements; the inherent risks associated with the operation and potential construction of nuclear facilities, including environmental, health, regulatory and financial risks; the financial resources and capital needed to comply with environmental laws and regulations; weather and drought conditions that directly influence the production, delivery and demand for electricity; recurring seasonal fluctuations in demand for electricity; the ability to recover in a timely manner, if at all, costs associated with future significant weather events through the regulatory process; fluctuations in the price of energy commodities and purchased power and our ability to recover such costs through the regulatory process; our ability to control costs, including operations and maintenance expense (O&M) and large construction projects; the ability of our subsidiaries to pay upstream dividends or distributions to Progress Energy; current economic conditions; the ability to successfully access capital markets on favorable terms; the stability of commercial credit markets and our access to short- and long-term credit; the impact that increases in leverage or reductions in cash flow may have on us; our ability to maintain our current credit ratings and the impacts in the event our credit ratings are downgraded; the investment performance of our nuclear decommissioning trust funds; the investment performance of the assets of our pension and benefit plans and resulting impact on future funding requirements; the impact of potential goodwill impairments; our ability to fully utilize tax credits generated from the previous production and sale of qualifying synthetic fuels under Internal Revenue Code Section 29/45K; and the outcome of any ongoing or future litigation or similar disputes and the impact of any such outcome or related settlements. Many of these risks similarly impact our nonreporting subsidiaries. These and other risk factors are detailed from time to time in our filings with the SEC. All such factors are difficult to predict, contain uncertainties that may materially affect actual results and may be beyond our control. New factors emerge from time to time, and it is not possible for management to predict all such factors, nor can management assess the effect of each such factor on us.

Any forward-looking statement is based on information current as of the date of this presentation and speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made.

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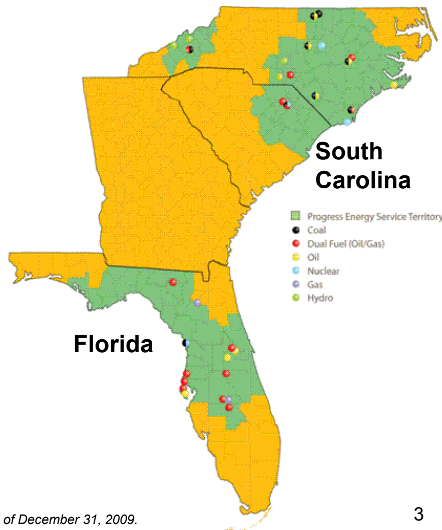
Major Discussion Topics

- Company overview
- 2010 earnings drivers
- Capital expenditures and financing plan

Progress Energy

Company Overview

Two Well-Positioned Electric Utilities



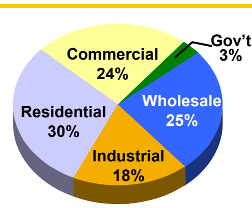
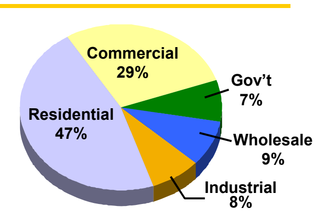
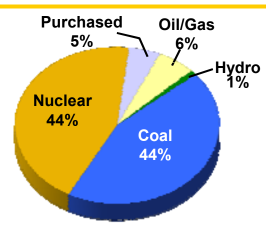
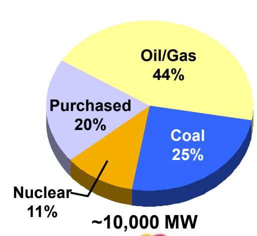
Progress Energy
- ~22,600 MW capacity
- ~3.1M customers
- $10B total revenue
- $31B total assets
- 11,000 employees
- 54,000 sq. mile service area
- 32 plants, 146 units

As of December 31, 2009.

Progress Energy

Diverse Customer and Generation Mix

As of December 31, 2009.

	Carolinas	Florida
Sales (kWh)	 ~1.5M customers	 ~1.6M customers
Generation * (kWh)	 ~12,600 MW	 ~10,000 MW

** Includes jointly-owned capacity.*

Progress Energy

2009 Milestones

Progress Energy	
• Named to Dow Jones Sustainability Index for 5th year in a row • Awarded $200M matching Smart Grid grant from DOE thru American Recovery & Reinvestment Act • Launched *SunSense*SM, a retail rooftop solar energy strategy with 100-MW target over next decade	
Carolinas	**Florida**

• Expanded long-term wholesale supply business thru 20-year contract extensions with NCEMC & Fayetteville
• Completed 1st phase of Clean Smokestacks Act emissions reductions
• Placed in service 157-MW CT at Wayne County Energy Complex
• Broke ground on 600-MW CCGT at Richmond County Energy Complex
• Announced coal-to-gas fleet modernization strategy
• Launched 8 new DSM & energy efficiency programs
• Surpassed 10 MW of solar purchased power contracts
	• Installed and began operating low-NOx burners, SCR and FGD scrubber at Crystal River Unit 5
	• Completed repowering of Bartow Plant from oil to natural gas, more than doubling generating capacity to 1,200 MW
	• Received site-certification approval for Levy
	• Completed nuclear cost recovery hearings
	• Received approval from FPSC:
	  ➢ Interim rate relief for insufficient ROE
	  ➢ Limited rate relief for Bartow Repowering
	  ➢ Accounting order to defer 2009 pension expense
	• Completed Florida base rate case

Our Dual Approach to 2010

Manage the present

- Excel in operating our system, serving customers and managing projects
- Achieve EPS target by effectively managing expenses, deploying capital and enhancing margin
- Take appropriate steps to address FPSC rate decision
- Successfully complete Crystal River 3 outage

Create the future

- Take next steps in building our Balanced Solution portfolio to meet customer needs and public policies while achieving our financial objectives
- Foster a more constructive Florida regulatory climate
- Achieve sustainable internal efficiency improvements of 3-5% each year
- Ensure financial strength and flexibility

Florida Regulatory Update

- Base rate case outcome
  - No rate increase beyond $132M for Bartow Repowering
    - 10.5% ROE +/- 100bps
    - 46.74% regulatory equity (50.3% GAAP equity)
    - $6.3B retail rate base
  - Received FPSC written order on March 5, 2010
- Evaluating regulatory alternatives
  - Reconsideration / appeal
  - Limited rate relief in 2010
  - File another base rate case
- Levy County nuclear update
  - March 1 filing – 2009 final true-up
  - May 1 filing – 2010 true-up, 2011 projection & long-term feasibility

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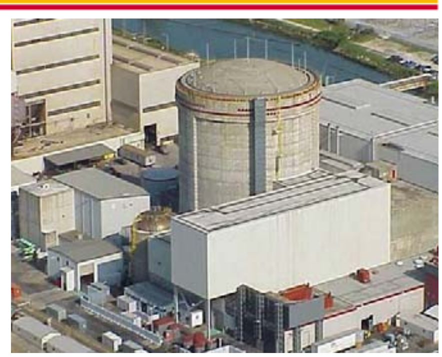
Crystal River Unit 3 Extended Nuclear Outage

- Planned outage began Sept-09
  - Routine refueling & maintenance
  - Steam generator replacement (SGR)
  - Extended power uprate
- Containment delamination
  - SGR required 25' x 27' opening in containment wall
  - 42" thick concrete lined with 3/8" thick steel plate
  - Discovered crack in concrete
- Action plan
  - Informed NRC
  - Complete root cause analysis
  - Begin repair work
  - Return to service by mid-2010
- Nuclear safety remains priority



Crystal River Unit 3 Nuclear Power Plant

- Citrus County, FL
- 860-MW single unit
- B&W pressurized water reactor
- Operator: PEF (91.78% ownership)

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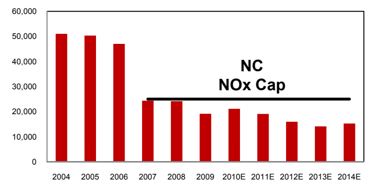
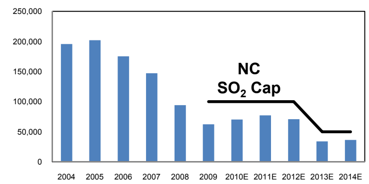
Carolinas Coal-to-Gas Fleet Modernization

Clean Smokestacks NOx Emissions (Tons)
2004 - 2009 and Projections 2010 - 2014



Clean Smokestacks SO_2 Emissions (Tons)
2004 - 2009 and Projections 2010 - 2014



- Retire 11 remaining unscrubbed North Carolina coal-fired units
  - Lee 397 MW (Jan 2013)
  - Sutton 600 MW (Jan 2014)
  - Cape Fear 316 MW (2013 – 2017)
  - Weatherspoon 172 MW (2013 – 2017)

  Total coal retirement ~1,485 MW

- Repower with combined cycle gas turbines and potential biomass
  - Wayne County 950 MW
  - Sutton 600 MW
  - Biomass conversion TBD
  - Future natural gas TBD

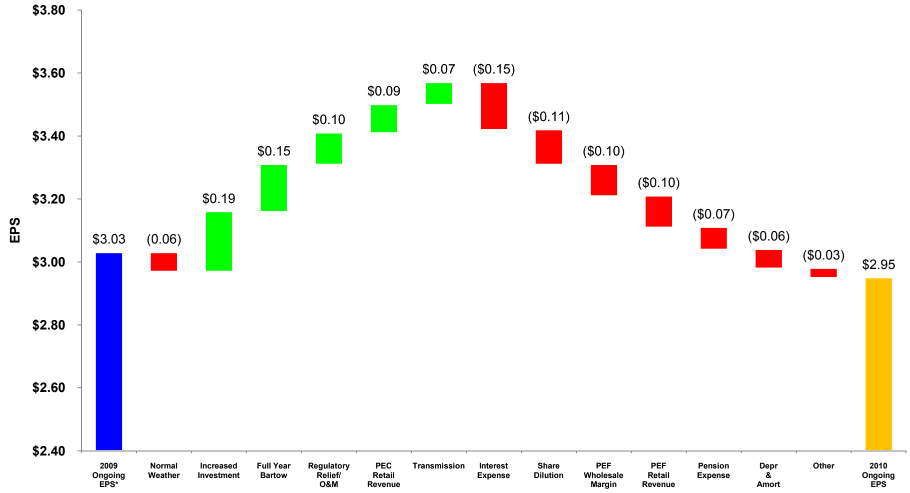
  Total CCGT build ~1,550 MW

Addresses environmental concerns and fuel diversification, while also facilitating economic development and growing rate base.

Progress Energy

2010 Earnings Drivers

2010 Ongoing Earnings per Share



* See appendix for reconciliation of ongoing EPS to reported GAAP EPS.

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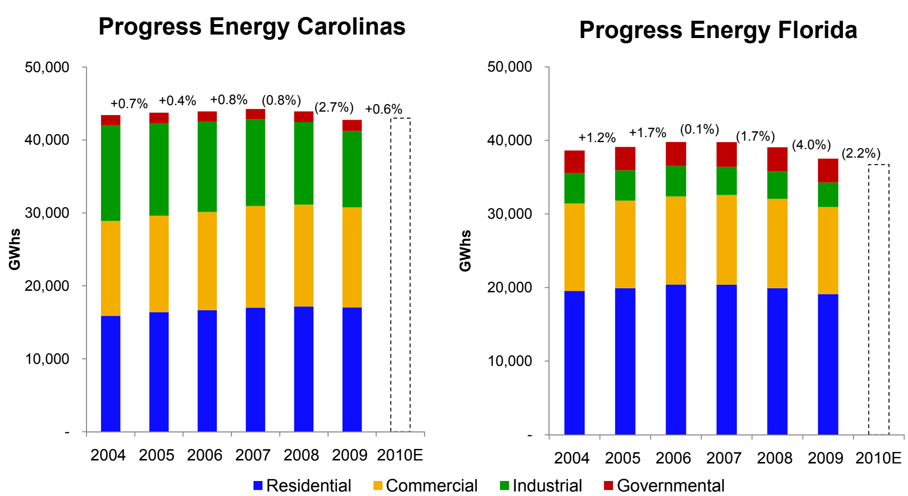
Weather-Normalized Retail Sales



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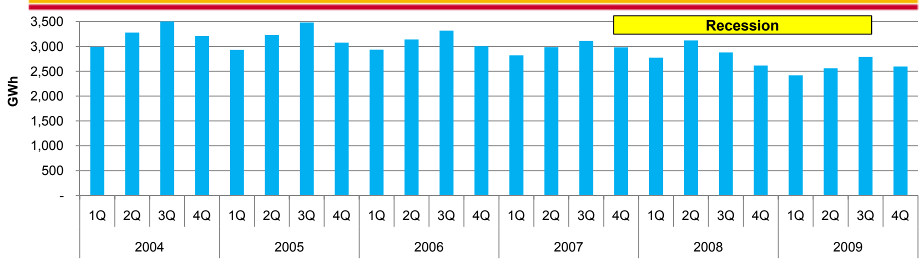
Carolinas
Industrial Sales Dynamics



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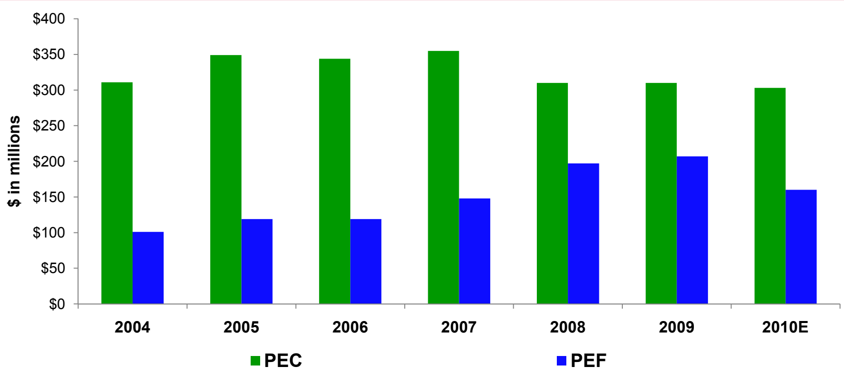
Wholesale Base Revenues



Major Customers

- NC Eastern Municipal Power Agency
- NC Electric Membership Corp.
- City of Fayetteville, NC

- Seminole Electric Cooperative, Inc.
- Florida Municipal Power Agency
- City of Gainesville, FL
- Tampa Electric Co.
- Reedy Creek

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O&M Cost Management

(Unaudited)

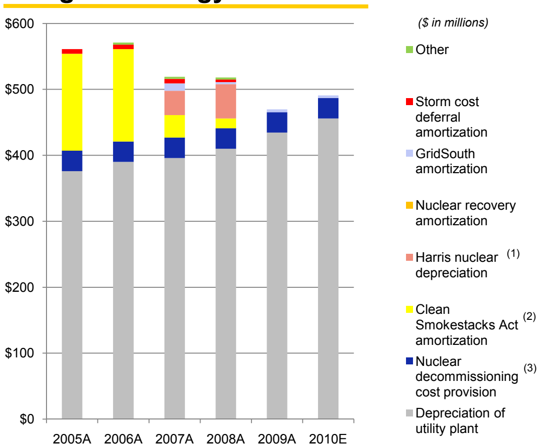
Adjusted O&M Reconciliation (A)

(in millions)	2007	*Growth*	2008	*Growth*	**2009**
	Years ended December 31,				
Reported GAAP O&M	$1,842	*-1.2%*	$1,820	*4.1%*	**$1,894**
Adjustments					
Carolinas					
O&M recoverable through clauses	(6)		(23)		**(36)**
Timing of nuclear outages	(26)		-		**-**
Litigation judgment	-		-		**(3)**
Plant retirement charges	-		-		**(28)**
Storm restoration expenses	-		-		**(11)**
Florida					
Storm damage reserve	(47)		(66)		**-**
Energy conservation cost recovery clause (ECCR)	(69)		(69)		**(75)**
Environmental cost recovery clause (ECRC)	(55)		(31)		**(87)**
Nuclear cost recovery	-		-		**(4)**
Sales and use tax audit adjustments	(7)		5		**-**
Severance associated with Energy Delivery restructuring	-		(5)		**-**
Vacation benefits policy change	-		-		**11**
Adjusted O&M	$1,632	*-0.1%*	$1,631	*1.8%*	**$1,661**

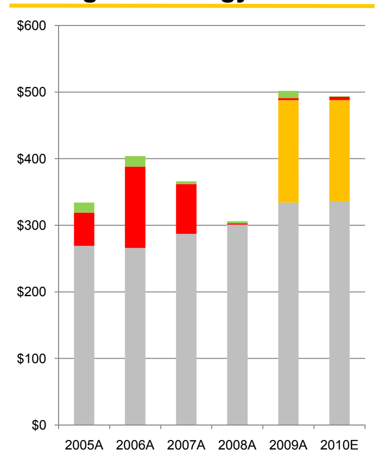
A - The preceding table provides a reconciliation of reported GAAP O&M to Adjusted O&M. Adjusted O&M excludes certain expenses that are recovered through cost-recovery clauses which have no material impact on earnings, as well as certain non-recurring items. Management believes this presentation is appropriate and enables investors to more accurately compare the company's O&M expense over the periods presented. Adjusted O&M as presented here may not be comparable to similarly titled measures used by other companies.

Depreciation & Amortization

Progress Energy Carolinas



Progress Energy Florida

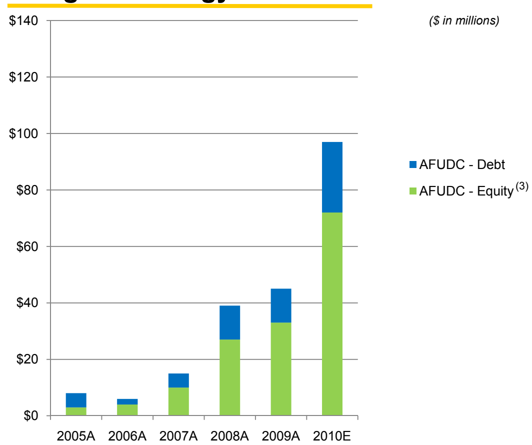


(1) Harris nuclear depreciation minimum completed in North Carolina in 4th quarter 2008 and terminated in South Carolina, effective October 22, 2008.
(2) Clean Smokestacks Act amortization ceased, effective September 5, 2008.
(3) Due to offsetting regulatory accounting entries, this has no impact on net income.

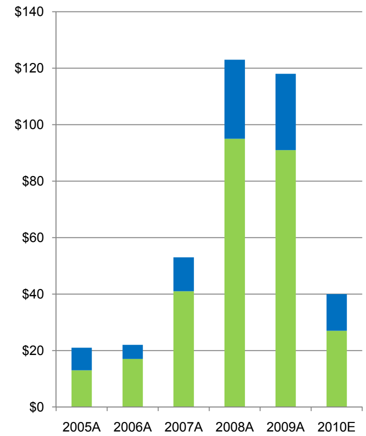
Allowance for Funds Used During Construction (AFUDC)

Progress Energy Carolinas (1)

($ in millions)



Progress Energy Florida (2)



(1) PEC capital projects lasting more than one month are forecast to earn 8-9% AFUDC rate.
(2) PEF capital projects greater than $45 million and lasting more than one year earn an 7.88% AFUDC rate. PEF has a base level of CWIP embedded in its rate base.
(3) AFUDC equity is excluded from the calculation of income tax expense.

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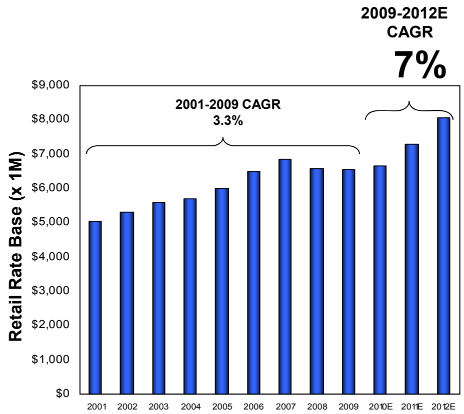
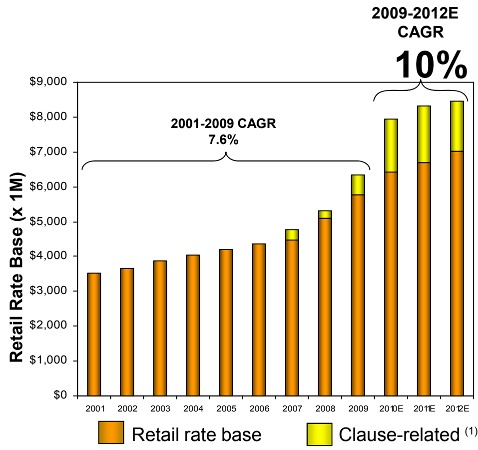
CapEx and Financing Plan

Attractive Rate Base Growth

Progress Energy Carolinas



Progress Energy Florida



(1) Represents ECRC (CAIR at CR 4 & 5), Levy Nuclear, CR3 Nuclear Uprate and ECCR.

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Major Capital Projects on Target

($ in millions)	Total Project CapEx	Cumulative Spent through 12/31/09	Expected Completion Date	Recovery Methodology
Carolinas				
Clean Smokestacks	$ 1,100M	$ 1,050M	2013	Amortized $584M; balance in rate base
Richmond County CCGT *(incl transmission)*	600M	300M	June 2011	Rate Base
Smart Grid (DSDR) *	230M	55M	Dec. 2012	DSM/EE rider
Wayne County CCGT *(incl transmission)*	~800M	35M	Jan 2013	Rate Base
Sutton CCGT *(incl transmission)*	~600M	5M	Jan 2014	Rate Base
Florida				
Environmental	$ 1,200M	$ 1,065M	May 2010	Environmental Cost Recovery Clause
CR3 steam generator replacement	245M	285M	By mid-2010	Rate Base
CR3 nuclear uprate	365M	210M	Dec. 2011	Nuclear Cost Recovery legislation
Smart Grid *	120M	-	Dec. 2012	Energy Conservation Cost Recovery **

Note: Total project capital expenditures based on current estimates and exclude AFUDC.
* Smart Grid capital excludes requested $200M of matching stimulus funds.
** Pending expected filing/approval.

Progress Energy

Levy Nuclear
Investment & Cost Recovery

Levy Nuclear Investment Balance

($ in millions)

	12/31/09	
Nuclear Deferral at 12/31/08 per 10-K	$181	
2009 Retail Revenue Requirements	290	(a)
2009 FPSC-Approved Retail Revenue	(395)	(b)
2009 Partial Deferral	198	(c)
Nuclear Deferral at 12/31/09 per 10-K	**274**	(d)
Additional Under-recovery in Final True-up	4	(e)
Nuclear Cost Recovery Clause Under-recovery at 12/31/09	**278**	(e)
Capital Investment not yet reflected in Retail Rates	80	
Total Eligible for Recovery in Retail Rates	**358**	
Wholesale Jurisdiction Investment Balance	46	(f)
Total Unrecovered Investment per 10-K	**$404**	

(a) Order No. PSC 09-0783-FOF-EI
(b) Order No. PSC 08-0749-FOF-EI
(c) Order No. PSC-09-0208-FOF-EI
(d) Recovery expected over a period not exceeding five years. $37M is classified as a current regulatory asset, while the remaining $239M classified as a long-term regulatory asset.
(e) Docket No. 100009
(f) Eligible for recovery in wholesale rates as items are placed in service.

Levy Nuclear Cost Recovery

($ in millions)

	2009	2010E *
Preconstruction costs	$118	$106
O&M	3	4
Carrying charges	76	54
Amortization of deferral	-	37
Total nuclear clause revenue	$197	$201

* 2010 original projected revenue requirement components per Docket No. 090009-EI. Subject to change based on 2009/2010 actuals.

Progress Energy

Projected Capital Expenditures (1)

($ in millions)	2008A	2009A	2010E	2011E	2012E
Maintenance Capex					
Generation	$298	$463	$510	$440	$430
PEC Environmental	114	37	20	40	50
Transmission	211	237	240	250	280
Distribution	94	121	150	140	150
Other	74	87	50	60	0
Total Maintenance Capex	**791**	**945**	**970**	**930**	**910**
Growth Capex					
Generation	373	428	660	720	400
PEF Environmental	564	301	110	0	50
Transmission	108	66	110	130	110
Distribution	268	218	280	300	300
Total Growth Capex	**1,313**	**1,013**	**1,160**	**1,150**	**860**
Corporate/other	22	7	30	30	30
Total Capital before Potential New Nuclear	**2,126**	**1,965**	**2,160**	**2,110**	**1,800**
Potential nuclear construction	168	291	100 - 150	60- 70	60 - 70
Total Capital Spending	**$2,294**	**$2,256**	**$2,260–2,310**	**$2,170-2,180**	**$1,860-1,870**
Total PEC *(excluding new nuclear)*	**736**	**822**	**1,330**	**1,350**	**1,170**
Total PEF *(excluding new nuclear)*	**1,368**	**1,136**	**800**	**730**	**600**

(1) Excludes AFUDC, nuclear fuel and nuclear decommissioning trust funding.

Progress Energy

Projected Cash Flow

($ in millions)	2009A	2010E
Operating cash flow	**$2,271**	**$2,440**
Capital expenditures excluding new nuclear	(1,965)	(2,160)
New nuclear (1)	(291)	(125)
Nuclear fuel and decommissioning trust	(250)	(280)
AFUDC debt	(39)	(30)
Common dividends	(693)	(710)
Free cash flow	**$(967)**	**$(865)**

1) 2010 New nuclear is midpoint of range

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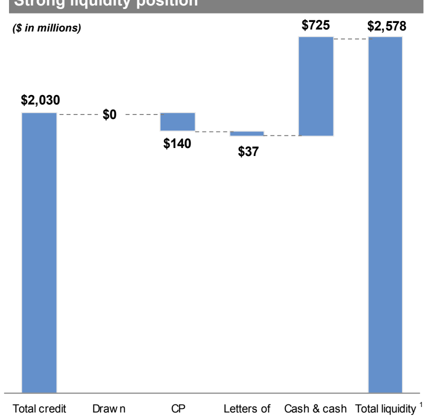
Strong Liquidity Position with Minimal Near-Term Refinancing Risk

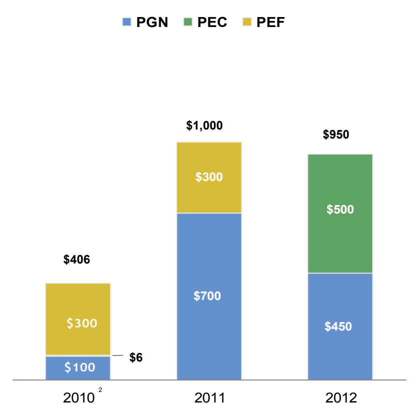
Strong liquidity position



[1] As of Dec. 31, 2009.

Credit facility	Amount	Expiration
PGN	$1,130	2012
PEC	$450	2011
PEF	$450	2011

Manageable near-term debt maturities



[2] PGN's $100M maturity was redeemed in full on January 15, 2010.

Progress Energy

2010 Financing Plan

- Progress Energy, Inc.
  - Equity issuance of up to $500M through Investor Plus Plan
  - Refinance remaining portion of $700M maturity on March 1, 2011
- Progress Energy Carolinas
  - Long-term debt issuance of approximately $400M
- Progress Energy Florida
  - Refinance $300M maturity on June 1, 2010
  - Additional long-term debt of approximately $300M

Rating Agency Update

- Fitch (1/12/10)
  - Placed all ratings of PEF on Rating Watch Negative
  - Action did not affect PGN or PEC
- S&P (1/14/10)
  - Placed long-term ratings of PGN, PEC and PEF on CreditWatch Negative
  - Affirmed short-term ratings of all three entities
- Moody's (1/19/10)
  - Placed long-term ratings of PEF and all ratings of PGN on review for possible downgrade
  - Affirmed ratings and stable outlook of PEC

Objective: Maintain investment-grade credit ratings

Progress Energy Value Drivers

- Attractive, sustainable dividend
- Future growth prospects
  - Attractive service territories
  - Economic recovery translates into top-line growth
  - Long-term contractual wholesale growth in Carolinas
- Fleet modernization strategy
  - Constructive approach to environmental compliance
  - Substantial rate base growth opportunity
  - Stimulates economic development in regions

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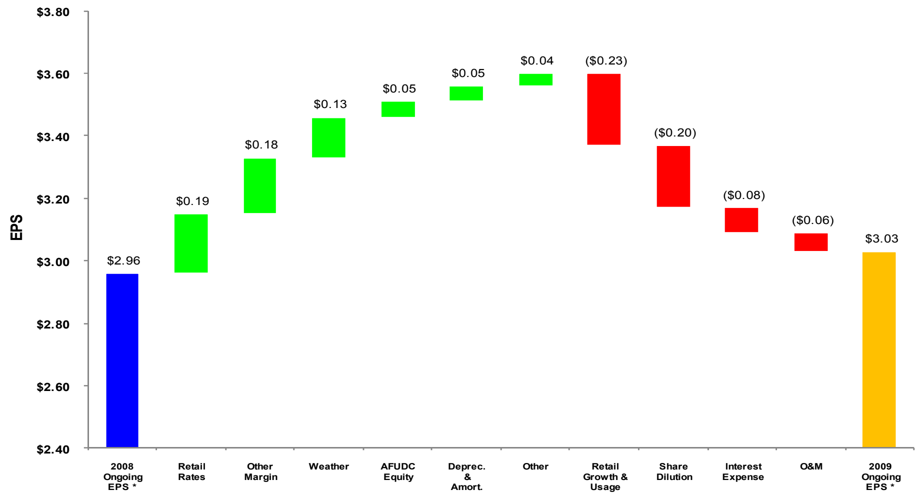
Appendix

2009 Ongoing Earnings per Share



* See appendix for reconciliation of ongoing EPS to reported GAAP EPS.

Progress Energy

Reconciliation of Ongoing to GAAP Earnings

(Unaudited)

Progress Energy, Inc.
Reconciliation of Ongoing Earnings per Share to Reported GAAP Earnings per Share

	Three Months Ended December 31		Years Ended December 31		
	2009	2008*	2009	2008*	2007*
Ongoing earnings per share	$0.50	$0.47	$3.03	$2.96	$2.71
CVO mark-to-market	0.03	0.01	0.07	-	(0.01)
Tax levelization	0.02	(0.03)	-	-	-
Impairment	-	-	(0.01)	-	-
Plant retirement charges	(0.05)	-	(0.06)	-	-
Cumulative prior period adjustment related to certain employee life insurance benefits	(0.04)	-	(0.04)	-	-
Valuation allowance	-	(0.01)	-	(0.01)	-
Discontinued operations	0.09	(0.03)	(0.28)	0.22	(0.74)
Reported GAAP earnings per share	$0.55	$0.41	$2.71	$3.17	$1.96
Shares outstanding (millions)	281	263	279	262	257

* *Previously reported 2008 and 2007 earnings per share have been restated to reflect the adoption of new accounting guidance that changed the calculation of the number of average common shares outstanding.*

Progress Energy

Ongoing Earnings Adjustments

Progress Energy's management uses ongoing earnings per share to evaluate the operations of the company and to establish goals for management and employees. Management believes this non-GAAP measure is appropriate for understanding the business and assessing our potential future performance, because excluded items are limited to those that we believe are not representative of our fundamental core earnings. Ongoing earnings as presented here may not be comparable to similarly titled measures used by other companies.

Progress Energy is not able to provide a corresponding GAAP equivalent for the 2010 earnings guidance figures due to the uncertain nature and amount of these adjustments.

Reconciling adjustments from ongoing earnings to GAAP earnings are as follows:

Contingent Value Obligation (CVO) Mark-to-Market

In connection with the acquisition of Florida Progress Corporation, Progress Energy issued 98.6 million CVOs. Each CVO represents the right of the holder to receive contingent payments based on net after-tax cash flows above certain levels of four synthetic fuels facilities purchased by subsidiaries of Florida Progress Corporation in October 1999. The CVO liability is valued at fair value, and unrealized gains and losses from changes in fair value are recognized in earnings each quarter. Progress Energy is unable to predict the changes in the fair value of the CVOs, and management does not consider this adjustment to be representative of the company's ongoing earnings.

Tax Levelization

Generally accepted accounting principles require companies to apply an effective tax rate to interim periods that is consistent with a company's estimated annual tax rate. The company projects the effective tax rate for the year and then, based upon projected operating income for each quarter, raises or lowers the tax expense recorded in that quarter to reflect the projected tax rate. The resulting tax adjustment has no impact on the company's annual earnings. Because this adjustment varies by quarter but has no impact on annual earnings, management does not consider this adjustment to be representative of the company's ongoing earnings.

Impairment

The company has recorded impairments of certain investments of its Affordable Housing portfolio. Management believes this adjustment is not representative of the company's ongoing earnings.

Plant Retirement Charges

The company recognized charges for the impact of PEC's decision to retire certain coal-fired generating units, with resulting reduced emissions for compliance with the Clean Smokestacks Act's 2013 emission targets. Since the coal-fired generating units will be retired prior to their estimated useful lives, management does not consider these charges to be representative of the company's ongoing earnings.

Cumulative Prior Period Adjustment Related to Certain Employee Life Insurance Benefits

In the fourth quarter of 2009, PEC recorded a cumulative prior period adjustment related to certain employee life insurance benefits. Management believes this adjustment is not representative of the company's ongoing earnings.

Valuation Allowance and Related Net Operating Loss Carry Forward

Progress Energy previously recorded a deferred tax asset for a state net operating loss carry forward upon the sale of Progress Energy Ventures Inc.'s nonregulated generation facilities and energy marketing and trading operations. In the fourth quarter of 2008, the company recorded an additional deferred tax asset related to the state net operating loss carry forward due to a change in estimate based on 2007 tax return filings. The company also evaluated the total state net operating loss carry forward for potential impairment and partially impaired it by recording a valuation allowance, which more than offset the change in estimate. Management does not believe this net valuation allowance is representative of the ongoing operations of the company.

Discontinued Operations

The company has reduced its business risk by exiting nonregulated businesses to focus on the core operations of the utilities. Due to disposition of these assets, management does not view this activity as representative of the ongoing operations of the company.

Progress Energy

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