

THE POWER TO DO BOTH. MANAGING THE PRESENT. CREATING THE FUTURE.
CREATING THE FUTURE. THE POWER TO DO BOTH. MANAGING THE PRESENT.
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Progress Energy



UBS Natural Gas, Electric Power and Coal Conference

Dallas, Texas

March 3, 2011

CAUTION REGARDING FORWARD-LOOKING INFORMATION

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are typically identified by words or phrases such as “may,” “will,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” “target,” “forecast,” and other words and terms of similar meaning. Forward-looking statements involve estimates, expectations, projections, goals, forecasts, assumptions, risks and uncertainties. Progress Energy cautions readers that any forward-looking statement is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking statement. Such forward-looking statements include, but are not limited to, statements about the benefits of the proposed merger involving Duke Energy and Progress Energy, including future financial and operating results, Progress Energy’s or Duke Energy’s plans, objectives, expectations and intentions, the expected timing of completion of the transaction, and other statements that are not historical facts. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include risks and uncertainties relating to: the ability to obtain the requisite Duke Energy and Progress Energy shareholder approvals; the risk that Progress Energy or Duke Energy may be unable to obtain governmental and regulatory approvals required for the merger, or required governmental and regulatory approvals may delay the merger or result in the imposition of conditions that could cause the parties to abandon the merger; the risk that a condition to closing of the merger may not be satisfied; the timing to consummate the proposed merger; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; the diversion of management time on merger-related issues; general worldwide economic conditions and related uncertainties; the effect of changes in governmental regulations; and other factors we discuss or refer to in the “Risk Factors” section of our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission. These risks, as well as other risks associated with the merger, will be more fully discussed in the joint proxy statement/prospectus that will be included in the Registration Statement on Form S-4 that will be filed with the SEC in connection with the merger. Additional risks and uncertainties are identified and discussed in Progress Energy’s and Duke Energy’s reports filed with the SEC and available at the SEC’s website at www.sec.gov. Each forward-looking statement speaks only as of the date of the particular statement and neither Progress Energy nor Duke Energy undertakes any obligation to update or revise its forward-looking statements, whether as a result of new information, future events or otherwise.

ADDITIONAL INFORMATION AND WHERE TO FIND IT

*This document does not constitute an offer to sell or the solicitation of an offer to buy any securities, or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. In connection with the proposed merger between Duke Energy and Progress Energy, Duke Energy will file with the SEC a Registration Statement on Form S-4 that will include a joint proxy statement of Duke Energy and Progress Energy that also constitutes a prospectus of Duke Energy. Duke Energy and Progress Energy will deliver the joint proxy statement/prospectus to their respective shareholders. **Duke Energy and Progress Energy urge investors and shareholders to read the joint proxy statement/prospectus regarding the proposed merger when it becomes available, as well as other documents filed with the SEC, because they will contain important information.** You may obtain copies of all documents filed with the SEC regarding this transaction, free of charge, at the SEC’s website (www.sec.gov). You may also obtain these documents, free of charge, from Duke Energy’s website (www.duke-energy.com) under the heading “Investors” and then under the heading “Financials/SEC Filings.” You may also obtain these documents, free of charge, from Progress website (www.progress-energy.com) under the tab “Investors” and then under the heading “SEC FilingsEnergy’s .*

PARTICIPANTS IN THE MERGER SOLICITATION

Duke Energy, Progress Energy, and their respective directors, executive officers and certain other members of management and employees may be soliciting proxies from Duke Energy and Progress Energy shareholders in favor of the merger and related matters. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of Duke Energy and Progress Energy shareholders in connection with the proposed merger will be set forth in the joint proxy statement/prospectus when it is filed with the SEC. You can find information about Duke Energy’s executive officers and directors in its definitive proxy statement filed with the SEC on March 22, 2010. You can find information about Progress Energy’s executive officers and directors in its definitive proxy statement filed with the SEC on March 31, 2010. Additional information about Duke Energy’s executive officers and directors and Progress Energy’s executive officers and directors can be found in the above-referenced Registration Statement on Form S-4 when it becomes available. You can obtain free copies of these documents from Duke Energy and Progress Energy using the contact information above.

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Major Discussion Topics

- Executive summary
- 2011 guidance
- Appendix
 - 2011 earnings guidance support
 - Fixed income support
 - Reconciliation of ongoing earnings

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Executive Summary



Strategic Combination with Duke Energy

Strategic Benefits

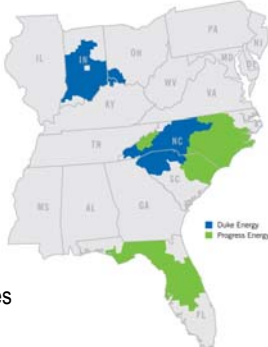
- Creates largest U.S. utility
- Substantial, diversified regulated business mix
- Unmatched financial and operational scale

Investor Benefits

- Earnings accretive in year one¹
- Long-term earnings growth target of 4-6 percent¹
- Maintain Duke Energy dividend policy
- Continued balance sheet strength

Customer Benefits

- Ability to create meaningful operational efficiencies for regulated electric customers over time



¹ Based upon adjusted diluted earnings per share



Status of Merger Approvals

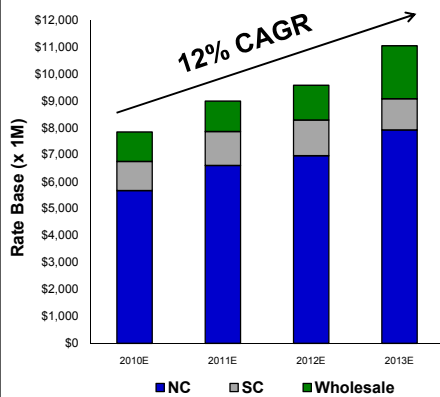
As of February 18, 2011

Stakeholder	Progress On Key Milestones	Filed	Approved
Shareholder	<ul style="list-style-type: none"> By end of 1Q 2011, file initial S-4 for SEC review Shareholder meetings in 2Q/3Q 2011 	<input type="checkbox"/>	<input type="checkbox"/>
Department of Justice (DOJ)	<ul style="list-style-type: none"> By end of 2Q 2011, file for Hart Scott Rodino review 	<input type="checkbox"/>	<input type="checkbox"/>
Federal Communications Commission (FCC)	<ul style="list-style-type: none"> By end of 2Q 2011, file for transfer of Progress Energy licenses 	<input type="checkbox"/>	<input type="checkbox"/>
Federal Energy Regulatory Commission (FERC)	<ul style="list-style-type: none"> By end of 1Q 2011, file merger approval application and related filings 	<input type="checkbox"/>	<input type="checkbox"/>
Nuclear Regulatory Commission (NRC)	<ul style="list-style-type: none"> By end of 1Q 2011, file for indirect transfer of Progress Energy licenses 	<input type="checkbox"/>	<input type="checkbox"/>
North Carolina	<ul style="list-style-type: none"> By end of 1Q 2011, file merger approval application 	<input type="checkbox"/>	<input type="checkbox"/>
South Carolina	<ul style="list-style-type: none"> By early 3Q 2011, file for approval of combined operational control of generation facilities via a joint dispatch agreement 	<input type="checkbox"/>	<input type="checkbox"/>
Kentucky	<ul style="list-style-type: none"> By end of 1Q 2011, file merger approval application 	<input type="checkbox"/>	<input type="checkbox"/>

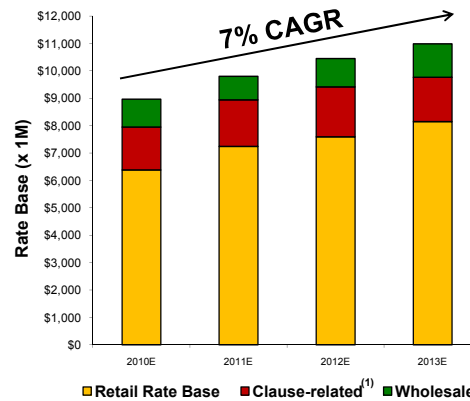


Attractive Rate Base Growth

Carolinas



Florida



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



Major Capital Projects

Richmond County CCGT – North Carolina

- 635 MW combined-cycle gas-fired plant
- Expected in-service in June 2011

Lee CCGT – North Carolina

- 920 MW combined-cycle gas-fired plant
- Project broke ground in September 2010
- Expected in-service in January 2013

Sutton CCGT – North Carolina

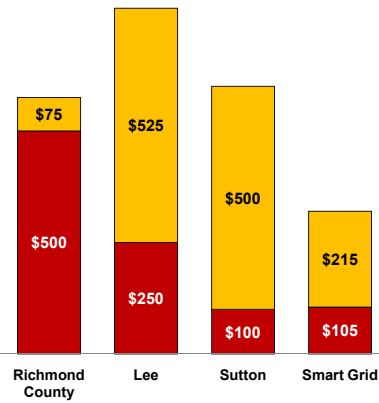
- 625 MW combined-cycle gas-fired plant
- Construction is expected to begin in 2H-2011
- Expected in-service in December 2013

Smart Grid – Carolinas & Florida

- Accepted \$200M grant from the DOE in April 2010 (\$100M each for PEC and PEF)
- Leverages already-planned investments of \$320M (\$200M for PEC and \$120M for PEF)

Major Construction Projects* (\$M)

■ Spent as of 12/31/10 ■ Estimated expenditures to complete project



* Project costs include direct capital, AFUDC and the cost of all transmission additions and upgrades necessary to integrate the generator into the system.

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Carolinas Coal-to-Gas Fleet Modernization



Lee Repowering

- Replacing 397 MW coal-fired Lee Plant with 920 MW CCGT
- Received CPCN* from NCUC in Oct. 2009
- Announced agreement with Piedmont Natural Gas for gas supply
- Expected in-service in January 2013



Sutton Repowering

- Replacing 604 MW coal-fired plant with 625 MW CCGT
- Received CPCN* from NCUC in June 2010
- Announced agreement with Piedmont Natural Gas for gas supply
- Expected in-service in December 2013

* CPCN – Certificate of public convenience and necessity.

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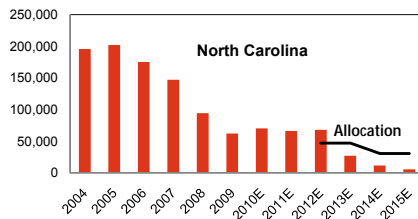


Well-Positioned for EPA Regulations

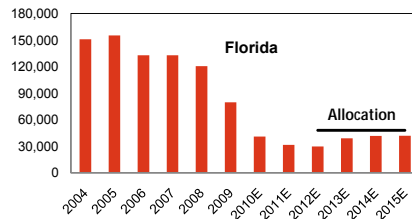
	Carolinas		Florida
Coal Fleet (MW) *	3,525 MW	SO₂ / NO_x Controls	1,398 MW
	1,488 MW	Announced Retirements	-
	177 MW	Future Investment Opportunities	869 MW
	5,190 MW	Total Coal Fleet	2,267 MW

* Includes jointly-owned capacity.

Transport Rule SO₂ Emissions (Tons)



Transport Rule SO₂ Emissions (Tons)



Note: Based on EPA's preferred option for SO₂ allowance allocations. Projected emissions based on most recent internal forecasts.

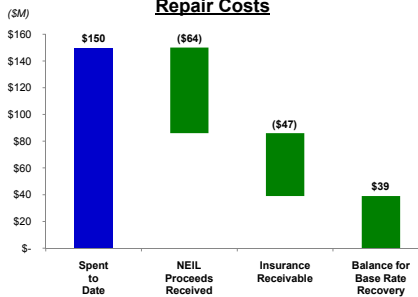


Crystal River Unit 3 Nuclear Outage

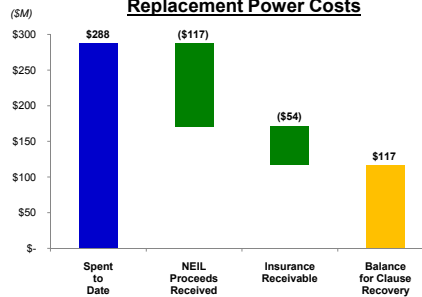
- Expect to complete repairs in Mar-11
- Post-repair testing and start-up activities in Apr-11
- Nuclear safety remains top priority
- Florida PSC regulatory cost recovery
 - ♦ Replacement power (net of NEIL proceeds)
 - ♦ Approved for 2011 fuel cost recovery
 - ♦ Subject to refund, pending a prudence review

As of December 31, 2010.

Repair Costs



Replacement Power Costs



NEIL: Nuclear Electric Insurance Limited, a mutual insurance company.



PGN Ongoing Earnings Outlook

(\$ in millions, except EPS)

	Actual 2010	Midpoint of Plan 2011
Carolinas	\$ 618	\$ 600
Florida	462	495
Corporate & Other	(191)	(180)
Total Ongoing Earnings	\$ 889	\$ 915
Ongoing EPS *	\$ 3.06	\$ 3.10
Average Shares	291	295
Dividend Payout Ratio	81%	80%

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

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2011 Guidance



2011 Ongoing EPS Drivers



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

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Projected Capital Expenditures (1)

(\$ in millions)	2008A	2009A	2010A	2011E	2012E	2013E
Maintenance Capex						
Generation	\$298	\$463	\$626	\$520	\$530	\$575
PEC Environmental	114	37	23	20	15	25
Transmission	211	112	91	100	95	115
Distribution	94	121	173	140	150	155
Other	74	87	94	90	85	75
Total Maintenance Capex	791	820	1,007	870	875	945
Growth Capex						
Generation	373	428	487	580	400	230
PEC Environmental	564	301	131	10	0	0
Transmission	108	191	229	205	245	250
Distribution	268	218	221	270	270	330
Total Growth Capex	1,313	1,138	1,068	1,065	915	810
Corporate/other	22	7	10	30	30	30
Total Capital before Potential New Nuclear	2,126	1,965	2,085	1,965	1,820	1,785
New nuclear development	168	291	104	50-100	50-100	200-300
Total Capital Spending	\$2,294	\$2,256	\$2,189	\$2,015-\$2,065	\$1,870-\$1,920	\$1,985-\$2,085
Total PEC (excluding new nuclear)	736	822	1,173	1,285	1,110	925
Total PEF (excluding new nuclear)	1,368	1,136	902	650	680	830

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

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Projected Cash Flow

(\$ in millions)	2010A	2011E
Adjusted cash flow	2,726	2,635
PEF cost of removal amortization (pre-tax)	(60)	(235)
Pension fund contributions (pre-tax) ⁽¹⁾	(129)	(350)
Operating cash flow	2,537	2,050
Nuclear fuel and decommissioning trust	(271)	(255)
Maintenance & corporate/other capex	(1,017)	(900)
AFUDC debt	(32)	(25)
Common dividends	(717)	(730)
Free cash flow before growth capex	500	140
Growth capex	(1,068)	(1,065)
New nuclear development ⁽¹⁾	(104)	(75)
Free cash flow	\$(672)	\$(1,000)

1) Midpoint of range.

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2011 Financing Plan

- Progress Energy, Inc.
 - ✓ ♦ Issued \$500M 4.40% Senior Notes on January 21, 2011
 - Proceeds will be used, along with cash on hand, to retire at maturity \$700M 7.10% Senior Notes due March 1, 2011
 - ♦ Minimal equity issuance
- Progress Energy Carolinas
 - ♦ Long-term debt issuance of \$300-500M
- Progress Energy Florida
 - ♦ Refinance \$300M maturity due July 15, 2011

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Appendix

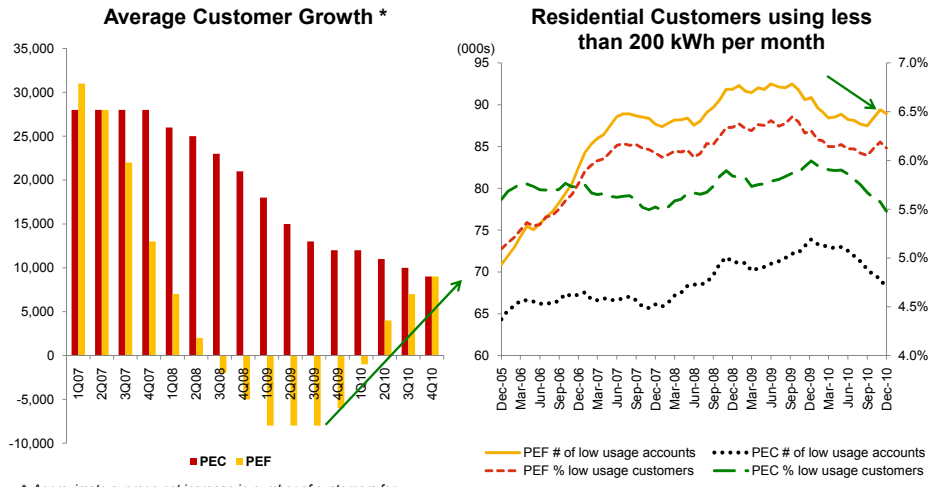
Item	Slides
2011 Earnings Guidance Support	19 – 23
Fixed Income Support	24 – 27
Reconciliation of Ongoing Earnings	28 – 30



2011 Earnings Guidance Support



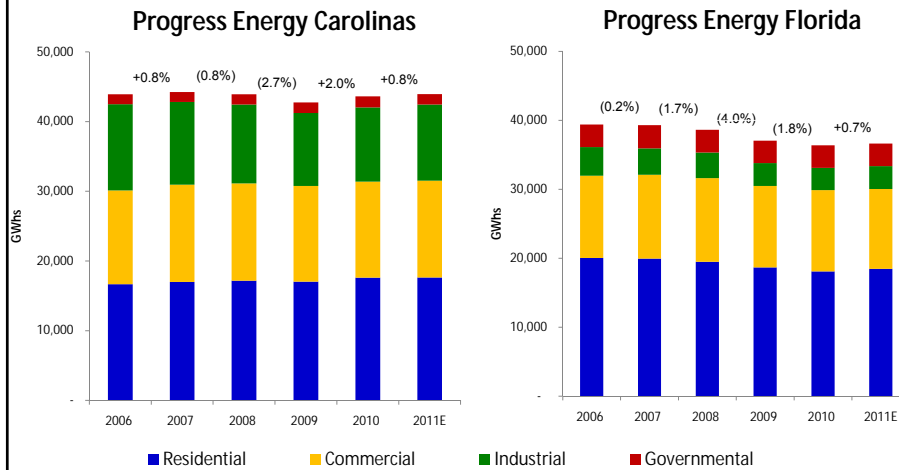
Customer Growth & Usage



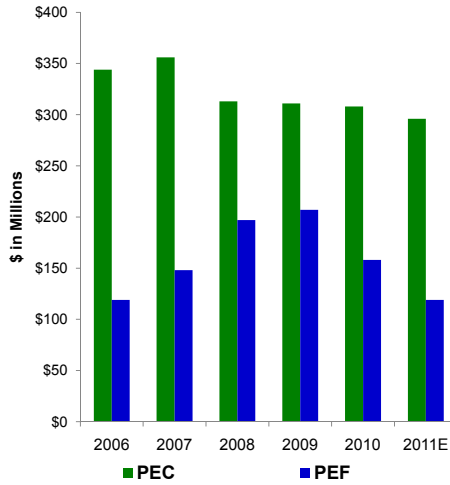
* Approximate average net increase in number of customers for respective three-month periods compared to prior year.



Weather-Normalized Retail Sales



Wholesale Base Revenues



Future Wholesale Upside

Carolinas

- Fayetteville contract extension mid-2012
 - Existing partial requirements, fixed price contract expires Jun-12
 - New 20-yr full requirements, formula-rate contract begins Jul-12
- NCEMC contract expansion in 2013
 - New 20-yr power supply coordination agreement (PSCA)
 - Immediate incremental 900+ MW load on top of the existing 1,200+ MW's under contract today
 - Beginning in 2013, PEC will supply the majority of NCEMC's load within the PEC control area and will capture future NCEMC load growth
 - NCEMC load served by PEC is expected to grow to ~2,750 MWs by the end of the contract term

Florida

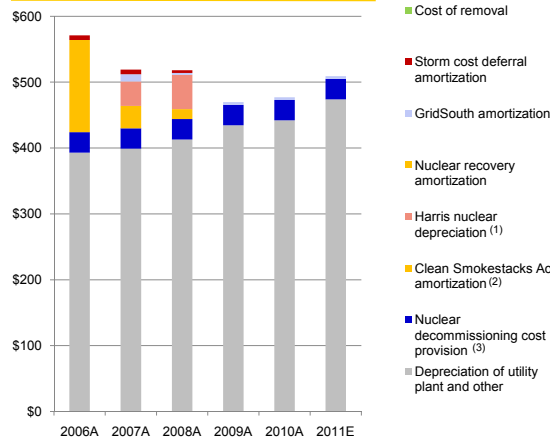
- Amended contracts beginning in 2012



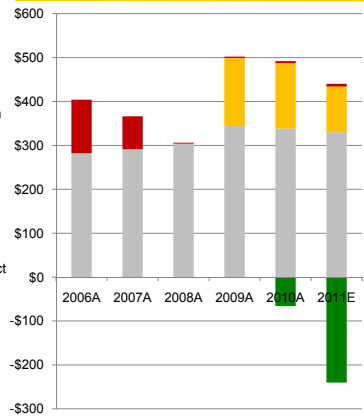
Depreciation & Amortization

(\$ in millions)

Progress Energy Carolinas



Progress Energy Florida

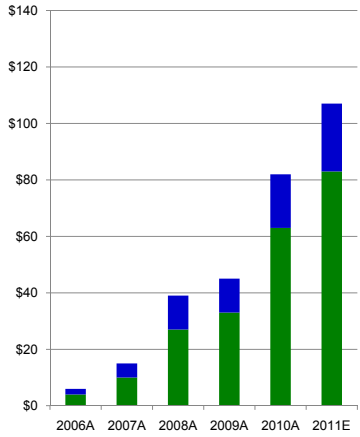


1. Harris nuclear depreciation minimum completed in North Carolina in 4th quarter 2008 and terminated in South Carolina, effective October 22, 2008.
 2. Clean Smokestacks Act amortization ceased, effective September 5, 2008.
 3. Due to offsetting regulatory accounting entries, this has no impact on net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

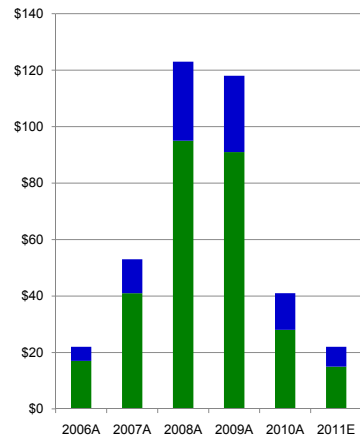


Allowance for Funds Used During Construction (AFUDC)

Carolinas (1)



Florida (2)



1. PEC capital projects lasting more than one month are forecast to earn 8-9% AFUDC rate.
2. PEF capital projects greater than \$65 million and lasting more than one year earn an 7.44% AFUDC rate. PEF has a base level of CWIP embedded in its rate base.
3. AFUDC equity is excluded from the calculation of income tax expense.



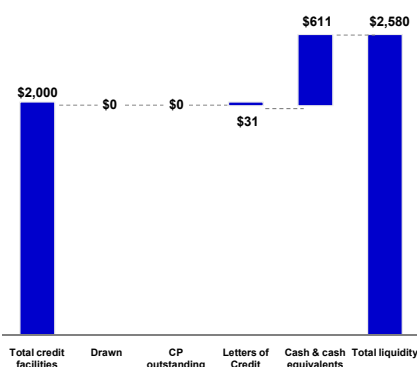
Fixed Income Support



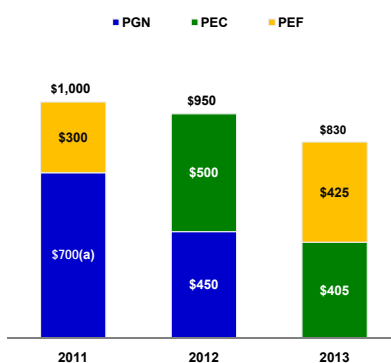
Strong Liquidity Position with Manageable Near-Term Debt Maturities

(\$ in millions)

Strong liquidity position (as of December 31, 2010)



Manageable near-term debt maturities



(a) On January 21, 2011, PGN issued \$500M 4.40% Senior Notes. Proceeds will be used, along with cash on hand, to retire at maturity the \$700M 7.10% Senior Notes due March 1, 2011.

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Capitalization and Short-Term Debt

(\$ in millions)

As of December 31, 2010

	PGN Consol.	%	PEC	%	PEF	%
Short-term Debt	\$ -	0.0%	\$ -	0.0%	\$ 9	0.1%
Current Portion of Long-term Debt (a)	505	2.2%	-	0.0%	300	3.1%
Capital Lease Obligations	221	1.0%	13	0.1%	208	2.2%
Long-term Debt						
Long-term Debt, affiliate (b)	273	1.2%	-	0.0%	-	0.0%
Long-term Debt, net	11,864	51.6%	3,693	41.3%	4,182	43.5%
Total Debt (a)	\$ 12,863	56.0%	\$ 3,706	41.4%	\$ 4,699	48.8%
Preferred Stock of Subsidiaries	93	0.4%	59	0.7%	34	0.4%
Noncontrolling Interests	4	0.0%	-	0.0%	-	0.0%
Common Stock Equity	10,023	43.6%	5,180	57.9%	4,890	50.8%
Total Capitalization and Short-term Debt	\$ 22,983	100.0%	\$ 8,945	100.0%	\$ 9,623	100.0%

(a) On January 21, 2011, the Parent issued \$500M 4.40% Senior Notes. Net proceeds of \$495M will be used, along with cash on hand, to retire at maturity \$700M of its Senior Notes due March 1, 2011, causing a reclassification of \$495M from current to long-term debt.

(b) Represents 7.10% Junior Subordinated Deferrable Interest Notes due 2039 issued by Florida Progress Funding Corporation, a wholly owned subsidiary, to FPC Capital I, a wholly owned trust, in connection with the issuance of 7.10% Cumulative Quarterly Income Preferred Securities due 2039, Series A by FPC Capital I.

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Credit Ratings

As of February 18, 2011.

	Moody's ⁽¹⁾	S&P ⁽¹⁾	Fitch ⁽¹⁾
Progress Energy			
Outlook	Stable	Watch Positive	Stable
Corporate Credit Rating	--	BBB+	BBB
Senior Unsecured Debt	Baa2	BBB	BBB
Commercial Paper	P-2	A-2	F2
Progress Energy Carolinas			
Outlook	Stable	Watch Positive	Stable
Corporate Credit Rating	A3	BBB+	A-
Commercial Paper	P-2	A-2	F1
Senior Secured Debt	A1	A	A+
Senior Unsecured Debt	A3	BBB+	A
Preferred Stock	Baa2	BBB-	BBB+
Progress Energy Florida			
Outlook	Stable	Watch Positive	Stable
Corporate Credit Rating	Baa1	BBB+	BBB+
Commercial Paper	P-2	A-2	F2
Senior Secured Debt	A2	A	A
Senior Unsecured Debt	Baa1	BBB+	A-
Preferred Stock	Baa3	BBB-	BBB

(1) On January 10, 2011, S&P placed the corporate credit and issue ratings of Progress Energy and its subsidiaries on CreditWatch with positive implications, while Fitch and Moody's affirmed the ratings of Progress Energy and its subsidiaries with stable outlooks.

Reconciliation of Ongoing Earnings

Reconciliation of Ongoing to GAAP Earnings *

(Unaudited)

Progress Energy, Inc.

Reconciliation of Ongoing Earnings per Share to Reported GAAP Earnings per Share

	Three Months Ended December 31		Years Ended December 31				
	2010	2009	2010	2009	2008*	2007*	2006*
Ongoing earnings per share	\$0.45	\$0.50	\$3.06	\$3.03	\$2.96	\$2.71	\$2.43
Tax levelization	(0.01)	0.02	-	-	-	-	-
CVO mark-to-market	-	0.03	-	0.07	-	(0.01)	(0.10)
Change in tax treatment of the Medicare Part D subsidy	-	-	(0.08)	-	-	-	-
Impairment	(0.01)	-	(0.02)	(0.01)	-	-	-
Plant retirement charges	-	(0.05)	-	(0.06)	-	-	-
Cumulative prior period adjustment	-	(0.04)	-	(0.04)	-	-	-
Valuation allowance and related net operating loss carry forward	-	-	-	-	(0.01)	-	-
Loss on debt redemptions	-	-	-	-	-	-	(0.14)
Discontinued operations	(0.01)	0.09	(0.01)	(0.28)	0.22	(0.74)	0.08
Reported GAAP earnings per share	\$0.42	\$0.55	\$2.95	\$2.71	\$3.17	\$1.96	\$2.27
Shares outstanding (millions) *	294	281	291	279	262	257	251

* Previously reported 2008, 2007 and 2006 earnings per share have been restated to reflect the adoption of new accounting guidance that changed the calculation of the number of average common shares outstanding.

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Ongoing Earnings Adjustments

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

Progress Energy is not able to provide a corresponding GAAP equivalent for the 2011 earnings guidance figures due to the uncertain nature and amount of these adjustments.

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

Tax Levelization

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

Contingent Value Obligation (CVO) Mark-to-Market

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

Impairment

During the quarter, the company recorded an impairment of certain miscellaneous investments and other assets which decreased earnings per share by \$0.01 and had no impact for the same period last year. Management does not consider this adjustment to be representative of the company's fundamental core earnings.

Plant Retirement Charge

The company recognized charges for the impact of PEC's decision to retire certain coal-fired generating units, with resulting reduced emissions for compliance with the Clean Smokestacks Act's 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

In the fourth quarter of 2009, PEC 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.

Valuation Allowance and Related Net Operating Loss Carry Forward

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

Loss on Debt Redemptions

In the fourth quarter of 2006, Progress Energy redeemed \$1.3 billion of Senior Notes prior to their maturity dates. Management does not consider this loss to be representative of the company's fundamental core earnings.

Discontinued Operations

The company has reduced its business risk by exiting nonregulated businesses to focus on the core operations of the utilities. The prior-year impact was due primarily to adjustments related to a litigation judgment against our former Synthetic Fuels businesses. Due to the disposition of these assets, management does not consider this activity to be representative of the company's fundamental core earnings.

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