

Document title:

Accidental Death & Dismemberment Plan of Progress Energy Florida, Inc.

Document number:

HRI-PGNF-00010

Applies to: Progress Energy Florida, Inc. (bargaining unit employees)

Keywords: human resources information; benefits booklets

Accidental Death & Dismemberment Plan of Progress Energy Florida, Inc.
Summary Plan Description
Progress Energy, Inc.
Employer Identification No. 56-2155481, Plan No. 525
Effective January 1, 2009

This booklet is a Summary Plan Description (SPD) for the Accidental Death & Dismemberment Plan of Progress Energy Florida, Inc. (the "Plan"). The Plan is sponsored by Progress Energy, Inc. and is available to regular, full-time bargaining unit employees of Progress Energy Florida, Inc. and their eligible dependents.

If there are inconsistencies between this booklet and the insurance contract, the terms and conditions of the insurance contract will govern. In no case does this document imply or guarantee any right of future employment.

The Plan Sponsor reserves the right to amend or terminate the Plan or any plan benefit at any time based on the cost of the benefits or other considerations without prior approval of or notification to any party.

Reference Form

FRM-PGNF-00008, FlexPower Benefits Change Form
HRI-SUBS-30004, Guide to Benefits for Domestic Partners

Contract Information	4
Eligibility	5
New employees	5
Dependents	5
Employment of both spouses or domestic partners	6
Leaves of absence	6
Enrollment and Changes	7
New employee enrollment	7
Changing your elections	7
Coverage Options	8
AD&D options	8
Cost	8
How AD&D Works	9
Schedule of benefits	9
Age 70 and over coverage reductions	9
Additional benefits	10
Seat belt	10
Losses not covered under the seat belt additional benefit	10
Hospital confinement daily income benefit (accident only)	10
Spouse or domestic partner training	10
Child education	10
Day care benefit	11
Survivor's benefit (monthly critical period payment)	11
Waiver of premium	11
Enhanced benefit for children for losses other than loss of life	11
Limitation	11
Exclusions	11
Business Travel Accident Insurance	12
Coverage amount	12
Description of benefits	12
Beneficiary designation	12
Exclusions	13
Aggregate limits	13
Beneficiary Information	14
Death benefits - employee	14
Death benefits - dependent	14
Dismemberment benefits	14
Claim and Appeal Procedures	15
Filing a claim	15
Examination	15
Determination of benefits	15
Appeal of adverse determination	16

[When Coverage Ends](#) 18
 [Events requiring termination of coverage](#) 18
 [AD&D coverage after you retire or terminate](#) 18
 [Application forms](#) 18

[Plan Administration](#) 19
 [Plan identification](#) 19
 [Costs and funding](#) 19
 [Administration](#) 19
 [Plan Administrator](#) 19
 [Claims Administrator/Insurance Company](#) 20
 [Agent for service of legal process](#) 20
 [Continuation of the Plan and Plan amendments](#) 20

[Your Rights Under ERISA](#) 21

The Prudential Insurance Company of America
Newark, New Jersey

has issued Contract LG-24541-NC which includes the Accidental Death & Dismemberment Plan of Progress Energy Florida, Inc. (Employee and Dependent coverage, herein called the Plan) and contract BG-24541-FL which includes the Business Travel Accident coverage Plan of Progress Energy, Inc. to

Progress Energy, Inc.
Raleigh, North Carolina

The Plan provides benefits as described on the following pages for certain groups of plan participants and eligible dependents covered under the Plan. This booklet summarizes the principal provisions of the Plan. The benefits and provisions described on the following pages are subject in all respects to the terms and conditions of the insurance contract between The Prudential Insurance Company of America and Progress Energy, Inc.

The Plan covers employees and their dependents who meet the eligibility requirements specified herein. Certain employees who are eligible are represented by the International Brotherhood of Electrical Workers.

Leased employees as defined in Section 414(n) of the Internal Revenue Code and independent contractors are not covered by the Plan.

New employees

Regular, full-time bargaining unit employees of Progress Energy Florida, Inc. are eligible for employee Accidental Death & Dismemberment (AD&D) insurance coverage on the first day of employment as a regular full-time bargaining unit employee or reclassification as a regular, full-time employee in a bargaining unit position.

Dependents

If you are eligible for employee AD&D coverage, you may elect dependent AD&D coverage on your spouse or domestic partner and eligible children. Eligible dependents for the dependent AD&D options are:

- Your spouse or domestic partner ¹, under age 70
- Unmarried children under age 19 who:
 - Are your biological children and are mainly supported by you, regardless of whether or not they live with you; or
 - Live with you, have been placed with you for legal adoption, and are mainly supported by you or your spouse or domestic partner; or
 - Live with you, are your stepchildren or domestic partner's children, are mainly supported ² by you or your spouse or domestic partner, and you and/or your spouse or domestic partner are responsible to provide the type of coverage available under this Plan ³; or
 - Live with you, are your foster children, are mainly supported ² by you or your spouse or domestic partner, and you are responsible to provide the type of coverage available under this Plan ³; or
 - Live with you, are your ward under a legal guardianship appointment or for whom you have legal custody under a valid court decree, are mainly supported ² by you or your spouse or domestic partner, and you are responsible to provide the type of coverage available under this Plan ³; or
 - Are your biological or adopted children who meet the following requirements:
 - Receive over one-half of their support ² during the year from you or the child's parent from whom you are divorced or legally separated; and
 - Live for more than one-half of the year with you, or the child's parent from whom you are divorced or legally separated; and
 - You are required by a legal separation agreement, divorce decree, qualified medical child support order, or court order to be legally responsible to provide the type of coverage available under this Plan ³.
- Your unmarried dependent children under age 25, as described above, who are full-time students ⁴ as defined by the school they attend, in an accredited/licensed school, college, or university. Under no circumstances will an individual taking courses through a correspondence school be considered a full-time student.
- Your unmarried children ⁵:
 - Who are incapable of self-support because of mental retardation or physical disability, provided they became disabled on or before age 19 (or before age 25 for full-time students), and
 - They either live with you or live in a long-term care facility and are mainly dependent upon you or your spouse for support and care, and
 - For whom you can give proof of their incapacity, residency, and dependency.

Employees who cover ineligible dependents are in violation of the Company's Code of Ethics. They may be required to pay damages and costs to the Company, including reimbursement of any benefit payments made with respect to an ineligible dependent.

¹ Your domestic partner is eligible only if you both satisfy the criteria described in the Declaration of Domestic Partner Relationship and have submitted a Declaration of Domestic Partner Relationship to the Employee Service Center. The Guide to Benefits for Domestic Partners (HRI-SUBS-30004) and forms are available through ProgressNet or the Employee Service Center at 1-800-546-5705 or employee.service@pgnmail.com. **A divorced spouse may not be covered under this Plan unless the two of you remarry; likewise, your former domestic partner may not be covered unless you re-establish a domestic partner relationship with this individual.**

² To determine if you provide more than half of a child's support, you must first determine the total support provided for that child. Total support includes amounts spent to provide food, lodging, clothing, education, medical and dental care, recreation, transportation and similar necessities.

³ You may be required to sign an affidavit attesting to the fact that you are responsible to provide the type of coverage available under this Plan.

⁴ Children who are full-time students, as defined by the school they attend, continue to be eligible for coverage during semester breaks and absences due to illness or injury for up to 120 days, due to illness or injury. To continue coverage beyond the 120 days due to illness or injury, documentation of the need for the absence and satisfactory evidence of intent to return to full-time attendance must be submitted to the Plan Administrator for consideration.

⁵ For children who are disabled, you must notify the Employee Service Center and provide the necessary documentation.

Employment of both spouses or domestic partners

You cannot elect spouse or domestic partner coverage if both you and your spouse or domestic partner are eligible for coverage under the Plan. In addition, only one of you may elect to cover your dependent children. These restrictions also apply if your spouse or domestic partner is a non-bargaining employee and eligible for coverage under the non-bargaining Progress Energy Accidental Death & Dismemberment Insurance Plan.

Leaves of absence

If you make the required contributions, you may continue AD&D coverage on yourself and your eligible dependents while you are on a leave as permitted in the Employee Handbook for:

- Newborn care
- Adoption/foster care
- Military service
- Any other absence that qualifies under the Family and Medical Leave Act

New employee enrollment

As a regular, full-time bargaining unit employee you are eligible to enroll in the AD&D Plan on the first day of employment or reclassification to regular full-time employment. You must enroll through the online web enrollment system or submit your completed employer-provided enrollment form to the Employee Service Center within 30 days of employment or reclassification to elect AD&D coverage. If you elect AD&D coverage, the coverage will be effective on the date the enrollment form is signed or the date of online web enrollment. If you are absent due to illness or injury on the day the coverage is scheduled to begin, coverage will become effective when you return to work on a regular, full-time basis.

You must also use the online web enrollment or submit your completed enrollment form to the Employee Service Center within 30 days of employment or reclassification to cover your spouse or domestic partner and children.

Changing your elections

The AD&D options you elect as a new, bargaining unit employee will remain in effect for the remainder of the calendar year, and you cannot change your coverage until annual enrollment unless you have a qualifying change in your family or employment status as described below.

Annual benefits enrollment

You may change your AD&D elections each year during annual benefits enrollment. Proof of good health is not required to increase coverage under the employee or dependent options. Elections made during annual benefits enrollment are effective January 1 through December 31 of the upcoming year. If you are absent due to illness or injury on the day your employee coverage is scheduled to increase, the increase will be effective when you return to work on a regular, full-time basis.

Qualifying events

The Internal Revenue Service rules do not permit you to change your FlexPower elections during the plan (calendar) year unless you have a qualifying event that affects eligibility for coverage. **If you experience a qualifying event, you must submit a FlexPower Benefits Change Form (FRM-PGNF-00008) to the Employee Service Center within 30 days of the event in order to modify your coverage. The change will be effective on the date of the qualifying event. Otherwise, you will have to wait until the next annual enrollment period. All changes must be consistent with the qualifying event.**

Some examples of qualifying changes are:

- Your marriage, or fulfillment of all Progress Energy domestic partner relationship requirements;
- Legal separation, annulment, divorce or termination of domestic partner relationship;
- Birth, adoption or placement for adoption, or change in custody of your child;
- Death of your spouse or domestic partner or other dependent;
- Your child loses or regains dependent status (including a dependent child who is no longer a full-time student, or who returns to school or college as a full-time student);
- You, your spouse or domestic partner or dependent takes or returns from an unpaid leave of absence;
- Your spouse's or domestic partner's employer conducts an annual enrollment and your spouse or domestic partner changes his or her benefit elections;
- You, your spouse or domestic partner or dependent changes from part-time to full-time employment or from full-time to part-time employment; or
- Your spouse or domestic partner or dependent becomes employed or unemployed.

Accidental Death & Dismemberment (AD&D) coverage provides a benefit if you or an eligible dependent die or are seriously injured in a covered accident. You may choose from several levels of AD&D coverage for yourself, your spouse or domestic partner, and your children. There are no pre-existing condition limitations for AD&D coverage and proof of good health is not required.

AD&D options

You may choose from the following options:

AD&D Option (paid by you)	Your coverage amount	If You Elect To Cover Yourself And			
		Your spouse or domestic partner: coverage is	Your children: coverage is	Your spouse or domestic partner and children, coverage for:	
				your spouse or domestic partner is	each child is
	Category A	Category B	Category C	Category D	
1	No coverage	No coverage	No coverage	No coverage	
2	\$50,000	\$25,000	\$7,500	\$20,000	\$5,000
3	\$100,000	\$50,000	\$15,000	\$40,000	\$10,000
4	\$200,000	\$100,000	\$30,000	\$80,000	\$20,000
5	\$300,000	\$150,000	\$45,000	\$120,000	\$30,000
6	\$400,000 *	\$200,000	\$50,000 **	\$160,000	\$40,000
7	\$500,000 *	\$250,000	\$50,000 **	\$200,000	\$50,000

* Maximum coverage is 10 times your base pay rate (rounded down to the next eligible option) or \$500,000, whichever is less. Coverage reductions apply beginning at age 70.
 ** The Maximum Benefit Amount payable as a result of the Accidental Death of a dependent child is \$50,000.

Cost

You pay the full cost of AD&D coverage. The child option you elect will cover each of your children. The cost will be the same, no matter how many children you have. Payroll deductions for AD&D coverage are taken on a before-tax basis. For new employees, deductions will begin with the paycheck following processing of the online web enrollment or receipt of the completed enrollment form.

Please note that if you elect AD&D coverage for you domestic partner or your domestic partner’s eligible children premiums will be taken on an after tax basis. Please see the *Guide to Benefits for Domestic Partners* for additional information.

Accidental Death & Dismemberment coverage is provided 24 hours a day 365 days a year. It includes covered accidents occurring on or off the job or while traveling by train, airplane, automobile, or other public or private transportation. The benefits provided are payable in addition to any other individual or group insurance that may be in effect at the time of the accident.

Schedule of benefits

The Plan pays a percentage of the amount of coverage elected when a covered loss is incurred. No more than 100% of your amount of insurance under this coverage will be paid if more than one loss results from injuries sustained in a single accident. For all losses, the loss must occur within 365 days of the accident.

"Loss" means, with regard to hands and feet, the actual severance through or above the wrist or ankle joint; with regard to eyes, speech, or hearing, entire and irrecoverable loss of sight, speech, or hearing; with regard to thumb and index finger, actual severance through or above metacarpophalangeal joints; with regard to paralysis (quadriplegia, paraplegia, hemiplegia), the complete and irreversible loss of the use of such limbs; with regard to a coma, a profound state of unconsciousness from which you cannot be aroused, even by powerful stimulation, which continues for six consecutive months and is total, continuous and permanent at the end of that six months, as determined by your physician.

Loss of	Benefit payable (% of insured amount)
Life	100%
Both hands or both feet Sight in both eyes One hand and one foot One hand or one foot and sight of one eye Speech and hearing in both ears Quadriplegia (total and irreversible paralysis of all four limbs)	100%
Paraplegia (total and irreversible paralysis of both lower limbs) One hand or one foot Sight of one eye Speech Hearing in both ears Hemiplegia (total and irreversible paralysis of arm and leg on the same side of the body)	50%
Thumb and index finger same hand	25%
Coma (profound state of unconsciousness from which you cannot be aroused, even by powerful stimulation, as determined by your physician)	1% per month up to 11 months

For the purposes of the coverage, exposure to the elements will be considered an accidental injury. It will also be presumed that you have suffered a loss of life if your body has not been found within one year of disappearance, stranding, sinking or wrecking of any vehicle in which you were an occupant.

Age 70 and over coverage reductions

The Plan will pay benefits for loss resulting from a covered accident for an eligible employee age 70 and over as follows:

Age at date of loss	Benefit payable (% of insured amount)
70 – 74	70%
75 – 79	45%
80 – 84	30%
85 and over	15%

Eligibility for portability will end at age 80. If spouse coverage is elected, coverage will end at age 80.

Additional benefits

Seat belt

The Plan will pay an additional accidental death benefit equal to 10% of the covered person's benefit not to exceed a maximum benefit of \$10,000. The minimum benefit payable under the Plan is \$1,000. The Plan will pay this benefit if a covered person suffers loss of life as the result of a covered accident that occurs while he or she is driving or riding in a private passenger car and was using a seat belt or lap and shoulder restraint. Verification that the seat belt or lap and shoulder restraint was in use and properly fastened at the time of loss is required by an official report of the accident through certification by the investigating officers.

Losses not covered under the seat belt additional benefit:

A loss is not covered under this additional benefit if it results from driving or riding in any four-wheel vehicle used in a race or a speed or endurance test, or for acrobatic or stunt driving.

Hospital confinement daily income benefit (accident only)

If a covered individual is hospitalized for more than four days as a result of a covered accident, a daily benefit of 1/30th of 1% of the insured's coverage amount is paid (minimum of \$3.33 and maximum of \$50.00) for as long as 365 days. The hospitalization must occur within three days of the accident. Benefits begin on the fifth day of hospitalization. If hospitalization continues beyond the date the employee is reclassified to a disabled retirement status, the hospital confinement benefit will continue until the end of the hospitalization.

Spouse or domestic partner training

If you die as the result of an accident, a training benefit is payable for your covered spouse or domestic partner for a professional or trades training program, if your spouse or domestic partner enrolls within 12 months after the date of your death. The training must be for the purpose of obtaining an independent source of support or enriching his or her ability to earn a living. Proof of enrollment must be provided to Prudential. The amount of this benefit will be \$3,000.

If you had spouse or domestic partner coverage at the time of the accident but your spouse or domestic partner does not use this benefit, an additional \$1,000 will be payable to your beneficiary.

Child education

If you die within 90 days of a covered accident, a special education benefit is payable for each eligible dependent child equal to the lesser of:

- \$2,500; or
- 2% of your insured amount.

This special education benefit is payable annually for up to four consecutive years to any covered child who is eligible for this benefit (up to age 25 if a full-time student in an accredited school).

A covered child is eligible for the special education benefit if the dependent is enrolled at the time of the accident as a full-time student in any institution of higher learning beyond the 12th grade or is in the 12th grade and enrolls as a full-time student in an institution of higher learning within 365 days following the accident. The benefit is payable annually up to a maximum of four consecutive years (provided the dependent remains a full-time student).

If there is no dependent child eligible for the special education benefit at the time of the person's death, an additional \$1,000 will be payable to your beneficiary.

Day care benefit

If an injury sustained by you or your covered spouse or domestic partner results in death within 90 days of the date of the accident, a day care benefit for each covered eligible dependent child under the age of thirteen will be paid. A dependent child is eligible if he or she is enrolled in a licensed day care facility on the date of death or becomes enrolled within 90 continuous days from the date of the accident. Proof of enrollment must be provided to Prudential. Payment will be equal to the lesser of 2% of the insured amount per year or \$5,000 annually. The day care benefit will be paid each year for five consecutive years, but not beyond the date the child reaches age thirteen.

Survivor's benefit (monthly critical period payments)

If you die as a result of a covered accident and have elected dependent accident coverage, your surviving spouse or domestic partner, or surviving children, if any, will receive a monthly benefit equal to 2% of your insured amount up to \$5,000, for up to five years following your death.

Waiver of premium

The Plan will waive payment of all premiums for a surviving eligible spouse or domestic partner and children, for a period of 24 months following your accidental death for which benefits are payable.

Enhanced benefit for children for losses other than loss of life

If a covered child receives bodily injuries that result in a covered loss, other than loss of life, the Plan will pay double the scheduled amount of the loss up to a maximum of \$50,000. If the covered child dies within 90 days of the covered accident, then the Plan will pay the child's death benefit only up to a maximum of \$25,000.

If the covered child sustains more than one covered loss from a single covered accident, then the Plan will pay double the benefit amounts to a maximum of \$50,000.

Limitation

The maximum benefit amount payable under the policy as a result of the accidental death of a covered child is \$50,000.

Exclusions

The Progress Energy, Inc.-sponsored AD&D Plan will not pay if the loss is caused by the following:

- Intentionally self-inflicted injuries.
- Suicide, or an attempt to commit suicide, while sane or insane.
- Sickness, whether the loss results directly or indirectly from the sickness.
- Medical or surgical treatment of sickness, whether the loss results directly or indirectly from the treatment.
- Any infection from an accidental cut or wound, but this does not include:
 - A pyogenic infection resulting from an accident, cut or wound.
 - A bacterial infection resulting from accidental ingestion of a contaminated substance.
- Travel or flight in any vehicle used for aerial navigation. This includes getting in, out, on or off any such vehicle. This applies only if you are riding as a passenger in any aircraft not intended or licensed for the transportation of passengers.
- The covered person is:
 - Serving as pilot or crew member (or student taking a flying lesson) and is not riding as a passenger; or
 - Hang gliding; or
 - Parachuting, except when the covered person has to make a parachute jump for self-preservation.
- War, or any act of war (declared or undeclared), including resistance to armed aggression.
- An accident that occurs while a covered individual is serving on full-time active duty for more than 30 days in any armed forces (does not include Reserve or National Guard active duty for training).
- Commission of or attempt to commit a felony.

Regular, full-time bargaining unit employees are covered by Business Travel Accident (accidental death and dismemberment) insurance while on Company business working outside their regular work territory. Business Travel does not include commuting between your home and your regular place of work. Progress Energy pays the full cost of coverage for you.

Coverage Amount

The benefit is determined based on the type of loss you experience within one year of a covered accident, as per the following schedule of benefits.

Description of Benefits

Accidental Death, Dismemberment, Loss of Sight, Speech and Hearing or Paralysis Benefit

If, within one year from the date of an accident covered by the Plan, you experience a loss as listed below, the Claims Administrator will pay the applicable benefit shown below. If you sustain more than one such loss as the result of one accident, only the largest benefit amount will be paid. This amount will not exceed \$250,000.

Loss	Benefit Amount
Loss of Life	\$250,000
Loss of Both Hands	\$250,000
Loss of Both Feet	\$250,000
Loss of Entire Sight of Both Eyes	\$250,000
Loss of One Hand and One Foot	\$250,000
Loss of One Hand and Entire sight of One Eye	\$250,000
Loss of One Foot and Entire Sight of One Eye	\$250,000
Loss of Speech and Hearing (both ears)	\$250,000
Loss of One Hand	\$125,000
Loss of One Foot	\$125,000
Loss of Entire Sight of One Eye	\$125,000
Loss of Speech	\$125,000
Loss of Hearing (both ears)	\$125,000
Loss of Thumb and index Finger of the Same Hand	\$ 62,500

Loss of a hand or foot means complete severance through or above the wrist or ankle joint. Loss of sight means the total, permanent loss of sight of the eye. The loss of sight must be unrecoverable by natural, surgical or artificial means. Loss of a thumb and index finger means complete severance through or above the metacarpophalangeal joints (the joints between the fingers and the hand).

Beneficiary Designation

Unless the Employee Service Center is notified in writing, the beneficiary of the accidental death provision of the Business Travel Accident insurance policy will be the same as the employee's designated group life insurance beneficiary. However, if no beneficiary is named, benefits will be paid in the order shown in the Employees' group Life Insurance Plan of Progress Energy Florida, Inc. summary plan description under "Designation of Beneficiary".

Exclusions

Some exclusions or limitations apply. Benefits will not be paid for an Insured's loss which:

- (1) is caused by or results from the Insured's own: *
 - (a) intentionally self-inflicted injury, suicide or any attempted suicide;
 - (b) voluntary intoxication, self-administration of any drug or chemical substance not prescribed by, and taken according to the directions of a doctor (Accidental ingestion of a poisonous substance is not excluded.);
 - (c) participation in a riot or insurrection;
 - (d) engaging in any illegal or criminal enterprise or activity;

- (2) is caused by or results from:
 - (a) declared or undeclared war or act of war;
 - (b) an act of terrorism;
 - (c) an accident which occurs while the insured is on active duty service in any Armed Forces. (Reserve or National Guard active duty for training is not excluded unless it extends beyond 31 days.);
 - (d) aviation, except as specifically provided in the Plan;
 - (e) sickness, disease, bodily or mental infirmity or medical or surgical treatment thereof, bacterial or viral infection, regardless of how contracted. This does not include bacterial infection that is the natural and foreseeable result of an accidental cut or wound or accidental food poisoning.
 - (f) nuclear reaction or the release of nuclear energy. However, this exclusion will not apply if the loss is sustained within 180 days of the initial incident and: (i) the loss was caused by fire, heat, explosion or other physical trauma which was a result of the release of nuclear energy; and (ii) the covered person was within a 25-mile radius of the site of the release either:
 - 1) at the time of the release; or
 - 2) within 24 hours of the start of the release.
 - (g) Accidental bodily injuries occurring while the insured is flying in any aircraft being used for field or crop dusting or spraying, seeding, fire fighting, sky writing, pipe-line inspection, aerial photography, hunting, exploration, racing or endurance tests, or exhibition stunt flying.

* In Missouri this applies only while sane.

Aggregate Limits

Coverage is \$250,000 per employee with an aggregate amount of \$5,000,000. The Claims Administrator will not be liable for any amount over such limit for any one accident under the applicable Plan. If the total amount of benefits to be paid to all covered persons is more than the applicable Aggregate Limit of Liability, the benefit amount payable for a specific covered person's loss under the Plan will be determined as a proportionate share of the Aggregate Limit of Liability.

Death benefits - employee

Benefits for your AD&D coverage will be paid to your designated beneficiary in the event of your death. Your AD&D beneficiary will be the same as for your employee group basic life insurance unless you designate otherwise.

If you name more than one primary beneficiary for your AD&D coverage, you should designate the fractional benefit (in percentages) to be payable to each. Do not show amounts in dollars. The percentages must add up to 100% for the primary beneficiaries if you name more than one primary beneficiary.

You may also name one or more contingent beneficiaries who would receive the benefits if all primary beneficiaries die before you. The percentages must equal 100% for the contingent beneficiaries if you name more than one contingent beneficiary.

You cannot name a guardian for a minor as your designated beneficiary under the AD&D Plan. Also you cannot name an individual as the administrator of your estate. You may name as your beneficiary:

- One or more individuals including minors (however, if you name a minor as your beneficiary, proceeds may be held in trust until the beneficiary has reached the age of majority or be paid to a court appointed guardian)
- Your estate
- An endowment or other organization having an official who is appointed to receive and disburse funds
- The administrator of your estate (but not an individual)
- A trustee under a trust agreement

You may change your beneficiary designation at any time. The current beneficiary's consent is not necessary to change the designation. Beneficiary forms should be legible and contain the full name, date of birth, address, and relationship of the beneficiary to you. Show relationship as "non-relative" if the beneficiary is not related to you.

If you die while insured under this Plan and you have not named a beneficiary for your AD&D coverage or your employee life insurance, or if your beneficiary is not alive at the time of your death, benefits under the AD&D Plan may be paid in the order shown:

- Spouse
- Child(ren) in equal shares
- Parents in equal shares
- Brothers and sisters in equal shares
- Estate

Death benefits - dependent

You are automatically the beneficiary for the dependent AD&D death benefits.

Dismemberment benefits

Dismemberment benefits are payable to you for both your coverage and your dependent's coverage.

Filing a claim

To claim benefits under the AD&D Plan, the Claims Administrator must receive written notice of a claim within 30 days after the loss occurs or as soon as reasonably possible. The notice should contain enough information to identify the insured and may be given to the Claims Administrator by the insured or someone acting on the insured's behalf.

The Claims Administrator will send the proof of loss claim forms after receiving written notice of the loss. The insured or beneficiary should complete the claim form in its entirety. All questions on the claim form must be answered fully and any required information or documents, such as medical statements or death certificates, must be submitted with the claim.

The completed proof of loss claim must be provided to the Claims Administrator within 90 days after the loss. If it is not reasonably possible to give the proof within 90 days after the loss, or as soon as reasonably possible, the Claims Administrator will not reduce or deny the claim for this reason. However, the proof must be filed as soon as reasonably possible.

Examination

The Claims Administrator has the right to have a claimant examined, at the Insurance Company's expense, as often as reasonably needed while a claim is pending.

Determination of benefits

Prudential will notify you of the claim determination within 45 days of the receipt of your claim. This period may be extended by 30 days if such an extension is necessary due to matters beyond the control of the Plan. A written notice of the extension, the reason for the extension and the date by which the Plan expects to decide your claim, shall be furnished to you within the initial 45-day period. This period may be extended for an additional 30 days beyond the original 30-day extension if necessary due to matters beyond the control of the Plan. A written notice of the additional extension, the reason for the additional extension and the date by which the Plan expects to decide on your claim, shall be furnished to you within the first 30-day extension period if an additional extension of time is needed.

However, if a period of time is extended due to your failure to submit information necessary to decide the claim, the period for making the benefit determination by Prudential will be tolled from the date on which the notification of the extension is sent to you until the date on which you respond to the request for additional information.

If your claim for benefits is denied, in whole or in part, you or your authorized representative will receive a written notice from Prudential of your denial. The notice will be written in a manner calculated to be understood by you and shall include:

- a. The specific reason(s) for the denial,
- b. References to the specific plan provisions on which the benefit determination was based,
- c. A description of any additional material or information necessary for you to perfect a claim and an explanation of why such information is necessary,
- d. A description of Prudential's appeals procedures and applicable time limits, including a statement of your right to bring a civil action under section 502(a) of ERISA following your appeals, and
- e. If the denial was based on an internal rule, guideline, protocol or similar criterion, the notice will either state it or state that a copy will be provided free of charge upon request.

Appeals of adverse determination

First appeal

If your claim for benefits is denied you or your representative may appeal your denied claim in writing to Prudential within 180 days of the receipt of the written notice of denial. You may submit with your appeal any written comments, documents, records and any other information relating to your claim. Upon your request, you will also have access to, and the right to obtain copies of, all documents, records and information relevant to your claim free of charge.

A full review of the information in the claim file and any new information submitted to support the appeal will be conducted by Prudential, utilizing individuals not involved in the initial benefit determination. This review will not afford any deference to the initial benefit determination.

Prudential shall make a determination on your claim appeal within 45 days of the receipt of your appeal request. This period may be extended by up to 45 days if Prudential determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date that Prudential expects to render a decision shall be furnished to you within the initial 45-day period. However, if the period of time is extended due to your failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled from the date on which the notification of the extension is sent to you until the date on which you respond to the request for additional information.

If the claim on appeal is denied in whole or in part for a second time, you will receive a written notification from Prudential of the denial. The notice will be written in a manner calculated to be understood by the applicant and shall include:

- a. The specific reason(s) for the adverse determination,
- b. References to the specific plan provisions on which the determination was based,
- c. A statement that you are entitled to receive, upon request and free of charge, reasonable access to (and make copies of) all records, documents and other information relevant to your benefit claim upon request,
- d. A description of Prudential's review procedures and applicable time limits,
- e. A statement that you have the right to obtain upon request and free of charge, a copy of internal rules or guidelines relied upon in making this determination, and
- f. A statement describing any appeals procedures offered by the Plan, and your right to bring a civil suit under ERISA.

Second appeal

If the appeal of your benefit claim is denied you or your representative may make a second appeal of your denial in writing to Prudential within 180 days of the receipt of the written notice of denial. You may submit with your second appeal any written comments, documents, records and any other information relating to your claim. Upon your request, you will also have access to, and the right to obtain copies of all documents, records and information relevant to your claim free of charge.

Upon receipt of a second appeal, Prudential will again conduct a full review of the claim file and any additional information submitted. The claim decision will be made by using individuals not involved in the initial benefit determination or in the first appeal.

Prudential shall make a determination on your second claim appeal within 45 days of the receipt of your appeal request. This period may be extended by up to 45 days if Prudential determines that special circumstances require an extension of time. A written notice of the extension, the reason for the extension and the date by which Prudential expects to render a decision shall be furnished to you within the initial 45-day period. However, if the period of time is extended due to your failure to submit information necessary to decide the appeal, the period for making the benefit determination will be tolled from the date on which the notification of the extension is sent to you until the date on which you respond to the request for additional information.

Your decision to submit a benefit dispute to this voluntary second level of appeal has no affect on your right to any other benefits under this Plan. If you elect to initiate a lawsuit without submitting to a second level of appeal, the Plan waives any right to assert that you failed to exhaust administrative remedies. If you elect to submit the dispute to the second level of appeal, the Plan agrees that any statute of limitations or other defense based on timeliness is tolled during the time that the appeal is pending.

If the claim on appeal is denied in whole or in part for a second time, you will receive a written notification from Prudential of the denial. The notice will be written in a manner calculated to be understood by the applicant and shall include the same information that was included in the first adverse determination letter. If a decision on appeal is not furnished to you within the time frames mentioned above, the claim shall be deemed denied upon appeal.

Events requiring termination of coverage

Employee and dependent Accidental Death & Dismemberment coverage will end when one of the following events occurs:

- You die or terminate employment with Progress Energy Florida, Inc. for any reason including retirement.
- You are no longer classified as a regular, full-time bargaining unit employee.
- Your dependent no longer meets the eligibility requirements of the Plan.
- You fail to make the necessary contributions.
- Your employment status changes from a bargaining unit employee of Progress Energy Florida, Inc. to a non-bargaining employee of a company within the controlled group of Progress Energy, Inc. (*Certain Progress Energy non-bargaining employees are eligible for benefits under the Choice Benefits program.*)
- The master policy is terminated.

In addition to the above, spouse, domestic partner and children Accidental Death & Dismemberment coverage will end when the dependent no longer meets the eligibility requirements of the Plan. **Employees who cover ineligible dependents are in violation of the Company's Code of Ethics.**

Benefits will be payable if an individual should die or become dismembered as a result of a covered accident within 31 days of termination.

AD&D coverage after you retire or terminate

Portability option

The portability option allows you to continue optional AD&D coverage on yourself and your eligible dependents only **if you elect to continue your employee optional life insurance coverage.** You will be billed directly by Prudential and insurance coverage rates will be based on your age and the corresponding rates at each annual renewal period. Coverage reduces to 60% at age 65 (e.g., from \$100,000 to \$60,000) to 50% at age 70 (e.g., from \$60,000 to \$50,000), and terminates at age 80. The following guidelines apply:

- Portability only applies to optional life and optional AD&D insurance coverage.
- Dependent life and dependent AD&D coverage may only be ported if you elect to port your optional life insurance coverage.
- An employee must be actively at work on the day prior to termination of employment or retirement.
- A dependent must not be in the hospital or confined to the home on the day prior to termination or retirement.
- The minimum amount that may be ported is \$20,000 and the maximum amount is \$500,000. You will have the option to continue your existing amount of coverage or elect a lesser amount depending on your needs.
- There is no evidence of insurability requirement for AD&D. If an employee elects optional coverage and is approved for optional coverage under the optional life, then additional AD&D coverage may be elected as well.

Application forms

Portability is available only upon termination of employment. You can obtain Portability Election Forms by contacting the Employee Service Center at 1-800-546-5705.

To apply for the portability option, you should send the application form directly to The Prudential Insurance Company of America, within 31 days after the date your coverage ends or you will lose your portability option. You may call Prudential at 1-800-778-3827 regarding portability.

Plan identification

The official name of the Plan is the Accidental Death & Dismemberment Plan of Progress Energy Florida, Inc. This Plan is part of the Progress Energy, Inc. Life, AD&D and Business Travel Accident Plan, Plan number 525. The employer identification number (EIN) issued by the Internal Revenue Service for Progress Energy, Inc. is 56-2155481.

The Plan Sponsor's address is:
Progress Energy, Inc.
PO Box 1551, PEB 16ESC
Raleigh, NC 27602-1551

Costs and funding

The Plan is fully-insured and partially funded by the Progress Energy Employee Benefits Trust. Premiums for the Accidental Death & Dismemberment Plan of Progress Energy Florida, Inc. coverage are paid for by contributions from plan participants. Premiums for Business Travel Accident coverage are funded from contributions from Progress Energy Florida, Inc.

The Plan trustee is:
State Street Bank and Trust Company
One Enterprise Drive
North Quincy, MA 02171

Accidental Death & Dismemberment benefits are provided by contract number LG-24541-NC issued to the Plan Sponsor by The Prudential Insurance Company of America. Business Travel Accident benefits are provided by contract number BG-24541-FL issued to the Plan Sponsor by The Prudential Insurance Company of America.

Administration

The Plan is a welfare plan as defined by the Employee Retirement Income Security Act of 1974 (ERISA) as amended. The Plan year ends on December 31 of each year and the Plan operates and maintains records on a calendar-year basis.

Plan Administrator

A Plan Administrator has been appointed, as required by law, to be responsible for the operation of the Plan. The Plan Administrator has delegated to Prudential overall responsibility for the operation and administration of the applicable portion of the Plan. Prudential has the exclusive right in its sole discretion to interpret applicable portion of the Plan and to decide any and all matters arising thereunder, including but not limited to matters related to eligibility for benefits and application of Plan limitations.

The Plan Administrator does not have the authority to deviate from the provisions of the Plan or to approve any exceptions to the Plan. The Plan Administrator has a fiduciary obligation under applicable law to apply the provisions of the Plan as it is written.

Call or write referring to the Plan identification numbers if it should become necessary to contact the Plan Administrator.

The Plan Administrator is:
Progress Energy Service Company, LLC
PO Box 1551, PEB 16ESC
Raleigh, NC 27602-1551
1-800-546-5705

The Employee Service Center provides administrative services for Plan participants and can be reached at the address above, by calling 1-800-546-5705 or by email at employee.service@pgnmail.com.

Claims Administrator/Insurance Company

The Insurance Company, also referred to as Prudential, is:

The Prudential Insurance Company of America
Prudential Plaza
Newark, NJ 07101
1-888-257-0412
www.prudential.com

The Prudential Insurance Company of America, as Claims Administrator, has the sole discretion to interpret the terms of the Group Contract, to make factual findings, and to determine eligibility for benefits. The decision of Prudential shall not be overturned unless found to be arbitrary and capricious.

Agent for service of legal process

Legal process may be served upon the Plan's agent, Sponsor, or Administrator and/or the supervising official of the insurance department of the state in which you reside.

The Plan's agent for service of legal process is:

Vice President - Human Resources
Progress Energy Service Company, LLC
PO Box 1551
Raleigh, NC 27602-1551

Continuation of the Plan and Plan amendments

The Plan Sponsor reserves the right to amend or terminate the Plan or any plan benefit at any time based on the cost of the benefits or other considerations without prior approval of or notification to any party.

The following statement is provided in compliance with the requirements of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Receiving information about your Plan benefits

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan participants shall be entitled to:

- Examine without charge at the Plan Administrator's office and at other specified locations such as worksites, all Plan documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.
- Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the plan, including insurance contracts and copies of the latest annual report (Form 5500 Series) and updated summary plan descriptions. The Plan Administrator may make a reasonable charge for the copies.
- Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

Prudent actions by Plan fiduciaries

In addition to creating rights for Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA. If your claim for a welfare benefit is denied, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Enforcing your rights

Under ERISA, there are steps that you may take to enforce the above rights. For instance, if you request materials from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator.

If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees (for example, if it finds your claim is frivolous).

If you have any questions about the Plan, you should contact the Plan Administrator or the Employee Service Center. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquires, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue NW, Washington, DC 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.