A Message from Bill Johnson

**Act with integrity.** That’s a clear expectation and firm requirement at Progress Energy, and it’s central to our culture of responsible behavior and high performance. So read the information in this Code of Ethics. Understand and follow its guidance. Actively help our organization do the right thing.

Our culture statement on the next page contains two other attributes that relate directly to this strong ethical tone at Progress Energy. One attribute is to “treat everyone with respect, honesty and fairness,” and the other is to “hold each other to high standards.” These behaviors speak to our core commitment to earn trust and confidence inside and outside the Company.

This Code of Ethics is an important part of our rigorous Ethics Program. If you have questions about it or any ethics-related matter, talk with your supervisor, or seek advice from the confidential Ethics Line (1.866.838.4427) or your Human Resources representative. It’s important that you know, not assume, the right answer when it comes to ethical behavior.

Thank you for all you do to help us live up to our responsibilities at Progress Energy. We have a record to be proud of, but it requires daily attention to acting with integrity.

William D. Johnson
Chairman, President and Chief Executive Officer
Culture Statement

PEOPLE • PERFORMANCE • EXCELLENCE

Focus on safety first
•
Act with integrity
•
Excel in our core mission of serving customers
•
Be outstanding financial and environmental stewards
•
Cultivate diversity and inclusion
•
Treat everyone with respect, honesty and fairness
•
Hold each other to high standards
•
Collaborate, adapt and improve continuously
The Progress Energy Ethics Program provides a structural foundation for the prevention, detection and resolution of unethical and unlawful business-related conduct.

At the heart of the program is the Code of Ethics. This document provides overall guidance in upholding our ethical and legal responsibilities and is supported by more detailed guidance provided in the Company's policies, practices and procedure manuals. Covering the endless variety of situations with a single Code of Ethics is impossible; thus, employees must accept personal responsibility for exercising appropriate behavior and maintaining high ethical standards. Employees are also responsible for acquiring sufficient knowledge of the laws and regulations impacting their work responsibilities to meet the standards set forth in this Code of Ethics.

Employees may report ethics concerns using a 24-hour telephone line administered by an independent company. The Ethics Line provides a confidential and anonymous way for employees to submit ethics-related questions or report suspected Code of Ethics violations without fear of reprisal. Employees may also raise ethics-related issues to their supervisor, Human Resources representative, or directly to a member of the Ethics Program staff. Allegations of Code of Ethics violations are investigated, and if substantiated, responsive action is taken in the form of disciplinary action, enhanced controls or other appropriate measures.

The Code of Ethics and the related policies, practices and procedures are not intended as a contractual commitment or obligation of Progress Energy to its employees. The Company reserves the right to modify, amend or rescind any provision in this Code of Ethics or any policy, practice or procedure.
Every Progress Energy employee, contractor and board member is responsible for creating and maintaining a workplace environment that promotes ethical and legal behavior. Individual performance is measured against a backdrop that focuses on a demonstrated commitment to compliance with the Code of Ethics and with legal and regulatory requirements relevant to the Company’s business.

EMPLOYEES, CONTRACTORS AND BOARD MEMBERS

All employees, contractors and board members are expected to:

- Read, understand and abide by the Code of Ethics.
- Exercise appropriate behavior and maintain the highest standards of ethical conduct when representing the Company in an official capacity, which includes traveling on Company business and attending functions hosted by third parties (e.g., conferences, storm duty, etc.).
- Seek advice from their supervisor, the confidential Ethics Line (1.866.8ETHICS or 1.866.838.4427), a Human Resources representative or other appropriate Company source if uncertain about the meaning or application of the Code of Ethics or when in doubt about the best course of action in a particular situation.
- Learn and comply with laws and regulations applicable to their work responsibilities.
- Contribute to a workplace environment that is conducive to and encourages compliance with the Code of Ethics and with laws and regulations.
- Maintain sensitivity to alleged, actual or suspected illegal, unethical or improper conduct by a co-worker, supplier, customer, consultant or other person or organization with whom the Company has a relationship, and report such misconduct to management, a Human Resources representative, a member of the Ethics Program staff or to the Progress Energy Ethics Line.
- Cooperate with Company investigations by providing complete and truthful information. Failure to do so may be deemed a Code of Ethics violation that may lead to disciplinary action, up to and including termination.
MANAGEMENT

In addition to their responsibilities as employees, all Progress Energy leaders have a responsibility to ensure that employees within their line organizations are aware of and adhere to their ethical responsibilities. Company executives, managers and supervisors must develop and maintain a workplace environment that stresses commitment to and compliance with the Code of Ethics and with laws and regulations. Company leaders are expected to:

• Exhibit the highest standards of ethical conduct at all times and avoid the perception of unethical behavior.

• Ensure that employees under their supervision receive a copy of the Code of Ethics and read and understand its requirements.

• Ensure that employees receive appropriate training in the meaning and application of the Code of Ethics and in the laws and regulations related to their work area.

• Ensure that employees understand their affirmative duty to report actual or suspected Code of Ethics violations and the procedures and mechanisms available to them for reporting.

• Welcome discussion around employee ethics questions and concerns.

• Forward reports of suspected Code of Ethics violations to the Ethics Program for investigation using appropriate program resources.

• In the event a Code of Ethics violation is substantiated, take appropriate remedial action including but not limited to disciplinary action, employee training and/or policy or practice changes.

• Maintain a workplace environment that prevents retaliation or reprisals against an employee who in good faith reports actual or suspected Code of Ethics violations. Retaliation against employees who report perceived harassment or other Code of Ethics violations, or who participate in investigations as witnesses or in other capacities, violates the law and Company policy.

• Avoid a romantic, sexual or financial relationship with an employee or contractor within their scope of supervisory control, because it reasonably could be perceived to give unfair advantage to the employee or contractor and could impugn the integrity of the manager or the reputation of the Company. In the event that such a relationship should develop, the manager must immediately disclose the relationship to his or her immediate supervisor and his or her department head to ensure that the matter is evaluated fully.
PROGRAM ADMINISTRATION

The Audit Services Department is responsible for administering the Ethics Program under the guidance of the Legal Department. Ethics Program staff provide tools and resources that facilitate the understanding of Code of Ethics requirements and the reporting and investigation of suspected Code of Ethics violations.

Ethics Program Staff Accountabilities

The Audit Services Department maintains an Ethics Program staff accountable for the following:

- Promoting an organizational culture that encourages ethical, lawful conduct
- Developing, maintaining and interpreting the Code of Ethics
- Administering a system for reporting, investigating and responding to alleged violations of the Company's Code of Ethics
- Ensuring that appropriate and consistent action is taken in response to substantiated ethics cases
- Developing and delivering an ongoing awareness campaign designed to enhance directors’, employees’ and contractors’ awareness of and compliance with the Progress Energy Code of Ethics

Reporting Suspected Code of Ethics Violations

Employees, contractors and board members who suspect a violation of the Code of Ethics should contact their immediate supervisor or their next level of management. If for any reason individuals do not wish to report an issue to their supervisor, they may also report suspected Code of Ethics violations to their Human Resources representative, a member of the Ethics Program staff, or anonymously and confidentially to the Ethics Line at 1.866.8ETHICS (1.866.838.4427) or in writing to this address: Ethics Line, P.O. Box 1348, Raleigh, NC 27602.

The Ethics Line is a 24-hour dedicated telephone line maintained for Progress Energy by an independent company. Ethics Line reports may be made anonymously. Calls received on this line will be answered by specially trained individuals and will be reported to the Ethics Program staff for appropriate investigation. Employees may also call the Ethics Line to check on the status of previously reported allegations. Mail received in the post office box will be removed by a member of the Ethics Program staff and handled in the same manner as telephone calls.

Issues related to the operation, design, fabrication, modification, maintenance, test or inspection of Progress Energy's nuclear plants should be reported through appropriate lines of management or through the Nuclear Generation Group Employee Concerns Program per NOS-NGGC-0400, Employee Concerns Program. Suspected ethics violations reported to the Nuclear Generation Group Employee Concerns Program will be dispositioned through the Ethics Program.
Investigations

Allegations of Code of Ethics violations are investigated by trained subject matter expert investigators. Investigations are, to the extent possible, conducted confidentially. Under no circumstances will an investigation be conducted by, or under the supervision of, an individual alleged to have committed the violation at issue.

Allegations Relating to Accounting and Internal Controls

In the event of serious allegations regarding accounting, internal controls or auditing matters, the Audit and Corporate Performance Committee of the board of directors conducts a special review according to Procedure for the Receipt of Complaints by the Progress Energy Audit and Corporate Performance Committee of the board of directors, ADM-HOCO-00004. This policy covers complaints regarding actions taken by senior management or complaints of any unethical or criminal activity regarding fraud, accounting, internal controls or auditing matters that relate to the fair and accurate presentation of information in the Company’s financial statements.

Disciplinary Measures

All employees are expected to comply with the Code of Ethics. Failure to do so will result in disciplinary action, up to and including termination of employment. An employee also is in violation of the Code of Ethics if he or she assisted in activities, had sufficient knowledge of and did not report activities, or directed or authorized others to perform activities that violate the Code of Ethics. Employees who violate the Code of Ethics may be denied their annual Employee Cash Incentive Program (ECIP) award. Managers participating in the Management Incentive Compensation Program (MICP) may have their reward reduced or denied.

Employees, contractors and board members are required to cooperate and shall not provide false or misleading information during any Company investigation or any investigation relating to a Company activity. Employees, contractors and board members who fail to cooperate, or who provide false or misleading information, shall be subject to discipline, up to and including termination.

Code of Ethics Inquiries

This booklet features several scenarios involving ethics violations, but covering the wide variety of potential situations within a single Code of Ethics is impossible. If there are questions about how to handle a particular situation, employees and contractors should consult with their supervisors for guidance. If individuals do not wish to discuss the situation with their immediate supervisor, they should contact their Human Resources representative, a member of the Ethics Program staff or the Ethics Line (1.866.8ETHICS or 1.866.838.4427).

Employees, contractors and board members may also visit the Ethics Program website, http://progressnet/moss/ethics/Pages/Default.aspx, accessed via the Company intranet. The site features Ethics Program contact information, frequently asked ethics questions and an archive of ethics-related communications.

continued on page 8
PROGRAM OVERSIGHT

The Ethics Program is overseen by Company executives and members of the board of directors. Specific oversight roles and responsibilities include the following:

Board of Directors Audit and Corporate Performance Committee

The Progress Energy Board of Directors Audit and Corporate Performance Committee provides governance oversight for the Ethics Program. The Committee’s responsibilities include the following:

- Maintain knowledge and understanding regarding the content and operation of the Corporate Ethics Program
- Provide reasonable oversight with respect to the implementation and effectiveness of the Corporate Ethics Program
- Conduct special reviews according to Procedure for the Receipt of Complaints by the Progress Energy Audit and Corporate Performance Committee of the Board of Directors, ADM-HOCO-00004

Senior Management Committee

The Company’s Senior Management Committee (SMC) provides policy oversight for the Ethics Program. The responsibilities of SMC members include the following:

- Maintain knowledge and understanding regarding the content and operation of the Corporate Ethics Program
- Create and maintain an organizational culture that encourages law-abiding and ethical conduct
- Serve as the final approving authority for updates to the Code of Ethics and related policies and procedures
- Appoint executives to serve on the Corporate Ethics Committee
- Maintain awareness within individual members’ respective line organizations regarding the significance of and duty to comply with the Code of Ethics

continued from page 7
Chief Ethics Officer

Progress Energy’s General Counsel, or his or her designee, shall serve as the Chief Ethics Officer. His or her responsibilities are to:

- Ensure the Corporate Ethics Program complies with relevant laws, regulations and other applicable guidance
- Oversee the investigation of cases posing a high risk to the Company as the result of legal or regulatory exposure, media interest and/or employee relations issues
- Ensure communication with the SMC and board of directors Audit and Corporate Performance Committee regarding Ethics Program activity so that these committees may monitor program trends

Corporate Ethics Committee

The Corporate Ethics Committee is chaired by the Chief Ethics Officer and includes executive representatives from across the Progress Energy system. The Committee meets on a periodic basis and provides operational oversight for the Ethics Program. Its responsibilities are to:

- Monitor trends and review cases investigated by the Ethics Program to ensure appropriate and consistent action is taken in response to substantiated allegations of violations of the Code of Ethics
- Review benchmarking and best practices for corporate ethics programs to ensure that the Ethics Program maintains its effectiveness
- Review and recommend ethics-related policies and procedures to the SMC
Compliance with Laws and Regulations

*Employees shall comply with all applicable laws and regulations in carrying out their work responsibilities and report actual or suspected violations.*

**YOUR RESPONSIBILITY**

Because of the nature of its business, the Company is subject to numerous, complex legal requirements. Employees are expected to acquire sufficient knowledge of applicable laws and regulations on safety, health, the environment, employment and other areas impacting their work responsibilities. This will help ensure that Company operations are conducted in conformity with the applicable laws and regulations. Violations of the law can result in both personal and corporate liability.

Conduct that occurs away from Company property and outside of the normal course of Progress Energy business may also negatively impact the Company. Off-duty illegal activity may jeopardize workplace safety or security, Progress Energy’s image and reputation, or the Company’s ability to carry out its duties. The impact of any off-duty illegal activity on the Company’s interests will be assessed on a case-by-case basis. Progress Energy may take disciplinary action, up to and including termination of employment, as the result of an employee’s, contract worker’s or board member’s off-duty illegal activity in violation of the Code of Ethics.
QUESTIONS AND ANSWERS

Q. Some of the regulations that apply to my job seem trivial or inconsistent. Must I really obey them all even if they make it difficult to do my job?

A. Yes. We must obey every applicable law and regulation. If you have questions about the interpretation of any requirement, you or your management should consult the Legal Department, a member of the Ethics Program staff or call the Progress Energy Ethics Line at 1.866.8ETHICS (1.866.838.4427).

Q. I work at a NERC CIP site and it is inconvenient to badge in every time I re-enter the restricted area. I know I am supposed to adhere to the Company’s NERC CIP Enterprise Physical Security Plan but would it be OK to temporarily prop open the door or tape the latch down so I can get in and out faster?

A. No. The NERC CIP Enterprise Physical Security Plan, SEC-SUBS-00086, clearly states that compromise of the established physical access controls is prohibited.

Q. Do I really have to complete certain kinds of training such as the Federal Energy Regulatory Commission (FERC) Standards of Conduct training every year?

A. Yes. Compliance with federal and state regulations must be a priority for Progress Energy employees in all of our business activities. Attention to requirements such as the FERC Standards of Conduct, which dictate annual training for designated employees, is an important part of our compliance culture.

Q. My driver’s license was recently suspended but I am required to drive on Company business. Am I obligated to report this to my supervisor?

A. Yes. According to the Company’s Driver’s License Policy, HRI-SUBS-00335, employees required to drive on Company business must report any suspension, revocation or other change in license status to the supervisor before the end of the business day following the day the driver received notice of the change.
Employment Practices

Progress Energy is an equal opportunity employer. As such, the Company offers equal employment opportunities without regard to race, color, religion, national origin, sex or gender, pregnancy, sexual orientation, age, disability, covered veteran status or genetic information.

YOUR RESPONSIBILITY

Progress Energy’s commitment to equal employment opportunities covers all terms, conditions and privileges of employment, including, but not limited to, hiring, job placement, training, compensation, discipline, advancement and termination. The Company complies with federal affirmative action guidelines to meet its requirements as a federal contractor and because it is committed to making good faith efforts to achieve equal employment opportunities.

QUESTIONS AND ANSWERS

Q. I want to apply for a position in an area in which I have several years of experience, but I was told that the position would go to a younger, less experienced, “high potential” candidate because the hiring manager needs to develop some “bench strength.” This seems discriminatory. Should I still apply?

A. Yes. You should apply for the job so the hiring manager knows that you are interested in this position. The hiring manager should select the best-qualified candidate for the position, regardless of age. However, you should recognize that a diversity of length of service and types of job experience within a workgroup is a legitimate selection criterion and not inconsistent with the Code of Ethics. The Company’s Equal Opportunity Policy, HRI-SUBS-00205, states that the Company will “provide equal opportunity in all job classifications to all employees and applicants for employment. No person will be discriminated against on the basis of race, color, religion, national origin, sex or gender, pregnancy, sexual orientation, age, disability, veteran status or genetic information.” Employees who believe they are being, or have been, discriminated against based on one or more of the above referenced categories should immediately report the incident to their management, a Human Resources representative, a member of the Ethics Program staff or the Ethics Line.

Q. I heard that when the Company receives federal funding it is subject to affirmative action requirements that set racial and gender-based hiring quotas. Aren’t hiring quotas discriminatory?

A. Yes. As a federal contractor, PGN is required to follow affirmative action guidelines set by the Office of Federal Contract Compliance Programs. These guidelines do not require the Company to meet hiring quotas but rather to develop and maintain action-oriented programs that it believes in good faith will promote equal employment opportunity through the development of diverse applicant pools. The Company’s affirmative action requirements do not impact a hiring manager’s responsibility to hire the best-qualified candidate based on the posted job requirements, according to HRI-SUBS-00200.
Employees shall not harass anyone else in the workplace on the basis of race, color, religion, national origin, sex or gender, pregnancy, sexual orientation, age, disability, covered veteran status or genetic information.

YOUR RESPONSIBILITY

Harassment is prohibited and will not be tolerated. Sexual harassment and other types of discriminatory harassment violate Company policy and the law.

Sexual Harassment

Sexual harassment can include unwelcome sexual advances, requests for sexual favors, and other verbal or physical harassment of a sexual nature when such conduct explicitly or implicitly affects an individual’s employment, unreasonably interferes with an individual’s work performance, or creates an intimidating, hostile or offensive work environment.

Sexual harassment includes actions and behaviors that take place between members of the same sex as well as members of the opposite sex. The most blatant type of sexual harassment is a request for sexual favors in exchange for job-related benefits. Other examples of conduct that may be found to be sexual harassment may include, but are not limited to, the following:

- Verbal – propositions or innuendo; flirtation; suggestive or offensive comments; sexist comments; humor, jokes and teasing about sex or gender-specific traits; rumors about other employees; whistling; and verbal abuse and insults.
- Nonverbal – sexually oriented gestures, signs, cartoons, pictures, graffiti or paraphernalia.
- Physical – touching, patting, pinching or brushing the body.

Other Types of Harassment

Harassment includes verbal, nonverbal, or physical conduct that shows dislike or hostility because of race, color, religion, national origin, sex or gender, pregnancy, sexual orientation, age, disability, covered veteran status or genetic information and that:

- Creates an intimidating, hostile or offensive working environment,
- Unreasonably interferes with an individual’s work, or
- Adversely affects an individual’s employment opportunities.

continued on page 14
Harassment

Employees who believe they have been harassed or observe or otherwise become aware of such harassment should immediately report the incident to their supervisor, their Human Resources representative, the Manager – Corporate Diversity and Inclusion/Equal Employment Opportunities or the Ethics Line.

This procedure does not require an employee to report perceived harassment to a supervisor or to an individual whom the employee believes to be the harasser. All reports of harassment will be investigated. Under no condition will the investigation be conducted by or under the direction of the alleged harasser(s). For a more complete description of the Company’s sexual harassment policy, see the Employee Handbook, HRI-SUBS-00315.

QUESTIONS AND ANSWERS

Q. Sometimes I have heard inappropriate jokes and vulgar language used by others at work. When my co-worker brought this to the attention of a senior member of our team, the response was “Lighten up and get used to it, that’s just the way we behave.” What should I do?

A. Employees who believe they are being harassed or who observe or otherwise become aware of such harassment in the workplace should immediately report the incident to any one of the reporting sources identified above. Employees are encouraged to speak with the person listed above with whom they feel most comfortable.

Q. During a seminar my workgroup was attending, I heard a co-worker address our female counterpart in a very unflattering and derogatory manner. This comment made the entire table uncomfortable, but since it happened outside of the workplace, we felt it was none of our business. Were we right?

A. Employees are expected to exercise appropriate behavior and maintain the highest standards of ethical conduct when representing the Company in an official capacity, which includes traveling on Company business and attending functions hosted by third parties (e.g., conferences, storm duty, etc.).

Q. I recently attended a training session at work where the facilitator repeatedly referred to a couple of employees as “The Golden Years Group” and the “Centrum Silver Crowd.” Everyone in the class laughed, including the individuals he was targeting, but is it really appropriate to address employees in this manner?

A. No. Any joke that is intended to demean on the basis of age is improper. Sometimes people laugh to cover up their embarrassment or discomfort. It is important for employees to act consistently with our values of inclusion and collaboration.
Workplace Violence

The Company strives to provide a workplace for employees that is free from physical attack, threats of violence and menacing or harassing behaviors.

YOUR RESPONSIBILITY

The Company is committed to providing a safe and respectful workplace and will not tolerate any unwanted or hostile physical contact, including physical attack, threat of violence, harassment, intimidation, gesture or damage of property by or against any employee.

Any employee who experiences, witnesses or has knowledge of acts, conduct, behavior or communication (i.e., a threat) that may be or may lead to a workplace violence event should immediately report the incident to any of the following:

- Their immediate supervisor or next level of management.
- Their Human Resources representative.
- Corporate Security Command Center at 1.888.275.4357 (24 hours a day/7 days a week).
- The Ethics Line at 1.866.8ETHICS (1.866.838.4427).

If you are a Progress Energy leader, you have a special responsibility to help ensure a violence-free workplace.

Reports or complaints of violence, threat of violence, or harassment will be taken seriously and promptly investigated.

QUESTIONS AND ANSWERS

Q. What should I do if I see a potentially violent situation developing between two of my colleagues?

A. The Workplace Violence Prevention and Response Policy, SEC-SUBS-00077, states if you see or hear any act that is threatening, or carries the potential for violence, call your supervisor, Corporate Security (1.888.275.4357), or your workgroup’s Human Resources representative. Act immediately.

Q. I overheard a co-worker threaten another employee. The other employee was upset but was afraid to report the incident. Should I report it?

A. Tell your supervisor about the incident immediately. If you can’t reach a member of your workgroup’s management team, contact Corporate Security (1.888.275.4357) or a member of the Ethics Program staff. Progress Energy investigates all reported acts or threats of violence.

continued on page 16
Q. My co-worker has been under an enormous amount of stress lately. What are some warning signs that could lead to a potential workplace violence incident?

A. See the list below:
- Excessive absenteeism or lateness
- Disregard for the health and safety of others
- Increased mistakes or errors, or unsatisfactory work quality
- Refusal to acknowledge job performance problems
- Faulty decision making
- Testing the limits to see what they can get away with
- Overreacting to criticism
- Intimidating behavior

It is extremely important to understand that the above behaviors do not mean a person will become violent, but they may indicate that the person is experiencing high levels of stress.

Always take particular note and seek assistance from Corporate Security or a Human Resources representative if:
- There is a change in behavior patterns.
- The frequency and intensity of the behaviors are disruptive to the work environment.
- The person is exhibiting many of these behaviors, rather than just a few.
To ensure a safe environment for our employees, customers and contractors, the display, sale, transportation, possession or use of firearms or weapons on property owned, leased or otherwise used by the Company is restricted.

YOUR RESPONSIBILITY

To ensure a safe environment for our employees, customers and contractors, the display, sale, transportation, possession or use of firearms or weapons on property owned, leased or otherwise used by the Company is restricted as follows:

• To the extent allowed by applicable laws and regulations, handguns are strictly prohibited on all Company property in North Carolina and South Carolina, except for security weapons carried and utilized in accordance with Nuclear Generation Group (NGG) procedures.

• In order to comply with Florida Statute Section 790.251, and to the extent required by other applicable laws and regulations, handguns are permitted on Company property in Florida in limited circumstances, provided: (1) the employee has a current license to carry a concealed firearm issued pursuant to Florida Statute Section 790.06, (2) the firearm is out of sight in a locked private vehicle or in a locked compartment of the vehicle, and (3) the private vehicle is not on any Company property where a nuclear generation facility is located. An exception applies for security weapons carried and utilized in accordance with NGG procedures, which are permitted on Company property.

• Long guns, including rifles and shotguns and associated ammunition used for hunting, are allowed on Company property in North Carolina, South Carolina and Florida provided they are out of sight in a locked private vehicle and in compliance with applicable laws and regulations.

• Other use or possession of firearms or weapons on Company premises or property must be approved by the director of Corporate Security.

continued on page 18
QUESTIONS AND ANSWERS

Q. I like to go deer hunting after I finish my shift at work. Is it OK if I keep my shotgun in the gun rack of my locked pick-up truck?

A. Shotguns and other long guns used for hunting are allowed on Company property provided they are out of sight in a locked private vehicle and in compliance with applicable laws and regulations. If the gun rack in your vehicle is visible, then you are not in compliance with this policy.

Q. Is it OK if I keep my handgun locked in the trunk of my car?

In North Carolina and South Carolina:

A. No. In North Carolina and South Carolina, handguns are not permitted on Company property at any time with the exception of security weapons carried and utilized in accordance with NGG procedures, or unless otherwise expressly approved by the director of Corporate Security.

In Florida:

A. To the extent required by law, yes, provided: (1) you have a current license to carry a concealed firearm issued pursuant to Florida Statute Section 790.06, (2) you keep the handgun locked out of sight in your car trunk at all times while on Company property in Florida, (3) your car is not on Company property where a nuclear generation facility is located, and (4) the handgun is in compliance with applicable laws and regulations.

In compliance with Florida Statute Section 790.251, the entire Crystal River Energy Complex – which includes Crystal River Nuclear Plant, Crystal River Fossil Plant and Crystal River Mariculture Center – is designated as a nuclear generation facility. Handguns are not allowed on Company property designated as a nuclear generation facility, with the exception of security weapons carried and utilized in accordance with NGG procedures, or unless otherwise expressly approved by the director of Corporate Security. This means if you work in the Crystal River Energy Complex, you are not allowed to keep a handgun locked in your vehicle.

Q. If I work for Progress Energy Florida and my primary work location is in Florida but I spend periods of time in the Carolinas, can I leave a handgun in my car at work during the periods I am assigned to work in North Carolina and South Carolina?

A. No. In North Carolina and South Carolina, handguns are not permitted on Company property at any time with the exception of security weapons carried and utilized in accordance with NGG procedures, or unless otherwise expressly approved by the director of Corporate Security.
Conflict of Interest

Employees must not let their outside business interests, or those of immediate family members and other closely affiliated persons, conflict with their obligations to the Company.

YOUR RESPONSIBILITY

A “conflict of interest” is a situation in which a choice must be made between one’s individual best interest (financial or otherwise) and the best interest of the Company. Employees must not let their outside business interests, or those of immediate family members and other closely affiliated persons, conflict with their obligations to the Company. “Immediate family members and other closely affiliated persons” means an employee’s spouse, child, stepchild, mother, father, stepmother, stepfather, sister, brother, grandmother, grandfather, mother-in-law, father-in-law, son-in-law, daughter-in-law and grandchild or any relative who resides in the employee’s household. It also includes an employee’s domestic partner (as defined in the Guide to Benefits for Domestic Partners Document, HRI-SUBS-30004) and the domestic partner’s applicable family members as listed above.

Employees are expected to avoid conflicts of interest and the appearance of such conflicts, as these situations may arise in many ways. Examples include, but are not limited to, the following:

• Placement of business with a firm supplying goods and services to the Company in which an employee or an employee’s immediate family member has a material financial interest.

• Being employed in any capacity, such as director, officer, employee, representative or consultant, with any outside business dealing (or planning to deal) with the Company.

• Being employed in any capacity, such as director, officer, employee, representative or consultant, with a competitor of the Company.

• Leasing or rental of facilities or equipment to the Company by an employee or immediate family member.

• Being employed by, or engaged in, any outside business, whether or not such business deals with the Company, if the employee:
  • Uses his or her position with the Company to an advantage in the outside employment.
  • Pursues endeavors contrary to the interest of the Company.
  • Allows the outside business to interfere in any way with the employee’s full performance of duties and responsibilities with the Company.

continued on page 20
Conflict of Interest

continued from page 19

• Disclosing or using confidential information, obtained in the course of employment with the Company, for any personal gain or the benefit of any outside interest.

• Appropriating a corporate opportunity for the benefit of the employee.

Any employee who may have a conflict situation, actual or potential, has a duty to report all pertinent details to his or her supervisor. If the supervisor determines that the situation is a conflict or a potential conflict, the supervisor should complete the Conflict of Interest Form (FRM-HOCO-00185) and forward the form up through his or her management to the department head. In the case of a conflict of interest involving the Company’s chief executive officer or chief financial officer, disclosure of the conflict situation shall be made to the Audit and Corporate Performance Committee of the Progress Energy Board of Directors through the vice president — Audit Services. Department heads reviewing Conflict of Interest forms should submit recommendations to resolve or prohibit the potential conflict to the Corporate Ethics Officer or designee. The Corporate Ethics Officer or designee will review the recommendations for consistency among the business units and advise the employee, in writing, as to management’s determination and will give written instructions on the appropriate actions to be taken by the employee.

QUESTIONS AND ANSWERS

Q. I have recently been made aware that there is a romantic relationship between my female manager and a male colleague in my workgroup. Won’t it be difficult for my manager to remain neutral when it comes to issues such as promotions and PDP ratings?

A. Managers should avoid a romantic, sexual or financial relationship with an employee or contractor within their scope of supervisory control, because it reasonably could be perceived to give unfair advantage to the employee or contractor and could impugn the integrity of the manager or the reputation of the Company. In the event that such a relationship should develop, the manager must immediately disclose the relationship to his or her immediate supervisor and his or her department head to ensure that the matter is evaluated fully.

Q. A long-time friend recently took a job with a Progress Energy supplier. We’ve socialized for a number of years, but now I wonder if our friendship poses a business ethics problem.

A. It might. If you play a role in the selection process for contracts on which your friend or his company have bid, or if you have to deal with your friend on behalf of Progress Energy, you should disclose your friendship to management and excuse yourself from participating in decisions or negotiations with your friend and the supplier.
Q. A vendor who is also a friend of mine outside of work recently offered me season hockey tickets if I promised to “throw him a bone” occasionally during the bidding process. Since I have no say in the final selection of vendors, can I accept the tickets?

A. No. Accepting the tickets could be perceived as a conflict of interest between the Company and the vendor. This transaction would also likely violate our policy on accepting gifts since the tickets are worth more than a modest amount and it is not something the Company would reciprocate for the vendor.

Q. A local electric utility co-op has asked me if I am interested in doing some consulting work for them on a part-time basis. Since it would not interfere with my full-time position here at the Company, is it OK to accept the position?

A. The Company’s Outside Employment Policy, HRI-SUBS-00340, directs that outside employment must not interfere with employee performance or availability for emergency or overtime work. Outside jobs must not conflict directly or indirectly with the Company’s business or reflect adversely upon the Company’s image. Without written authorization from their supervisor, employees cannot be employed in any capacity, such as consultant, with a competitor of the Company.
Employees must exercise good judgment in giving or receiving business-related gifts and/or entertainment. Employees shall not offer personal favors or gifts of more than modest value that could be perceived as an attempt to improperly influence the decisions of existing or potential customers or suppliers. Likewise, employees or their families shall not request or accept favors or gifts of more than modest value that could be perceived as an attempt to influence the performance of duties or to favor existing or potential customers and suppliers.

YOUR RESPONSIBILITY

Covering the endless variety of situations involving the giving and receiving of gifts and entertainment is impossible; thus, employees must accept personal responsibility for exercising appropriate judgment to avoid real or perceived undue influence in their dealings with customers and suppliers. The following guidelines and examples are provided to assist you in fulfilling that responsibility. If you are unsure regarding a particular gift or event, discuss the situation with your supervisor or call the Ethics Line at 1.866.8ETHICS (1.866.838.4427).

All of the Company's procurement and other business decisions must be made objectively, solely on the basis of quality, service, price and other competitive factors. The Company understands and respects that our customers have a similar goal in the operation of their business. Therefore, business decisions made on behalf of Progress Energy must be free from undue influence or conflict of interest, or even the appearance of such undue influence or conflict of interest, from suppliers and customers.

Occasionally, employees may exchange business courtesies including gifts and entertainment with clients to foster good will and enhance business relationships. Such business courtesies should be infrequent, reasonable, customary, legal and of modest value. Modest value is defined as an amount that would not be perceived as lavish or extravagant given the relevant facts and circumstances. In determining whether a particular offer is of modest value, employees should consider whether they would be comfortable disclosing the gift or entertainment to their supervisor, another vendor or customer, the media and/or the regulators who oversee Company operations. Among the factors that are important in determining the appropriateness of business entertainment offered and received by the Company are:

- Value, frequency and timing;
- Whether the setting is conducive to building a business relationship; and
- Whether the entertainment is fully visible to management in the organizations who give and accept it.

Acceptable forms of entertainment include infrequent, modest hospitality such as meals, charity events, sporting events, holiday gatherings or other celebrations, plays, concerts or other cultural events. (Some Progress Energy departments have specific guidelines around these activities.) Acceptable gifts include customary and inexpensive gifts of a promotional nature such as hats, golf shirts, mugs or calendars.
Neither employees nor their family members should give or accept offers of gifts or entertainment from those who do or may seek to do business with the Company if the gifts are lavish or expensive, if they are likely to be perceived by others as an attempt to influence business decisions, if public disclosure would embarrass the Company or if doing so would violate the law or social norms. Unacceptable forms of gifts and entertainment may include, but are not limited to, the giving or receiving of:

- Cash or a cash equivalent (such as a gift card);
- Entertainment offers that are “personal” to the recipient and do not provide for interaction between a Progress Energy employee and a supplier or customer (tickets to an event for use by the recipient and his or her guests only, offers of a beach house for the weekend);
- Product or service discounts that are not available to all employees; or
- Gifts with a high monetary value.

Employees offered items by vendors that would not be appropriate to accept as gifts may, with approval from their vice president or senior executive, purchase the items from the vendor at their fair market value.

Employees should exercise particular caution in regard to any offers of value, including hospitality, entertainment and gifts, when the Company is negotiating or considering contracts and the employees are in a position to influence, directly or indirectly, the outcome of a decision. It is important not to give any impression that there may be an inappropriate connection between any gift or entertainment and a business opportunity.

Travel to or overnight stays at functions that are in the best interest of the Company generally should be paid for by the Company. Employees serving on professional committees or serving as a conference speaker may generally accept the event sponsor’s offer to pay reasonable travel costs as long as other committee members or speakers who are not Progress Energy employees are treated equally. Otherwise, payment of travel expenses by an outside organization must be appropriately documented and approved in writing by the appropriate Company department head or senior executive prior to their occurrence. Documented approvals should be maintained by employees obtaining the approvals. Employees may accept meals, entertainment and promotional items of a modest value provided to all attendees during conferences and similar meetings.

Employees may also accept meals or entertainment offered in conjunction with meetings to discuss Company business. Employees must not accept such offers if they are lavish or expensive or if they are likely to be perceived by others as an attempt to influence business decisions. The Company may sponsor events (such as the U.S. Open) as a part of the Company’s responsibility to be a good corporate citizen and may use such events to build business relationships with key customers and stakeholders. Similarly, the Company also promotes economic development by helping local communities recruit businesses to our service territory. These events and activities are approved by senior management and coordinated by the appropriate level of Company management.

continued on page 24


QuestiOns anD aNSwers

Q. A contractor with whom we just signed a large contract has offered to pay my expenses for an orientation program at his out-of-state facility. Since we no longer are negotiating with this contractor and the travel will enhance the Company's ability to manage the contract, may I accept the offer?

A. Business-related travel expenses generally should be paid for by Progress Energy. If you believe that extenuating circumstances support payment of your travel expenses by this contractor, you should discuss the situation with your department head and, in the event the department head agrees, his or her approval for vendor funding must be documented and approved in writing by the appropriate Company department vice president or senior executive in advance of the travel.

Q. A supplier offered me tickets to the Super Bowl. May I accept the tickets?

A. Probably not; whether the tickets were offered for your personal use or whether they were offered in conjunction with a meeting to discuss Progress Energy business, the value of this offer may be viewed by others as an attempt to influence your business decisions. Consult with your department vice president to determine whether it would be appropriate for you to pay the supplier the fair market value of the tickets.

Q. During the end-of-year holiday season, many vendors send food baskets of various sizes and values, as well as other items, to thank me for the business I conduct with them on behalf of Progress Energy. May I accept these gifts?

A. Employees may accept infrequent gifts of modest value. Gifts of food generally are considered to be of modest value. When practical, such gifts should be shared among your workgroup.

Q. I was offered a discount on catering services for my daughter’s wedding by a company that I retain for Progress Energy events. May I accept the discount?

A. This would generally be an example of a “personal” discount and should be declined. Also, accepting gifts of more than a modest value from a vendor that you retain would rarely be acceptable. However, you may accept the discount if it is available to all Progress Energy employees. Talk to your manager or call the Ethics Line if you need help with a specific vendor.

Q. A Progress Energy contractor who has done business with my department for years invites me to lunch at least twice a month. I manage the work that his firm does and it is important for me to maintain a good working relationship with him. What should I do?

A. Infrequent lunch invitations of modest value from vendors may be accepted if the setting is conducive to building a business relationship. Invitations of the frequency described above may, however, be perceived to create a conflict of interest. If it is important for you to spend time outside the workplace with the contractor, you should split the lunch tab with him, or host him during some of the lunch outings.
Q. My department sponsors an annual golf tournament. All participants pay an entry fee that more than covers the cost of a round of golf; the net proceeds from the event go to charity. To promote good working relationships, we invite our vendors to participate. One of our vendors has offered to provide golf tees and caps featuring the vendor’s logo to distribute to all participants. Other vendors have offered to donate items such as golf clubs, college basketball tickets and restaurant gift cards to be used as door prizes. Since the proceeds will all go to charity, may we accept these vendor offers?

A. The Gifts and Entertainment Policy applies to all vendor offers to Progress Energy and its employees, regardless of whether a gift will be used to promote a charitable cause. If the golf tees and caps are of modest value, and if you have not asked the vendor to provide them in violation of the Company’s Solicitation, Fundraising and Distribution of Materials Policy, HRI-SUBS-00345, you may accept that offer. The door prize offers, however, appear to be of more than modest value and/or otherwise outside the guidelines provided for vendor gifts. Acceptance of the door prizes could create the appearance of an attempt at vendor influence by supporting a Progress Energy-sponsored initiative.

Q. As a token of appreciation for a job well done, a vendor sent every member of my workgroup a $25 gift card. Are we allowed to keep them?

A. No. The Code of Ethics provides that the giving or receiving of cash or a cash equivalent – such as a gift card – from a vendor is prohibited.
**Securities Trading**

*Employees are prohibited from purchasing or selling any Progress Energy securities as a result of inside information or from disclosure of inside information to any other person (including family or friends) who then trades Progress Energy securities based on the information.*

**YOUR RESPONSIBILITY**

Insider information includes material nonpublic Company information an employee learns through his or her employment. Insider information could include: projections of future earnings; a pending or proposed merger, acquisition or tender offer; a significant sale of assets; the offering of additional securities; changes in management; impending bankruptcy or financial liquidity problems; or other events that could impact the value of the Company’s securities. An employee involved in insider trading (that is, purchasing or selling any Progress Energy securities as a result of inside information) has violated the securities laws and may be subject to criminal sanctions or civil penalties.

**QUESTIONS AND ANSWERS**

**Q.** I am a financial professional and often talk about business with my spouse. That’s not a problem, is it? I only occasionally reveal nonpublic information and my spouse knows not to tell anyone else.

**A.** This is a problem that could be costly for both you and Progress Energy. If your spouse were ever to use material nonpublic information given by you to buy or sell securities, both of you could be prosecuted for illegal insider trading. Under no circumstances should you ever give any nonpublic information to your spouse or anyone else.

**Q.** A co-worker gave me some nonpublic information about Progress Energy. I didn’t ask for it, but now that I have it, what should I do?

**A.** Do not study or make copies of the material and immediately contact the Legal Department or the Progress Energy Ethics Line at 1.866.838.4427 and forward the information to them. The Legal Department will provide further guidance on how to respond. If you receive this type of information verbally, tell the co-worker that the discussion violates Progress Energy’s policy and must stop immediately.

**Q.** While checking stock quotes, I noticed that someone identifying himself as a Progress Energy nuclear worker had posted confidential information about the schedule for upcoming outages. Isn’t this “nonpublic” information?

**A.** Information regarding outage schedules is confidential, nonpublic information. You should report the posting immediately to your supervisor, Human Resources representative, a member of the Ethics Program staff or the Ethics Line, 1.866.838.4427.
All employees who interact with customers and competitors must take care to avoid antitrust violations, especially those employees with pricing authority or knowledge. Employees should endeavor to deal fairly with the Company’s customers, suppliers, competitors and other employees.

**YOUR RESPONSIBILITY**

Antitrust laws promote fair competition among businesses. Activities that restrict free competition or allow a Company or group of companies to dominate a market may violate federal and state antitrust laws.

The highest standards of personal conduct and business ethics are expected of employees involved in the procurement of equipment, supplies and services and other employees who might influence procurement decisions or relationships. These employees must avoid conduct that could create a conflict of interest or the appearance of a conflict of interest with vendors, contractors, consultants or suppliers. Maintaining an arm’s-length relationship is required in matters involving procurement. For further guidance, refer to the section on “Conflict of Interest.”

Employees should not take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair-dealing practice.

When possible, the Company makes discounts from suppliers or other companies available to employees, but no one should use the Company name to obtain personal discounts or other benefits not available to all employees.

*continued on page 28*
QUESTIONS AND ANSWERS

Q. What types of behavior could be considered anti-competitive and a violation of antitrust laws?

A. The following behavior could be considered anti-competitive and a violation of antitrust laws:

• Any discussions or agreements with a competitor regarding pricing, territories, market share or intent to bid (or not bid) for particular business.

• Providing different information about a request for quotation/proposal to competing bidders.

• Entering into an exclusive dealing arrangement or understanding where you agree to work only with certain suppliers or distributors in a particular market where Progress Energy has market power.

• Taking advantage of market power to eliminate or threaten a competitor or potential competitor in that or another market.

• Suggesting that a product or commodity must be resold at or within a particular price or range of prices.

• Participating in actions by any trade association or other industry group regarding membership restrictions, sharing information (including benchmarking) or desired governmental actions. Participating in such actions could be anti-competitive and should be done only under the proper guidelines.

Q. I have recently been promoted to a position where I receive and review proposals from competing bidders on projects. Is it OK to discuss the bidding information of one company with another vendor who I know is not bidding on the project?

A. No. You should not discuss the bidding process with the vendor. Any discussions or agreements with a competitor regarding pricing, territories, market share or intent to bid (or not bid) for particular business is strictly prohibited.
Health and Safety

Employees are responsible for the prevention of accidents to themselves, co-workers and the public and are required to comply with Company safety rules set forth in the Company’s safety manual.

YOUR RESPONSIBILITY

Progress Energy is committed to protecting the health and safety of its employees and to complying with federal, state and local health and safety laws and regulations. Employees are also responsible for correcting their fellow employees when unsafe acts or hazardous conditions are observed and informing their supervisors if the unsafe act or hazardous condition continues. If a work-related injury or illness does occur, Progress Energy will comply with federal, state and local health and safety laws and regulations as they pertain to reporting the work-related injury or illness.

QUESTIONS AND ANSWERS

Q. We have been hearing a lot about “active caring.” What is it and why is it important?

A. Active caring means to watch out for others. Let them know if you see something that is unsafe or if they are doing something that is unsafe. Be willing to accept advice, too. Safety is everyone’s responsibility.

Q. I know we are supposed to report injuries, job-related illnesses and accidents, but our workgroup’s performance award depends on our incident rate going down. What does the Company really want?

A. You should always report job-related injuries, illnesses and accidents. Business or personal goals are not designed to compromise employee safety, which is one of the Company’s highest priorities. Progress Energy’s goal is to eliminate injuries and accidents, and employee reporting can help determine the steps necessary to prevent future problems or accidents.

Q. Sometimes I feel pressured to shortcut safety procedures to complete projects on time. What should I do?

A. Do not skip the safety procedures. No matter who asks you to do something, you should not violate applicable safety rules for any reason. If you feel pressure to do so, you should discuss it with your supervisor or your workgroup’s Health and Safety representative. If you do not feel comfortable speaking with your supervisor, contact your next level of management.

Q. I know we are supposed to report injuries, job-related illnesses and accidents, but sometimes I think my symptoms are too minor to report. Is reporting really important?

A. Information can be vital to prevention. Reporting accidents, as well as any job-related illnesses or injuries, can help determine the steps necessary to prevent future problems or accidents. Report all near-misses, injuries, job-related illnesses and accidents to your supervisor or Health and Safety representative.
Progress Energy is committed to conducting its business in an environmentally responsible manner.

YOUR RESPONSIBILITY

Environmental responsibility is a core value of Progress Energy. This includes complying with environmental laws and regulations and working to prevent damage to the environment. Employees should understand the regulatory requirements applicable to their operation or job function. Additionally, employees should give careful attention to the proper handling, treatment and disposal of wastes.

QUESTIONS AND ANSWERS

Q. Environmental laws can be complicated; sometimes it’s difficult to know when to be concerned about a particular situation. What do I need to remember?

A. Some laws and regulations are complex, but you don’t need to understand every detail before you report an environmental concern. If you are unsure, ask your supervisor or your workgroup’s technical environmental support organization.
Employees shall not be under the influence of alcohol or use, distribute, manufacture, dispense, possess or sell illegal drugs or other controlled substances including prescription medication prescribed to others, while on the job or during work hours, including meal breaks.

YOUR RESPONSIBILITY

Employees share in the responsibility for keeping the workplace free of alcohol and illegal drugs and are responsible for reporting an observed violation of this policy.

Use, distribution, manufacture, dispensation, possession and sale of illegal drugs or other controlled substances, including prescription medication prescribed to others, and the use of alcohol by an employee outside of the workplace, that may adversely affect the employee’s job performance or that may reflect unfavorably upon public or governmental confidence in the manner in which the Company carries out its responsibilities, are prohibited.

Employees may consume alcohol at Company-sponsored events if management has authorized alcohol consumption in advance and the employee’s consumption would not create a health and safety risk for the employee or others. Employees who behave inappropriately due to alcohol consumption at a Company-sponsored event will be disciplined.

If there is a Company-sponsored event where alcohol is being served to employees and/or customers, a management team member of the organization sponsoring the event must be on site to ensure compliance with Company policies and event rules.

QUESTIONS AND ANSWERS

Q. One of my co-workers just returned from lunch and appears to be under the influence of drugs or alcohol. What should I do?

A. It is against Company policy to drink during work hours or appear at work under the influence. While it may be that this person is suffering from an illness rather than alcohol or drugs, you should notify your supervisor or Human Resources representative immediately per the Company’s Drugs, Alcohol and Safe Work Policy, HRI-SUBS-00330.

Q. Does this policy apply whenever I’m on Company premises? For example, if I’m not formally scheduled to be at work but come in to do some work after hours, attend a special meeting or take care of necessary administrative actions, does this policy still apply?

A. Yes. The primary purpose of this policy is to contribute to creating a safe work environment at all times. Impairment can lead to a safety incident at any time, not just when one is formally scheduled to be at work.

Q. Can I be disciplined for using illegal drugs if I do not use them while I am working?

A. Yes. Many narcotic substances remain in your system long after ingestion impairing your judgment and resulting in positive test results. Moreover, the public may lose confidence in the Company when one of its employees is engaged in unlawful activity that could endanger the health and safety of the public.
Use of Company Information Systems and Technology Assets

Information systems and associated technology assets are provided to employees for the purpose of performing their job responsibilities. As valuable Company resources, these tools may at any time be inspected, searched, retrieved, copied, monitored for misuse or restricted. Employees also are responsible for the resources’ proper use and protection. Incidental personal use is acceptable if it does not interfere with Company business or violate applicable laws, licenses, policies, standards or procedures.

YOUR RESPONSIBILITY

Every employee is responsible for protecting information systems and associated technology assets against misuse, loss and theft. This includes:

- Following all Company policies, standards and procedures related to information systems and associated technology assets.
- Talking to your supervisor or contacting the Technology Service Desk (VoiceNet 230.5111 or 1.866.230.5111), if uncertain regarding the proper use or protection of information systems or associated technology assets. Nuclear Generation Group (NGG) employees should contact the NGG Help Desk (VoiceNet 770.2050 or 919.546.2050).
- Being accountable for the actions you take with information systems and associated technology assets.

Employees also must follow corporate policies, including, but not limited to, the Information User – Cyber Security Policy, ITS-HOCO-00001, for securing associated technology assets including, but not limited to, laptops, USB Flash drives, external hard drives, removable media, personal digital assistants (e.g., iPAQ) and Smartphones (e.g., a Blackberry). Use of these assets must be in accordance with all applicable laws, licenses and Company policies and standards.

ELECTRONIC COMMUNICATIONS

Electronic communications are a form of corporate data that must be effectively safeguarded. Examples include but are not limited to e-mail, Internet, instant messaging and blogs. Every employee has a responsibility to use electronic communications professionally, ethically and lawfully.

Sending, copying or accessing discriminatory, harassing, or sexually oriented information or information conflicting with Progress Energy’s diversity and inclusion program is strictly prohibited. Employees should not send, distribute, download or upload electronic files in violation of copyright, patent, trademark or other intellectual property rights. This includes distribution of pictures, music, movies or other multimedia files.

Electronic communication or posting of PGN Protected Information, as defined in ITS-HOCO-00001, can only be performed in accordance with approved business requirements. Electronic communication of PGN Protected Information to third parties to conduct required business activities must be transmitted in a secured manner.
QUESTIONS AND ANSWERS

Q. Can I install software that is not an authorized Company standard?

A. No. All software products on corporate computers must be approved for Company use. Copying software from a home computer or mobile storage device and downloading software from the Internet (including “freeware”) are not allowed, nor should you ever use a software product in violation of its licensing agreement. If you have questions about Company-approved software, contact the Technology Service Desk (VoiceNet 230.5111 or 1.866.230.5111). NGG employees should contact the NGG Help Desk (VoiceNet 770.2050 or 919.546.2050).

Q. What is PGN Protected Information?

A. PGN Protected Information includes sensitive personally identifiable information (e.g., Social Security numbers, credit card numbers, bank account numbers, etc.), HIPAA-protected health information, any information requiring special protective controls by NERC CIP 002-009, or PGN proprietary and trade secret information. Also, information considered confidential as determined by business units (e.g., IP addresses, network diagrams, contracts, legal documents, plant status) is included. (Consult Information User-Cyber Security Policy ITS-HOCO-00001.)

Q. I read some information on an Internet blog recently that contained what I thought was confidential information about the Company. Isn’t the individual responsible for the postings violating the COE?

A. The individual may have violated the Code of Ethics. The Company’s Social Media Policy, HRI-SUBS-00355, clarifies that employees/contractors should not post electronically confidential or proprietary Company information internally or externally.

Q. There have been several ProgressNet articles discussing the Company’s efforts to monitor Internet usage to detect inappropriate activity. Doesn’t this violate my right to privacy?

A. All information residing on Company systems is Company property. Employees and contractors can have no expectation of privacy regarding information stored or accessed on Company systems. The Company can and at times does monitor all information transmitted on or from, received or accessed by, or residing on its computing system. Do not seek out inappropriate material on the Internet or otherwise use Company resources in a way that violates the Code of Ethics. Inappropriate content includes, but is not limited to, Internet sites that publish pornography and other adult material, promote gambling activities, advocate violence and associated guns and weapons and/or encourage hostile activity toward certain social groups defined by race, religion, sexual orientation, disability, class, ethnicity, nationality, age, sex or gender, or political affiliation.
**Confidential Information**

Employees may not, at any time during or after employment with the Company, disclose, use or aid third parties in obtaining or using any PGN Protected Information except what is required to perform duties assigned by the Company.

**YOUR RESPONSIBILITY**

PGN Protected Information could include: patents, trademarks, copyrights, trade secrets, know-how and financial results before they are released to the public; pending negotiations regarding financing or the acquisition or purchase of services, supplies, equipment or fuel; decisions, plans or forecasts that have not been authorized for public release; personal identifiable information such as Social Security numbers, driver’s license numbers, names, addresses and health care information; personal computer information; corporate computer passwords, personal identification numbers or any other access credentials; records containing data on customers or employees; and attorney-client communications.

PGN Protected Information should not be disclosed to other employees who do not have an approved, business need-to-know. Electronic communication of PGN Protected Information to third parties to conduct required business activities must be transmitted in a secured manner. PGN Protected Information should not be left unsecured in hardcopy or on removable media (e.g., laptops, USB drives). Never share your corporate computer password; keeping it confidential is crucial toward protecting the Company’s information systems. No one is authorized to request your password, and it is against Company policy to use another employee’s computer password.
QUESTIONS AND ANSWERS

Q. I know that some of the information I work with is PGN Protected Information. Does that mean I can’t talk about it with anyone, even other employees?

A. You should make every effort to maintain the confidentiality of PGN Protected Information. Discuss such information only with those who need to know for Progress Energy business purposes. If you have questions about or are unsure who has a business need to access the information, ask your supervisor for clarification.

Q. How do I send timesheets, training records, benefits information, personnel onboarding information or sensitive financial information to a third party who has an approved business need to receive such information?

A. The key here is to ensure that the information is delivered in a secure fashion. In most circumstances an encrypted e-mail or encrypted file transfer process will work. If you have questions about the encryption process contact the Technology Service Desk (VoiceNet 230.5111 or 1.866.230.5111). NGG employees should contact the NGG Help Desk (VoiceNet 770.2050 or 919.546.2050).

Q. I have heard a lot about “phishing” recently? What is it and how do I avoid it?

A. “Phishing” is the act of convincing consumers to share their user names, passwords and personal information for the purpose of committing fraud. This is usually done by the use of “spoofed” e-mails, which appear to be from legitimate sources and ask for the consumer’s information directly or provide a link to a hoax website. Never share your password with anyone — not even with your manager, the Technology Service Desk or NGG Help Desk personnel.
Use of Company Resources

Employees shall not use or acquire Company resources for any purpose other than authorized Company activities.

YOUR RESPONSIBILITY

Every employee has a responsibility to protect Company resources. Except for limited incidental use permitted by management, Company assets are not to be used for personal purposes. All facilities, equipment, systems, information, office and field supplies, and employee work time are resources of the Company. Expenses properly incurred in carrying out Company business must be promptly and accurately documented. Fraud, embezzlement, theft, misappropriation of funds and willful damage to or destruction of Company resources are criminal offenses and will be treated accordingly.

It shall be a violation of the Code of Ethics, directly or indirectly, including through a subsidiary, to extend or maintain credit, to arrange for the extension of credit, or to renew an extension of credit in the form of a personal loan to or for any executive officer or director of Progress Energy or its subsidiaries.

QUESTIONS AND ANSWERS

Q. I operate a small business from home and the tools and equipment I use for my personal business are very similar to the tools and equipment I use here at Progress Energy. I am not doing the work on Company time, so would it be OK to use the Company’s tools on my day off, so long as another employee does not need them?

A. No. This is an improper use of Company assets; the use of Company equipment for personal reasons is not allowed. Additionally, the type of work being performed off-duty may also be in violation of the Company’s Conflict of Interest Policy.

Q. My co-worker routinely sends me offensive jokes from his Company-issued Blackberry, mostly after work hours and on the weekends. Although it’s during nonbusiness hours, isn’t it still a violation of the Company’s use of resources policy?

A. Yes. Except for limited incidental use permitted by management, Company assets are not to be used for personal purposes. This includes after-hours and weekends. Furthermore, the employee may also be in violation of the Company’s policy prohibiting harassment.
Employees shall ensure all entries and transactions related to Company records and systems, including both manual and electronic, financial and nonfinancial, and any supporting information, will be recorded and reported fully, fairly, accurately, on time and in an understandable manner in compliance with applicable standards, laws and regulations. Employees shall not provide false or misleading information during any Company investigation or any investigation relating to a Company activity.

YOUR RESPONSIBILITY

Internal and external Company reports and financial statements must be prepared without omission, concealment, deception or falsification. It is strictly prohibited for any officer or director of Progress Energy or any other person acting under their direction to take any action to fraudulently influence, coerce, manipulate or mislead the Company’s external auditor for the purpose of rendering the financial statements materially misleading.

The False Claims Act is a federal statute that covers fraud involving any federally funded contract or program, with the exception of tax fraud. The False Claims Act establishes liability for any person who knowingly presents or causes to be presented a false or fraudulent claim to the U.S. government for payment. Additionally, the False Claims Act contains provisions that allow employees with actual knowledge of alleged false claims to sue on behalf of the government. These individuals will be protected from retaliation (e.g., harassment, demotion and wrongful termination) as a result of the employee’s lawful acts in furtherance of a false claims action.

Anyone who experiences, witnesses or has knowledge of improper recording or reporting of financial information should immediately report the incident to any of the following:

- Their immediate supervisor or the next level of management,
- Their Human Resources representative,
- A member of the Ethics Program staff, or
- The Ethics Line at 1.866.8ETHICS (1.866.838.4427).

continued on page 38
Integrity of Records and Information

continued from page 37

Reports of improper recording or reporting of financial information will be promptly investigated by Ethics Program staff. The procedure for the receipt of complaints by the Progress Energy Audit and Corporate Performance Committee of the board of directors (ADM-HOCO-00004) provides additional details on reporting concerns about accounting, auditing or financial matters involving the Company.

Preparing false or misleading reports or records of service or performance, or destroying records subject to a preservation hold, is as serious as falsifying vouchers, financial data or records pertaining to Company funds or property. All records must be retained per established retention schedules based on applicable government regulations, industry standards and sound business practices. Direction from the Legal Department regarding document preservation must be followed.

Retaliation against employees who report improper recording or reporting of financial information violates the law and Company policy. Such retaliation is prohibited and will not be tolerated.

QUESTIONS AND ANSWERS

Q. I think my co-worker is documenting overtime on her timesheet but is not working those hours. What should I do?

A. Accurate time reporting is necessary to calculate and issue pay to employees and provide a basis for charging the wages paid to the appropriate accounts. Because your manager/supervisor is accountable for time entry approval, it is important that you notify him/her of your suspicions. If you are not comfortable going to your supervisor/manager, contact the next level of management in your workgroup, your Human Resources representative or the Ethics Line at 1.866.8ETHICS (1.866.838.4427).

Q. I injured my lower back while doing yard work at my home and now I can’t perform the tasks necessary to do my job. Should I file a workers’ compensation claim with the Company?

A. HRI-SUBS-00051 describes Workers’ Compensation as a benefit available to an employee injured during the course and scope of employment. Work-related injuries that require more medical attention than just first aid should be reported.

Q. Our workgroup is in danger of not meeting our safety goals. I don’t want to be the person who makes us miss our ECIP goal, but I was just in a collision in my work vehicle. The damage to my vehicle is barely noticeable. Should I report the accident?

A. Yes. As an employee it is your responsibility to promptly report vehicle events to your supervisor, assist your supervisor in investigations, assist your supervisor in completing required documentation and provide accurate information to support any investigation as described in the Company’s Vehicle Event Classification guidance, SAF-SUBS-00211.
Q. I received an e-mail from the Legal Department directing me to forward all documentation I have related to an inspection program I administer in connection with a lawsuit filed against the Company. I have not had a chance to clean out my computer files for the past few years; should I do so before responding to the Legal Department request?

A. No. Once the Company is on notice of anticipated or actual litigation, it must preserve all documentation in existence, including information stored electronically, that it reasonably believes may be related to the claim. Once you have received a preservation notice, you should contact the Legal Department before destroying any documentation that may be related to the subject of the lawsuit.

Q. What are some examples of fraud that would be covered under the False Claims Act?

A. Examples of fraud that could be prosecuted under the False Claims Act would be billing for goods and services that were never delivered or rendered, submitting false service records in order to show better-than-actual performance, being overpaid by the government for sale of a good or service and then not reporting that overpayment, and winning a contract through kickbacks or bribes.
Relations with Government and Political Activity

The Company’s policy is to comply with applicable laws and regulations governing political activity.

YOUR RESPONSIBILITY

The Company strives to comply with federal, state and local laws and regulations. Respecting the responsibilities of governmental agencies and cooperating with them in good faith as they execute established guidelines and policies is essential. Payments, gifts, promises of employment or other forms of compensation to government officials for the purpose of influencing a decision or obtaining business, either directly or through a third party, are prohibited.

Federal funds may not be used to influence or attempt to influence any member or employee of a member of the executive or legislative branches of government (including an officer or employee or any agency) for the purpose of securing a federal grant, loan, contract or cooperative agreement or an extension, renewal or modification of any of these.

Employees shall not provide anything of value to any local, state or federal elected or appointed official or government employee unless the employee’s department head has confirmed that the item of value complies with all laws or regulations that limit or prohibit such gifts or require the gifts to be reported.

Employees are encouraged to participate in the electoral process through voting, contributing personal funds and time or other appropriate means. At no time, however, will contributions to any political party, candidate or issue be considered a condition of employment or advancement within the Company.

An employee is permitted to hold public office as long as it does not interfere with the performance of his or her job or put the employee or the Company in a situation that could give rise to a conflict of interest. An employee who is a prospective candidate for public office should discuss plans to qualify for or accept appointments to public office with his or her supervisor or department head in order to resolve possible conflicts.

QUESTIONS AND ANSWERS

Q. My workgroup plans to host a reception at an upcoming golf tournament. We plan to invite some state and local elected officials. Is that OK?

A. You should not invite these individuals unless your organization’s department head or the External Relations Department has confirmed that the items of value – in this case the reception and the ticket to the tournament – comply with all laws and regulations that limit or prohibit such gifts or require the gifts to be reported.

Q. What sort of activities cannot be paid for with federal funds?

A. In general, you can’t use money from the government to try to persuade the government to give additional money, extend a grant or to give additional grants. For example, charging travel expenses to a federal award or drawing salary from a federal award, while attempting to influence the award of federal funds for a specific program, is defined as lobbying and is prohibited. Urging the public to participate in rallies, marches, telephone or letter writing campaigns aimed at legislation is also forbidden.
The Company prohibits retaliation against individuals who oppose Code of Ethics violations or in good faith report suspected Code of Ethics violations or otherwise participate in the ethics investigation process.

YOUR RESPONSIBILITY

Employees, contractors and board members must not retaliate against an individual who speaks out regarding Code of Ethics violations, in good faith reports suspected misconduct to the Corporate Ethics Program or who in good faith provides testimony or other evidence during the course of an investigation. Such retaliation is prohibited and will not be tolerated. The Company will take disciplinary action, up to and including termination of employment, against any employee, contractor or board member involved in retaliatory conduct.

QUESTIONS AND ANSWERS

Q. An employee I supervise called the Ethics Line and complained that a co-worker was falsifying her expense reports. I would have preferred to handle this myself and not have it reported to the Ethics Program. I want to let the employee know I do not appreciate his calling the Ethics Line and that he should check with me before calling the Ethics Line in the future. I recently assigned this employee to a special project, but after all the fuss he caused, I am compelled to remove him and assign someone else.

A. The Code of Ethics provides multiple avenues for reporting suspected Code of Ethics violations to the Company. Employees may use any or all of the methods and are not required to notify their management before contacting the Ethics Line. Denying an employee the opportunity to work on a special project because he or she made a report to the Ethics Program is a form of retaliation.

Q. A person on my team complained that she was being harassed by another employee in our group. Now the employee who was investigated is saying derogatory things about the person who complained and is insisting that we should all refuse to have lunch with her. What should I do?

A. Employees have the right to report perceived harassment without fear of reprisals or retaliation. Your co-worker’s actions are a form of retaliation and you should alert your supervisor or one of the other parties identified in the corporate Harassment Policy, HRI-SUBS-00315.

Q. Two weeks ago I called the Ethics Line to report that my manager spends excessive amounts for meals and travel she charges to the Company. I heard a rumor that the Ethics Program substantiated my complaint and that, as a result, my manager was given a Memorandum of Understanding. Today my manager put me on a performance improvement plan directing me to focus more on my job assignments and less on what others in my workgroup are doing. I believe the performance plan is retaliation for the report I made to the Ethics Line; what should I do?

A. The Code of Ethics prohibits retaliation against employees who in good faith report suspected misconduct to the Ethics Program. You should report your concern to a member of the Ethics Program staff, a Human Resources representative or to the Progress Energy Ethics Line. Be aware, however, that making a report to the Ethics Line does not relieve you from meeting the performance requirements of your job. If your performance warrants a performance improvement plan, the fact that you were placed on a performance plan is unlikely to be found retaliatory.
To report a Code of Ethics concern or ask an ethics-related question:

- Notify your immediate supervisor or next level of management
- Contact your Human Resources representative
- Call the 24-hr. Ethics Line: 1.866.8ETHICS (reports may be anonymous)
- Send your submission in writing to: Ethics Line, P.O. Box 1348, Raleigh, NC 27602

The Code of Ethics prohibits retaliation against employees who in good faith report suspected misconduct to the Ethics Program.