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Progress Energy Long-Term Disability Plan

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

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Progress Energy Long-Term Disability Plan
Summary Plan Description
Employer Identification No. 56-2155481, Plan No. 526
Effective January 1, 2009

This booklet is a Summary Plan Description (SPD) for the Progress Energy Long-Term Disability Plan (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.). 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 Documents and Form

FRM-SUBS-00011 Choice Benefits Change Form

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Eligibility

The Plan covers employees 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 elect to withdraw from participation in the Plan at any time.

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

New employees

Regular, full-time non-bargaining employees are eligible for coverage under the Long-Term Disability (LTD) Plan on the first day of employment or reclassification to non-bargaining regular, full-time employment with Progress Energy Carolinas, Inc., Progress Energy Florida, Inc., and Progress Energy Service Company, LLC (participating subsidiaries of Progress Energy, Inc.) If you are absent due to illness or injury on the day your coverage is scheduled to begin, coverage will be effective on the day when you begin work on a regular, full-time basis.

Leaves of absences

Your long-term disability coverage will continue for the duration of an absence 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

Regular, full-time non-bargaining employees are automatically covered under the 60% of base annual salary option effective on their hire date or reclassification date.

Pre-existing conditions

Any condition for which you have received medical services (including prescribed drugs, whether or not they have been taken) in the three months prior to your effective date of coverage will not be covered if you become disabled within six months of your effective date of coverage. LTD benefits will be payable for pre-existing conditions if you become disabled after you have been covered by the Plan for six consecutive months.

Cost

There are no payroll deductions for long-term disability coverage. Your employer pays the full cost of coverage. Since the Company pays the full cost for this coverage, any benefits paid to the claimant are considered fully taxable and are reported to the IRS by Liberty Mutual.

Filing for LTD benefits

If you are approved for short-term disability and it is anticipated that you will be absent for more than 26 weeks, the Benefits Administrator, Liberty Mutual, will initiate a review of your case for possible transition at the end of short-term disability to long-term disability. Short-term disability benefits will continue up to, but not exceed, the maximum amount of time you are eligible to receive short-term disability benefits.

If you are absent because of an illness or injury, and you have not previously applied for or been approved for short-term disability, you should contact Liberty Mutual at 1-877-721-8340 by the time you have been out of work or disabled for a period of three months to initiate the LTD approval process.

Liberty Mutual will send you an LTD claims package. You should complete the claim forms in their entirety, provide all of the required information and documents, and return the completed claims package directly to Liberty Mutual before the end of the six-month waiting period. If Liberty Mutual does not receive your completed claims package within 90 days after the end of your six-month waiting period, your claim will be denied.

If Liberty Mutual needs additional information to determine initial eligibility for LTD benefits, you may be asked to take a physical examination given by a doctor chosen by Liberty Mutual. This examination would be at the Plan's expense. If you fail to furnish this information or you do not take the medical examination, your claim will be denied.

Qualifying for LTD benefits

To qualify for LTD benefit payments, you must be receiving regular and appropriate care and treatment (as defined in the Definitions) intended to aid in your recovery and your return to work. Regular and appropriate care and treatment means supervised care or treatment by a health care provider who is qualified, trained, and licensed to treat you for the sickness or accidental injury causing your disability. Other conditions for LTD benefit payments include the following:

- Health care providers must be practicing in their field of expertise for which they are trained and licensed.
- The individual or facility must provide and coordinate your health care services in accordance with applicable state laws and licensing procedures.
- The individual providing your care cannot be a member of your immediate family. Immediate family members include spouse, domestic partner, child, stepchild, mother, father, stepmother, stepfather, sister, brother, grandmother, grandfather, grandchild, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, or any other relative who resides in your household. These relationships also pertain to domestic partners and their children.
- The health care services must be provided on at least an annual basis or more frequently as requested by Liberty Mutual.

To confirm your continuing total disability, you will be asked to submit additional medical information on a periodic basis. This medical documentation will be at your expense. If you do not supply the requested information within 90 days from the date requested by Liberty Mutual, your disability benefits may be terminated. After reviewing your medical information, Liberty Mutual may ask you to take a physical examination to confirm continuing eligibility for LTD benefits. This examination (which may include an independent medical examination or functional capacity evaluation) will be given by a medical provider chosen by Liberty Mutual and at the Plan's expense.

Definition of total disability

The definition of total disability is based on the length of the disability.

- During the six-month waiting period and the first 12 months that benefits are payable, total disability is defined as your inability to perform the essential functions or duties of your regular occupation or a reasonable employment option offered to you by your employer due to a medical condition (accidental injury, sickness, or mental illness) as defined in the Definitions.
- After 18 months, total disability is defined as your inability to perform the essential functions of any gainful occupation (as defined in the Definitions) for which you are qualified, or could become qualified to do, based on your education, training and experience.

Exclusions

LTD benefits are not payable if total disability results from or is caused by:

- Intentionally self-inflicted injury
- Act of war, declared or undeclared
- Insurrection
- Illness or injury that occurs while you are on administrative leave or after your employment with a Progress Energy participating subsidiary ends
- Injury caused by or contributed to directly or indirectly by the individual being under the influence of alcohol or a controlled substance as defined by federal or state law unless administered on the advice of a physician
- Commission of or attempt to commit a felony

When benefits are payable

LTD benefits for covered disabilities are payable after you have been totally disabled for six months. Benefits are not payable for any period in which you engage in a gainful occupation, except for the first 24 months of rehabilitative employment.

If you are this age when you become disabled:	You may receive LTD benefits for a maximum period of:
61 or under	To age 65
62	3 ½ years
63	3 years
64	2 ½ years
65	2 years
66	1 ¾ years
67	1 ½ years
68	1 ¼ years
69 through 74	1 year
75 or over	6 months

LTD benefits are paid on a monthly basis at the end of each month following approval of LTD benefits.

Amount of your benefit

Generally, your LTD benefit is calculated on your base annual salary as of the day you qualify for LTD benefits. Your base annual salary includes pay supplements available solely to certified nuclear reactor trainers and operators but excludes commissions, bonuses, overtime and shift differential pay. LTD benefits are not based on the amount of any short-term disability benefit you may have been receiving.

LTD coverage provides you with a replacement income which, when combined with other sources of income, will equal the percentage of pay you elected. The monthly benefit will be reduced by the amounts payable from the following sources.

- Social Security disability benefits (primary or family) and any other disability benefits provided by a governmental agency
- Workers' Compensation
- Salary continuation from a Progress Energy participating subsidiary, including payment of earned but untaken vacation
- Settlements or payments recovered from third parties
- Rehabilitative earnings
- Progress Energy Pension Plan payments
- Social Security retirement benefits

Any income you receive from an individual disability insurance or income replacement policy will not affect your LTD benefit.

For purposes of calculating the reduction in your monthly LTD benefit, any of the above amounts paid in a lump sum or a lump sum equivalent, regardless of whether such amount is rolled over, shall be deemed to be paid on a monthly basis, as determined by the Plan Administrator.

Social Security

You may be eligible to receive Social Security disability benefits beginning with the sixth month of your disability. You must contact your local Social Security office as soon as you become disabled and file a claim for Social Security disability benefits. Also, you must pursue any Social Security appeal procedures that may be necessary if your claim is initially denied up to and including appeals through administrative judgment level or appeals counsel.

The Social Security Administration will reimburse you, contingent upon approval for Social Security disability benefits, up to a maximum reimbursement amount determined by the Social Security Administration for legal fees related to obtaining disability benefits when cases go to appeal.

Your LTD benefit will be reduced based on an estimated Social Security award or disability benefits. An adjustment will be made if there is no award or if the award differs from the amount estimated by the Plan or if you have not filed for Social Security disability benefits within twelve months of the date you were first approved for LTD benefits. Your LTD claim may be denied if you do not apply for and prudently pursue Social Security disability benefits.

If you are approved for LTD benefits and experience a delay in receiving approval for Social Security disability benefits, you may continue to receive the full amount of your LTD benefit while awaiting Social Security approval. To receive this payment, you must sign a reimbursement agreement stating that, if you are later approved for Social Security disability benefits (primary and/or family), you will reimburse the Plan in full for the total amount of the overpayment for the amount paid you for Social Security disability benefits (primary and/or family). You are expected to repay the Plan in full for the total amount of the overpayment as soon as you receive the Social Security payment. If you do not immediately reimburse the Plan for any overpayment, your future LTD benefits will be used to offset the total overpayment amount. If no future benefits remain, Progress Energy will contact you concerning an alternative method of repayment to the Plan. You may be responsible for any costs incurred by Progress Energy in the pursuit of recovering any overpayments.

Primary Social Security benefits are paid to you because of disability. Family Social Security benefits are paid to other members of your family, such as dependent children under age 18 or a spouse age 62 or older, because of your disability. At the time you apply for Social Security disability benefits, you should pursue family benefits if applicable.

If you receive family Social Security disability benefits, you will be eligible to receive up to an additional 10% of your base monthly salary in your LTD benefit. Your LTD benefits, less other income sources, may not exceed 70% of your base monthly salary... Your LTD benefit will be reduced by Family Social Security disability benefits as well as Primary Social Security disability benefits.

Social Security cost-of-living increases occurring after you start receiving LTD benefits will not reduce the amount of your LTD benefits from the Plan. However, your LTD benefits will be adjusted from the effective date of the change for the award or loss of family Social Security benefits that occur when a dependent qualifies for or no longer meets the Social Security eligibility requirements.

Right of Recovery

Progress Energy has the right to recover any overpayment of benefits caused by, but not limited to, the following:

- Fraud;
- Any error made by Liberty Mutual in processing a claim; or
- Your receipt of any other sources of income as described on page 7.

Progress Energy may recover an overpayment by, but not limited to, the following:

- Requesting a lump sum payment of the overpaid amount;
- Reducing any benefits payable under this Plan;
- Taking any appropriate collection activity available including any legal action needed; and
- Placing a lien, if not prohibited by law, in the amount of the overpayment on the proceeds of any other sources of income as described on page 7, whether on a periodic or lump sum basis.

It is required that full reimbursement of any overpayment be made to Progress Energy.

How LTD is calculated

The following example assumes the disabled employee had a base monthly salary of \$3,500 at the time of disability, and receives \$1,180 in primary Social Security benefits.

Base monthly salary	\$3,500
Times 60%	x .60
LTD benefits if no other income	\$2,100
Less Primary Social Security	(1,180)
LTD payment	\$ 920

In the next example, the employee had a base monthly salary of \$3,500, and receives \$1,180 in primary Social Security disability benefits. But, because of having dependent children under 18, the employee is also eligible for family Social Security disability benefits of \$590.

Base monthly salary	\$3,500
Times 70%	x .70
LTD benefits if eligible for Family Social Security	\$2,450
Less Primary Social Security	(1,180)
Less Family Social Security	(590)
LTD payment	\$ 680

Rehabilitative employment

The Plan provides encouragement for you to return to active employment with a participating subsidiary or another employer after being disabled. It does this by coordinating your LTD benefits with your rehabilitative pay if you return to work on a trial basis. In this case, your LTD benefits continue but are reduced by 60% of your rehabilitative earnings. Your income from all sources, including rehabilitative earnings, may not be greater than 90% of your base monthly salary at the time of disability. (Refer to the Definitions section for definitions of rehabilitative earnings and other income sources.) Your rehabilitative employment or training may continue for up to 24 months.

The following example assumes the employee is eligible for a monthly LTD benefit of \$2,100 and has \$900 per month in rehabilitative earnings. The LTD benefit will be coordinated with the rehabilitative pay as follows:

LTD payment	\$2,100
Less 60% of Rehab pay (60% x \$900)	(540)
Plus Rehab earnings	+ 900
Total income	\$2,460

Rehabilitation program participation

Your LTD benefits will stop on the date you refuse to participate in a rehabilitation program approved by a Liberty Mutual rehabilitation specialist and your treating doctor. An approved rehabilitation program is defined as the process of receiving medical, psychological, or vocational services intended to minimize the effects of your medical condition or impairment and restore you to a condition that allows you to perform the essential functions of your regular occupation or a reasonable employment option for which you are or could become qualified to do based on education, training, or experience.

Successive periods of disability

If you return to work and are disabled again due to a relapse of the same or related disability, you are entitled to begin receiving LTD benefits without a new waiting period if you have been at work on a full-time basis for less than three months. In this situation, a new proof of disability will be required. If you again become disabled more than three months after returning to work, a new proof of disability will be required. Also, a new waiting period will be required and your LTD benefits will resume when you have been disabled six months.

Taxation of benefits

If you receive LTD benefits, you should consult your personal tax advisor. LTD benefits are reported to the appropriate federal and state tax authorities. Benefit payments will be withheld for federal and state (if applicable) income tax purposes based on your federal withholding election.

Direct deposit of LTD benefits

Your disability benefit payment may be deposited directly into your checking or savings account following Liberty Mutual's receipt of the appropriate documents.

Continuation of other benefits

If you are a LTD Recipient, you will continue to be eligible for certain benefits described below (subject to the terms and conditions of the plans) as long as you remain an LTD recipient:

Life insurance

Your basic coverage will continue at no cost to you. Your optional employee life and dependent life insurance will continue if you pay any required premiums. If you are under age 60 when you become disabled, you may be eligible to continue your group life insurance without payment of any premium. See the Employee Life Insurance Plan summary plan description for details.

Accidental Death and Dismemberment (AD&D) coverage

Your basic coverage will continue at no cost to you. Your optional employee AD&D and dependent AD&D coverage will continue if you pay any required premiums. See the summary plan description for the Progress Energy Accidental Death & Dismemberment Insurance Plan for details.

Health care coverage

You may continue your coverage under the Progress Energy Medical Plan, Progress Energy Dental Plan, and Progress Energy Vision Plan. To keep this coverage in effect for you and your enrolled dependents, you must continue to make the required contributions. See the summary plan descriptions for the Progress Energy Medical Plan, Progress Energy Dental Plan, and Progress Energy Vision Plan for details.

Progress Energy 401(k) Savings & Stock Ownership Plan

Both your and your employer's contributions to the Progress Energy 401(k) Savings & Stock Ownership Plan are discontinued. You may be eligible to receive a distribution because of a disability. Please review the summary plan description for the Progress Energy 401(k) Savings and Stock Ownership Plan for information about distribution alternatives.

Progress Energy Pension Plan

You will continue to accrue pay related credits, transition credits, if applicable, and interest credits under the Progress Energy Pension Plan. Your pay credits and transition credits (if any) will be calculated using your last regular monthly base salary rate.

A Plan participant or his or her authorized representative has a right to file a claim for benefits under the Plan, ask if he or she has a right to any benefits under the Plan, or appeal the denial of a claim for benefits under the Plan. For purposes of the Plan's claims procedure, the term "you" shall include any participant making a claim, inquiry or appeal, and the authorized representative of such person.

Denial of claims

If you file a claim for a benefit under the Plan and it is wholly or partially denied, Liberty Mutual will notify you of its decision in writing. The notification will be written in a manner calculated to be understood by you and will contain certain information, including: (i) specific reasons for denial; (ii) specific reference to pertinent Plan provisions; (iii) a description of any additional information necessary for you to perfect such claim and an explanation of why such information is necessary; (iv) a description of the Plan's review procedures and the time limits applicable to such procedures including a statement of your right to bring a civil action under Section 502(a) of ERISA; and (v) a copy of any internal rule, guideline, protocol or other similar criteria relied on in making the decision (or a statement that it will be provided without charge upon request).

The notification regarding your claim will be given within a reasonable period of time but not later than 45 days after the claim is received. This 45-day period may be extended, up to two times, for an additional 30 days (to a maximum of 105 days) if circumstances beyond the control of the Plan require an extension of time for processing the claim. In that situation, you will be given written notice of the extension, an explanation of the circumstances requiring extension, and the expected date of the decision within the initial 45-day period or the first 30-day extension, as applicable. The notice of extension will also explain the standards on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues. If additional information is needed, you will be given at least 45 days within which to provide the specified information. During the time that a request for information from you is outstanding, the running of the time period within which Liberty Mutual must decide your claim is stopped.

Submitting an appeal

If your claim has been denied in whole or in part, you may request that your claim be reviewed. To have a denied claim reviewed, you must send a written request for a review to Liberty Mutual at Group Disability, 13830 Ballantyne Corporate Place, Suite 400, Mailstop 04B, Charlotte, NC 28217 within 180 days of the date you receive the claim denial notice. If you do not appeal your claim within this time period, you will lose your right to appeal the denial of your claim. You will also lose your right to file suit in court, as you will have failed to exhaust your administrative appeal rights, which is generally a prerequisite to filing a lawsuit. In connection with an appeal, you have the right to review pertinent documents, records, and other information relevant to your claim and to submit written comments, documents, records, and other information relevant to the appeal of your claim for benefits. Copies of all information relevant to your claim will be provided free of charge upon request.

Liberty Mutual will consider all comments, documents, records and other information submitted relating to your claim, without regard to whether such information was submitted or considered in the initial benefit determination. The review on appeal will not give any deference to the initial determination. If the initial decision was based, in whole or in part, on a medical judgment, Liberty Mutual will consult with a health care professional with appropriate training and experience in the field of medicine involved in the medical judgment. The health care professional consulted by Liberty Mutual may not have been consulted with respect to the initial decision or be a subordinate of such person.

If your appeal is denied in whole or part, Liberty Mutual will notify you of its decision in writing. The notification will be written in a manner calculated to be understood by you and will include certain information, including: (i) specific reasons for denial; (ii) specific reference to pertinent Plan provisions; (iii) a statement of your right to receive, upon request and free of charge, reasonable access to and copies of all documents, records and other information relevant to your claim; (iv) a statement of your right to bring an action under Section 502(a) of ERISA; and (v) a copy of any internal rule, guideline, protocol or other similar criteria relied on in making the decision (or a statement that it will be provided without charge upon request), and (vi) a statement describing any voluntary alternative dispute resolution options that may be available to you. In addition, the identity of any medical or vocational expert consulted in connection with your appeal will be provided.

The decision on review will be made within 45 days after the request for review is received by Liberty Mutual (or within 90 days, if special circumstances require an extension of time for processing the request, such as an election by Liberty Mutual to hold a hearing). Written notice of such extension and circumstances will be given to you within the initial 45-day period. During the time that a request for information from you is outstanding, the running of the time period within which Liberty Mutual must decide your appeal is stopped.

If Liberty Mutual fails to follow the procedures outlined above consistent with the requirements of ERISA with respect to your claim, you will be deemed to have exhausted all administrative remedies under the Plan and will have the right to bring a civil action under section 502(a) of ERISA.

The Plan Administrator and Liberty Mutual have the exclusive discretionary authority to construe and to interpret the Plan, to decide all questions of eligibility for benefits and to determine the amount of such benefits, and their decisions on such matters are final and conclusive. Any interpretation or determination made pursuant to such discretionary authority shall be upheld on judicial review, unless it is shown that the interpretation or determination was an abuse of discretion (i.e., arbitrary and capricious). Benefits under the Plan will be paid only if the Plan Administrator or Liberty Mutual decides in its discretion that you are entitled to them.

Lump-sum settlements

If you are a LTD Recipient who is covered under the fully-insured LTD Plan administered by MetLife and you accept a lump-sum long-term disability benefit settlement from MetLife, you will be required to sign a release form that closes your LTD claim and ends their liability to you.

If you are a LTD Recipient who is covered under the LTD Plan administered by MetLife, (as described above) and you receive information regarding a lump-sum settlement, **you should contact the Employee Service Center (1-800-546-5705) before you sign any documents or make a decision regarding the settlement.**

In order to elect a lump-sum settlement, you must voluntarily terminate your employment or, if eligible as stated in the Termination of Employment section, retire, in which case your employee status will be reclassified from LTD Recipient to terminated employee or retiree. Your eligibility to continue coverage under any of the Progress Energy, Inc.-sponsored employee benefit plans as a LTD Recipient will also be terminated unless you meet the Welfare Benefits Age and Service Requirements as a retiree.

When coverage ends

Coverage under the Plan will end if you terminate employment for any reason except retirement. Coverage under the Plan will also terminate if you transfer to a non-participating employer or transfer to a participating employer who terminates its participating subsidiary status or leaves the controlled group of companies.

If your employment status changes from an employee of a participating subsidiary to a Progress Energy Florida, Inc. bargaining unit employee, your coverage will terminate under the Choice Benefits program. *(Progress Energy Florida, Inc. bargaining unit employees are eligible for benefits under the FlexPower program.)*

If the Plan should be terminated, coverage ends on the date of such termination.

There are no provisions for converting to an individual policy after long-term disability coverage ends.

Termination of employment

If you are eligible and elect to retire, you may be able to continue to receive LTD benefits as long as you remain eligible under the terms of the Plan. Note however that the LTD payment would be offset by your monthly annuity pension payment. For those retirees who elect a lump sum payment under the pension plan, the LTD benefit would be offset by the monthly actuarial equivalent of that amount.

While you are receiving LTD benefits, you may elect to terminate your employment (instead of continuing your employment as a disabled employee on long-term disability). If you elect to terminate your employment, any other Progress Energy, Inc.-sponsored benefits you are receiving will terminate unless you meet the applicable eligibility requirements for continued coverage as a retired employee or the summary plan description for that type of benefit provides otherwise. The requirements for retiree coverage for certain Progress Energy, Inc.-sponsored benefits are discussed in each of the summary plan descriptions for the applicable Progress Energy, Inc.-sponsored benefit plans. If you terminate your employment, you will continue to receive your LTD benefits (subject to the other terms and conditions of this Plan), and these benefits will be offset by the payments described above, including any payments that you receive under the Progress Energy Pension Plan.

If you are a LTD Recipient and you are considering terminating your employment, you are encouraged to seek the advice of your tax advisor or accountant before making your decision.

Plan Identification

The official name of the Plan is the Progress Energy Long-Term Disability 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's address is:

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

Costs and funding

Benefits and operating expenses under the Progress Energy Long-Term Disability Plan are funded through contributions from participating subsidiaries of Progress Energy, Inc.

Benefits under the Long-Term Disability Plan are provided through arrangements with Liberty Mutual.

Administration

The Progress Energy Long-Term Disability 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 overall responsibility for the operation of the Plan and controls the administration of the Plan. The Plan Administrator (and Liberty Mutual as described in the Claim and Appeal Procedures) have the exclusive right in their 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 to the extent such decisions are not inconsistent with the terms of the Plan. Notwithstanding the Plan Administrator's discretionary authority to construe and interpret the Plan, only the Plan Sponsor has the authority to amend and/or terminate the Plan.

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.

Benefits Administrator

The Benefits Administrator is:

Liberty Mutual
13830 Ballantyne Corporate Place
Suite 400
Mailstop 04B
Charlotte, NC 28217

Participating subsidiaries

Regular, full-time 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. (non-bargaining employees)
Progress Energy Service Company, LLC

Agent for service of legal process

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 and benefits

As a participant in the Progress Energy Long-Term Disability 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, 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.

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

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have the 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. Under ERISA, there are steps that you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report 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 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 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 Inquiries, 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.

Annual base salary - Employee's annual base pay which includes reactor operator (RO) and senior reactor operator (SRO) pay but excludes commissions, bonuses, overtime, and shift differential pay.

Benefit - The payment to or on behalf of a participant under the terms of the Plan.

Benefits Administrator - The company that administers the Plan.

Disability - During the six-month waiting period and the first 12 months that benefits are payable, total disability is defined as your inability to perform the essential functions or duties of your regular occupation or a reasonable employment option offered to you by your employer due to a medical condition (accidental injury, sickness, or mental illness) as defined in the Definitions. After 18 months, total disability is defined as your inability to perform the essential functions of any gainful occupation (as defined in the Definitions) for which you are qualified, or could become qualified to do, based on your education, training and experience.

Essential functions - Functions that are normally required for the performance of an occupation and which can not be reasonably omitted or modified.

Gainful occupation - An occupation that a long-term disability recipient may be able to perform based on his or her training, education, and experience in which the monthly earnings are equal to or greater than 60% of pre-disability monthly income.

Immediate family – For purposes of this Plan, immediate family members include wife, husband, domestic partner, child, stepchild, mother, father, stepmother, stepfather, sister, brother, grandmother, grandfather, grandchild, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, or any other relative who resides in the employee's household. These relationships also pertain to domestic partners and their children.

Leaves of absence - Approved absences as permitted in the Employee Handbook (exceeding 31 calendar days). Long-term disability coverage will continue for the duration of the absence if the leave is for newborn care, adoption/foster care, military, or any other absence that qualifies under the Family and Medical Leave Act (FMLA). If the employee is on an administrative leave, LTD benefits are payable for causes that arise during active employment. LTD benefits are not payable if disability is the result of or is caused by an illness or injury that occurs while the employee is on administrative leave or after employment ends with a participating Progress Energy subsidiary.

LTD recipient - A regular, full-time non-bargaining employee whose employment status is reclassified to long-term disability and who is eligible to receive benefits under his or her employer-sponsored long-term disability plan.

Medical condition - A sickness or injury that results in an employee's inability to perform the essential functions or duties of his or her occupation due to an accidental injury, sickness or mental illness.

Mental illness - A psychiatric or psychological condition regardless of cause such as schizophrenia, depression, manic depressive or bipolar disorders, anxiety, personality disorders, and/or adjustment disorders or other related conditions.

Other income sources - Income from other sources that is combined with an employee's LTD replacement income to determine the monthly LTD benefit payable to the employee.

Physical examination - An examination required to confirm continuing eligibility for LTD benefits. Exam may include an independent medical exam (IME) or functional capacity exam (FCE).

Plan year - The calendar year.

Provider - A person or facility that provides health care and services in accordance with applicable state laws and licensing procedures and possesses the necessary training and qualifications according to generally accepted medical standards to evaluate and treat your condition.

Reasonable employment option - An employment position with a participating subsidiary of Progress Energy, Inc. that enables an LTD recipient to perform the essential functions of the position based on his or her education, training, and experience.

Rehabilitative earnings - Earnings received from any employer during the time a LTD recipient returns to work on a trial basis.

Rehabilitative employment - A period of time that allows a LTD recipient to return to work on a trial basis. LTD benefits continue but are reduced by 60% of rehabilitative earnings. The income, including rehabilitative earnings, may not be greater than 90% of the LTD recipient's monthly base salary at the time of disability. Rehabilitative employment or training may continue for up to 24 months.

Rehabilitation program - A program designed to provide approved medical, psychological, or vocational services intended to restore an employee to a condition that allows the employee to perform the essential functions of his or her regular occupation or any other occupation the employee may become qualified to do based on education, training and experience. The rehabilitation program must be approved by a Liberty Mutual rehabilitation specialist and the employee's treating physician.

Regular and appropriate care -

- You personally are visiting a physician as often as is medically required, according to generally accepted medical standards and consistent with the stated severity of your medical condition, to effectively manage and treat your medical condition.
- You are receiving care that conforms to generally accepted medical standards for treating your sickness or injury.
- You are receiving care that is consistent with the stated severity of your medical condition and is rendered by a physician or health care provider whose specialty or experience is appropriate for your disability according to generally accepted medical standards.
- You are receiving or actively seeking appropriate physical or psychological rehabilitative services.

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

Regular occupation - The occupation or activity regularly performed by an LTD recipient immediately prior to an injury or the start of a sickness for which the recipient is receiving benefits under the Long-Term Disability Plan. This occupation must also provide the LTD recipient's source of income from a participating employer of Progress Energy, Inc. A regular occupation is not limited to a specific position held with the participating employer, but could be a similar activity that could be performed for the participating employer or another employer based on job descriptions provided by the employer.

Replacement income - LTD benefit is calculated on base annual salary as of the day the employee qualifies for LTD benefits. LTD benefits are not based on the amount of any short-term disability benefit the employee may have been receiving. LTD coverage provides a replacement income which, when combined with other sources of income, will equal the percentage of pay elected.