



Progress Energy

Data Book

April 2012

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: our ability to obtain the approvals required to complete the Merger and the impact of compliance with material restrictions or conditions potentially imposed by our regulators; the risk that the Merger is terminated prior to completion and results in significant transaction costs to us; our ability to achieve the anticipated results and benefits of the Merger; the impact of business uncertainties and contractual restrictions while the Merger is pending; the scope of necessary repairs of the delamination of Crystal River Unit No. 3 Nuclear Plant (CR3) could prove more extensive than is currently identified, such repairs could prove not to be feasible, the costs of repair and/or replacement power could exceed our estimates and insurance coverage or may not be recoverable through the regulatory process; 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, cyber security threats and other catastrophic events; 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, safety, regulatory and financial risks; the financial resources and capital needed to comply with environmental laws and regulations; risks associated with climate change; 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, Inc. holding company; 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 (NDT) 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.

Progress Energy, Inc.

Progress Energy Data Book

The Progress Energy Data Book is intended only to be a summary of certain statistical information with respect to the company. It should be read in conjunction with, and not in lieu of, the company's reports, including its audited financial statements and notes, on file with the Securities and Exchange Commission.

Progress Energy disclaims any obligation to provide updated information.

This data book has been prepared to assist security analysts in understanding and evaluating the company. The format of this summary may change in the future as we continue to meet the changing needs of our investors.

This summary is not intended for use in connection with any sale, or offer to sell, or solicitation of any offer to buy securities. Inquiries concerning this summary should be directed to:

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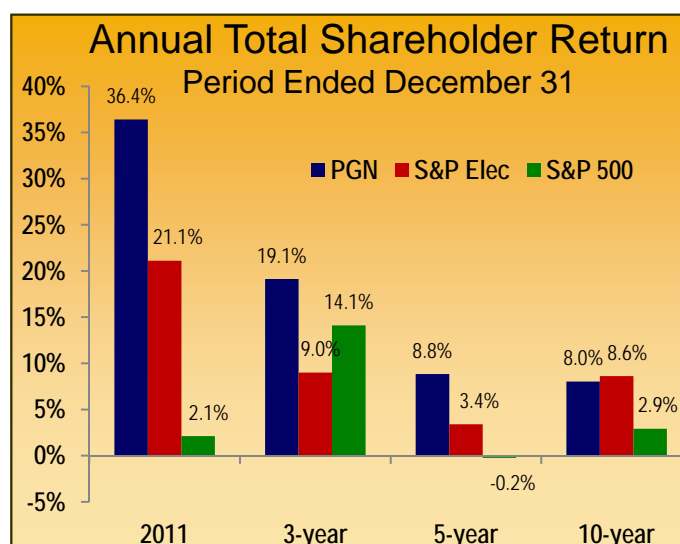
Contents

Progress Energy at a Glance.....	3
Electric Utility Holding Company.....	4
Regulated Utility Operations.....	5
Proposed Duke Energy/Progress Energy Merger.....	6
Federal Policy & FERC.....	7
Progress Energy Balanced Solution.....	8
Environmental Compliance & Investment.....	11
Progress Energy Carolinas.....	12
Progress Energy Florida.....	17
Credit Ratings.....	22
Financial & Operating Highlights.....	23
Financial Statements:	
Consolidated.....	28
Progress Energy Carolinas	31
Progress Energy Florida.....	34
Ongoing to GAAP Reconciliation.....	37

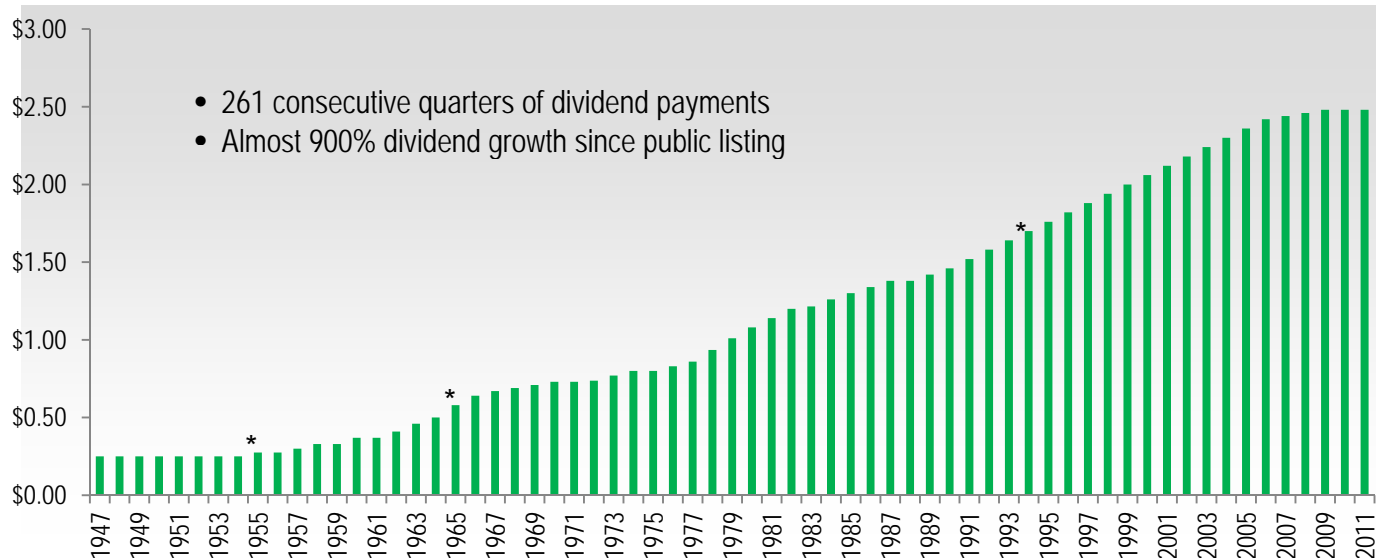
Progress Energy at a Glance

Investment Highlights

- Pure play, vertically integrated electric utility
- Attractive service territory in southeast United States
- Constructive regulatory environments in the Carolinas and Florida
- Announced merger with Duke Energy
- Attractive, sustainable dividend



Dividend History



Financial Highlights

In millions, except per share data	Years Ended December 31		
	2011	2010	2009
FINANCIAL DATA			
Operating revenues	\$8,907	\$10,190	\$9,885
Ongoing earnings	\$871	\$889	\$846
Net income attributable to controlling interests	\$575	\$856	\$757
Common stock equity	\$10,021	\$10,023	\$9,449
Utility plant in service, net ⁽¹⁾	\$19,064	\$18,141	\$17,117
Construction work in progress	\$2,449	\$2,205	\$1,790
Total assets	\$35,059	\$33,054	\$31,236
Gross property additions	\$2,066	\$2,221	\$2,295
COMMON STOCK DATA			
Average shares outstanding	296	291	279
Ongoing EPS ⁽²⁾	\$2.95	\$3.06	\$3.03
GAAP EPS ⁽²⁾	\$1.94	\$2.95	\$2.71
Annual dividend rate	\$2.48	\$2.48	\$2.48
Return on equity	5.7%	8.7%	8.1%
Book value per share	\$33.79	\$34.05	\$33.53
Market value per share	\$56.02	\$43.48	\$41.01
CAPITALIZATION RATIOS			
Total debt	57.7%	56.0%	57.3%
Preferred stock	0.4%	0.4%	0.4%
Common stock	41.9%	43.6%	42.3%
PROGRESS ENERGY CREDIT RATINGS			
	Moody's Investor Service	Standard & Poor's	Fitch Ratings
Outlook	Stable	Watch Positive	Stable
Corporate Credit Rating	--	BBB+	BBB
Senior Unsecured	Baa2	BBB	BBB
Commercial Paper	P-2	A-2	F-2

(1) Plant in service net of accumulated depreciation

(2) See ongoing to GAAP earnings reconciliation on pages 37 and 38

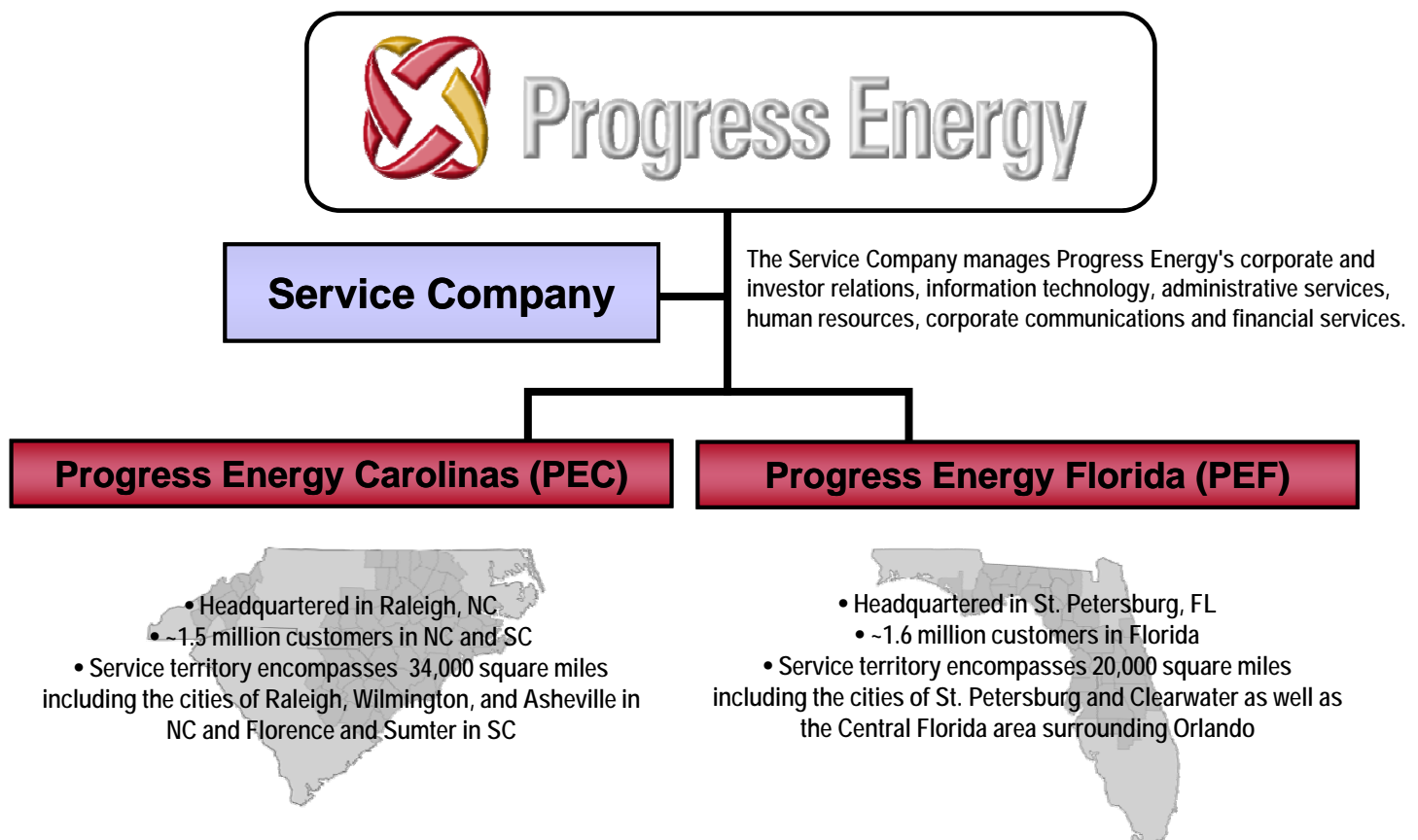
Electric Utility Holding Company

Corporate Profile

Progress Energy (NYSE: PGN), headquartered in Raleigh, N.C., is a Fortune 500 energy company with 23,000 megawatts of generation capacity and approximately \$9 billion in annual revenues. Progress Energy includes two major electric utilities that serve ~3.1 million customers in the Carolinas and Florida. The company has earned the Edison Electric Institute's Edison Award, the industry's highest honor, in recognition of its operational excellence, and was the first utility to receive the prestigious J.D. Power and Associates Founder's Award for customer service.

Strategy

The company is pursuing a balanced strategy for a secure energy future, which includes aggressive energy-efficiency programs, investments in renewable energy technologies and a state-of-the-art power system.



Recent Awards and Recognitions

- Progress Energy named one of the Top Utilities in Economic Development by *Site Selection* magazine for the eighth time since 2001.
- Named to the Dow Jones Sustainability North America and U.S. indices, which list companies that lead their industries in managing economic, environmental and social issues, for seven years in a row.
- Progress Energy Florida named Corporation of the Year by the Florida Minority Supplier Development Council.
- Progress Energy recognized for exceptional customer service in the Edison Electric Institute's 2011 National Key Accounts Customer Service Awards program.

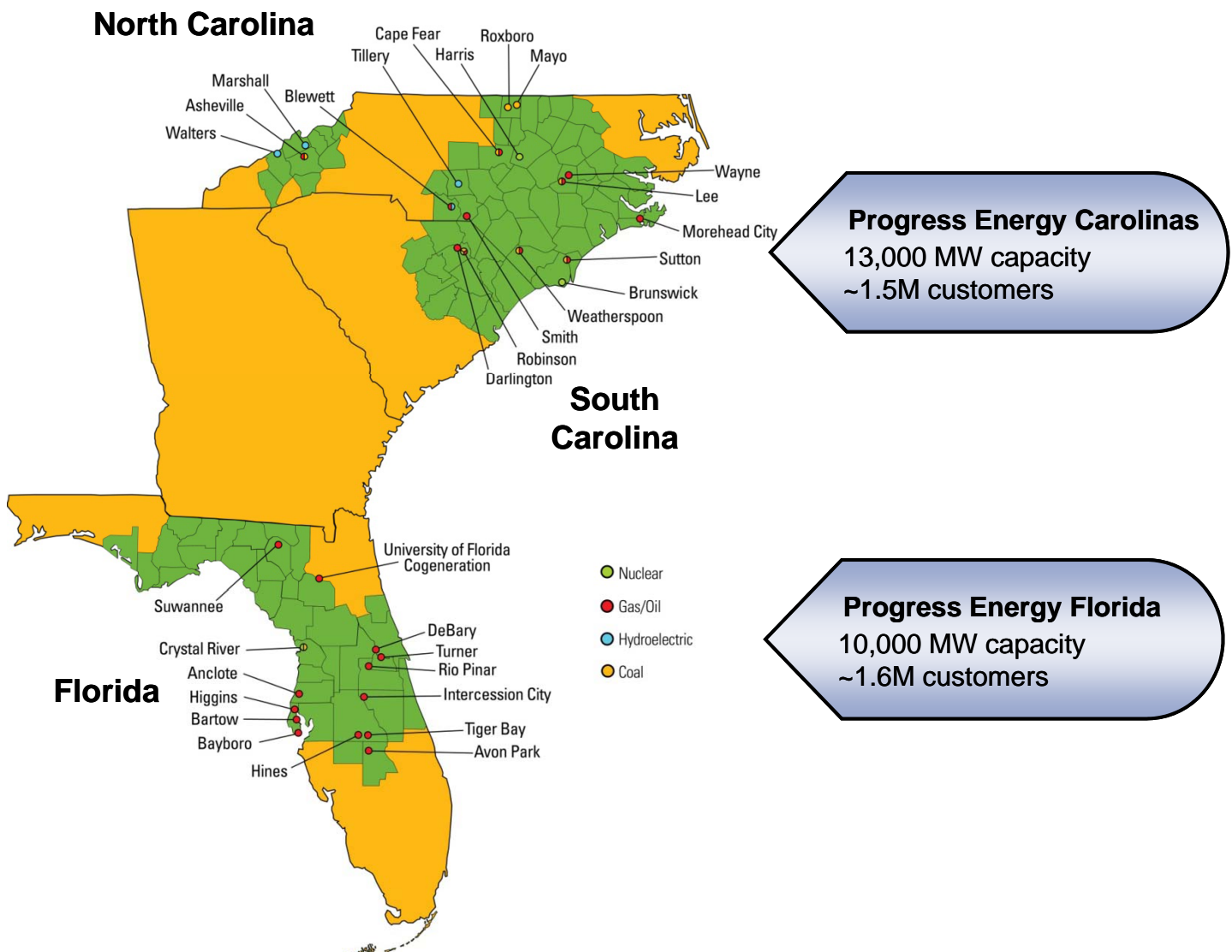
Regulated Utility Operations

Overview

- 2 regulated utilities in the southeastern U.S.
- 3.1 million customers
- 11,000 full-time employees
- 54,000-square-mile combined service area
- 11,000 miles of transmission lines
- 98,000 miles of distribution lines
- 23,000 MW capacity
 - 32 total generating plants
 - 144 total generating units

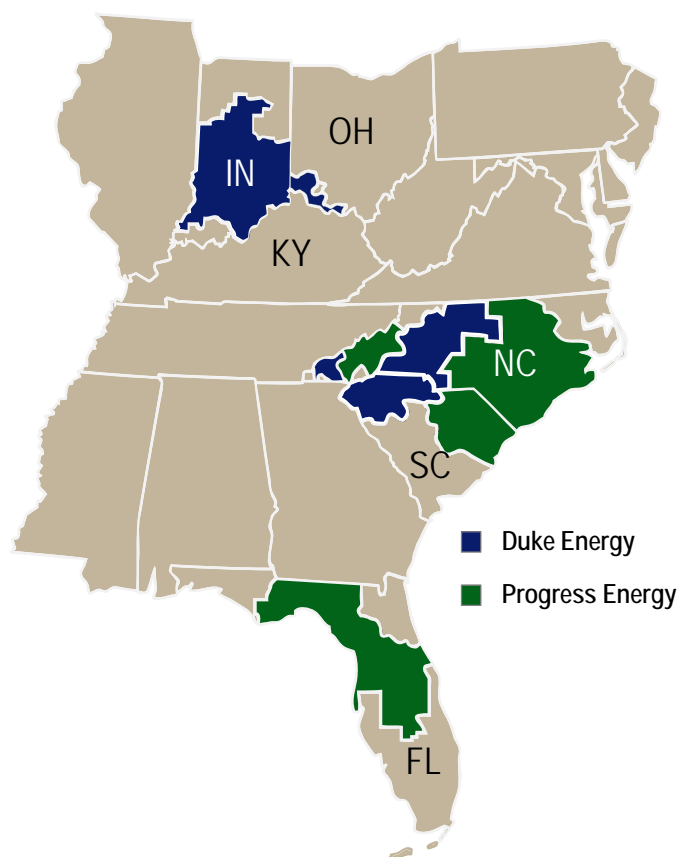
Major Areas/Customers Served

- Raleigh, N.C.
- Wilmington, N.C.
- Fayetteville, N.C.
- Asheville, N.C.
- Florence, S.C.
- Sumter, S.C.
- St. Petersburg, Fla.
- Clearwater, Fla.
- Area surrounding Orlando, Fla.
- Greater Tallahassee, Fla.



Proposed Duke Energy/Progress Energy Merger

Diverse Service Territories



Merger Details

- Signed Merger Agreement Jan. 8, 2011
- Merger closing targeted for July 1, 2012 pending receipt of required regulatory approvals
- New entity will create largest U.S. electric utility
 - Serving 7.1M domestic regulated electric customers
 - Market Cap of approximately \$44B
 - Generation capacity of over 57GW
- Highly diversified generation mix and fuel profile across six states with constructive regulatory traditions
- 100% stock transaction with conversion of 2.6125 DUK shares for each share of PGN¹
- Maintain Duke Energy dividend policy post close

¹ Duke Energy announced plans to implement a 1-for-3 reverse stock split at timing of merger closing.

Strategic Rational

- Financial and operational scale, scope and strength
- Leverages “best-in-class” operational and customer service practices
- Highly regulated business mix supports the dividend

Investor Benefits

- Earnings accretive
- Attractive total shareholder return
- Significant rate base growth
- Strong balance sheet and credit profile
- Dividend accretive to PGN shareholders

Customer Focus

- Fuel and joint dispatch savings of approximately \$650M over first five years in the Carolinas
- Creates non-fuel merger efficiencies over time to be shared with all Duke Energy customers

Status of Transaction
Pending approval by FERC,
North Carolina Utilities Commission
And South Carolina
Public Service Commission

Federal Policy & FERC

Energy Policy Act of 2005

On August 8, 2005, President Bush signed into law the Energy Policy Act of 2005 (EPACT). This comprehensive energy policy legislation provides tax changes for the utility industry, incentives for emissions reductions, and federal insurance and incentives to build new nuclear power plants.

The law contains key provisions affecting the electric power industry, including provisions on nuclear security and nuclear regulatory risk insurance, repeal of the Public Utility Holding Company Act (PUHCA), and protection for native retail load customers of utilities that are not in regional transmission organizations. It gives the Federal Energy Regulatory Commission (FERC) "backstop" transmission siting authority as well as increased utility merger oversight. The bill also provides incentives and funding for clean coal technologies and initiatives to voluntarily reduce greenhouse gases and redesignates the Section 29 tax credit as a general business credit under Section 45K.

American Recovery & Reinvestment Act

The American Recovery and Reinvestment Act (ARRA) signed into law in February 2009 contains provisions promoting energy efficiency and renewable energy, including \$11 billion for Smart Grid-related technologies, \$6.3 billion for energy-efficiency and conservation grants and \$2 billion in tax credits for the purchase of plug-in electric vehicles. Also, the Obama administration has announced a goal of encouraging investment in transmission and promoting renewable resources while also pricing greenhouse gas (GHG) emissions and setting a federal requirement for renewable energy. Progress Energy was awarded a \$200 million matching Smart Grid Grant from the Department of Energy (DOE) through the ARRA. In addition, Progress Energy is partnering with Ford and General Motors to participate in early vehicle demonstrations and assess changes in the demand on the electric grid from the use of plug-in electric vehicles as part of the auto companies' ARRA grant.

Federal Energy Regulatory Commission

The FERC is an independent agency that regulates the interstate transmission of electricity, natural gas and oil. The FERC also reviews proposals to build liquefied natural gas (LNG) terminals and interstate natural gas pipelines as well as licensing hydropower projects. EPACT gave the FERC additional responsibilities as well:

- Regulates the transmission and sale of natural gas for resale in interstate commerce;
- Regulates the transmission of oil by pipeline in interstate commerce;
- Regulates the transmission and wholesale sales of electricity in interstate commerce;
- Licenses and inspects private, municipal and state hydroelectric projects;
- Approves the siting of, and abandonment of, interstate natural gas facilities, pipelines, storage and LNG;
- Ensures the reliability of high voltage interstate transmission systems;
- Monitors and investigates energy markets;
- Uses civil penalties and other means against energy organizations and individuals who violate FERC rules in the energy markets;
- Oversees environmental matters related to natural gas and hydroelectric projects and major electricity policy initiatives; and
- Administers accounting and financial reporting regulations and conduct of regulated companies.

FERC Commissioners

The FERC is composed of up to five commissioners who are appointed by the President of the United States with the advice and consent of the Senate. Commissioners serve five-year terms and have an equal vote on regulatory matters.

To avoid any undue political influence or pressure, no more than three commissioners may belong to the same political party. There is no review of the FERC decisions by the President or Congress, maintaining FERC's independence as a regulatory agency and providing for fair and unbiased decisions. The Commission is funded through costs recovered by the fees and annual charges from the industries it regulates.

One member of the Commission is designated by the President to serve as Chair and FERC's administrative head.

FERC Commissioner	Term Expires June 30
Jon Wellenghoff (Chairman)	2013
John R. Norris	2012
Cheryl A. LaFleur	2014
Philip D. Moeller	2015
Anthony Clark (pending confirmation)	2017

Progress Energy's Balanced Solution

Progress Energy is committed to a long-term, balanced solution to meet growing energy needs -- a solution that includes three main components:

- (1) aggressive energy-efficiency programs,
- (2) investments in renewable energy technologies, and
- (3) investments in a state-of-the-art power system.

ENERGY EFFICIENCY

ALTERNATIVE ENERGY

STATE-OF-THE-ART POWER SYSTEM



Energy Efficiency

After more than three decades of implementing its energy-efficiency programs, Progress Energy can attribute significant environmental improvements to this activity. Demand Side Management programs have saved our customers over 29.25 billion kWh since their inception in 1979. By 2011, savings garnered by customers in Florida exceeded the \$1.25 billion milestone from energy-efficiency programs. In addition, these programs have helped the company avoid 8.2 million tons of carbon dioxide emissions in Florida and 10 million tons in the Carolinas by the end of 2011.

Progress Energy has a robust portfolio of load management and energy-efficiency programs at both utilities:

Progress Energy Carolinas	Progress Energy Florida
<u>Current programs:</u> <ul style="list-style-type: none"> ▪ Residential <ul style="list-style-type: none"> - EnergyWise Home - Home Energy Improvement Program - Neighborhood Energy Saver Program - Residential Lighting Program - Customized Home Energy Report - Appliance Recycling Program - Plugged In Program ▪ Business <ul style="list-style-type: none"> - Energy Efficiency for Business - CIG Demand Response - SunSense Commercial Solar Photovoltaic (PV) & Solar Water Heating ▪ Other: <ul style="list-style-type: none"> - Distribution System Demand Response - SunSense Solar PV 	<u>Current programs:</u> <ul style="list-style-type: none"> ▪ Residential: <ul style="list-style-type: none"> - Home Energy Check - Home Energy Improvement Program - Home Advantage (New Construction) - Neighborhood Energy Saver Program - EnergyWise Home - Solar Water Heating with EnergyWise Home - Low Income Weatherization Assistance - SunSense Residential Solar Water Heating ▪ Business: <ul style="list-style-type: none"> - Business Energy Check - Energy Efficiency for Business - CIG Demand Response ▪ Other: <ul style="list-style-type: none"> - SunSense Solar PV
For more information, go to www.progress-energy.com/	

Progress Energy's Balanced Solution *(continued)*

Alternative Energy

Note: North Carolina has a renewable portfolio standard (RPS) and therefore only contracts that meet its requirements are listed in the PEC section. South Carolina and Florida do not currently have an RPS.		
	Progress Energy Carolinas	Progress Energy Florida
Biomass	<ul style="list-style-type: none"> ~200 MW under purchased power agreement (PPA) contracts Partnering with local research organization, industry partners and National Laboratories to develop new technologies and to fully understand the environmental and land-use impacts of sustainably harvested biomass. 	<ul style="list-style-type: none"> ~500 MW under PPA contracts
Solar	<p>In 2009, Progress Energy announced an expanded solar energy strategy in the Carolinas and Florida, including a range of new residential and business solar incentives and programs. Launched under the name SunSense, the company strategy is expected to expand the scope and use of solar energy over the next decade.</p> <p>The company is partnering with EPRI to evaluate the energy potential and grid stability impacts associated with integrating high levels of intermittent solar PV, distributed along the electric grid.</p>	
	<ul style="list-style-type: none"> ~55 MWs of solar PV PPA contracts. SunSense residential and commercial PV incentive programs for rooftop systems. Partnered with city of Raleigh on a demonstration project to test solar PV electric vehicle charging and battery storage in order to study the interactivity of these variable energy components. 	<ul style="list-style-type: none"> Signed several large scale solar PV contracts with three different project developers who are committed to building successful large-scale solar projects in Florida. SunSense schools program installed PV systems at nine more schools and one university and now includes teacher training sessions. This program is being expanded to include solar panels for hurricane emergency shelters. Partnership with the University of South Florida and City of St. Petersburg to test the combination of renewable energy and advanced energy storage.
Wind	<ul style="list-style-type: none"> Partnering with the University of North Carolina at Chapel Hill's Department of Marine Sciences on a three-year research study to fully map and model North Carolina's viable offshore wind resources. 	
Advanced Vehicle Technologies	<ul style="list-style-type: none"> Plug-in 2011 electric vehicle conference was held in Raleigh, NC, marking the first occasion the conference was held outside of California. PGN co-organized the conference with EPRI and Duke Energy. Tampa Bay, Orlando/Central Florida and Greater Raleigh are three of the 12 metropolitan areas in the US developing electric vehicle "plug-in ready" communities as part of Project Get Ready, a collaborative initiative that includes local governments, the Rocky Mountain Institute and utility leaders. Launched a comprehensive load research program to better understand the requirements of electric vehicle charging infrastructure and customer charging behaviors. The company is targeting the deployment of 150 residential and 100 public access charging stations across both territories as part of the company's ARRA grant. Data will be collected and analyzed from the stations to better understand charging needs and how best to accommodate future large scale adoption. Operating 12 Chevy Volts in the Carolinas and Florida as part of a national fleet demonstration and grant program. The project includes research and analysis of the electric grid impact from plug-in vehicles as well as a research collaboration with NC State's Advanced Transportation Energy Center. 	

Green Programs: Progress Energy is a key supporter of two independent, nonprofit "green power" programs aimed at developing renewables in the Carolinas. Both NC GreenPower in North Carolina, and Palmetto Clean Energy in South Carolina, are statewide programs that encourage residential and business customers to support renewable energy - development by paying more on their monthly electric bills to subsidize the purchase of renewable energy. Every contribution of \$4 purchases a 100kWh block of electricity generated from renewable energy sources. Progress Energy sponsors and plays an active role in the development of both programs.

Education: Progress Energy actively partners with K-12 schools in its service territory to develop and implement energy-education programs that raise awareness of the environmental and economic benefits of energy conservation and alternative energy. Examples include: Progress Energy Florida SunSense Schools program, Home Energy Check for Kids, YMCA Green Team of Clearwater. There is also an educational resource for teachers and students on the company's website called e-Smart Kids that includes teacher guides, classroom activities and an interactive learning tool with games.

Progress Energy's Balanced Solution *(continued)*

State-of-the-Art Power System

Fleet Modernization

- Bartow Repowering – conversion to 1,133 MW natural gas facility completed in June 2009
- Lee Repowering – retiring 397 MW coal-fired Lee Plant and building a 950 MW natural gas-fueled generating facility, expected in-service in 2013
- Sutton Repowering – retiring 600 MW coal-fired units and building a 620 MW natural gas-fueled generating facility, expected in-service in late 2013
- Retirement of 172-MW Weatherspoon coal-fired units in October 2011, and 316-MW Cape Fear coal-fired units in 2015.
- Anclote Conversion – change to 100% natural gas fueled generation from oil and natural gas, expected completion by the end of 2013

New Generation

- Wayne County CT in-service June-2009
- Smith Power Block 5 in-service June-2011
- New generation needs will require additional transmission, distribution and other infrastructure investment

Bartow Repowering



Conversion of 426 MW Oil-Fired Steam Plant to 1,133 MW CCGT (2009)

Lee Repowering



Replacing 397 MW Coal-Fired Lee Plant with 950 MW CCGT (2013)

Smith Energy Complex



Addition of 600 MW CCGT (2011)

Sutton Repowering



Replacing 600 MW Coal-Fired Plant with 620 MW CCGT (2013)

Environmental Compliance and Investment

Progress Energy Carolinas

- Began operating seven scrubbers since 2005: Asheville Unit 1 (Nov-05), Asheville Unit 2 (May-06), Roxboro Unit 2 (Apr-07), Roxboro Unit 4 (Dec-07), Roxboro Unit 3 (May-08), Roxboro Unit 1 (Dec-08) and Mayo (May-09).
- Installed selective catalytic reduction (SCR) technology designed to reduce NOx emissions at the Roxboro, Mayo and Asheville plants.
- First U.S. company to install rotating over-fire air (ROFA) technology designed to reduce NOx emissions at the Cape Fear plant.

Progress Energy Florida

- Completed installation of low-NOx burners and SCR/scrubbers on Crystal River Unit 5 and Unit 4 in 2009 and 2010, respectively.
- Completed repowering of Bartow Plant to natural gas-burning combined cycle technology.
- Announced conversion of Anclote Plant from heavy fuel oil and natural gas to 100% natural gas by late 2013 to comply with new federal emission standards, including the new Mercury and Air Toxics Standards (MATS) rule.
- Separate environmental cost-recovery mechanism with authorized return of 10.5 percent.

Environmental Regulations Currently Impacting Progress Energy

Regulation and Status	Primarily Regulates	Compliance Strategy
<u>Coal Combustion Residuals</u> – Final rule expected late 2012	Storage, use and disposal of coal ash and scrubber sludge	Compliance method cannot be determined until rule is final
<u>NC Clean Smokestacks</u> – In effect	NO _x , SO ₂	Evaluating strategy for compliance subsequent to 2013
<u>CAIR / CSAPR</u> – CAIR in effect pending resolution of appeal of CSAPR	NO _x , SO ₂	Previously installed air pollution controls and fleet modernization projects
<u>NC Mercury</u> – NC requirements in effect	Mercury	Federal MATS rule compliance
<u>MATS</u> – Final rule effective 4/16/12	Mercury and other	Previously installed air pollution controls (PEC); additional controls req'd (PEF)
<u>GHG New Source Performance Stds</u> – Proposed rule Q1 2012	GHGs	Case-by-case determination for new units
<u>CAVR – BART provisions</u> – Effective 2013	NO _x , SO ₂ and particulate matter (PM)	EPA may allow CSAPR compliance to fulfill BART requirements
<u>NAAQS</u> – In effect	Ozone, NO ₂ , SO ₂ , PM	Currently in compliance
<u>Clean Water Act Section 316(b)</u> – Final rules expected in late July 2012	Cooling water intake structures for steam plants	Modification of traveling screens; possible fitting of new technologies
<u>Effluent Guideline Revisions</u> – Revisions anticipated in late July 2012	Wastewater discharges from steam plants	Cannot be determined until final rule is issued

Environmental Capital Expenditures (in millions)	2009	2010	2011	2012E	2013E	2014E
Progress Energy Carolinas	\$37	\$23	\$4	\$25	\$60	\$160
Progress Energy Florida	301	131	3	25	30	45
Total	\$338	\$154	\$7	\$50	\$90	\$205

Progress Energy Carolinas

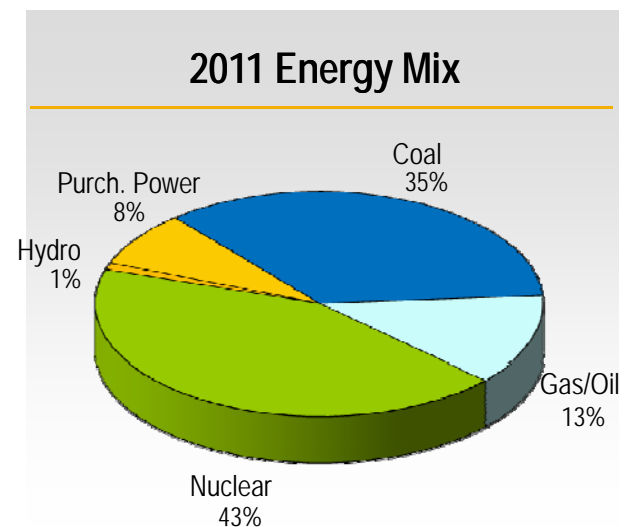
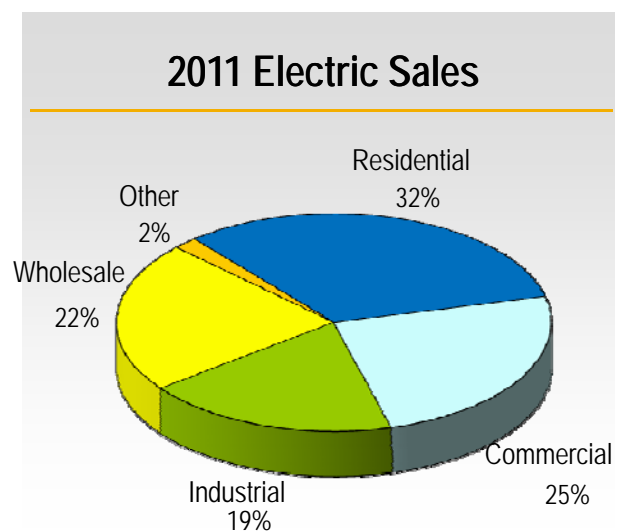
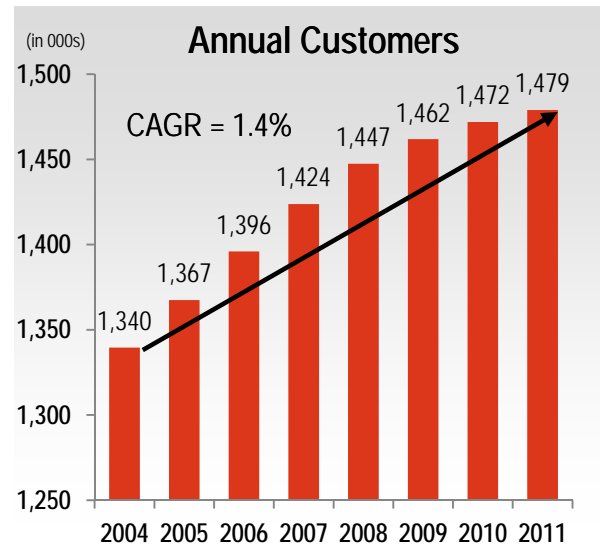


Value Drivers

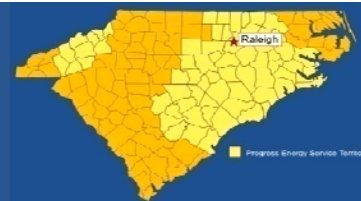
- Attractive service territory in Southeast
- Constructive regulatory environment
- Increased average number of customers by 6,000 in 2011
- Long-term contractual wholesale growth
- Coal-to-gas fleet modernization strategy

Quick Facts

- \$4.5 billion total electric revenues (2011)
- \$16.1 billion assets (12/31/11)
- ~1.5 million customers
- 5,500 employees
- 34,000-square-mile service area
- 12,958 MW summer net generating capacity
 - 18 generating plant sites (81 units)
- 6,000 circuit miles of transmission lines, including:
 - 300 miles of 500 kV lines
 - 3,100 miles of 230 kV lines
- 67,000 circuit miles of distribution lines



PEC – Regulatory Environment



Carolinas Regulators

NCUC Commissioners	Term Expires June 30
Edward S. Finley, Jr., Chairman	2019
William T. Culpepper, III	2013
Lucy T. Allen	2013
Susan W. Rabon	2015
Bryan E. Beatty	2017
ToNola D. Brown-Bland	2017
SCPSC Commissioners	Term Expires June 30
John E. Howard, Chairman	2012
David A. Wright, Vice Chairman	2014
Randy Mitchell	2012
Swain E. Whitfield	2012
G. O'Neal Hamilton	2012
Elizabeth B. Fleming	2014
Nikiya Hall	2014

PEC is subject to regulation by the North Carolina Utilities Commission (NCUC) and the Public Service Commission of South Carolina (SCPSC) which govern retail electric rates, and the FERC, which governs wholesale electric rates.

The Governor appoints members of the NCUC for staggered, eight-year terms, subject to approval by the General Assembly. The Governor appoints the NCUC chairman for a four-year term. Members of the SCPSC are elected by the General Assembly from a list of nominees submitted by a 10-member State Regulation of Public Utilities Review Committee. Terms of office are four years. The SCPSC members elect a chairman for a two-year term.

N.C. Clean Smokestacks Act

On June 20, 2002, legislation was enacted in North Carolina requiring the state's investor-owned utilities to reduce NO_x emissions by 56 percent and SO₂ emissions by 74 percent from 2001 levels. Implementation is phased, with final compliance to be achieved by 2013.

The bill contained a recovery mechanism for the full estimated capital cost of the necessary upgrades, which at that time were estimated to be \$813 million. Progress Energy Carolinas' total projected capital costs related to this legislation is approximately \$1.1 billion (2002-2013).

The NCUC allowed accelerated recovery of the original cost estimate of \$813 million over a seven-year period, which included a five-year retail customer base rate freeze. Cost estimates were adjusted upward primarily due to increased estimates for steel, concrete and other construction materials.

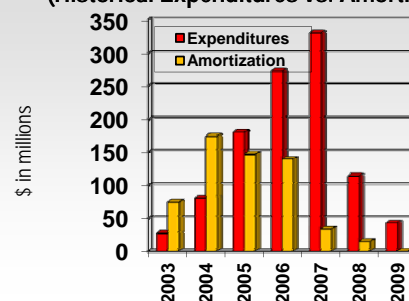
On September 5, 2008, the NCUC approved PEC's request to terminate the requirement that PEC amortize against cost of service any CSA compliance cost in excess of \$569M, and instead allow PEC to place these costs into rate base.

N.C. Clean Smokestacks Act (*continued*)

The NCUC ordered that PEC be allowed to include in rate base all reasonable and prudently incurred environmental compliance costs in excess of \$584 million as the projects are closed to plant in service. As a result of this order, PEC did not amortize \$229 million of the original estimated compliance costs for the Clean Smokestacks Act during 2008 and 2009, but is recording depreciation over the useful life of the assets.

As of Dec. 31, 2009, PEC had recorded a cumulative total of \$584 million of accelerated amortization. Through Dec. 31, 2009, PEC spent \$1.05 billion related to capital projects associated with this environmental compliance program.

**Clean Smokestacks Compliance
(Historical Expenditures vs. Amortization)**



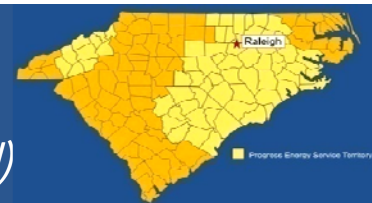
O&M expenses increase with the operation of pollution control equipment due to the cost of commodities such as ammonia and limestone used in emissions control technologies (reagents), additional personnel and general maintenance associated with the pollution control equipment. Legislation in North Carolina and South Carolina expanded the traditional fuel clause to include the annual recovery of reagents and certain other costs; all other O&M expenses are currently recoverable through base rates.

Senate Bill 1004

On July 31, 2009, the governor of North Carolina signed into law a bill that abbreviates the certification process to construct a new natural gas plant as long as the existing coal unit at that specific site is permanently retired. The law also specifies that a recovery mechanism is provided for utilities if they invest in zero emissions renewable energy facilities within the next five years. Finally, the legislation changes the state's Dam Safety Act such that dams at utility coal-fired power plants will now be subject to the Act's applicable provisions, including state inspection.

In August 2009, PEC received approval from the NCUC to build a new, 950-MW natural gas plant in Wayne County, N.C. in conjunction with the retirement of the 397-MW coal-fired Lee Plant, under the provisions of SB 1004.

PEC – Regulatory Environment *(continued)*



1988 Rate Case

PEC's last base rate case was in 1988, in which it was authorized a 12.75% ROE.

Fuel Cost Recovery

North Carolina Electric Retail

The NCUC establishes base fuel costs in general rate cases and holds hearings annually in September to determine whether rates should be adjusted to reflect changing fuel costs. The NCUC also considers the over- or under-recovery of fuel costs during the historical test period ending March 31 of each year. This component is reflected in rates for the future 12-month billing period. There is no option for a mid-year adjustment to the annual hearings in North Carolina. New rates are effective December 1.

South Carolina Electric Retail

Fuel rates are set based on projected costs for a future 12-month test period. Hearings are held once a year in May. Any past over- or under-recovery is reflected in rates for a future twelve-month billing period. There is a mid-year adjustment option for the annual hearings in South Carolina. New rates are effective July 1.

	NC	SC
Fuel filing date	June	May
Test period – projections	December 1 through November 30	July 1 through June 30
Effective date of new rates	December 1	July 1
Mid-year adjustment option?	No	Yes

Wholesale

Typically, fuel recovery is based on contract terms. The billing factor is based on estimates of fuel and a "true-up" factor. The "true-up" is to collect or refund the difference between estimated and actual fuel.

Fuel Cost Recovery *(continued)*

Eligible Fuel Costs

The commissions allow for the recovery of certain costs through fuel recovery clauses. The commissions' determination of prudent recoverable costs results in the addition of a rider to the base rates to reflect the approval of these costs and to reflect any past over- or under-recovery. Regulated utilities do not make any profit on the recovery of such costs. PEC maintains a diverse fuel mix that helps mitigate the impact of cost increases in any one fuel type.

Costs Recovered through Fuel Recovery Clauses (retail):

North Carolina

- Fuel Costs
- Fuel Transportation Costs
- Reagent Expense
- Purchased Power
 - Fuel
 - Non-Fuel Energy
 - Transmission
 - Renewable Avoided Cost
 - Dispatchable Cogen Capacity

South Carolina

- Fuel Costs
- Fuel Transportation Costs
- Reagent Expense
- Emission Allowances
- Purchased Power
 - Fuel
 - Non-Fuel Energy

Recovery Status

When actual fuel costs exceed the authorized fuel rates, the result is an under-recovered position.

Increases in fuel costs over the last few years have resulted in a net under-recovery position for PEC. A summary of the overall under-recovery position and the latest recovery filings is provided below.

Deferred Fuel Under-Recovery Balances

North Carolina	\$31M
South Carolina	(\$2M)
Total Under-Recovery at 12/31/2011	\$29M

2011 Fuel Cost Recovery Filings

	NC	SC
Total increase (decrease)	\$85M*	\$22M**

* On Nov. 14, 2011, the NCUC approved a settlement agreement for an \$85M increase in the fuel rate charged to PEC's N.C. ratepayers. The increase was effective December 1, 2011, and increased residential electric bills by \$2.75, or 2.7%, per 1,000 kWh.

** On June 29, 2011, the SCPSC approved a \$22M increase in the fuel rate charged to PEC's S.C. ratepayers. The increase was effective July 1, 2011, and increased residential bills by \$3.45, or 3.5%, per 1,000 kWh.

PEC - Energy Supply



Electric Generating Statistics – Carolinas

Facility	Location	No. of Units	In-Service Date	Fuel	PEC Ownership (in %)	Summer Net Capability ^(a) (in MW)
FOSSIL STEAM						
Asheville	Arden, N.C.	2	1964-1971	Coal	100	376
Cape Fear ^(b)	Moncure, N.C.	2	1956-1958	Coal	100	316
Lee ^(b)	Goldsboro, N.C.	3	1951-1962	Coal	100	382
Mayo	Roxboro, N.C.	1	1983	Coal	83.83	727 ^(c)
Robinson	Hartsville, S.C.	1	1960	Coal	100	177
Roxboro	Semora, N.C.	4	1966-1980	Coal	96.3 ^(d)	2,417 ^(e)
Sutton ^(b)	Wilmington, N.C.	3	1954-1972	Coal	100	575
	Total	16				4,970
NUCLEAR						
Brunswick	Southport, N.C.	2	1975-1977	Uranium	81.67	1,870 ^(e)
Harris	New Hill, N.C.	1	1987	Uranium	83.83	900 ^(e)
Robinson	Hartsville, S.C.	1	1971	Uranium	100	724
	Total	4				3,494
COMBUSTION TURBINES						
Asheville	Arden, N.C.	2	1999-2000	Gas/Oil	100	324
Blewett	Lilesville, N.C.	4	1971	Oil	100	52
Cape Fear	Moncure, N.C.	2	1969	Oil	100	46
Darlington	Hartsville, S.C.	13	1974-1997	Gas/Oil	100	790
Lee	Goldsboro, N.C.	4	1968-1971	Oil	100	75
Morehead City	Morehead City, N.C.	1	1968	Oil	100	12
Smith ^(e)	Hamlet, N.C.	5	2001-2002	Gas/Oil	100	820
Robinson	Hartsville, S.C.	1	1968	Gas/Oil	100	11
Sutton	Wilmington, N.C.	3	1968-1969	Gas/Oil	100	61
Wayne County	Goldsboro, N.C.	5	2000-2009	Gas/Oil	100	863
Weatherspoon	Lumberton, N.C.	4	1970-1971	Gas/Oil	100	131
	Total	44				3,185
COMBINED CYCLE						
Smith ^(e)	Hamlet, N.C.	2	2002-2011	Gas/Oil	100	1,084
	Total	2				1,084
HYDRO						
Blewett	Lilesville, N.C.	6	1912	Water	100	22
Marshall	Marshall, N.C.	2	1910	Water	100	4
Tillery	Mount Gilead, N.C.	4	1928-1960	Water	100	87
Walters	Waterville, N.C.	3	1930	Water	100	112
	Total	15				225
TOTAL		81				12,958

(a) Summer ratings reflect compliance with NERC reliability standards and are gross of joint ownership interest.

(b) PEC has announced that it intends to retire these units no later than the end of 2013 and plans to build new generation fueled by natural gas to replace the retired generation.

(c) Facilities are jointly owned by PEC and Power Agency. The capacities shown include Power Agency's share.

(d) PEC and Power Agency are joint owners of Unit 4 at the Roxboro Plant. PEC's ownership interest in this 698-MW unit is 87.06 percent.

(e) Formerly referred to as "Richmond."

Scheduled Nuclear Outages

2012

**Robinson
Brunswick 1
Harris**

2013

**Brunswick 2
Robinson
Harris**

2014

**Brunswick 1
Robinson**

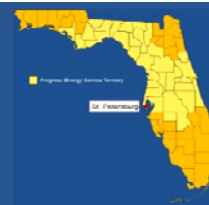
PEC - Energy Delivery



Progress Energy Carolinas

	CAGR (%)						
	2006-2011	2011	2010	2009	2008	2007	2006
Electric operating revenues (\$ in millions)							
Retail							
Residential	1.4%	\$1,185	\$1,242	\$1,128	\$1,113	\$1,172	\$1,105
Commercial	0.1%	712	726	707	717	745	709
Industrial	-3.4%	365	365	356	398	408	434
Governmental	1.6%	65	65	59	61	61	60
Unbilled	NM	-34	10	5	8	-1	-1
Total retail base revenues	-0.1%	\$2,293	\$2,408	\$2,255	\$2,297	\$2,385	\$2,307
Wholesale base revenues	-3.7%	285	305	308	307	355	344
Clause recoverable regulatory returns	NM	31	13	9	-	-	-
Miscellaneous	7.5%	129	138	114	102	97	90
Fuel and other pass-through revenues	5.9%	1,790	2,058	1,941	1,723	1,548	1,345
Total operating revenues	2.1%	\$4,528	\$4,922	\$4,627	\$4,429	\$4,385	\$4,086
Weather-normalized billed retail base revenues, excluding fuel (\$ in millions)							
Residential	1.2%	\$1,195	\$1,190	\$1,174	\$1,167	\$1,160	\$1,128
Commercial	0.6%	734	738	736	748	741	714
Industrial	-2.5%	383	383	372	414	408	434
Governmental	2.5%	68	69	62	64	61	60
Total weather-normalized billed retail base revenues	0.4%	\$2,380	\$2,380	\$2,344	\$2,393	\$2,370	\$2,336
Energy sales (millions of kWh)							
Retail							
Residential	2.2%	18,148	19,108	17,117	17,000	17,200	16,259
Commercial	0.7%	13,844	14,184	13,639	13,941	14,032	13,358
Industrial	-3.1%	10,613	10,665	10,368	11,388	11,901	12,393
Other	2.6%	1,610	1,574	1,497	1,466	1,438	1,419
Wholesale	-2.9%	12,605	13,999	13,966	14,329	15,309	14,584
Unbilled	NM	-597	172	360	-8	-55	-137
Total energy sales	-0.6%	56,223	59,702	56,947	58,116	59,825	57,876
Weather-normalized billed retail sales (millions of kWh)							
Residential	1.1%	17,564	17,541	17,156	16,908	17,022	16,602
Commercial	0.3%	13,663	13,770	13,639	13,806	13,960	13,448
Industrial	-3.1%	10,613	10,665	10,368	11,063	11,901	12,393
Other Retail	2.6%	1,611	1,574	1,497	1,460	1,438	1,419
Total weather-normalized billed retail sales	-0.2%	43,451	43,550	42,660	43,237	44,321	43,862
Electric customers billed at year-end							
Residential	1.2%	1,247,239	1,241,658	1,232,488	1,218,822	1,197,211	1,172,853
Commercial	0.8%	224,923	223,841	222,453	221,989	220,034	216,443
Industrial	1.7%	4,668	4,703	4,774	4,403	4,219	4,287
Governmental	-3.6%	1,977	2,096	2,160	2,211	2,295	2,371
Wholesale	-9.1%	18	22	24	25	26	29
Total electric customers billed	1.2%	1,478,825	1,472,320	1,461,899	1,447,450	1,423,785	1,395,983
Weather-normalized retail base revenues, excluding fuel (%)							
Residential		50.2%	50.0%	50.1%	48.8%	48.9%	48.3%
Commercial		30.8%	31.0%	31.4%	31.3%	31.3%	30.6%
Industrial		16.1%	16.1%	15.9%	17.3%	17.2%	18.6%
Other retail		2.9%	2.9%	2.6%	2.7%	2.6%	2.6%
Total weather-normalized retail base revenues		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Weather-normalized billed retail sales (%)							
Residential		40.4%	40.3%	40.2%	39.1%	38.4%	37.9%
Commercial		31.4%	31.6%	32.0%	31.9%	31.5%	30.7%
Industrial		24.4%	24.5%	24.3%	25.6%	26.9%	28.3%
Other Retail		3.7%	3.6%	3.5%	3.4%	3.2%	3.2%
Total weather-normalized billed retail sales		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Progress Energy Florida

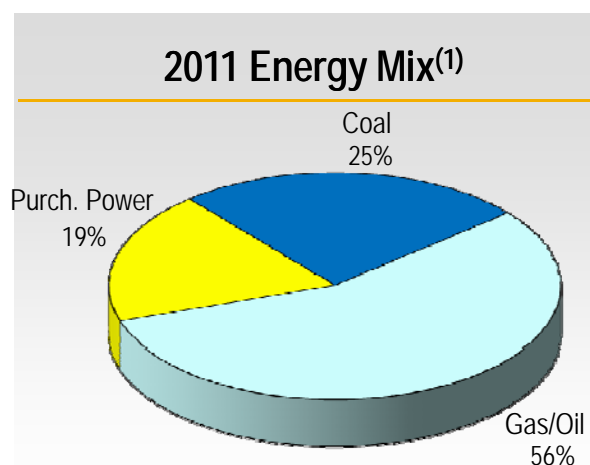
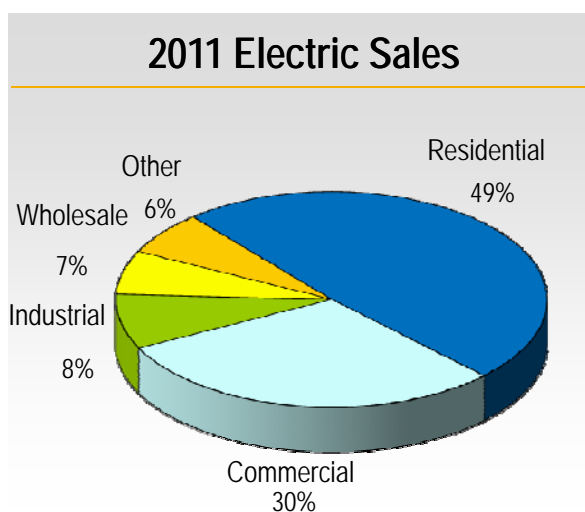
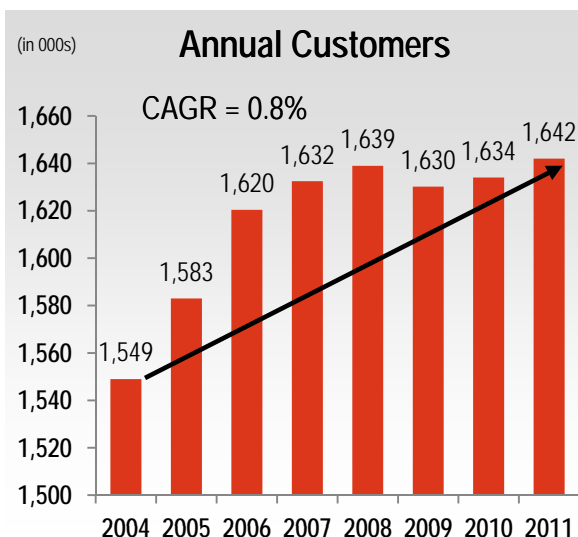
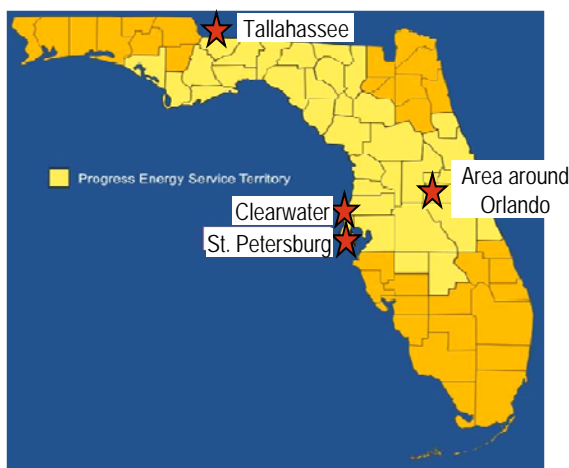


Value Drivers

- \$150 million annual revenue increase, effective January 2013
- Rate settlement enhances regulatory certainty through 2016
- Completion of Crystal River Units 4&5 environmental projects in May 2010, with clause recovery
- Constructive nuclear cost-recovery legislation

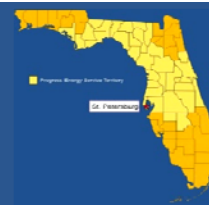
Quick Facts

- \$4.4 billion total electric revenues (2011)
- \$14.5 billion assets (12/31/11)
- ~1.6 million customers
- 4,000 employees
- 20,000-square-mile service area
- 10,000 MW summer net generating capacity
 - 14 generating plant sites (63 total units)
- 5,100 circuit miles of transmission lines, including:
 - 200 miles of 500 kV lines
 - 1,600 miles of 230 kV lines
- 31,000 circuit miles of distribution lines



(1) No nuclear power generated in 2011 due to Crystal River 3 extended outage.

PEF - Regulatory Environment



Florida Public Service Commission

Members of the FPSC are appointed to four-year terms by the Governor and are confirmed by the Florida Senate. The Chairman of the FPSC is elected to a two-year term by majority vote of the Commissioners.

FPSC Commissioners	Term Expires January
Ronald A. Brisé, Chairman	2014
Lisa Polak Edgar	2013
Arthur L. Graham	2014
Julie Imanuel Brown	2015
Eduardo E. Balbis	2015

2012 Settlement Agreement

On January 20, 2012, PEF, the Florida Office of Public Counsel and other consumer advocates filed a comprehensive settlement agreement with the FPSC. Under the terms of the agreement, which became effective with the FPSC's unanimous approval on February 22, 2012, and continues through the last billing cycle of December 2016, the settlement provides more certainty on cost recovery related to Crystal River 3 (CR3) and the Levy nuclear project, as well as more rate stability through 2016.

Key components of agreement

- Crystal River Unit 3
 - Retains flexibility on decision to repair or retire unit
 - Resolves prudence issues from steam generator replacement project inception through the date the FPSC approved settlement
 - Resolves CR3 replacement fuel and purchased power issues/costs from 2009 to 2016
 - Allocates risk on repair costs based on timing of Nuclear Electric Insurance Limited (NEIL) coverage resolution and company's decision to repair or retire
- Levy Nuclear Project
 - Preserves potential future benefits of new nuclear generation in Florida
 - Uncollected balance (~ \$350 million projected at year-end 2012) to be recovered in the nuclear cost recovery clause over five years (2013-2017)
 - Full recovery of all retail project costs if the company ultimately chooses to cancel the contract
 - Current wholesale portion (~ \$100 million) to be amortized by 2016 as a retail regulatory asset
- Base Rates, Customer Refund and other Terms (2013 – 2016)
 - Revenue requirement increase (\$150M)
 - Refund \$288M to customers through the fuel clause (corresponding charge recorded in 2011)
 - ROE @ 10.5% plus or minus 100 basis points (increase to 10.7% upon CR3 return to service)
 - CR3 removed from rate base, effective 2013; will accrue a return, with automatic revenue increase, when returned to service
 - Retains cost of removal flexibility throughout term

Rationale for agreement

- Achieves a reasonable financial outcome for base rates through 2016
- Allows additional time for the economic landscape to improve
- Achieves a positive outcome for the Levy nuclear project, while preserving potential future benefits of new nuclear generation in Florida
- Resolves key prudence issues around CR3
- Preserves company discretion to repair CR3 based on facts and circumstances

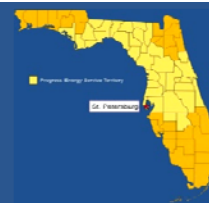
Fuel & Capacity Cost Recovery

Florida Electric Retail

An annual hearing is held in September to adjust the Fuel Cost Recovery Factor and Capacity Cost Recovery (CCR) factor for the future billing months of January through December. The Fuel Cost Recovery Factor allows the recovery of fuel and purchased power (other than capacity payments) and is adjusted to reflect changes in these costs from one period to the next. The CCR is designed to recover the cost of capacity payments for off-system capacity and is adjusted to reflect these costs. There is a mid-year adjustment option for the annual hearings in Florida. New rates are effective January 1.

Fuel filing date	September
Test period – projections	1/1-12/31
Effective date of new rates	January 1
Mid-year adjustment option?	Yes

PEF – Regulatory Environment *(continued)*



Fuel & Capacity Cost Recovery *(continued)*

Eligible Fuel Costs

The FPSC allows the recovery of certain costs through a fuel recovery clause. The FPSC's determination of prudent recoverable costs results in the addition of a rider to PEF's base rates to reflect the approval of these costs and to reflect any past over- or under-recovery. PEF does not make any profit on the recovery of such costs. PEF maintains a diverse fuel mix which helps mitigate the impact of cost increases in any one fuel type.

Costs Recovered through Fuel Recovery Clause (retail):

- Fuel Costs
- Fuel Transportation Costs
- Energy Component (fuel) of Purchased Power Costs
- Transmission

Deferred Fuel & Capacity Under-Recovery Balances

Total Under-Recovery at 12/31/11 \$244M

2011 Cost Recovery Filings

On November 22, 2011, the FPSC approved PEF's request to increase fuel costs by \$5.99 per 1,000 kWh, or 5.0% percent, for residential customers, effective January 1, 2012. This increase is due to an increase of \$3.99 per 1,000 kWh for the projected recovery of fuel costs and an increase of \$2.00 per 1,000 kWh for the projected recovery through the Capacity Cost-Recovery Clause (CCRC).

Recovery Status

When actual fuel costs exceed the authorized fuel rates, the result is an under-recovered position. However, subsequent decreases in fuel costs can result in an over-recovered position.

A summary of the overall under-recovery position and the latest recovery filings is provided at the right.

Additional Recovery Clauses

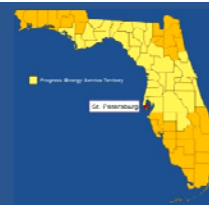
Clause	Description	Timeframe	Recovery
Capacity	Recovery of capacity portion of purchased power	Annual Filing	\$ for \$
Nuclear Capacity	Recovery of planning and construction costs of a nuclear power plant	Annual Filing	\$ for \$ (pre-construction); Return on capital (construction) ⁽¹⁾ ; Return of/on capital (in-service) ⁽²⁾
Environmental (ECRC)	Recovery of qualified environmental compliance costs (including reagent and emission allowance expenses)	Annual Filing	\$ for \$ (O&M); Return of/on capital ⁽³⁾
Energy Conservation (ECCR)	Recovery of efficiency and conservation program costs	Annual Filing	\$ for \$ (O&M); Return of/on capital ⁽³⁾

(1) Per 2006 nuclear legislation, returns are based on an 8.848% WACC, which was based on an 11.75% ROE on 57.83% equity.

(2) Returns will be based on prevailing ROE and capital structure at date of in-service.

(3) Returns will be based on currently authorized ROE and capital structure.

PEF - Energy Supply



Electric Generating Statistics – Florida

Facility	Location	No. of Units	In-Service Date	Fuel	PEF Ownership (in %)	Summer Net Capability ^(a) (in MW)
FOSSIL STEAM						
Anclote	Holiday, Fla.	2	1974-1978	Gas/Oil	100	1,011
Crystal River	Crystal River, Fla.	4	1966-1984	Coal	100	2,295
Suwannee River	Live Oak, Fla.	3	1953-1956	Gas/Oil	100	129
	Total	9				3,435
COMBINED CYCLE						
Bartow	St. Petersburg, Fla.	1	2009	Gas/Oil	100	1,133
Hines	Bartow, Fla.	4	1999-2007	Gas/Oil	100	1,912
Tiger Bay	Fort Meade, Fla.	1	1997	Gas	100	205
	Total	6				3,250
COMBUSTION TURBINES						
Avon Park	Avon Park, Fla.	2	1968	Gas/Oil	100	48
Bartow	St. Petersburg, Fla.	4	1972	Gas/Oil	100	177
Bayboro	St. Petersburg, Fla.	4	1973	Oil	100	174
DeBary	DeBary, Fla.	10	1975-1992	Gas/Oil	100	638
Higgins	Oldsmar, Fla.	4	1969-1971	Gas/Oil	100	105
Intercession City	Intercession City, Fla.	14	1974-2000	Gas/Oil	^(b)	982 ^(c)
Rio Pinar	Rio Pinar, Fla.	1	1970	Oil	100	12
Suwannee River	Live Oak, Fla.	3	1980	Gas/Oil	100	155
Turner	Enterprise, Fla.	4	1970-1974	Oil	100	137
University of Florida Cogeneration	Gainesville, Fla.	1	1994	Gas	100	46
	Total	47				2,474
NUCLEAR						
Crystal River	Crystal River, Fla.	1	1977	Uranium	91.78	860 ^(c) ^(d)
	Total	1				860
TOTAL		63				10,019

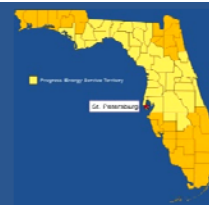
^(a) Summer ratings reflect compliance with NERC reliability standards and are gross of joint ownership interest.

^(b) PEF and Georgia Power Company are joint owners of a 143-MW advanced combustion turbine located at PEF's Intercession City site. Georgia Power Company has the exclusive right to the output of this unit during the months of June through September. PEF has the right for the remainder of the year.

^(c) Facilities are jointly owned. The capacities shown include joint owners' share.

^(d) Due to the extended outage at the CR3 nuclear generating unit that began in September 2009, no nuclear power was generated in 2011 and 2010.

PEF - Energy Delivery



Progress Energy Florida

	CAGR (%)	2011	2010	2009	2008	2007	2006
2006-2011							
Electric operating revenues (\$ in millions)							
Retail							
Residential	2.5%	\$983	\$1,045	\$946	\$893	\$864	\$867
Commercial	3.3%	356	359	340	328	307	303
Industrial	0.0%	74	75	72	76	72	74
Governmental	3.7%	90	92	87	82	78	75
Unbilled	NM	-24	17	9	-1	1	-4
Revenue sharing	NM	-	-	-	-	-	1
Total retail base revenues	2.4%	\$1,479	\$1,588	\$1,454	\$1,378	\$1,322	\$1,316
Wholesale base revenues	-1.6%	110	160	207	197	148	119
Clause recoverable regulatory returns	NM	182	173	87	11	2	-
Amount to be refunded to customers	NM	-288	-	-	-	-	-
Miscellaneous	4.7%	209	216	189	178	170	166
Fuel and other pass-through revenues	-2.5%	2,677	3,117	3,314	2,967	3,107	3,038
Total operating revenues	-1.2%	\$4,369	\$5,254	\$5,251	\$4,731	\$4,749	\$4,639
Weather-normalized billed retail base revenues, excluding fuel (\$ in millions)							
Residential	1.9%	\$954	\$938	\$926	\$900	\$870	\$869
Commercial	2.9%	349	355	336	328	306	303
Industrial	0.0%	74	76	72	76	72	74
Governmental	3.0%	88	92	86	83	77	76
Total weather-normalized billed retail base revenues, pre-sharing	2.1%	\$1,465	\$1,461	\$1,420	\$1,387	\$1,325	\$1,322
Revenue sharing	NM	-	-	-	-	-	1
Total weather-normalized billed retail base revenues, post-sharing	2.1%	\$1,465	\$1,461	\$1,420	\$1,387	\$1,325	\$1,323
Energy sales (millions of kWh)							
Retail							
Residential	-0.8%	19,238	20,524	19,399	19,328	19,912	20,021
Commercial	-0.1%	11,892	11,896	11,884	12,139	12,183	11,975
Industrial	-4.9%	3,243	3,219	3,285	3,786	3,820	4,160
Governmental	-0.3%	3,224	3,286	3,256	3,302	3,367	3,276
Wholesale	-10.1%	2,610	3,857	3,835	6,734	6,024	4,434
Unbilled	36.0%	-629	458	131	-99	-6	-135
Total energy sales	-2.0%	39,578	43,240	41,790	45,190	45,300	43,731
Weather-normalized billed retail sales (millions of kWh)							
Residential	-1.6%	18,488	18,394	18,926	19,528	20,108	20,069
Commercial	-0.4%	11,760	11,721	11,744	12,161	12,132	11,991
Industrial	-4.9%	3,243	3,219	3,285	3,786	3,819	4,160
Other Retail	-0.5%	3,198	3,244	3,227	3,315	3,353	3,283
Total weather-normalized billed retail sales	-1.5%	36,689	36,578	37,182	38,790	39,412	39,503
Electric customers billed at year-end							
Residential	0.3%	1,452,454	1,451,466	1,441,325	1,449,041	1,442,854	1,431,742
Commercial	-0.1%	162,071	161,674	161,390	162,569	162,837	162,774
Industrial	-2.2%	2,408	2,481	2,487	2,587	2,668	2,697
Governmental	1.7%	25,212	25,192	24,970	24,714	24,071	23,160
Wholesale	-8.2%	15	19	23	24	21	23
Total electric customers billed	0.3%	1,642,160	1,640,832	1,630,195	1,638,935	1,632,451	1,620,396
Weather-normalized retail base revenues, pre-sharing excluding fuel (%)							
Residential		65.1%	64.2%	65.2%	64.9%	65.7%	65.7%
Commercial		23.8%	24.3%	23.7%	23.6%	23.1%	22.9%
Industrial		5.1%	5.2%	5.1%	5.5%	5.4%	5.6%
Other retail		6.0%	6.3%	6.1%	6.0%	5.8%	5.7%
Total weather-normalized retail base revenues, pre sharing		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Weather-normalized billed retail sales (%)							
Residential		50.4%	50.3%	50.9%	50.3%	51.0%	50.8%
Commercial		32.1%	32.0%	31.6%	31.4%	30.8%	30.4%
Industrial		8.8%	8.8%	8.8%	9.8%	9.7%	10.5%
Other Retail		8.7%	8.9%	8.7%	8.5%	8.5%	8.3%
Total weather-normalized billed retail sales		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Progress Energy

Credit Ratings

As of April 1, 2012, the company's securities were rated as follows:

Long-Term Ratings	S&P ^(a)	Moody's ^(b)	Fitch ^(c)
Progress Energy			
Outlook/Watch	Watch Positive	Stable	Stable
Corporate Credit Rating/Issuer Rating	BBB+	N/A	BBB
Senior Unsecured	BBB	Baa2	BBB
Progress Energy Carolinas			
Outlook/Watch	Watch Positive	Stable	Stable
Corporate Credit Rating/Issuer Rating	BBB+	A3	A-
Senior Secured Debt	A	A1	A+
Senior Unsecured Debt	BBB+	A3	A
Subordinate Debt	N/A	Baa1	N/A
Preferred Stock	BBB-	Baa2	BBB+
Progress Energy Florida			
Outlook/Watch	Watch Positive	Stable	Negative
Corporate Credit Rating/Issuer Rating	BBB+	Baa1	BBB+
Senior Secured Debt	A	A2	A
Senior Unsecured Debt	BBB+	Baa1	A-
Preferred Stock	BBB-	Baa3	BBB
Florida Progress			
Outlook/Watch	Watch Positive	N/A	N/A
Debt Rating	BBB+	N/A	N/A
FPC Capital I			
Outlook/Watch	Watch Positive	Stable	Negative
Preferred Stock*	BBB-	Baa2	BBB
*Guaranteed by PGN and Florida Progress Corp.			
Short-Term Ratings	S&P	Moody's	Fitch
Progress Energy			
Watch	Watch Positive	N/A	N/A
Commercial Paper	A-2	P-2	F2
Progress Energy Carolinas			
Watch	Watch Positive	N/A	N/A
Commercial Paper	A-2	P-2	F1
Progress Energy Florida			
Watch	Watch Positive	N/A	N/A
Commercial Paper	A-2	P-2	F2

^(a) On January 10, 2011 following the Progress Energy - Duke Energy merger announcement, S&P placed all corporate credit and issue ratings on Credit Watch Positive.

^(b) On January 10, 2011, following the Progress Energy - Duke Energy merger announcement, Moody's affirmed all ratings with Stable outlooks.

^(c) On July 11, 2011, Fitch affirmed all ratings of PGN and PEC with Stable outlooks, and Affirmed the ratings of PEF and FPC Capital I with Negative outlooks.

Progress Energy

Financial and Operating Highlights

(\$ in millions, except per share data)	Years ended December 31		
	2011	2010	2009
Operating revenues	\$8,907	\$10,190	\$9,885
Ongoing earnings	\$871	\$889	\$846
Net income attributable to controlling interests	\$575	\$856	\$757
Electric sales (millions of kWh)	95,801	102,942	98,737
Electric system peak (MW) ^(a)	20,496	20,822	20,978
Total electric utility system capability (MW) ^(b)	22,977	22,579	22,598
Utility plant in service, net ^(c)	\$19,064	\$18,141	\$17,342
CWIP as a percent of total utility plant, net	10.9%	10.4%	9.1%
Gross property additions	\$2,066	\$2,221	\$2,295

COMMON STOCK DATA

Average shares outstanding (in millions)	296	291	279
Ongoing earnings per common share ^(d)	\$2.95	\$3.06	\$3.03
Reported GAAP earnings per common share ^(d)	\$1.94	\$2.95	\$2.71
Dividends paid per common share ^(e)	\$2.12	\$2.48	\$2.48
Return on average common stock equity	5.7%	8.7%	8.1%
Book value per common share	\$33.79	\$34.05	\$33.53
Market value per common share (closing)	\$56.02	\$43.48	\$41.01

CAPITALIZATION RATIOS

Common stock	41.9%	43.6%	42.3%
Preferred stock	0.4%	0.4%	0.4%
Total debt	57.7%	56.0%	57.3%

(a) Data represents the combined summer non-coincident peaks for Progress Energy Carolinas and Progress Energy Florida.

(b) Represents maximum dependable capacity of installed utility generating units plus other resources, including firm purchases based on summer peak conditions and assuming all units are available for operation.

(c) Plant in service net of accumulated depreciation.

(d) See reconciliation schedule on page 36.

(e) In the fourth quarter of 2011, the company declared a partial dividend of \$0.259 per share in order to align our dividend schedule with that of Duke Energy in anticipation of the Merger closing during 2012. On January 20, 2012, the company declared a full quarterly dividend of \$0.62 per share payable on March 16, 2012.

Progress Energy

Financial and Operating Highlights *(continued)*

Interest Coverage

(\$ in millions)

	2011	2010	2009
Net Income	\$582	\$863	\$761
Depreciation and amortization	870	1,083	1,135
Deferred taxes and investment tax credit	353	478	220
Deferred Fuel	(102)	(2)	290
Other adjustments including AFUDC adjustment	415	155	147
Other assets & liabilities including accrued pension	(470)	(130)	(369)
Funds from operations	\$1,648	\$2,447	\$2,184
Gross interest expense	760	779	718
FFO/Interest*	3.2x	4.1x	4.0x

*(Funds from Operations + Gross Interest Expense) / Gross Interest Expense.

Capital Structure

(\$ in millions)

	<u>12/31/2011</u>	<u>% of Total</u>	<u>12/31/2010</u>	<u>% of Total</u>
Long-term debt, affiliate (QUIPS)	\$273		\$273	
Long-term debt, net	11,718		11,864	
Current portion of long-term debt	950		505	
Short-term debt*	671		-	
Capital lease obligations	211		221	
Total debt	<u>13,823</u>	57.7%	<u>12,863</u>	56.0%
Preferred stock of subsidiary	93	0.4%	93	0.4%
Noncontrolling interest	4	0.0%	4	0.0%
Total common stock equity	<u>10,021</u>	41.9%	<u>10,023</u>	43.6%
Total Capitalization	\$23,941	100%	\$22,983	100%

* At December 31, 2011, the company had \$671 million of outstanding commercial paper and other short-term debt classified as short-term debt. The weighted-average interest rates of such short-term obligations was 0.50%. At December 31, 2010, the company had no outstanding commercial paper and other short-term debt classified as short-term debt.

PGN Revolving Credit Facilities

As of Mar. 31, 2012
(\$ in millions)

Program	Term	Amount	Expiration
Progress Energy *	5-Year	\$478	5/3/13
Progress Energy Carolinas	3-Year	750	10/15/13
Progress Energy Florida	3-Year	750	10/15/13
		<u>\$1,978</u>	

*On February 15, 2012, the Parent's \$478 million credit facility was amended to extend the expiration date to May 3, 2013.

Debt Maturity Profile

As of Mar. 31, 2012
(\$ in millions)

Issuer	2012	2013	2014	2015	2016
PGN	\$ 450 **	-	\$ 300	-	\$ 300
PEC	\$ 500	\$ 405	\$ -	\$ 700	\$ -
PEF	\$ -	\$ 425	\$ -	\$ 300	\$ -
Total	<u>\$ 950</u>	<u>\$ 830</u>	<u>\$ 300</u>	<u>\$1,000</u>	<u>\$ 300</u>

**On March 5, 2012, PGN issued \$450M 3.15% Senior Notes due 2022 to retire at maturity \$450M Senior Notes due April 15, 2012.

Progress Energy

Financial and Operating Highlights *(continued)*

Issuances and Redemptions of Securities

As of December 31, 2011
(Principal amounts, in millions)

2011		Issuance	Redemption	Maturity
Progress Energy, Inc.				
January 21	4.40% Senior Notes due 1/15/21	\$500		
March 1	7.10% Senior Notes due 3/1/11			\$700
Progress Energy Carolinas, Inc.				
September 15	3.00% FMB due 9/15/21	\$500		
Progress Energy Florida, Inc.				
July 15	6.65% FMB due 7/15/11			\$300
August 18	3.10% FMB due 8/15/21	\$300		
2011 Total		\$1,300	\$0	\$1,000

2010		Issuance	Redemption	Maturity
Progress Energy, Inc.				
January 15	Series A Floating Rate Senior Notes			\$100
Progress Energy Florida, Inc.				
March 25	4.55% FMB due 4/1/20	\$250		
March 25	5.65% FMB due 4/1/40	\$350		
June 1	4.50% FMB due 6/1/10			\$300
2010 Total		\$600	\$0	\$400

2009		Issuance	Redemption	Maturity
Progress Energy, Inc.				
January 12	Common Equity	\$539		
March 19	6.05% Senior Notes due 3/15/14	\$300		
March 19	7.05% Senior Notes due 3/15/19	\$450		
November 19	4.875% Senior Notes due 12/1/19	\$350		
November 19	6.00% Senior Notes due 12/1/39	\$600		
December 17	Common Equity	\$54		
Progress Energy Carolinas, Inc.				
January 15	5.30% FMB due 1/15/19	\$600		
March 1	5.95% Senior Notes			\$400
2009 Total		\$2,893	\$0	\$400

Progress Energy

Financial and Operating Highlights *(continued)*

Consolidated Schedule of Long-Term Debt

At December 31, 2011 and 2010 the company's long-term debt consisted of the following:
(maturities and weighted-average interest rates as of December 31, 2011)

<i>(\$ in millions)</i>		2011	2010
Progress Energy			
Senior unsecured notes, maturing 2010-2039	6.28%	\$4,000	\$4,200
Unamortized premium and discount, net		(7)	(6)
Current portion of long-term debt		(450)	(205)
		<u>3,543</u>	<u>3,989</u>
Progress Energy Carolinas			
First mortgage bonds, maturing 2013-2038	5.17%	3,025	2,525
Pollution control obligations, maturing 2017-2024	0.57%	669	669
Senior unsecured notes, maturing 2012	6.50%	500	500
Miscellaneous notes	6.00%	5	5
Unamortized premium and discount, net		(6)	(6)
Current portion of long-term debt		(500)	–
		<u>3,693</u>	<u>3,693</u>
Progress Energy Florida			
First mortgage bonds, maturing 2013-2040	5.56%	4,100	4,100
Pollution control obligations, maturing 2018-2027	0.57%	241	241
Medium-term notes, maturing 2028	6.75%	150	150
Unamortized premium and discount, net		(9)	(9)
Current portion of long-term debt		–	(300)
		<u>4,482</u>	<u>4,182</u>
Florida Progress Funding Corporation			
Debt to affiliated trust, maturing 2039	7.10%	309	309
Unamortized premium and discount, net		(36)	(36)
		<u>273</u>	<u>273</u>
Consolidated long-term debt, net		<u>\$11,991</u>	<u>\$12,137</u>

Progress Energy

Financial and Operating Highlights - Debt Portfolio Schedule

As of March 31, 2012 (\$ in thousands)

Legal Entity	Issuance	CUSIP	Description	Security	Rate	Notional Value	Issue Date	Maturity Date
Progress Energy, Inc.								
	6.85% Senior Notes Due 04/15/12	743263 AJ4	Fixed Rate	Unsecured	6.850%	\$450,000	04/17/02	04/15/12
	6.05% Senior Notes Due 03/15/14	743263 AM7	Fixed Rate	Unsecured	6.050%	\$300,000	03/19/09	03/15/14
	5.625% Senior Notes Due 1/15/16	743263 AL9	Fixed Rate	Unsecured	5.625%	\$300,000	01/13/06	01/15/16
	7.05% Senior Notes Due 3/15/19	743263 AN5	Fixed Rate	Unsecured	7.050%	\$450,000	03/19/09	03/15/19
	4.875% Senior Notes Due 12/01/19	743263 AQ8	Fixed Rate	Unsecured	4.875%	\$350,000	11/19/09	12/01/19
	4.40% Senior Notes Due 01/15/21	743263 AR6	Fixed Rate	Unsecured	4.400%	\$500,000	01/21/11	01/15/21
	3.15% Senior Notes Due 04/01/22	743263 AS4	Fixed Rate	Unsecured	3.150%	\$450,000	03/08/12	04/01/22
	7.75% Senior Notes Due 03/01/31	743263 AE5	Fixed Rate	Unsecured	7.750%	\$650,000	02/22/01	03/01/31
	7.00% Senior Notes Due 10/30/31	743263 AG0	Fixed Rate	Unsecured	7.000%	\$400,000	10/30/01	10/30/31
	6.00% Senior Notes Due 12/01/39	743263 AP0	Fixed Rate	Unsecured	6.000%	\$600,000	11/19/09	12/01/39
						<u>\$4,450,000</u>		
Progress Energy Carolinas, Inc.								
	6.5% Notes Due 07/15/12	144141 CS5	Fixed Rate	Unsecured	6.500%	\$500,000	07/30/02	07/15/12
	5.125% FMB Due 09/15/13	144141 CT3	Fixed Rate	FMB	5.125%	\$400,000	09/11/03	09/15/13
	5.15% FMB Due 04/01/15	144141 CW6	Fixed Rate	FMB	5.150%	\$300,000	03/22/05	04/01/15
	5.25% FMB Due 12/15/15	144141 CX4	Fixed Rate	FMB	5.250%	\$400,000	11/30/05	12/15/15
	POL Control W Due 02/01/17	930868 BR4	Fixed Rate	FAFMB	5.375%	\$48,485	02/06/02	02/01/17
	POL Control N Due 11/01/18	930868 BJ2	Auction Rate (35 Days)	FAFMB	0.280%	\$67,300	06/15/00	11/01/18
	POL Control O Due 11/01/18	715333 AE0	Auction Rate (35 Days)	FAFMB	0.333%	\$55,640	06/15/00	11/01/18
	5.30% FMB Due 1/15/19	144141 CZ9	Fixed Rate	FMB	5.300%	\$600,000	01/15/09	01/15/19
	8.625% FMB Due 9/15/21	144141 BP2	Fixed Rate	FMB	8.625%	\$100,000	10/02/91	09/15/21
	3.00% FMB Due 09/15/21	144141 DA3	Fixed Rate	FMB	3.000%	\$500,000	09/15/11	09/15/21
	POL Control P Due 10/01/22	930868 BK9	Auction Rate (07 Days)	FAFMB	0.280%	\$50,000	07/13/00	10/01/22
	POL Control Q Due 10/01/22	930868 BL7	Auction Rate (07 Days)	FAFMB	0.333%	\$50,000	07/13/00	10/01/22
	POL Control R Due 10/01/22	715333 AF7	Auction Rate (35 Days)	FAFMB	0.280%	\$45,600	07/13/00	10/01/22
	POL Control S Due 10/01/22	930868 BM5	Auction Rate (35 Days)	FAFMB	0.280%	\$41,700	07/13/00	10/01/22
	POL Control T Due 10/01/22	930868 BN3	Auction Rate (35 Days)	FAFMB	0.280%	\$50,000	07/13/00	10/01/22
	POL Control U Due 10/01/22	930868 BP8	Auction Rate (35 Days)	FAFMB	0.280%	\$50,000	07/13/00	10/01/22
	POL Control V Due 10/01/22	930868 BQ6	Auction Rate (35 Days)	FAFMB	0.245%	\$87,400	07/13/00	10/01/22
	POL Control L Due 05/01/24	930868 BA1	Auction Rate (28 Days)	FMB	0.280%	\$72,600	05/12/94	05/01/24
	POL Control M Due 05/01/24	930868 AZ7	Auction Rate (28 Days)	FMB	0.228%	\$50,000	05/12/94	05/01/24
	6.125% FMB Due 09/15/33	144141 CU0	Fixed Rate	FMB	6.125%	\$200,000	09/11/03	09/15/33
	5.70% FMB Due 04/01/35	144141 CV8	Fixed Rate	FMB	5.700%	\$200,000	03/22/05	04/01/35
	6.30% FMB due 04/01/38	144141 CY2	Fixed Rate	FMB	6.300%	\$325,000	03/13/08	04/01/38
						<u>\$4,193,725</u>		
Progress Energy Florida, Inc.								
	4.80% FMB Due 03/01/13	341099 CC1	Fixed Rate	FMB	4.800%	\$425,000	02/21/03	03/01/13
	5.10% FMB Due 12/01/15	341099 CD9	Fixed Rate	FMB	5.100%	\$300,000	11/21/03	12/01/15
	5.80% FMB Due 09/15/17	743262AA5	Fixed Rate	FMB	5.800%	\$250,000	09/18/07	09/15/17
	POL Control FMB Due 01/01/18	177464 AQ7	Auction Rate	FAFMB	0.484%	\$32,200	07/16/02	01/01/18
	5.65% FMB Due 06/15/18	341099CK3	Fixed Rate	FMB	5.650%	\$500,000	06/18/08	06/15/18
	4.55% FMB Due 04/01/20	341099CM9	Fixed Rate	FMB	4.550%	\$250,000	03/25/10	04/01/20
	3.10% FMB Due 08/15/21	341099CP2	Fixed Rate	FMB	3.100%	\$300,000	08/15/11	08/15/21
	POL Control FMB Due 01/01/22	177464 AS3	Auction Rate	FAFMB	0.483%	\$100,115	07/16/02	01/01/22
	POL Control FMB Due 01/01/27	177464 AR5	Auction Rate	FAFMB	0.484%	\$108,550	07/16/02	01/01/27
	6.75% MTN Series B Due 02/01/28	34110Q AL2	Fixed Rate	Unsecured	6.750%	\$150,000	02/13/98	02/01/28
	5.9% FMB Due 03/01/33	341099 CB3	Fixed Rate	FMB	5.900%	\$225,000	02/21/03	03/01/33
	6.35% FMB Due 09/15/37	743262AB3	Fixed Rate	FMB	6.350%	\$500,000	09/18/07	09/15/37
	6.40% FMB Due 06/15/38	341099CL1	Fixed Rate	FMB	6.400%	\$1,000,000	06/18/08	06/15/38
	5.65% FMB Due 04/01/40	341099CN7	Fixed Rate	FMB	5.650%	\$350,000	03/25/10	04/01/40
						<u>\$4,490,865</u>		
Florida Progress Funding Corporation								
	7.10% QUIPS Due 05/15/39	302552203	Fixed Rate	Unsecured	7.100%	\$300,000	04/13/99	05/15/39

Progress Energy

Financial Statements - Income Statement

<i>(in millions except per share data)</i>				
Years ended December 31		2011	2010	2009
Operating revenues	\$	8,907	\$ 10,190	\$ 9,885
Operating expenses				
Fuel used in electric generation		2,893	3,300	3,752
Purchased power		1,093	1,279	911
Operation and maintenance		2,036	2,027	1,894
Depreciation, amortization and accretion		701	920	986
Taxes other than on income		562	580	557
Other		34	30	13
Total operating expenses		7,319	8,136	8,113
Operating income		1,588	2,054	1,772
Other income (expense)				
Interest income		2	7	14
Allowance for equity funds used during construction		103	92	124
Other, net		(58)	-	6
Total other income, net		47	99	144
Interest charges				
Interest charges		760	779	718
Allowance for borrowed funds used during construction		(35)	(32)	(39)
Total interest charges, net		725	747	679
Income from continuing operations before income tax		910	1,406	1,237
Income tax expense		323	539	397
Income from continuing operations		587	867	840
Discontinued operations, net of tax		(5)	(4)	(79)
Net income		582	863	761
Net income attributable to noncontrolling interests, net of tax		(7)	(7)	(4)
Net income attributable to controlling interests	\$	575	\$ 856	\$ 757
Average common shares outstanding – basic		296	291	279
Basic and diluted earnings per common share				
Income from continuing operations attributable to controlling interests, net of tax	\$	1.96	\$ 2.96	\$ 2.99
Discontinued operations attributable to controlling interests, net of tax		(0.02)	(0.01)	(0.28)
Net income attributable to controlling interests	\$	1.94	\$ 2.95	\$ 2.71
Dividends declared per common share	\$	2.119	\$ 2.480	\$ 2.480
Amounts attributable to controlling interests				
Income from continuing operations, net of tax	\$	580	\$ 860	\$ 836
Discontinued operations, net of tax		(5)	(4)	(79)
Net income attributable to controlling interests	\$	575	\$ 856	\$ 757

Progress Energy

Financial Statements - Balance Sheet

<i>(in millions)</i>		
December 31	2011	2010
ASSETS		
Utility plant		
Utility plant in service	\$ 31,065	\$ 29,708
Accumulated depreciation	(12,001)	(11,567)
Utility plant in service, net	19,064	18,141
Other utility plant, net	217	220
Construction work in progress	2,449	2,205
Nuclear fuel, net of amortization	767	674
Total utility plant, net	22,497	21,240
Current assets		
Cash and cash equivalents	230	611
Receivables, net	889	1,033
Inventory	1,438	1,226
Regulatory assets	275	176
Derivative collateral posted	147	164
Deferred tax assets	371	156
Prepayments and other current assets	133	110
Total current assets	3,483	3,476
Deferred debits and other assets		
Regulatory assets	3,025	2,374
Nuclear decommissioning trust funds	1,647	1,571
Miscellaneous other property and investments	407	413
Goodwill	3,655	3,655
Other assets and deferred debits	345	325
Total deferred debits and other assets	9,079	8,338
Total assets	\$ 35,059	\$ 33,054
CAPITALIZATION AND LIABILITIES		
Common stock equity		
Common stock without par value, 500 million shares authorized, 295 million and 293 million shares issued and outstanding, respectively	\$ 7,434	\$ 7,343
Accumulated other comprehensive loss	(165)	(125)
Retained earnings	2,752	2,805
Total common stock equity	10,021	10,023
Noncontrolling interests	4	4
Total equity	10,025	10,027
Preferred stock of subsidiaries	93	93
Long-term debt, affiliate	273	273
Long-term debt, net	11,718	11,864
Total capitalization	22,109	22,257
Current liabilities		
Current portion of long-term debt	950	505
Short-term debt	671	-
Accounts payable	909	994
Interest accrued	200	216
Dividends declared	78	184
Customer deposits	340	324
Derivative liabilities	436	259
Accrued compensation and other benefits	195	175
Other current liabilities	306	298
Total current liabilities	4,085	2,955
Deferred credits and other liabilities		
Noncurrent income tax liabilities	2,355	1,696
Accumulated deferred investment tax credits	103	110
Regulatory liabilities	2,700	2,635
Asset retirement obligations	1,265	1,200
Accrued pension and other benefits	1,625	1,514
Derivative liabilities	352	278
Other liabilities and deferred credits	465	409
Total deferred credits and other liabilities	8,865	7,842
Commitments and contingencies		
Total capitalization and liabilities	\$ 35,059	\$ 33,054

Progress Energy

Financial Statements - Statement of Cash Flows

<i>(in millions)</i>				
Years ended December 31	2011	2010	2009	
Operating activities				
Net income	\$ 582	\$ 863	\$ 761	
Adjustments to reconcile net income to net cash provided by operating activities				
Depreciation, amortization and accretion	870	1,083	1,135	
Deferred income taxes and investment tax credits, net	353	478	220	
Deferred fuel (credit) cost	(102)	(2)	290	
Allowance for equity funds used during construction	(103)	(92)	(124)	
Amount to be refunded to customers	288	-	-	
Pension, postretirement and other employee benefits	180	198	135	
Other adjustments to net income	50	49	136	
Cash provided (used) by changes in operating assets and liabilities				
Receivables	175	(200)	26	
Inventory	(210)	98	(99)	
Derivative collateral posted	20	(23)	200	
Other assets	(23)	(1)	14	
Income taxes, net	51	90	(14)	
Accounts payable	(69)	125	(26)	
Accrued pension and other benefits	(396)	(164)	(285)	
Other liabilities	(51)	35	(98)	
Net cash provided by operating activities	1,615	2,537	2,271	
Investing activities				
Gross property additions	(2,066)	(2,221)	(2,295)	
Nuclear fuel additions	(226)	(221)	(200)	
Purchases of available-for-sale securities and other investments	(5,017)	(7,009)	(2,350)	
Proceeds from available-for-sale securities and other investments	4,970	6,990	2,314	
Insurance proceeds	79	64	-	
Other investing activities	48	(3)	(1)	
Net cash used by investing activities	(2,212)	(2,400)	(2,532)	
Financing activities				
Issuance of common stock	53	434	623	
Dividends paid on common stock	(734)	(717)	(693)	
Payments of short-term debt with original maturities greater than 90 days	-	-	(629)	
Net increase (decrease) in short-term debt	667	(140)	(381)	
Proceeds from issuance of long-term debt, net	1,286	591	2,278	
Retirement of long-term debt	(1,000)	(400)	(400)	
Other financing activities	(56)	(19)	8	
Net cash provided (used) by financing activities	216	(251)	806	
Net (decrease) increase in cash and cash equivalents	(381)	(114)	545	
Cash and cash equivalents at beginning of year	611	725	180	
Cash and cash equivalents at end of year	\$ 230	\$ 611	\$ 725	
Supplemental disclosures				
Cash paid for interest, less amount capitalized, net	\$ 793	\$ 709	\$ 701	
Cash (received) paid for income taxes	(78)	(56)	87	
Significant noncash transactions				
Accrued property additions	334	313	252	
Asset retirement obligation additions and estimate revisions	(4)	(36)	(384)	

Progress Energy Carolinas

Financial Statements - Income Statement



(in millions)

Years ended December 31

	2011	2010	2009
Operating revenues	\$ 4,528	\$ 4,922	\$ 4,627
Operating expenses			
Fuel used in electric generation	1,387	1,686	1,680
Purchased power	315	302	229
Operation and maintenance	1,182	1,158	1,072
Depreciation, amortization and accretion	514	479	470
Taxes other than on income	211	218	210
Other	34	8	-
Total operating expenses	3,643	3,851	3,661
Operating income	885	1,071	966
Other income (expense)			
Interest income	1	3	5
Allowance for equity funds used during construction	71	64	33
Other, net	(1)	-	(18)
Total other income, net	71	67	20
Interest charges			
Interest charges	205	205	207
Allowance for borrowed funds used during construction	(21)	(19)	(12)
Total interest charges, net	184	186	195
Income before income tax	772	952	791
Income tax expense	256	350	277
Net income	516	602	514
Net loss attributable to noncontrolling interests, net of tax	-	1	2
Net income attributable to controlling interests	516	603	516
Preferred stock dividend requirement	(3)	(3)	(3)
Net income available to parent	\$ 513	\$ 600	\$ 513

Progress Energy Carolinas

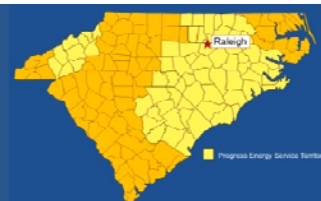
Financial Statements - Balance Sheet



<i>(in millions)</i>			
December 31		2011	2010
ASSETS			
Utility plant			
Utility plant in service	\$	17,439	\$ 16,388
Accumulated depreciation		(7,567)	(7,324)
Utility plant in service, net		9,872	9,064
Other utility plant, net		181	184
Construction work in progress		1,294	1,233
Nuclear fuel, net of amortization		540	480
Total utility plant, net		11,887	10,961
Current assets			
Cash and cash equivalents		20	230
Receivables, net		492	519
Receivables from affiliated companies		13	44
Inventory		775	590
Deferred fuel cost		31	71
Income taxes receivable		8	90
Deferred tax assets		142	65
Prepayments and other current assets		68	47
Total current assets		1,549	1,656
Deferred debits and other assets			
Regulatory assets		1,310	987
Nuclear decommissioning trust funds		1,088	1,017
Miscellaneous other property and investments		188	183
Other assets and deferred debits		80	95
Total deferred debits and other assets		2,666	2,282
Total assets	\$	16,102	\$ 14,899
CAPITALIZATION AND LIABILITIES			
Common stock equity			
Common stock without par value, 200 million shares authorized, 160 million shares issued and outstanding	\$	2,148	\$ 2,130
Accumulated other comprehensive loss		(71)	(33)
Retained earnings		3,011	3,083
Total common stock equity		5,088	5,180
Preferred stock		59	59
Long-term debt, net		3,693	3,693
Total capitalization		8,840	8,932
Current liabilities			
Current portion of long-term debt		500	-
Short-term debt		188	-
Notes payable to affiliated companies		31	-
Accounts payable		527	534
Payables to affiliated companies		41	109
Interest accrued		77	74
Customer deposits		116	106
Derivative liabilities		130	53
Accrued compensation and other benefits		110	99
Other current liabilities		85	81
Total current liabilities		1,805	1,056
Deferred credits and other liabilities			
Noncurrent income tax liabilities		1,976	1,608
Accumulated deferred investment tax credits		98	104
Regulatory liabilities		1,543	1,461
Asset retirement obligations		896	849
Accrued pension and other benefits		687	723
Other liabilities and deferred credits		257	166
Total deferred credits and other liabilities		5,457	4,911
Commitments and contingencies			
Total capitalization and liabilities	\$	16,102	\$ 14,899

Progress Energy Carolinas

Financial Statements - Statement of Cash Flows

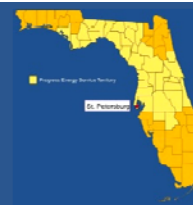


(in millions)

Years ended December 31	2011	2010	2009
Operating activities			
Net income	\$ 516	\$ 602	\$ 514
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation, amortization and accretion	659	602	585
Deferred income taxes and investment tax credits, net	262	285	64
Deferred fuel cost	43	79	187
Allowance for equity funds used during construction	(71)	(64)	(33)
Pension, postretirement and other employee benefits	67	78	65
Other adjustments to net income	(50)	4	67
Cash provided (used) by changes in operating assets and liabilities			
Receivables	106	(76)	42
Receivables from affiliated companies	31	(11)	(4)
Inventory	(184)	85	(56)
Other assets	(16)	(24)	28
Income taxes, net	92	(54)	50
Accounts payable	(26)	51	(18)
Payables to affiliated companies	(68)	37	(10)
Accrued pension and other benefits	(247)	(95)	(181)
Other liabilities	23	19	(17)
Net cash provided by operating activities	1,137	1,518	1,283
Investing activities			
Gross property additions	(1,232)	(1,198)	(839)
Nuclear fuel additions	(211)	(183)	(122)
Purchases of available-for-sale securities and other investments	(571)	(489)	(696)
Proceeds from available-for-sale securities and other investments	515	437	642
Changes in advances to affiliated companies	2	202	(149)
Other investing activities	28	1	1
Net cash used by investing activities	(1,469)	(1,230)	(1,163)
Financing activities			
Dividends paid on preferred stock	(3)	(3)	(3)
Dividends paid to parent	(585)	(100)	(200)
Net (decrease) increase in short-term debt	185	-	(110)
Proceeds from issuance of long-term debt, net	495	-	595
Retirement of long-term debt	-	-	(400)
Changes in advances from affiliated companies	31	-	-
Contributions from parent	-	14	15
Other financing activities	(1)	(4)	-
Net cash provided (used) by financing activities	122	(93)	(103)
Net (decrease) increase in cash and cash equivalents	(210)	195	17
Cash and cash equivalents at beginning of year	230	35	18
Cash and cash equivalents at end of year	\$ 20	\$ 230	\$ 35
Supplemental disclosures			
Cash paid for interest, less amount capitalized, net	\$ 169	\$ 166	\$ 171
Cash (received) paid for income taxes, net	(97)	108	144
Significant noncash transactions			
Accrued property additions	236	198	91
Asset retirement obligation additions and estimate revisions	(4)	1	(386)

Progress Energy Florida

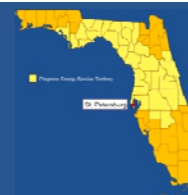
Financial Statements - Income Statement



<i>(in millions)</i>				
Years ended December 31		2011	2010	2009
Operating revenues	\$	4,369	\$ 5,254	\$ 5,251
Operating expenses				
Fuel used in electric generation		1,506	1,614	2,072
Purchased power		778	977	682
Operation and maintenance		881	912	839
Depreciation, amortization and accretion		169	426	502
Taxes other than on income		350	362	347
Other		(13)	4	7
Total operating expenses		3,671	4,295	4,449
Operating income		698	959	802
Other income (expense)				
Interest income		1	1	4
Allowance for equity funds used during construction		32	28	91
Other, net		2	(1)	5
Total other income, net		35	28	100
Interest charges				
Interest charges		253	271	258
Allowance for borrowed funds used during construction		(14)	(13)	(27)
Total interest charges, net		239	258	231
Income before income tax		494	729	671
Income tax expense		180	276	209
Net income		314	453	462
Preferred stock dividend requirement		(2)	(2)	(2)
Net income available to parent	\$	312	\$ 451	\$ 460

Progress Energy Florida

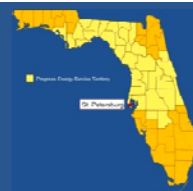
Financial Statements - Balance Sheet



<i>(in millions)</i>			
December 31		2011	2010
ASSETS			
Utility plant			
Utility plant in service	\$	13,461	\$ 13,155
Accumulated depreciation		(4,356)	(4,168)
Utility plant in service, net		9,105	8,987
Held for future use		36	36
Construction work in progress		1,155	972
Nuclear fuel, net of amortization		227	194
Total utility plant, net		10,523	10,189
Current assets			
Cash and cash equivalents		16	249
Receivables, net		372	496
Receivables from affiliated companies		19	11
Inventory		663	636
Regulatory assets		244	105
Derivative collateral posted		123	140
Deferred tax assets		138	77
Prepayments and other current assets		39	29
Total current assets		1,614	1,743
Deferred debits and other assets			
Regulatory assets		1,602	1,387
Nuclear decommissioning trust funds		559	554
Miscellaneous other property and investments		42	43
Other assets and deferred debits		144	140
Total deferred debits and other assets		2,347	2,124
Total assets	\$	14,484	\$ 14,056
CAPITALIZATION AND LIABILITIES			
Common stock equity			
Common stock without par value, 60 million shares authorized, 100 shares issued and outstanding	\$	1,757	\$ 1,750
Accumulated other comprehensive income (loss)		(27)	(4)
Retained earnings		2,945	3,144
Total common stock equity		4,675	4,890
Preferred stock		34	34
Long-term debt, net		4,482	4,182
Total capitalization		9,191	9,106
Current liabilities			
Current portion of long-term debt		-	300
Short-term debt		233	-
Notes payable to affiliated companies		8	9
Accounts payable		358	439
Payables to affiliated companies		25	60
Interest accrued		54	83
Customer deposits		224	218
Derivative liabilities		268	188
Accrued compensation and other benefits		53	47
Other current liabilities		112	121
Total current liabilities		1,335	1,465
Deferred credits and other liabilities			
Noncurrent income tax liabilities		1,405	1,065
Regulatory liabilities		1,071	1,084
Asset retirement obligations		369	351
Accrued pension and other benefits		598	522
Capital lease obligations		189	199
Derivative liabilities		231	190
Other liabilities and deferred credits		95	74
Total deferred credits and other liabilities		3,958	3,485
Commitments and contingencies (Notes 21 and 22)			
Total capitalization and liabilities	\$	14,484	\$ 14,056

Progress Energy Florida

Financial Statements - Statement of Cash Flows



(in millions)

Years ended December 31

	2011	2010	2009
Operating activities			
Net income	\$ 314	\$ 453	\$ 462
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation, amortization and accretion	174	446	527
Deferred income taxes and investment tax credits, net	234	324	64
Deferred fuel (credit) cost	(145)	(81)	103
Allowance for equity funds used during construction	(32)	(28)	(91)
Amount to be refunded to customers	288	-	-
Pension, postretirement and other employee benefits	62	79	28
Other adjustments to net income	26	44	88
Cash provided (used) by changes in operating assets and liabilities			
Receivables	78	(110)	(15)
Receivables from affiliated companies	(8)	(3)	7
Inventory	(26)	13	(43)
Derivative collateral posted	19	(6)	190
Other assets	(4)	(17)	15
Income taxes, net	51	50	(75)
Accounts payable	(46)	79	(11)
Payables to affiliated companies	(35)	(2)	7
Accrued pension and other benefits	(137)	(61)	(83)
Other liabilities	(48)	24	(36)
Net cash provided by operating activities	765	1,204	1,137
Investing activities			
Gross property additions	(816)	(1,014)	(1,449)
Nuclear fuel additions	(15)	(38)	(78)
Purchases of available-for-sale securities and other investments	(4,435)	(6,386)	(1,540)
Proceeds from available-for-sale securities and other investments	4,438	6,390	1,545
Insurance proceeds	76	64	-
Other investing activities	45	(3)	(6)
Net cash used by investing activities	(707)	(987)	(1,528)
Financing activities			
Dividends paid on preferred stock	(2)	(2)	(2)
Dividends paid to parent	(510)	(50)	-
Net (decrease) increase in short-term debt	233	-	(371)
Proceeds from issuance of long-term debt, net	296	591	-
Retirement of long-term debt	(300)	(300)	-
Changes in advances from affiliated companies	(1)	(212)	149
Contributions from parent	-	-	620
Other financing activities	(7)	(12)	(7)
Net cash (used) provided by financing activities	(291)	15	389
Net (decrease) increase in cash and cash equivalents	(233)	232	(2)
Cash and cash equivalents at beginning of year	249	17	19
Cash and cash equivalents at end of year	\$ 16	\$ 249	\$ 17
Supplemental disclosures			
Cash paid for interest, less amount capitalized, net	\$ 287	\$ 241	\$ 228
Cash (received) paid for income taxes	(83)	(98)	184
Significant noncash transactions			
Accrued property additions	93	111	156

Progress Energy

Ongoing to GAAP Earnings Reconciliation

Ongoing Earnings Reconciliation (EPS basis)

The following table provides a reconciliation of ongoing earnings per share to reported GAAP earnings per share.

	Years Ended December 31		
	<u>2011</u>	<u>2010</u>	<u>2009</u>
Ongoing earnings per share	\$2.95	\$3.06	\$3.03
Contingent Value Obligation (CVO) Mark-to-Market	(0.16)	-	0.07
Change in tax treatment of the Medicare Part D subsidy	-	(0.08)	-
Impairment	(0.01)	(0.02)	(0.01)
Plant retirement charges	-	-	(0.06)
Cumulative prior period adjustment	-	-	(0.04)
Crystal River Nuclear Plant (CR3) indemnification charge	(0.06)	-	-
Merger and integration costs	(0.16)	-	-
Amount to be refunded to customers	(0.60)	-	-
Discontinued operations	(0.02)	(0.01)	(0.28)
Reported GAAP earnings per share	\$1.94	\$2.95	\$2.71
Shares outstanding (millions)	296	291	279

Progress Energy

Ongoing to GAAP Earnings Reconciliation

Notes Regarding Ongoing Earnings Reconciliation

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.

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 CVOs that represent 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 gains and losses from changes in fair value are recognized in earnings. Progress Energy is unable to predict the changes in the fair value of the CVOs, and management does not consider this item to be representative of the company's fundamental core earnings.

Change in the Tax Treatment of the Medicare Part D Subsidy

The federal Patient Protection and Affordable Care Act (PPACA) and the related Health Care and Education Reconciliation Act, which made various amendments to the PPACA, were enacted in March 2010. Under prior law, employers could claim a deduction for the entire cost of providing retiree prescription drug coverage even though a portion of the cost was offset by the retiree drug subsidy received. As a result of the PPACA, as amended, retiree drug subsidy payments will effectively become taxable in tax years beginning after Dec. 31, 2012, by requiring the amount of the subsidy received to be offset against the employer's deduction. Under GAAP, changes in tax law are accounted for in the period of enactment. Management does not consider this item to be representative of the company's fundamental core earnings.

Impairment

The company has recorded impairments of certain miscellaneous investments and other assets. Management does not consider these items to be representative of the company's fundamental core earnings.

Plant Retirement Charges

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

Cumulative Prior Period Adjustment

The company recorded a cumulative prior period adjustment related to certain employee life insurance benefits. Management does not consider this adjustment to be representative of the company's fundamental core earnings.

Crystal River Nuclear Plant (CR3) Indemnification Charge

The company recorded a CR3 indemnification charge for estimated future years' joint owner replacement power costs (through the expiration of the indemnification provisions of the joint owner agreement). Since GAAP requires that the charge be accounted for in the period in which it becomes probable and estimable rather than the periods to which it relates, management does not consider this item to be representative of the company's fundamental core earnings.

Merger and Integration Costs

The company recorded charges for merger and integration costs related to the Merger. Management does not consider this item to be representative of the company's fundamental core earnings.

Amount to be Refunded to Customers

The company recorded a charge for an amount to be refunded to Progress Energy Florida customers through the fuel clause in accordance with the 2012 settlement agreement. Management does not consider this item to be representative of the company's fundamental core earnings.

Discontinued Operations

The company has completed its business strategy of divesting nonregulated businesses to reduce its business risk and focus on core operations of the Utilities. Management does not consider this item to be representative of the company's fundamental core earnings.



Progress Energy

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