



# Safe Harbor for Forward-Looking Statements

## *Caution Regarding Forward-Looking Information:*

*This presentation contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The matters discussed in this document involve estimates, projections, goals, forecasts, assumptions, risks and uncertainties that could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.*

*Examples of factors that you should consider with respect to any forward-looking statements made throughout this document include, but are not limited to, the following: the impact of fluid and complex laws and regulations, including those relating to the environment and energy policy; our ability to recover eligible costs and earn an adequate return on investment through the regulatory process; the ability to successfully operate electric generating facilities and deliver electricity to customers; the impact on our facilities and businesses from a terrorist attack; the ability to meet the anticipated future need for additional baseload generation and associated transmission facilities in our regulated service territories and the accompanying regulatory and financial risks; our ability to meet current and future renewable energy requirements; the inherent risks associated with the operation and potential construction of nuclear facilities, including environmental, health, safety, regulatory and financial risks; the financial resources and capital needed to comply with environmental laws and regulations; risks associated with climate change; weather and drought conditions that directly influence the production, delivery and demand for electricity; recurring seasonal fluctuations in demand for electricity; the ability to recover in a timely manner, if at all, costs associated with future significant weather events through the regulatory process; fluctuations in the price of energy commodities and purchased power and our ability to recover such costs through the regulatory process; our ability to control costs, including operations and maintenance expense (O&M) and large construction projects; the ability of our subsidiaries to pay upstream dividends or distributions to Progress Energy; current economic conditions; the ability to successfully access capital markets on favorable terms; the stability of commercial credit markets and our access to short- and long-term credit; the impact that increases in leverage or reductions in cash flow may have on us; our ability to maintain our current credit ratings and the impacts in the event our credit ratings are downgraded; the investment performance of our nuclear decommissioning trust (NDT) funds; the investment performance of the assets of our pension and benefit plans and resulting impact on future funding requirements; the impact of potential goodwill impairments; our ability to fully utilize tax credits generated from the previous production and sale of qualifying synthetic fuels under Internal Revenue Code Section 29/45K; and the outcome of any ongoing or future litigation or similar disputes and the impact of any such outcome or related settlements. Many of these risks similarly impact our nonreporting subsidiaries. These and other risk factors are detailed from time to time in our filings with the SEC. All such factors are difficult to predict, contain uncertainties that may materially affect actual results and may be beyond our control. New factors emerge from time to time, and it is not possible for management to predict all such factors, nor can management assess the effect of each such factor on us.*

*Any forward-looking statement is based on information current as of the date of this presentation and speaks only as of the date on which such statement is made, and we undertake no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made.*

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## Major Discussion Topics

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- Executive summary
- Company overview
- Balanced solution strategy
- Financial update

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## Executive Summary

## Progress Energy Value Drivers

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- System modernization strategy
  - Constructive approach to environmental compliance
  - Significant upgrade in capabilities of the grid
  - Substantial rate base growth opportunity
  - Stimulates economic development in regions
- Future growth prospects
  - Attractive service territory
  - Economic recovery translates into top-line growth
  - Long-term contractual wholesale growth in Carolinas
- Financial flexibility
  - Strong liquidity position
  - Limited near-term refinancing risk
- Attractive, sustainable dividend

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## Our Dual Approach to 2010

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### Manage the present

- Excel in operating our system, serving customers and managing projects
- Achieve EPS target by effectively managing expenses, deploying capital and enhancing margin
- Take appropriate steps to address FPSC rate decision
- Successfully complete Crystal River 3 outage

### Create the future

- Take next steps in building our Balanced Solution portfolio to meet customer needs and public policies while achieving our financial objectives
- Foster a more constructive Florida regulatory climate
- Achieve sustainable internal efficiency improvements of 3-5% each year
- Ensure financial strength and flexibility

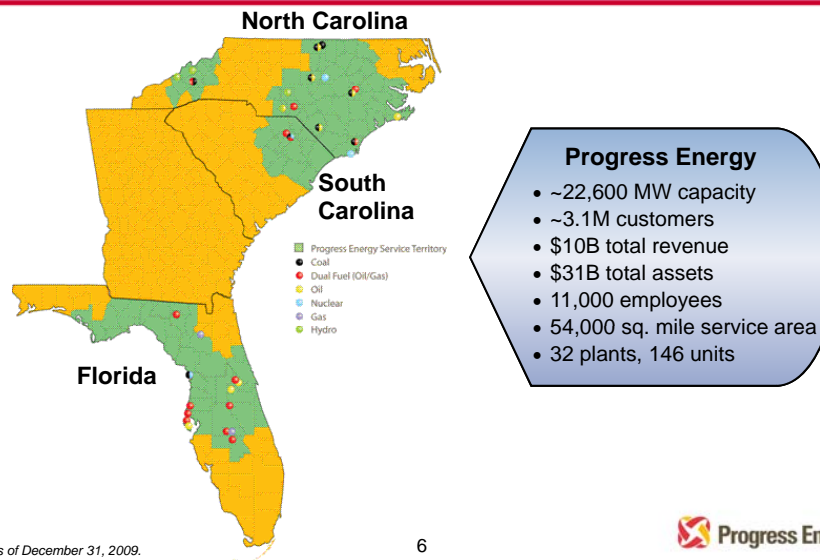
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## Company Overview

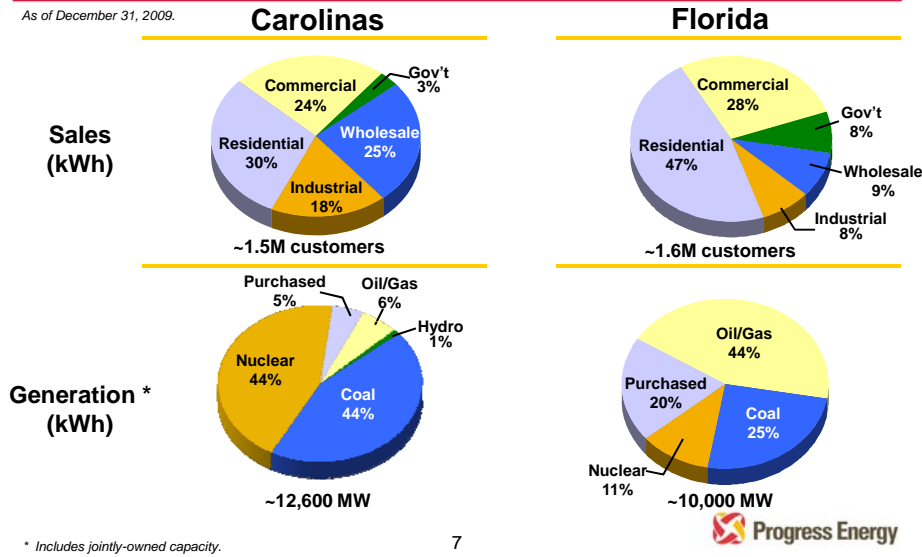


## Two Well-Positioned Electric Utilities



# Diverse Customer and Generation Mix

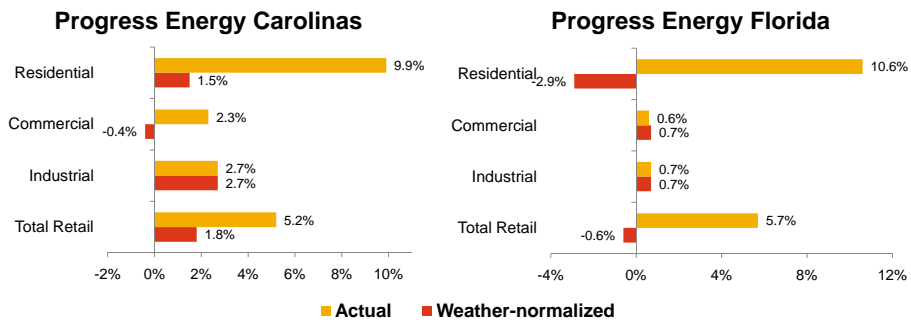
As of December 31, 2009.



\* Includes jointly-owned capacity.

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# YTD-2010 Retail Sales



YTD-2010 Carolinas Retail Sales

Growth & Usage: **+1.8%**

Weather: **+3.4%**

Total Retail Sales: **+5.2%**

2010 Total Retail Sales Forecast: **+0.6%**

YTD-2010 Florida Retail Sales

Growth & Usage: **(0.6%)**

Weather: **+6.3%**

Total Retail Sales: **+5.7%**

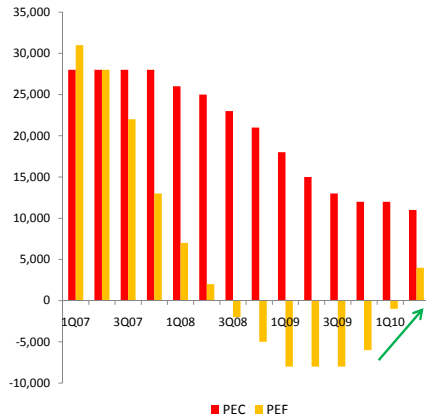
2010 Total Retail Sales Forecast: **(2.2%)**

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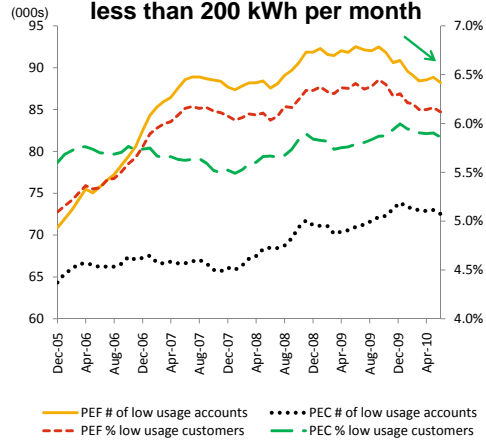
# Customer Growth & Usage

### Average Customer Growth \*

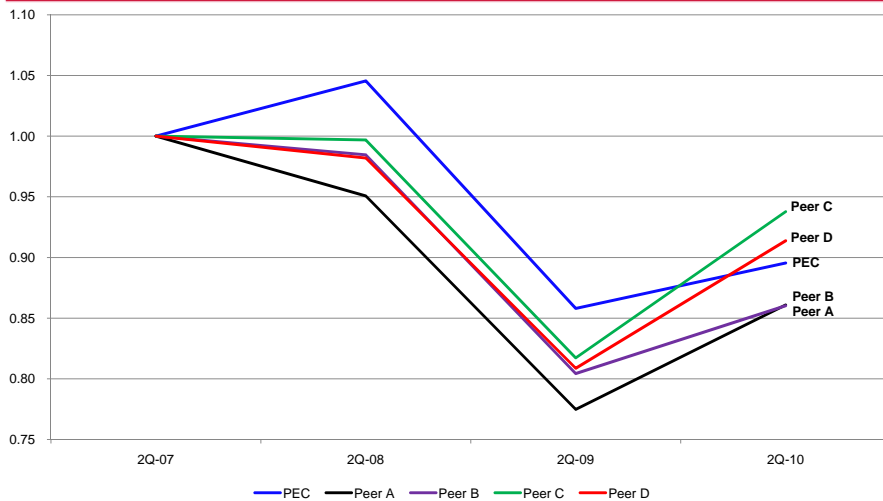


\* Approximate average net increase in number of customers for respective three-month periods compared to prior year.

### Residential Customers using less than 200 kWh per month



# Southeast Industrial Sales Trend



# Florida Rate Settlement

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## Key Provisions

- Retail base rate freeze through 2012
- Discretion to reduce depreciation expense
- Flexibility to accelerate certain regulatory assets
- Allowed ROE range of 9.5% - 11.5% ROE
- Rate freeze does not apply to cost-recovery clauses
- Ensures timely storm damage cost-recovery for named storms

## Strategic Rationale

- Provides regulatory certainty without impacting retail rates
- Allows time for improvement in economy
- Substantially mitigates depreciation reserve issues in future rate cases
- Elimination of depreciation reserve increases rate base

Note: Stipulation and Settlement Agreement filed with FPSC on May 10, 2010 and approved on June 1, 2010.



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**Balanced Solution  
Strategy**





## Executing the Balanced Solution

ENERGY EFFICIENCY	ALTERNATIVE ENERGY	STATE-OF-THE-ART POWER SYSTEM
Customer energy-saving programs	Solar energy	Smart Grid
Incentives for efficiency improvements	Biomass	Fleet modernization
Education and outreach	Emerging technologies	Advanced environmental controls
	Plug-in electric vehicles	New and expanded nuclear
<b>OPERATIONAL EXCELLENCE</b>		

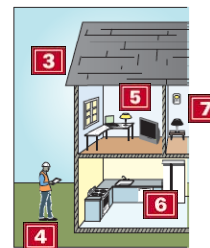
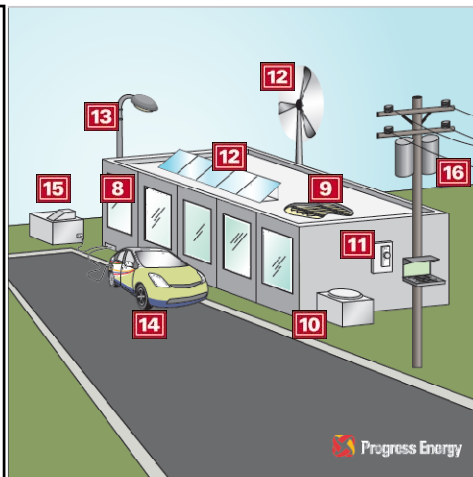


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## Energy Efficiency and Smart Grid

- 1) Progress Energy facilities
- 2) Progress Energy fleet
- 3) Residential building envelope
- 4) Home Energy audits
- 5) Compact fluorescent bulbs
- 6) Energy efficient appliances
- 7) Smart thermostats
  - Smart pricing
- 8) Commercial building envelope
- 9) Fluorescent lighting
- 10) Heating & cooling
- 11) Smart metering
- 12) Distributed renewable energy
- 13) Efficient outdoor lighting
- 14) Plug-in hybrids
- 15) Distributed generation
- 16) Intelligent grid
  - Dynamic pricing
  - Emerging technologies



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## Alternative Energy

### Biomass contracts

- Florida
  - Existing – 173 MW
  - Development – 280 MW
- Carolinas
  - Existing – 29 MW
  - Development – 50 MW



### Solar energy strategy

- 10 MW of solar PV contracts
- SunSense retail rooftop plan
  - Incentives for customers
  - 100-MW target over next decade



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## Advanced Vehicle Technologies: A Leader in Electric Vehicles

- Cleaner and cheaper to operate
- Less dependence on foreign oil



- Partnerships with auto-makers and universities to create PHEV infrastructure
- Member of multi-utility trial of V2 Green communications technology



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# Carolinas Coal-to-Gas Fleet Modernization



## Lee Repowering

- Replacing 397 MW coal-fired Lee Plant with 950 MW CCGT
- Received CPCN\* from NCUC in Oct. 2009
- Announced agreement with Piedmont Natural Gas for gas supply
- Expected in-service in January 2013
- Estimated capex ~\$800M, net of AFUDC



## Sutton Repowering

- Replacing 600 MW coal-fired plant with 620 MW CCGT
- CPCN\* is expected in June 2010
- Announced agreement with Piedmont Natural Gas for gas supply
- Expected in-service in January 2014
- Estimated capex ~\$500M, net of AFUDC

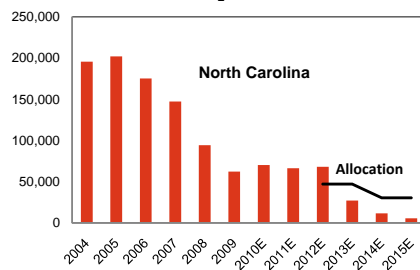
\* CPCN – Certificate of public convenience and necessity.



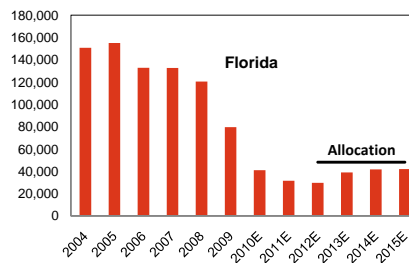
# Well-Positioned for EPA's Proposed Transport Rule

- Installed scrubbers and SCRs on largest coal-fired units
- Completed Bartow Plant oil-to-gas repowering in Florida
- Initiated coal-to-gas repowering in North Carolina
- Potential investment opportunities remain in Florida and South Carolina

Transport Rule SO<sub>2</sub> Emissions (Tons)



Transport Rule SO<sub>2</sub> Emissions (Tons)



Note: Based on EPA's preferred option for SO<sub>2</sub> allowance allocations. Projected emissions based on most recent internal forecasts.



## Levy Nuclear Update



- Defer major construction on Levy project in Florida until licensing is complete
  - Reduces near-term price impact on customers
  - Allows time for economic recovery and greater clarity on federal and state policies
- Assess project and determine schedule after COL is received, which is expected in late 2012

**New nuclear plants are increasingly important to reduce emissions, support growing population/economy and strengthen energy security.**

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## Crystal River Unit 3 Nuclear Outage

*As of June 30, 2010.*

- Containment delamination
  - Completed root cause analysis
  - Repair process well under way
  - Targeting return to service during 4Q-10
- Repair costs
  - Spent to date      \$ 79M
  - Less:                    (\$ 15M) NEIL proceeds YTD
  - Net costs            \$ 64M
- Replacement power costs
  - Spent to date      \$166M
  - Less:                    (\$ 27M) NEIL proceeds YTD
  - Net costs            \$139M



**Crystal River Unit 3 Nuclear Power Plant**

- Citrus County, FL
- 860-MW single unit
- B&W pressurized water reactor
- Operator: PEF (91.78% ownership)

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

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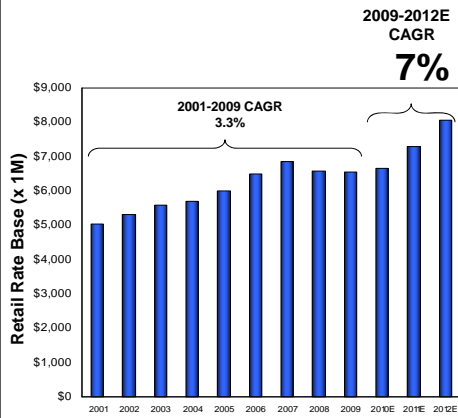


# Financial Update

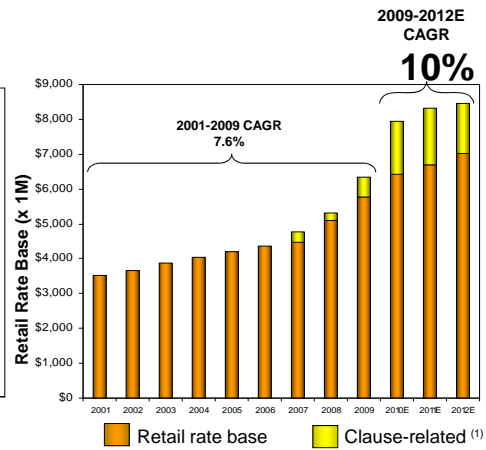


## Attractive Rate Base Growth

### Progress Energy Carolinas



### Progress Energy Florida



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



## Major Capital Projects on Target

(\$ in millions)	Total Project CapEx	Cumulative Spent through 6/30/10	Expected Completion Date	Recovery Methodology
<b>Carolinas</b>				
Clean Smokestacks	\$ 1,100M	\$ 1,050M	2013	Amortized \$584M; balance in rate base
Richmond County CCGT (incl transmission)	600M	400M	June 2011	Rate Base
SGIG Program*	205M	55M	Spring 2013	DSM/EE rider
Lee CCGT (incl transmission)	-800M	100M	Jan 2013	Rate Base
Sutton CCGT (incl transmission)	-600M	50M	Jan 2014	Rate Base
<b>Florida</b>				
Environmental	\$ 1,130M	\$ 1,125M	May 2010	Environmental Cost Recovery Clause
CR3 steam generator replacement	TBD	350M	4Q - 2010	Rate Base
CR3 nuclear uprate	450M	230M	Spring 2012	Nuclear Cost Recovery legislation
SGIG Program*	115M	2M	Spring 2013	Energy Conservation Cost Recovery **

Note: Total project capital expenditures based on current estimates and exclude AFUDC.  
 \* Smart Grid Investment Grant capital excludes requested \$200M of matching stimulus funds.  
 \*\* Pending expected filing/approval.



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## Projected Capital Expenditures (1)

(\$ in millions)	2008A	2009A	2010E	2011E	2012E
<b>Maintenance Capex</b>					
Generation	\$298	\$463	\$510	\$440	\$430
PEC Environmental	114	37	20	40	50
Transmission	211	237	240	250	280
Distribution	94	121	150	140	150
Other	74	87	50	60	50
<b>Total Maintenance Capex</b>	<b>791</b>	<b>945</b>	<b>970</b>	<b>930</b>	<b>960</b>
<b>Growth Capex</b>					
Generation	373	428	660	720	400
PEF Environmental	564	301	110	0	0
Transmission	108	66	110	130	110
Distribution	268	218	280	300	300
<b>Total Growth Capex</b>	<b>1,313</b>	<b>1,013</b>	<b>1,160</b>	<b>1,150</b>	<b>810</b>
Corporate/other	22	7	30	30	30
<b>Total Capital before Potential New Nuclear</b>	<b>2,126</b>	<b>1,965</b>	<b>2,160</b>	<b>2,110</b>	<b>1,800</b>
Potential nuclear construction	168	291	100 - 150	60 - 70	60 - 70
<b>Total Capital Spending</b>	<b>\$2,294</b>	<b>\$2,256</b>	<b>\$2,260-2,310</b>	<b>\$2,170-2,180</b>	<b>\$1,860-1,870</b>
<b>Total PEC (excluding new nuclear)</b>	<b>736</b>	<b>822</b>	<b>1,330</b>	<b>1,350</b>	<b>1,170</b>
<b>Total PEF (excluding new nuclear)</b>	<b>1,368</b>	<b>1,136</b>	<b>800</b>	<b>730</b>	<b>600</b>

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



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## Projected Cash Flow

(\$ in millions)	2009A	2010E
<b>Operating cash flow</b>	<b>\$2,271</b>	<b>\$2,440</b>
Nuclear fuel and decommissioning trust	(250)	(280)
Maintenance & corporate/other capex	(952)	(1,000)
AFUDC debt	(39)	(30)
Common dividends	(693)	(710)
<b>Free cash flow before growth capex</b>	<b>337</b>	<b>420</b>
Growth capex	(1,013)	(1,160)
Potential nuclear construction <sup>(1)</sup>	(291)	(125)
<b>Free cash flow</b>	<b>\$(967)</b>	<b>\$(865)</b>

1) 2010 potential nuclear construction is midpoint of range

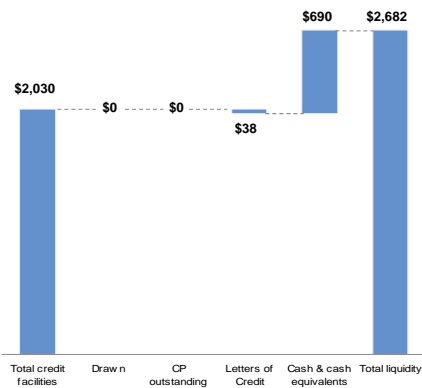
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## Strong Liquidity Position with Minimal Near-Term Refinancing Risk

Strong liquidity position (as of June 30, 2010)

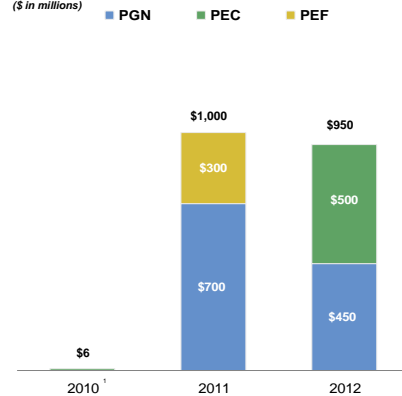
(\$ in millions)



Credit facility	Amount	Expiration
PGN	\$1,130	May 2012
PEC	\$450	June 2011
PEF	\$450	March 2011

Manageable near-term debt maturities

(\$ in millions)



<sup>1</sup> PGN retired upon maturity \$100M Floating Rate Notes due January 15, 2010.  
PEF retired upon maturity \$300M First Mortgage Bonds due June 1, 2010.

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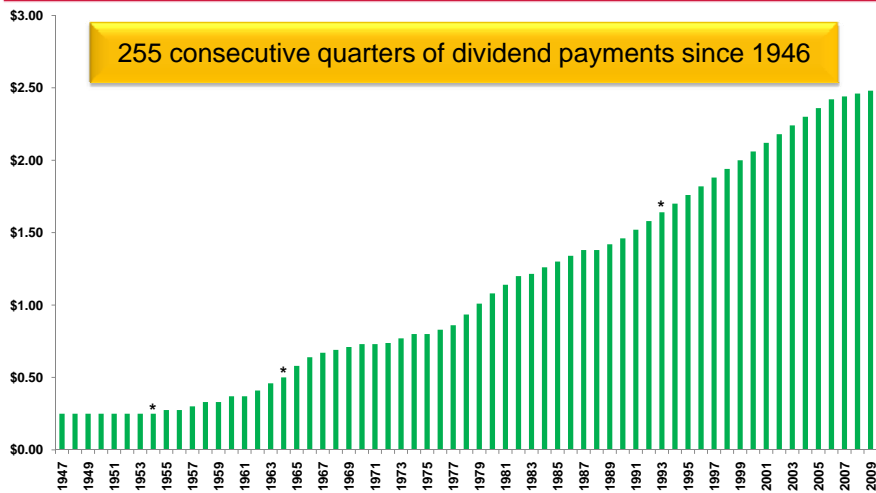
## 2010 Financing Plan

- Progress Energy, Inc.
  - Equity issuance of up to \$500M through Investor Plus Plan
    - Issued \$405M through June 30, 2010
  - ✓• Retired upon maturity \$100M Floating Rate Notes due January 15, 2010
    - Refinance remaining portion of March 1, 2011 \$700M maturity
- Progress Energy Carolinas
  - Potential long-term debt issuance of approximately \$400M
- Progress Energy Florida
  - ✓• Issued \$600M First Mortgage Bonds on March 25, 2010
    - \$250M 10-year @ 4.55%
    - \$350M 30-year @ 5.65%
  - ✓• Retired upon maturity \$300M First Mortgage Bonds due June 1, 2010

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## Attractive, Sustainable Dividend



\* Split-adjusted for 2-for-1 stock splits in 1954, 1964 and 1993.

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## Progress Energy Value Drivers

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- System modernization strategy
- Future growth prospects
- Financial flexibility
- Attractive, sustainable dividend

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## A Balanced Solution for the Future

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**LOOKING  
AT POWER  
IN A  
NEW LIGHT.**

**A BALANCED SOLUTION  
FOR THE FUTURE.**

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ENERGY EFFICIENCY

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ALTERNATIVE ENERGY

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STATE-OF-THE-ART POWER SYSTEM

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# Appendix



## Credit Ratings

As of June 30, 2010.

<b>Progress Energy</b>	<b>Moody's <sup>(1)</sup></b>	<b>S&amp;P <sup>(2)</sup></b>	<b>Fitch <sup>(3)</sup></b>
Outlook	Stable	Negative	Stable
Corporate Credit Rating	--	BBB+	BBB
Senior Unsecured Debt	Baa2	BBB	BBB
Commercial Paper	P-2	A-2	F2
<b>Progress Energy Carolinas</b>			
Outlook	Stable	Negative	Stable
Corporate Credit Rating	A3	BBB+	A-
Commercial Paper	P-2	A-2	F1
Senior Secured Debt	A1	A-	A+
Senior Unsecured Debt	A3	BBB+	A
Preferred Stock	Baa2	BBB-	BBB+
<b>Progress Energy Florida</b>			
Outlook	Stable	Negative	Stable
Corporate Credit Rating	Baa1	BBB+	BBB+
Commercial Paper	P-2	A-2	F2
Senior Secured Debt	A2	A-	A
Senior Unsecured Debt	Baa1	BBB+	A-
Preferred Stock	Baa3	BBB-	BBB

(1) On April 9, 2010, Moody's downgraded the long-term ratings of PEF with a stable outlook and affirmed all ratings of PGN and PEC and the short-term ratings of PEF with stable outlooks.

(2) On March 11, 2010, S&P removed PGN and its subsidiaries from CreditWatch Negative, affirmed all ratings and changed the outlook for each entity to negative.

(3) On April 29, 2010, Fitch downgraded the long- and short-term ratings of PEF with a stable outlook and affirmed all ratings of PGN and PEC with stable outlooks.



## NC Recovery Clauses

Clause	Eligible Costs	Timeframe	Recovery
Fuel	<ul style="list-style-type: none"> <li>• Fuel</li> <li>• Fuel transportation</li> <li>• Reagent expense</li> <li>• Purchased power                             <ul style="list-style-type: none"> <li>- Fuel</li> <li>- Non-fuel energy</li> <li>- Transmission</li> <li>- Dispatchable cogen capacity</li> <li>- Renewable avoided cost</li> </ul> </li> </ul>	Annual filing	\$ for \$
Renewable energy portfolio standard (REPS)	<ul style="list-style-type: none"> <li>• Premium for renewable energy PPAs</li> </ul>	Annual filing	\$ for \$
DSM / Energy Efficiency	<ul style="list-style-type: none"> <li>• All program and measure costs, plus a potential return</li> <li>• Net lost revenues for 3 years</li> <li>• Performance incentives</li> </ul>	Annual filing	\$ for \$ (O&M), Return on/of capital

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## SC Recovery Clauses

Clause	Eligible Costs	Timeframe	Recovery
Fuel	<ul style="list-style-type: none"> <li>• Fuel</li> <li>• Fuel transportation</li> <li>• Reagent expense</li> <li>• Emission allowances</li> <li>• Purchased power                             <ul style="list-style-type: none"> <li>- Fuel</li> <li>- Non-fuel energy</li> </ul> </li> </ul>	Annual filing	\$ for \$
New Nuclear Construction	<ul style="list-style-type: none"> <li>• Financing costs for:                             <ul style="list-style-type: none"> <li>- Pre-construction</li> <li>- Construction capital</li> </ul> </li> </ul>	No more often than annually	Return on capital during construction period
DSM / Energy Efficiency	<ul style="list-style-type: none"> <li>• All program and measure costs, plus a potential return</li> <li>• Net lost revenues for 3 years</li> <li>• Performance incentives</li> </ul>	Annual filing	\$ for \$ (O&M), Return on/of capital

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## FL Recovery Clauses

Clause	Eligible Costs	Timeframe	Recovery
Fuel	<ul style="list-style-type: none"> <li>• Fuel</li> <li>• Fuel transportation</li> <li>• Purchased power                             <ul style="list-style-type: none"> <li>- Fuel</li> <li>- Transmission</li> </ul> </li> </ul>	Annual filing	\$ for \$
Capacity (CCRC)	<ul style="list-style-type: none"> <li>• Capacity portion of purchased power</li> <li>• Post 9/11 security costs</li> </ul>	Annual filing	\$ for \$
Nuclear Capacity	<ul style="list-style-type: none"> <li>• Planning and construction costs of a nuclear power plant</li> </ul>	Annual filing	<ul style="list-style-type: none"> <li>• \$ for \$ for pre-construction</li> <li>• Return on construction capital</li> <li>• Return of/on capital in-service</li> </ul>
Environmental (ECRC)	<ul style="list-style-type: none"> <li>• Environmental compliance equipment</li> <li>• Emission allowances</li> </ul>	Annual filing	\$ for \$ (O&M); Return of/on capital
Energy Conservation (ECCR)	<ul style="list-style-type: none"> <li>• Energy conservation program costs</li> </ul>	Annual filing	\$ for \$ (O&M); Return of/on capital

For more information about



Visit our website at

[www.progress-energy.com](http://www.progress-energy.com)

and click on the “Investors” tab.