

Document title:

Choice Benefits Program

Document number:

HRI-SUBS-00009

Applies to: Eligible employees of Progress Energy Carolinas, Inc.; Progress Energy Florida, Inc. (non-bargaining unit employees); and Progress Energy Service Company, LLC (participating subsidiaries of Progress Energy, Inc.)

Keywords: human resources information; benefits booklets

Choice Benefits Program
 The Progress Energy Flexible Benefits Plan (the "Plan")
 Summary Plan Description
 Progress Energy, Inc.
 Employer Identification No. 56-2155481, Plan No. 526
 Effective January 1, 2009

This booklet is a Summary Plan Description (SPD) for the Choice Benefits Program (the "Plan"). The Plan is sponsored by Progress Energy, Inc. and is available only to eligible non-bargaining employees of Progress Energy Carolinas, Inc., Progress Energy Florida, Inc., and Progress Energy Service Company, LLC.(participating subsidiaries of Progress Energy, Inc.)

This booklet provides general information about the Plan. For additional information about eligibility and the benefits provided under Choice Benefits, refer to the individual booklet for each of the following benefit programs:

- Medical
- EAP and Mental Health & Substance Abuse Services
- Dental
- Reimbursement Accounts
- Employee and Dependent Life Insurance*
- Employee and Dependent Accidental Death and Dismemberment Insurance
- Long-Term Disability
- Choice Time
- Vision

If there are inconsistencies between this booklet and the Progress Energy Flexible Benefits Plan document or other Plan documents, the terms and conditions of the Plan documents 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.

* *The Employee and Dependent Life Insurance Plans are not a part of the Progress Energy Flexible Benefits Plan due to Internal Revenue Service limitations. The Plans are included as a part of this Choice Benefits summary for communication purposes only.*

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Eligibility

The Plan covers employees and their dependents who meet the eligibility requirements specified herein and who are employed by a participating subsidiary. A subsidiary is a participating subsidiary if it is within Progress Energy's controlled group and if it, with the approval of Progress Energy, Inc., has elected by action of its Board of Directors to participate in this Plan. The term "controlled group" shall mean the group of companies as defined in Section 1563(a) of the Internal Revenue Code (the "Code"). A participating subsidiary may only participate in the Plan for so long as it is a member of Progress Energy's controlled group. A participating subsidiary may elect to withdraw from participation in the Plan at any time.

The Choice Benefits Program is a flexible benefits program available to regular, full-time non-bargaining employees of Progress Energy Carolinas, Inc., Progress Energy Florida, Inc., Progress Energy Service Company, LLC, and Progress Fuels Corporation (corporate employees) (participating subsidiaries of Progress Energy, Inc.). Regular, part-time employees are eligible to participate only in the Health Care Reimbursement and Child/Elder Care Reimbursement Accounts.

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

New employee enrollment

You must enroll in the Choice Benefits plans for which you are eligible within 30 days of your hire date or reclassification to regular, full-time non-bargaining employee status.

- Coverage for medical, dental, vision, basic employee life, and \$50,000 of basic employee accidental death and dismemberment (AD&D) elections will be effective on your hire date, or date reclassified to regular, full-time non-bargaining employee status, if you enroll within the 30-day timeframe.
- Coverage under the Long-Term Disability (LTD) Plan 60% option will automatically be effective on your hire date or date reclassified to regular, full-time non-bargaining employee status.
- Requested coverage for optional employee life insurance up to 3 times base annual salary, optional employee AD&D, spouse or domestic partner life insurance up to \$25,000, child life insurance, and dependent AD&D will be effective on the date the enrollment form is signed or the date of enrollment through ProgressNet.
- The insurance company must approve elections for optional employee life insurance in amounts of 4, 5, 6, 7, or 8 times annual base salary and spouse or domestic partner life insurance amounts over \$25,000. Your elections will be effective on the date of approval. For employee life insurance, you will be covered under the "3 times annual base salary" option until your election for a higher level of coverage is approved. Coverage in the amount of \$25,000 will be effective on your spouse or domestic partner until the higher level of coverage is approved.
- Choice Time and Reimbursement Account elections will be effective on your hire date or date reclassified to regular, full-time non-bargaining employee status.

The Choice Benefits elections you make as a new employee will remain in effect for the remainder of the calendar year and may not be changed until annual enrollment unless you have a qualifying event in your family or employment status that will allow you to make a change. (Exception: IRS rules prohibit changes to Choice Time elections.)

If you do not enroll

You will receive the Default Benefits package if you do not enroll within 30 days of your employment as an eligible employee. The default package provides only a minimum level of coverage as shown below. Dependent coverage is not available under this package.

Coverage for yourself only will be provided under the Plan default package for:

- | | |
|---------------------------|---|
| • Medical | BCBS Standard, self only |
| • Vision | Basic Plan, self only |
| • Employee life insurance | Basic amount equal to one times annual base salary up to \$50,000 |
| • Employee AD&D | Basic amount of \$50,000 |
| • Long-term disability | 60% of annual base salary |

If your coverage defaults, you or your dependents will NOT receive coverage under the following benefits:

- | | |
|------------------------------------|----------------------------|
| • Dental | • Dependent life insurance |
| • Reimbursement accounts | • Dependent AD&D |
| • Optional employee life insurance | • Choice Time |
| • Optional employee AD&D | |

Changing your elections

The Choice Benefits elections you make as a new employee will remain in effect for the remainder of the calendar year, and you may not change your elections until annual enrollment unless you have a qualifying change in your family or employment status.

Annual benefits enrollment

Choice Benefits enrollment is held in the fall each year for you to make your benefit elections for the coming year. Your elections are effective January 1 through December 31, except for dental and vision. After the 2008-2009 Plan years, dental and vision will have biennial (every two years) enrollment periods for Plan years 2010-2011, 2012-2013, etc.

Qualifying events

If you have a qualifying change in your family or employment status during the year, you may be able to change your coverage election at that time. 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 or your spouse or domestic partner take or return from an unpaid leave of absence
- Your spouse's/domestic partner's or your employer-provided health care coverage changes significantly
- Your spouse's/domestic partner's employer conducts open 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
- Your spouse or domestic partner or dependent becomes employed or unemployed
- You, your spouse or domestic partner, or a dependent changes place of residence or work (and the new location is outside of the Plan's service area)

- You, your spouse or domestic partner, or dependent loses eligibility for Medicaid or Children’s Health Insurance Program (CHIP) coverage¹
- You, your spouse or domestic partner, or dependent becomes eligible to participate in a premium assistance program under Medicaid or CHIP¹

¹ *Employee must notify the Employee Service Center within 60 days of loss of Medicaid/CHIP or of the eligibility determination. All other qualifying events must be communicated to the Employee Service Center within 30 days of the event.*

Completion of change form

You must submit an employer-provided Choice Benefits Change Form (FRM-SUBS-00011 to the Employee Service Center within 30 days of the qualifying event if you wish to change your coverage. The new election will generally be effective on the date of the qualifying change. ***All election changes must be made within 30 days of the event and be consistent with the qualifying change. If the Employee Service Center does not receive your change form within 30 days of the qualifying change, you cannot change your elections until the next benefits enrollment.***

Note: To add a new dependent under your medical, dental, and vision coverage, you must submit a Choice Benefits Change Form even if you already have family coverage. The new dependent's name, Social Security number*, and date of birth should be listed on the form.

** If you do not have the dependent's Social Security number, you should complete the rest of the information and submit the form. You may call the Employee Service Center at a later date and add the dependent's Social Security number.*

Leaves of absence

If you make the required contributions, you and your eligible dependents may be eligible to continue coverage under certain benefit plans while you are on a leave as permitted in the Employee Handbook for:

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

Refer to the individual benefit booklets for eligibility requirements.

When coverage ends

Coverage under Choice Benefits will continue until one of the following events occurs:

- You die or terminate employment with a participating subsidiary for any reason including retirement
- You are no longer classified as an eligible employee
- You fail to make the necessary contributions
- The participating employer in which you are employed chooses not to participate in a particular benefit or leaves the controlled group of companies
- Your employment status changes from an employee of a participating subsidiary to a Progress Energy Florida, Inc. bargaining unit employee. (*Progress Energy Florida, Inc. bargaining unit employees are eligible for benefits under the FlexPower program.*)
- The plan is terminated

Enrolling eligible dependents

You may enroll your eligible dependents at the same time you enroll as a new employee. If you do not enroll them at that time, you may not enroll them until the next enrollment period unless you have a qualifying change in your family or employment status.

Eligible dependent definition

Eligible dependents for the Progress Energy, Inc.-sponsored medical, dental, vision, mental health and substance abuse, dependent life insurance, and dependent AD&D plans are:

- Your spouse or domestic partner ¹
- Unmarried children under age 19 who:
 - Are your biological children and are mainly supported² by you, regardless of whether or not they live with you; or
 - Live with you, have been placed with you for legal adoption, whether or not the adoption has become final, and are mainly supported² by you or your spouse or domestic partner; or
 - Live with you, are your stepchildren or domestic partner’s children, are mainly supported² by you or your spouse or domestic partner, and you and/or your spouse or domestic partner is responsible to provide the type of coverage available under this Plan³ and your spouse or domestic partner does not have employer-sponsored coverage available; or
 - Live with you, are your foster children, are mainly supported² by you or your spouse or domestic partner, and you are responsible to provide the type of coverage available under this Plan³; 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 supported² by you or your spouse or domestic partner, and you are responsible to provide the type of coverage available under this Plan³; or
 - Are your or your spouse’s or domestic partner’s biological or adopted children who meet the following requirements:
 - receive over one-half of their support² during the year from you, your spouse or domestic partner, or the child’s parent from whom you or your spouse is divorced or legally separated; and
 - live for more than one-half of the year with you, your spouse or domestic partner, or the child’s parent from whom you or your spouse or your domestic partner is divorced or legally separated; and
 - you or your spouse or domestic partner 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 Plan³; and
 - if applicable, your stepchild’s parent (who is your spouse or your domestic partner) does not have employer-sponsored coverage available.
- Your unmarried children under age 25, who are mainly supported² by you or your spouse or domestic partner, who are full-time students ⁴ in an accredited/licensed school, college, or university (you may be required to furnish proof of your dependent’s student status to the benefits administrator twice a year). Under no circumstances will an individual taking courses through a correspondence school be considered a full-time student.
- Your unmarried children (regardless of age 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
 - Who either live with you or live in a long-term care facility and are mainly dependent upon you or your spouse or domestic partner for support and care, and
 - for whom you can provide proof of their incapacity, residency, and dependency.

¹Your 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* and forms are available through ProgressNet or the Employee Service Center at 1-800-546-5705 or employee.service@pgnmail.com). **Your 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 that individual.**

²To 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.

³You 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.

⁴Children 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. 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 Employee Service Center for consideration.

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

Under no circumstances can a child, spouse or domestic partner be eligible for Dependent coverage if he or she is on active duty in the armed forces.

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

You and your employer share in the cost of Choice Benefits. Your payroll deductions will begin as follows:

- New employees Paycheck following processing of enrollment
- Annual benefits enrollment First payday in January
- Qualifying family or employment change Paycheck following processing of change form

Before-tax deductions

Payroll deductions are taken on a before-tax basis for:

- Medical
- Dental
- Vision
- Reimbursement accounts
- Employee and dependent AD&D insurance
- Choice Time

Before-tax deductions save you money on federal, state, and Social Security taxes. However, your Social Security benefits may be reduced because you do not pay Social Security taxes on before-tax contributions. This means that if your taxable income is less than the maximum Social Security wage base, your future benefits (which are based on the taxes you pay) could be slightly reduced. In most cases, this benefit reduction should be very small.

After-tax deductions

Payroll deductions are taken on an after-tax basis for:

- Employee life insurance
- Dependent life insurance

Credits

Your employer contributes to the cost of medical and dental coverage, Therefore, if you elect the No Coverage medical or dental option, you will receive a credit in your check each pay period.

Any credits you receive will be considered as taxable income.

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Choice Benefits Summary

Medical Rates (Biweekly Rates)

	TIER 1* Earning less than \$40,000	TIER 2* Earning \$40,000 but less than \$100,000	TIER 3* Earning \$100,000+ base annual salary	TIER 4 Dept. Heads	TIER 5 SMC Execs
BCBS High Deductible Health Plan					
Employee	\$ 0.00	\$ 0.00	\$ 5.00	\$10.00	\$20.00
Employee + 1 dep.	\$ 3.00	\$13.00	\$23.00	\$33.00	\$53.00
Family	\$ 6.00	\$26.00	\$46.00	\$66.00	\$106.00
BCBS & UHC Standard Plans					
Employee	\$0.00	\$5.00	\$10.00	\$15.00	\$25.00
Employee + 1 dep.	\$14.00	\$24.00	\$34.00	\$44.00	\$64.00
Family	\$27.50	\$47.50	\$67.50	\$87.50	\$127.50
BCBS Choice Plan					
Employee	\$15.50	\$20.50	\$25.50	\$30.50	\$40.50
Employee + 1 dep.	\$76.50	\$86.50	\$96.50	\$106.50	\$126.50
Family	\$122.50	\$142.50	\$162.50	\$182.50	\$222.50
UHC Choice Plus Plan					
Employee	\$19.00	\$24.00	\$29.00	\$34.00	\$44.00
Employee + 1 dep.	\$94.00	\$104.00	\$114.00	\$124.00	\$144.00
Family	\$142.50	\$162.50	\$182.50	\$202.50	\$242.50
AvMed HMO (FL only)					
Employee	\$15.00	\$20.00	\$25.00	\$30.00	\$40.00
Employee + 1 dep.	\$98.50	\$108.50	\$118.50	\$128.50	\$148.50
Family	\$142.00	\$162.00	\$182.00	\$202.00	\$242.00
BlueCare HMO (FL only)					
Employee	\$15.00	\$20.00	\$25.00	\$30.00	\$40.00
Employee + 1 dep.	\$98.50	\$108.50	\$118.50	\$128.50	\$148.50
Family	\$142.00	\$162.00	\$182.00	\$202.00	\$242.00

*Compensation for determining each tier is your base annual salary. This is your base rate of pay including reactor operator and senior reactor operator pay, but not including overtime, shift differential, bonuses, commissions or other extra allowances.

If an employee's salary or position changes during the year such that he or she moves to a new rate tier, the new rate will apply beginning with the first paycheck that reflects the change.

If you elect the No Coverage option, you will receive a \$10.00 credit each pay period. The \$10.00 credit will be added to your paycheck as taxable income.

Dental Rates

Level of Coverage	Biweekly Rate
Self	\$ 6.25
Self + 1	\$ 11.50
Family	\$ 17.00

If you elect the No Coverage option, you will receive a \$2.00 credit each pay period. The \$2.00 credit will be added to your paycheck as taxable income.

Employee Life Insurance Rates

Age Bracket at end of year	Biweekly Rate Per \$1,000 Coverage
Employee Basic	Company-paid
Under 25	\$ 0.018
25 to 29	\$ 0.023
30 to 34	\$ 0.028
35 to 39	\$ 0.032
40 to 44	\$ 0.042
45 to 49	\$ 0.060
50 to 54	\$ 0.102
55 to 59	\$ 0.180
60 to 64	\$ 0.272
65 +	\$ 0.420

The Company pays the full cost for Basic Employee Life insurance coverage. Rates for Optional Employee Life insurance coverage are age-based.

Dependent Life Insurance Rates

Spouse or Domestic Partner Life Insurance

Age Bracket at end of year	Biweekly Rate Per \$1,000 Coverage
Under 25	\$ 0.018
25 to 29	\$ 0.023
30 to 34	\$ 0.028
35 to 39	\$ 0.032
40 to 44	\$ 0.042
45 to 49	\$ 0.060
50 to 54	\$ 0.102
55 to 59	\$ 0.180
60 to 64	\$ 0.272
65 +	\$ 0.420

Child Life Insurance

Amount of Coverage	Biweekly Rate
\$ 3,000	\$ 0.17
\$ 5,000	\$ 0.28
\$10,000	\$ 0.55
\$20,000	\$ 1.11

Note that the biweekly cost for Child Life Insurance remains the same whether for one or multiple children.

Employee AD&D Insurance Rates

Amount of Coverage	Biweekly Rate
\$ 50,000 Basic	Company-paid
\$ 25,000 Optional + Basic	\$ 0.23
\$ 50,000 Optional + Basic	\$ 0.46
\$100,000 Optional + Basic	\$ 0.92
\$200,000 Optional + Basic	\$ 1.85
\$300,000 Optional + Basic	\$ 2.77
\$400,000 Optional + Basic	\$ 3.69
\$500,000 Optional + Basic	\$ 4.62
\$600,000 Optional + Basic	\$ 5.54
\$700,000 Optional + Basic	\$ 6.46
\$800,000 Optional + Basic	\$ 7.38
\$900,000 Optional + Basic	\$ 8.31
\$1,000,000 Optional + Basic	\$ 9.23

The Company pays the full cost for the \$50,000 Basic coverage.

Dependent AD&D Insurance Rates

Spouse or Domestic Partner AD&D Insurance

Amount of Coverage	Biweekly Rate
\$ 10,000	\$ 0.09
\$ 25,000	\$ 0.23
\$ 50,000	\$ 0.46
\$100,000	\$ 0.92
\$200,000	\$ 1.85
\$300,000	\$ 2.77
\$400,000	\$ 3.69
\$500,000	\$ 4.62

Child AD&D Insurance

Amount of Coverage	Biweekly Rate
\$ 10,000	\$ 0.09
\$ 25,000	\$ 0.23
\$ 50,000	\$ 0.46
\$100,000	\$ 0.92

Note that the biweekly cost for Child AD&D insurance remains the same whether for one or multiple children.

Vision Rates

Option	Level of Coverage	Biweekly Rates
Basic (exam and discount on eyewear)	Self	Company-paid
	Self + 1	Company-paid
	Family	Company-paid
Optional (exam and eyewear)	Self	\$ 2.95
	Self + 1	\$ 5.30
	Family	\$ 8.25

The Company pays the full cost for employee and dependent coverage under the Basic vision option. The rates shown above for Optional coverage will be deducted each pay period.

LTD

The Company provides 60% long-term disability coverage at no cost to you.

Choice Time

8 hours 16 hours 24 hours 32 hours 40 hours	Annual base salary calculated into an hourly rate, then multiplied times the number of hours elected and expressed on a per pay period basis.
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Denial of claims

If a claim for benefits under any of the Choice Benefits options is partially or wholly denied, you should receive written notice of the denial from the administrator of the applicable plan. The appeal processes for denied claims are described in the summary plan descriptions for each plan.

Plan identification

The official name of the Plan is the Progress Energy Flexible Benefits Plan. The Plan is a part of the Progress Energy, Inc. Welfare Benefit Plan, Plan number 526. The employer identification number (EIN) issued by the Internal Revenue Service for Progress Energy, Inc. is 56-2155481.

The Plan Sponsor is:

Progress Energy, Inc.
PO Box 1551, PEB 16ESC
Raleigh, NC 27602-1551

Plan funding

The benefit plans under the Choice Benefits Program are funded in part through contributions from participating employees. Benefits and operating expenses for the medical, dental, and LTD plans and premiums for the vision, life, and AD&D plans are funded through contributions from participating subsidiaries of Progress Energy, Inc.

Administration

The Plan is a fringe benefit 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 overall responsibility for the operation of the Plan and controls the administration of the Plan. The Plan Administrator has the exclusive right in its sole discretion to interpret the Plan and to decide any and all matters arising thereunder, including but not limited to matters related to eligibility for benefits, application of Plan limitations, and the amount of any required contributions by or on behalf of any participants.

Although the Plan Administrator has the right to interpret the provisions of the Plan and to decide all matters arising thereunder, 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.

If it should become necessary to contact the Plan Administrator, call or write referring to the Plan identification numbers.

The Plan Administrator is:

Progress Energy Service Company, LLC
PO Box 1551, PEB 16ESC
Raleigh, NC 27602-1551

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.

Participating subsidiaries

Eligible non-bargaining employees of the following participating subsidiaries of Progress Energy, Inc. are covered by this Plan, subject to all eligibility requirements stated herein.

Progress Energy Carolinas, Inc.
Progress Energy Florida, Inc.
Progress Energy Service Company, LLC

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 offered for active employees or any other participants 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 and benefits

As a participant in the Progress Energy Flexible Benefits 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 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.
- continue health plan coverage for yourself, spouse, domestic partner or dependents if there is a loss of coverage under the Plan as a result of a qualifying event. You or your dependents may have to pay for such coverage. Review this summary plan description and the documents governing the Plan on the rules governing your COBRA continuation coverage rights.

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 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. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a medical child support order, you may file suit in 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 your Plan, you should contact the Plan Administrator. 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.

Benefit - The payment to or on behalf of a participant because a covered expense was incurred under the terms of one of the component benefit plans.

Benefits Administrator - The companies that administer the component benefit plans.

Plan year - The calendar year.

Qualified medical child support order (QMCSO) - A judgment, decree, order, or approval of a property settlement agreement by a court that creates or recognizes the existence of a dependent's rights, or assigns to a dependent the right to receive benefits for which you or your dependent is eligible under the Plan.

Regular, full-time employee - An employee hired for an indefinite period of time to work 40 or more hours per week.

Regular, part-time employee (for HCRA/CECRA) - An employee who is regularly scheduled to work 20-39 hours per week. These employees are paid for actual hours worked.