

**Progress Energy Announces First Quarter Results;
On Track to Achieve 2002 Earnings Per Share Target**

Highlights:

- ◆ **Progress Energy reports \$0.62 EPS, \$0.77 before one-time and non-operating adjustments**
- ◆ **Rate settlement in Florida removes uncertainty and preserves earnings potential, includes one-time retroactive revenue impact of \$35 million in first quarter**
- ◆ **Reaffirms 2002 ongoing earnings of \$3.90 to \$4.10 per share**

RALEIGH, N.C. (April 24, 2002) – Progress Energy [NYSE: PGN] today reported consolidated net income of \$132.5 million, or \$0.62 per share for the first quarter of 2002. Excluding one-time and non-operating charges, earnings were \$0.77 per share for the quarter compared to \$0.88 per share for first quarter 2001. Earnings for the quarter included a one-time retroactive revenue refund of \$35 million, or a decrease of \$0.10 per share, as a result of Florida Power’s rate settlement. The company’s synthetic fuel investments create intra-period tax allocations that decreased EPS by \$0.10 and CVO mark-to-market adjustments that increased EPS by \$0.05, for a net decrease of \$0.05 per share for the quarter.

“Our financial results for first quarter 2002 were negatively impacted by weather and challenges in our local economies. However, the resolution of the Florida rate case was a significant accomplishment for Progress Energy and solidifies our confidence in our projected earnings range of \$3.90 to \$4.10 per share for 2002. We are on track for a solid year two at Progress Energy,” said William Cavanaugh, chairman, president and CEO, Progress Energy.

Five primary factors drove the year-over-year difference of \$0.11 per share. First, weather was milder in 2002 and resulted in lower retail and wholesale sales, particularly at CP&L. Second, O&M expenses were lower in 2001 due to a high personnel vacancy rate that existed when the company’s acquisition of Florida Progress closed in November 2000. Third, the common stock issuance in August 2001 resulted in dilution. Fourth, economic conditions reduced sales to industrial customers. Fifth, goodwill amortization was eliminated in 2002, which partially offset the above factors.

Progress Energy, Inc. Reconciliation of Ongoing Earnings March 31, 2002		
	<u>Q1 2002</u>	<u>Q1 2001</u>
Reported earnings	\$ 0.62	\$ 0.77
One-time retroactive revenue impact*	0.10	---
Intra-period tax allocation	0.10	0.10
CVO mark-to-market	(0.05)	0.01
Ongoing earnings	<u>\$ 0.77</u>	<u>\$ 0.88</u>
Shares outstanding (000s)	212,979	199,799
*Due to Florida Power’s rate settlement		

SIGNIFICANT RECENT DEVELOPMENTS

Florida Rate Case

In March 2002, Florida Power, the Office of Public Counsel and other intervening parties reached a settlement in the company's rate review. The settlement provides an opportunity to realize solid earnings growth at Florida Power through service quality enhancements, productivity gains and revenue growth. On April 23, 2002, the Florida Public Service Commission voted to approve this agreement, which will become effective on May 1, 2002. The three press releases regarding the Florida rate case settlement are available on the company's Web site at <http://www.progress-energy.com/cfusion/news/search/article.cfm?id=2742>, <http://www.progress-energy.com/cfusion/news/search/article.cfm?id=2743> and <http://www.progress-energy.com/cfusion/news/search/article.cfm?id=2862>.

NRC Data Request

Earlier this month, the company filed a response to an industry-wide request from the Nuclear Regulatory Commission concerning potential degradation of the reactor vessel head of pressurized water reactors (PWRs). Inspections of the vessel heads at the company's PWR plants were performed during previous outages. At the Crystal River plant, one nozzle was found to have a crack and was repaired; however, no degradation of the reactor vessel head was identified. Current plans are to replace the reactor vessel head at Crystal River during its next regularly scheduled refueling outage in 2003. At the Robinson plant, an inspection was completed and no penetration nozzle cracking was identified, and there was no degradation of the reactor vessel head. At the Harris plant, sufficient inspections were completed during the last refueling outage to conclude there is no degradation of the reactor vessel head. (*Note: The Brunswick units are boiling water reactors and are not affected by this issue.*)

Wholesale Power Supply Contracts

CP&L signed two wholesale power supply agreements in March. The Public Works Commission of the city of Fayetteville, NC, renewed a nine-year deal with CP&L to supply approximately 300 megawatts of electricity to the municipal utility beginning in July 2003. The city of Seneca, SC, signed a new seven-year, wholesale power supply agreement with CP&L to provide 40 megawatts of electricity beginning in May 2002. The complete press release regarding the Public Works Commission agreement is available on the company's Web site at <http://www.progress-energy.com/cfusion/news/search/article.cfm?id=2744>.

Progress Ventures – Financing

Progress Ventures closed a \$440 million non-recourse portfolio project financing. The portfolio represents approximately 2,500 megawatts of natural gas-fired generation in Georgia, Florida and the Carolinas. The complete press release regarding the financing is available on the company's Web site at <http://www.progress-energy.com/cfusion/news/search/article.cfm?id=2722>.

Holding Company Debt Issuance

On April 11, 2002, Progress Energy sold \$800 million of unsecured senior notes composed of two tranches, \$350 million due in five years and \$450 million due in ten years. The bond proceeds were used to pay down outstanding commercial paper.

Rating Agency Actions

On March 28, 2002, Standard & Poor's affirmed Progress Energy's corporate rating (BBB+) and revised its outlook on the company from stable to negative. On April 10, 2002, Moody's Investor Services revised its outlook on the company's senior unsecured debt (Baa1) from stable to negative. Moody's Investor Services held the outlook stable on all other ratings of the company and its rated subsidiaries.

LINE OF BUSINESS FINANCIAL INFORMATION

CP&L Electric

CP&L electric energy operations contributed earnings of \$85.5 million for the quarter compared to \$121.5 million for the same period last year. Factors contributing to this quarter's results were higher O&M expenses over the first quarter of 2001, mild weather and a continued weakness in industrial and wholesale sales, as shown in the table below.

CP&L electric operations include \$7.6 million in earnings related to energy marketing and trading activities for the first quarter compared to \$13.6 million for the same period last year. These activities are managed on behalf of the utility by Progress Ventures business unit, and the earnings are also included in Progress Ventures business unit's earnings.

Florida Power

Florida Power electric energy operations had earnings of \$57.7 million for the quarter compared to \$71.6 million for the same period last year. Quarterly earnings were negatively affected by the outcome of the rate case settlement, which included a one-time retroactive revenue refund of \$35 million. This quarter's results were positively impacted by lower ongoing depreciation expense (in accordance with the rate case settlement) and increased revenues from customer growth and usage, partially offset by mild weather. Please see the table below for a breakdown of sales by customer class.

Florida Power electric operations include \$2.6 million in earnings related to energy marketing and trading activities for the first quarter compared to \$8.4 million for the same period last year. These activities are managed on behalf of the utility by Progress Ventures business unit, and the earnings are also included in Progress Ventures business unit's earnings.

Electric Utility Kilowatt Hour Sales by Class

CP&L Sales for the Quarter Ended March 31, 2002			Florida Power Sales for the Quarter Ended March 31, 2002		
Sales (in billions of kWh)	Q1 2002	% Change from Q1 2001	Sales (in billions of kWh)	Q1 2002	% Change from Q1 2001
Residential	4.0	(7.6)%	Residential	4.0	(7.9)%
Commercial	2.8	(2.2)%	Commercial	2.5	1.4%
Industrial	3.0	(7.1)%	Industrial	0.9	(9.9)%
Government	0.3	(6.2)%	Government	0.6	0.8%
Wholesale	3.3	(4.6)%	Wholesale	1.0	(23.8)%
Unbilled	(0.2)	---	Unbilled	---	---
Total	13.2	(2.3)%	Total	9.0	(2.0)%

Progress Ventures

The Progress Ventures business unit had net income of \$49.7 million in the first quarter compared to \$63.7 million for the same period last year. Total synthetic fuel sales were 3.0 million tons for the quarter compared to 2.9 million tons for the same period last year. The company anticipates total synthetic fuel production of 12 to 13 million tons for the year.

In June of this year, Progress Ventures expects to bring new units totaling approximately 320 megawatts online at the DeSoto plant. When these additions are combined with the Walton plant acquired from LG&E earlier this year, Progress Ventures will have an additional 780 megawatts in operation this summer over last summer, and a total of over 1,500 megawatts in operation. Both of these plants have multi-year power purchase agreements.

Progress Rail

Progress Rail reported revenues of \$169.9 million and a net loss of \$0.7 million for the quarter compared to revenues of \$224.2 million and a net loss of \$2.1 million in first quarter 2001. The difference was primarily due to the sale of certain assets in 2001 and a decrease in O&M expenses. Since Progress Rail was classified as net assets held for sale as of December 31, 2000, its results were not included in consolidated Progress Energy first quarter 2001.

Other

North Carolina Natural Gas (NCNG) contributed \$8.4 million to first quarter earnings compared to \$7.5 million in the same period last year. The increase was due to improved margins partially offset by higher O&M expenses over the first quarter last year.

Progress Telecom, including CaroNet's operations, recorded revenues of \$15.6 million and a net loss of \$3.9 million for the quarter compared to revenues of \$14.8 million and a net loss of \$1.9 million for the same period last year. Earnings before interest, taxes, depreciation and amortization (EBITDA) for the quarter were (\$0.2) million compared to \$1.1 million for the same period last year.

Corporate results, which primarily include interest expense on holding company debt, posted an operating loss of \$51.0 million for the quarter, compared to an operating loss of \$81.7 million for the same period last year. The improvement resulted mainly from the elimination of goodwill amortization, which was \$22.6 million in first quarter 2001.

NON-OPERATING ADJUSTMENTS ASSOCIATED WITH SYNTHETIC FUELS

Intra-period Tax Allocation

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 tax credits generated from synthetic fuel operations reduce Progress Energy's overall effective tax rate. The company's synthetic fuel earnings are not subject to seasonal fluctuation to the same extent as the electric utility earnings are. The company projects the effective tax rate for the year and then, based upon projected operating income for each quarter, raises or lowers the credits recorded in that quarter to reflect the projected tax rate. On the other hand, operating losses incurred to produce the tax credits are included in the current quarter. The resulting tax adjustment decreased earnings per share by \$0.10 for the quarter. These adjustments will reverse over the balance of the year, resulting in no impact to the company's annual 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 to receive contingent payments based on production above certain levels of the four synthetic fuel facilities purchased by subsidiaries of Florida Progress Corporation in October 1999. The payments, if any, are based on the net after-tax cash flows the facilities generate. The CVOs are debt instruments and are valued at market value. Unrealized gains and losses from changes in market value are recognized in earnings each quarter. The CVO mark-to-market increased earnings per share by \$0.05 for the quarter. Since the company does not have any control over the market price of the CVOs, it does not consider the mark-to-market adjustment a component of ongoing earnings.

* * * *

This earnings announcement, as well as a package of detailed financial information, is available on the company's Web site at <http://www.progress-energy.com/>.

Progress Energy's conference call with the investment community will be held on April 24, 2002, at 10:00 a.m. EDT (7:00 a.m. PDT) and will be hosted by Peter Scott, executive vice president and chief financial officer. Investors, media and the public may listen to the conference call by dialing 719-457-2661, confirmation code 666440. Should you encounter problems, please contact Tammy Blankenship at 919-546-2233. A playback of the call will be available from 1:00 p.m. EDT April 24 through midnight May 8, 2002. To listen to the recorded call, dial 719-457-0820 and enter confirmation code 666440.

A Webcast of the live conference call will be available at <http://www.progress-energy.com/>. The Webcast will be available in Windows Media and RealPlayer streaming-media formats. The Webcast will be archived on the site for those unable to listen in real time.

Members of the media are invited to listen to the conference call and then participate in a media-only question and answer session with Peter Scott starting at 11:00 a.m. EDT. To participate in this session, please dial 719-457-2707, confirmation code 627338.

Progress Energy (NYSE: PGN) is a Fortune 250 diversified holding company headquartered in Raleigh, N.C., with more than 20,000 megawatts of generation capacity and \$8 billion in annual revenues. The company's diverse portfolio includes two major electric utility companies, CP&L and Florida Power, as well as NCNG, Progress Rail, Progress Telecom and Progress Ventures, which manages the company's non-regulated energy operations including fuel extraction, manufacturing and delivery; merchant generation; and energy marketing and trading. These companies serve 2.9 million customers across the Southeast, providing electricity, natural gas, energy services and broadband capacity. For more information about Progress Energy, visit the company's Web site at <http://www.progress-energy.com/>.

This press release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements involve estimates, projections, goals, forecasts, assumptions, risk and uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements. Examples of risk factors that you should consider with respect to any forward-looking statements made in this press release include, but are not limited to, recent activities such as the ability to consummate the proposed acquisition of Westchester Gas Company and to realize the potential benefits of this acquisition. Risk factors are detailed from time to time in the companies' SEC reports. All such factors are difficult to predict, contain uncertainties that may materially affect actual results and may be beyond the ability of the company to control or estimate precisely.

###

Contacts:

Investor Relations, Bob Drennan, 919.546.7474

Corporate Communications, Keith Poston, 919.546.6189, or toll-free 877.641.NEWS (6397)

PROGRESS ENERGY, INC.
UNAUDITED CONSOLIDATED INTERIM FINANCIAL INFORMATION

STATEMENTS OF INCOME

(In thousands except per share amounts)	Three Months Ended March 31	
	2002	2001
Operating Revenues		
Electric	\$1,497,923	\$1,632,048
Natural gas	86,105	138,573
Diversified businesses	304,287	137,469
Total Operating Revenues	\$1,888,315	1,908,090
Operating Expenses		
Fuel used in electric generation	366,849	369,856
Purchased power	188,618	217,548
Gas purchased for resale	52,923	109,593
Other operation and maintenance	334,690	295,097
Depreciation and amortization	216,612	316,789
Taxes other than on income	97,195	99,646
Diversified businesses	372,111	189,706
Total Operating Expenses	1,628,998	1,598,235
Operating Income	259,317	309,855
Other Income (Expense)		
Interest income	2,063	9,943
Other, net	5,406	2,923
Total Other Income (Expense)	7,469	12,866
Income before Interest Charges and Income Taxes	266,786	322,721
Interest Charges	169,375	159,665
Income before Income Taxes	97,411	163,056
Income Taxes (Benefit)	(35,116)	9,053
Net Income	\$132,527	\$154,003
Average Common Shares Outstanding	212,979	199,799
Basic Earnings per Common Share	\$0.62	\$0.77
Diluted Earnings per Common Share	\$0.62	\$0.77
Dividends Declared per Common Share	\$0.545	\$0.530

This financial information should be read in conjunction with the Company's 2001 Annual Report to shareholders. The statements have been prepared for the purpose of providing information concerning the Company and not in connection with any sale, offer for sale, or solicitation of an offer to buy any securities.

Progress Energy, Inc.

BALANCE SHEETS

(In thousands)

March 31
2002

December 31
2001

ASSETS

Utility Plant

Electric utility plant in service	\$19,166,593	\$19,176,021
Gas utility plant in service	515,048	491,903
Accumulated depreciation	(10,267,483)	(10,096,412)
Utility plant in service, net	9,414,158	9,571,512
Held for future use	15,027	15,380
Construction work in progress	987,255	1,065,154
Nuclear fuel, net of amortization	238,359	262,869
Total Utility Plant, Net	10,654,799	10,914,915

Current Assets

Cash and cash equivalents	361,309	54,419
Accounts receivable	969,203	944,753
Taxes receivable	57,602	32,325
Inventory	921,194	886,747
Deferred fuel cost	119,442	146,652
Prepayments	44,335	36,150
Other current assets	205,995	226,947
Total Current Assets	2,679,080	2,327,993

Deferred Debits and Other Assets

Regulatory Assets	420,195	455,325
Nuclear decommissioning trust funds	839,604	822,821
Diversified business property, net	1,721,755	1,073,046
Miscellaneous other property and investments	466,327	456,880
Goodwill, net	3,690,210	3,690,210
Prepaid pension costs	491,377	489,600
Other assets and deferred debits	544,061	509,001
Total Deferred Debits and Other Assets	8,173,529	7,496,883

Total Assets

\$21,507,408 \$20,739,791

CAPITALIZATION AND LIABILITIES

Capitalization

Common stock equity	\$6,032,591	\$6,003,533
Preferred stock of subsidiary - redemption not required	92,831	92,831
Long-term debt, net	9,892,005	9,483,745
Total Capitalization	16,017,427	15,580,109

Current Liabilities

Current portion of long-term debt	633,374	688,052
Accounts payable	597,613	709,906
Interest accrued	149,381	212,387
Dividends declared	118,031	117,857
Short-term Obligations	680,151	77,529
Customer deposits	161,719	154,343
Other current liabilities	398,297	431,522
Total Current Liabilities	2,738,566	2,391,596

Deferred Credits and Other Liabilities

Accumulated deferred income taxes	1,420,951	1,434,506
Accumulated deferred investment tax credits	220,894	226,382
Regulatory liabilities	279,734	287,138
Other liabilities and deferred credits	829,836	820,060
Total Deferred Credits and Other Liabilities	2,751,415	2,768,086

Total Capitalization and Liabilities

\$21,507,408 \$20,739,791

Progress Energy, Inc.

SUPPLEMENTAL DATA

Three Months Ended

March 31

2002 2001

Operating Revenues (in thousands)		
Electric		
Retail	\$1,295,809	\$1,323,017
Wholesale	159,946	264,433
Unbilled	(3,259)	(61,878)
Miscellaneous revenue	45,427	106,476
Total Electric	1,497,923	1,632,048
Natural gas	86,105	138,573
Diversified businesses	304,287	137,469
Total Operating Revenues	\$1,888,315	\$1,908,090

Energy Sales

Electric (millions of kWh)

Retail		
Residential	8,045	8,722
Commercial	5,246	5,274
Industrial	3,869	4,194
Other retail	946	962
Total Retail	18,106	19,152
Unbilled	(156)	(1,168)
Wholesale	4,311	4,779
Total Electric	22,261	22,763

Natural Gas (thousands of dt)	17,108	14,845
--------------------------------------	---------------	---------------

Energy Supply (millions of kWh)

Generated - steam		
nuclear	11,414	11,913
hydro	7,228	7,138
combustion turbines	139	53
Purchased	1,585	1,137
	2,993	3,674
Total Energy Supply (Company Share)	23,359	23,915

Detail of Income Taxes (in thousands)

Income tax expense (credit) - current	(\$41,989)	\$35,208
deferred	12,356	(19,182)
investment tax credit	(5,483)	(6,973)
Total Income Tax Expense	(\$35,116)	\$9,053

FINANCIAL STATISTICS

Ratio of earnings to fixed charges	1.43	2.72
Return on average common stock equity	8.84%	13.2%
Book value per common share	\$28.3	\$27.2
Capitalization ratios		
Common stock equity	37.66%	36.95%
Preferred stock of subsidiary- redemption not required	0.58	0.63
Long-term debt, net	61.76	62.42
Total	100.00%	100.00%

Progress Energy, Inc.
Earnings Variance Analysis
First Quarter 2002 vs 2001

(\$ per share)

	CP&L (Electric)	Florida Power (Electric)	Progress Ventures	Other	Corporate	Consolidated
Reported 2001 earnings	0.60	0.36	0.21	0.01	(0.41)	0.77
CVO mark-to-market - 2001					0.01 (A)	0.01
Intra-period tax adjustment - 2001					0.10 (B)	0.10
On-going 2001 earnings	0.60	0.36	0.21	0.01	(0.30)	0.88
Weather - Retail	(0.01)	(0.02)				(0.03)
Other margin (C)	(0.03)	0.04				0.01
Depreciation/Goodwill amortization	(0.01)	0.06 (D)			0.11 (E)	0.16
Other operating expense	(0.07) (F)	(0.05) (F)			0.03	(0.09)
Interest charges (G)	0.01		(0.01)		(0.03)	(0.03)
Diversified businesses			(0.01)			(0.01)
Other non-operating income	(0.05) (H)					(0.05)
Share dilution (I)	(0.03)	(0.02)	(0.01)		0.02	(0.04)
Other	(0.01)				(0.02)	(0.03)
On-going 2002 earnings	0.40	0.37	0.18	0.01	(0.19)	0.77
Florida retroactive rate refund		(0.10) (J)				(0.10)
CVO mark-to-market - 2002					0.05 (A)	0.05
Intra-period tax adjustment - 2002					(0.10) (B)	(0.10)
Reported 2002 earnings	0.40	0.27	0.18	0.01	(0.24)	0.62
Segment View:						
First Quarter 2002	(K) 0.36	0.26	0.23	0.01	(0.24)	0.62
First Quarter 2001	0.53	0.32	0.32	0.01	(0.41)	0.77

Other includes NCNG, SRS, Progress Telecom, and Progress Rail. Progress Rail's EPS loss impact is less than \$0.01, therefore, is not separately disclosed.

Corporate includes eliminations, holding company interest expense, goodwill, CVO mark-to-market, intra-period tax allocations, and purchase accounting transactions.

(A) Impact of change in market value of outstanding CVOs.

(B) Intra-period income tax leveling impact, related to cyclical nature of energy demand.

(C) Decline in industrial and wholesale revenue in the Carolinas, offset by customer growth in Florida.

(D) Reduction in ongoing depreciation expense related to Florida rate case settlement.

(E) \$22.6M of goodwill amortized in 2001.

(F) Increased benefit costs, timing of insurance refunds, and increased Service Company costs due to high vacancy rate at time of merger. Operating expense essentially on budget for 1st qtr. 2002.

(G) Overall increase in debt, offset slightly by lower average effective interest rate.

(H) Lower AFUDC credits in 2002 and other non-operating charges.

(I) Related primarily to issuance of 12.65 million shares in August 2001.

(J) Retroactive revenue rate refund resulting from Florida Power rate case settlement.

(K) Approximately \$.04 per share in CP&L and \$.01 per share in Florida Power related to functions managed by Progress Ventures in 2002.