

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089
		2011
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☐ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>PROGRESS ENERGY PENSION PLAN</u>	1b Three-digit plan number (PN) ► <u>001</u> 1c Effective date of plan <u>09/01/1944</u>
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>PROGRESS ENERGY, INC.</u> <u>410 S. WILMINGTON STREET</u> <u>RALEIGH, NC 27601-1849</u>	2b Employer Identification Number (EIN) <u>56-2155481</u> 2c Sponsor's telephone number <u>704-382-2159</u> 2d Business code (see instructions) <u>221100</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>10/13/2012</u>	<u>PETER KOSTIW</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") PROGRESS ENERGY SERVICE COMPANY, LLC P.O. BOX 1551 RALEIGH, NC 27602-1551	3b Administrator's EIN 56-2201051 3c Administrator's telephone number 704-382-2159
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	19368
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6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	8680
b Retired or separated participants receiving benefits.....	6b	5184
c Other retired or separated participants entitled to future benefits.....	6c	4223
d Subtotal. Add lines 6a , 6b , and 6c	6d	18087
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	1245
f Total. Add lines 6d and 6e	6f	19332
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	80

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1C 1E 1G 3F 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
- (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
- (2) ☐ **I** (Financial Information – Small Plan)
- (3) ☒ 1 **A** (Insurance Information)
- (4) ☐ **C** (Service Provider Information)
- (5) ☒ **D** (DFE/Participating Plan Information)
- (6) ☐ **G** (Financial Transaction Schedules)

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service <hr/> Department of Labor Employee Benefits Security Administration <hr/> Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500. ► Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning **01/01/2011** and ending **12/31/2011**

A Name of plan PROGRESS ENERGY PENSION PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 PROGRESS ENERGY, INC.	D Employer Identification Number (EIN) 56-2155481	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier

MANULIFE FINANCIAL CORPORATION

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
98-0361647	00000	0	2	01/01/2011	12/31/2011

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end	4	
5 Current value of plan's interest under this contract in separate accounts at year end	5	

6 Contracts With Allocated Funds:**a** State the basis of premium rates ► CONTRBTRY UNIT PURCHASE STEP RATE

b Premiums paid to carrier	6b	
c Premiums due but unpaid at the end of the year	6c	
d If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount.	6d	6255
Specify nature of costs ► DIV/INT REFUND ON CONTRIBUTION		

e Type of contract: (1) ☐ individual policies (2) ☒ group deferred annuity
 (3) ☐ other (specify) ►

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ► ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
 (3) ☐ guaranteed investment (4) ☐ other ►

b Balance at the end of the previous year	7b	0
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c Additions: (1) Contributions deposited during the year	7c(1)		
	7c(2)		
	7c(3)		
	7c(4)		
	7c(5)		

(6) Total additions	7c(6)	0
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d Total of balance and additions (add b and c(6))	7d	0
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e Deductions:

(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)		
(2) Administration charge made by carrier	7e(2)		
(3) Transferred to separate account	7e(3)		
(4) Other (specify below)	7e(4)		

(5) Total deductions	7e(5)	0
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f Balance at the end of the current year (subtract e(5) from d)	7f	0
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Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
b ☐ Dental
c ☐ Vision
d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
f ☐ Long-term disability
g ☐ Supplemental unemployment
h ☐ Prescription drug
i ☐ Stop loss (large deductible)
j ☐ HMO contract
k ☐ PPO contract
l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	0
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	0
(4) Claims charged.....		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions.....	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes.....	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	0
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves.....		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>PROGRESS ENERGY PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>PROGRESS ENERGY, INC.</u>	D Employer Identification Number (EIN) <u>56-2155481</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1	Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2011</u>
2	Assets:
a	Market value 2a <u>1823988611</u>
b	Actuarial value 2b <u>1705997025</u>
3	Funding target/participant count breakdown:
	(1) Number of participants (2) Funding Target
a	For retired participants and beneficiaries receiving payment 3a <u>6326</u> <u>797596397</u>
b	For terminated vested participants 3b <u>4213</u> <u>204157434</u>
c	For active participants:
(1)	Non-vested benefits 3c(1) <u>26211970</u>
(2)	Vested benefits 3c(2) <u>866849286</u>
(3)	Total active 3c(3) <u>8829</u> <u>893061256</u>
d	Total 3d <u>19368</u> <u>1894815087</u>
4	If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐
a	Funding target disregarding prescribed at-risk assumptions 4a
b	Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor 4b
5	Effective interest rate 5 <u>6.17 %</u>
6	Target normal cost 6 <u>42759570</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>10/02/2012</u>
Signature of actuary	Date
<u>KERRY N. SCHMIDT</u>	<u>11-02628</u>
Type or print name of actuary	Most recent enrollment number
<u>BUCK CONSULTANTS, LLC</u>	<u>770-955-2488</u>
Firm name	Telephone number (including area code)
<u>200 GALLERIA PARKWAY NW, SUITE 1900</u> <u>ATLANTA, GA 30339-5945</u>	
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2011
v.012611

Part II	Beginning of year carryover and prefunding balances	
	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	0	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8)	0	0
10 Interest on line 9 using prior year's actual return of <u>13.01</u> %		
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38 from prior year)		182861092
b Interest on (a) using prior year's effective rate of <u>6.61</u> % except as otherwise provided (see instructions)		12087118
c Total available at beginning of current plan year to add to prefunding balance.....		194948210
d Portion of (c) to be added to prefunding balance.....		0
12 Other reductions in balances due to elections or deemed elections		
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12).....	0	0

Part III	Funding percentages	
14 Funding target attainment percentage.....	14	90.03 %
15 Adjusted funding target attainment percentage.....	15	90.03 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	90.00 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV	Contributions and liquidity shortfalls				
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/15/2011	14381760	0	09/14/2012	37250000	0
07/15/2011	14381760	0			
10/14/2011	14381760	0			
01/13/2012	14381760	0			
04/13/2012	18965471	0			
07/13/2012	18965471	0			
Totals ▶			18(b)	132707982	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contributions from prior years.	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 123814280
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: 3.78%	2nd segment: 6.31%	3rd segment: 6.57%	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
22 Weighted average retirement age				22 57
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	42759570	
b Excess assets, if applicable, but not greater than 31a	31b	0	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	188818062	33102312	
b Waiver amortization installment	0	0	
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	75861882	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....			0
36 Additional cash requirement (line 34 minus line 35)	36	75861882	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	123814280	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	47952398	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b		
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

SCHEDULE D (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration	DFE/Participating Plan Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2011 This Form is Open to Public Inspection.
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan PROGRESS ENERGY PENSION PLAN	B Three-digit plan number (PN) ▶ 001
C Plan or DFE sponsor's name as shown on line 2a of Form 5500 PROGRESS ENERGY, INC.	D Employer Identification Number (EIN) 56-2155481

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
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a Name of MTIA, CCT, PSA, or 103-12 IE: PROGRESS ENERGY PENSION MASTER TRUS

b Name of sponsor of entity listed in (a): PROGRESS ENERGY, INC.

c EIN-PN 56-6035543-001	d Entity code M	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 1766854890
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	<small>OMB No. 1210-0110</small> 2011 This Form is Open to Public Inspection
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>		
A Name of plan <u>PROGRESS ENERGY PENSION PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>PROGRESS ENERGY, INC.</u>	D Employer Identification Number (EIN) <u>56-2155481</u>	

Part I	Asset and Liability Statement		(a) Beginning of Year	(b) End of Year
1	Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
	Assets			
a	Total noninterest-bearing cash	1a	-2338	
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	234469721	89562702
	(2) Participant contributions	1b(2)		
	(3) Other.....	1b(3)	7153688	12894931
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		69068972
	(2) U.S. Government securities.....	1c(2)		
	(3) Corporate debt instruments (other than employer securities):			
	(A) Preferred	1c(3)(A)		
	(B) All other.....	1c(3)(B)		
	(4) Corporate stocks (other than employer securities):			
	(A) Preferred	1c(4)(A)		
	(B) Common	1c(4)(B)		
	(5) Partnership/joint venture interests	1c(5)		
	(6) Real estate (other than employer real property)	1c(6)		
	(7) Loans (other than to participants)	1c(7)		
	(8) Participant loans	1c(8)		
	(9) Value of interest in common/collective trusts.....	1c(9)		
	(10) Value of interest in pooled separate accounts.....	1c(10)		
	(11) Value of interest in master trust investment accounts	1c(11)	1592148430	1766854890
	(12) Value of interest in 103-12 investment entities	1c(12)		
	(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)		
	(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
	(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	1833769501	1938381495

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	6398662	5997178
k Total liabilities (add all amounts in lines 1g through 1j)	1k	6398662	5997178

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	1827370839	1932384317
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Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	132707982	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		132707982
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		85943701
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		218651683

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	104338622	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		104338622
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	3384313	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	5915270	
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		9299583
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		113638205

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		105013478
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CHERRY BEKAERT & HOLLAND LLP

(2) EIN: 56-0574444

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		20000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....		X	
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....			
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>► File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2011</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011		
A Name of plan PROGRESS ENERGY PENSION PLAN		B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 PROGRESS ENERGY, INC.		D Employer Identification Number (EIN) 56-2155481
Part I Distributions		
All references to distributions relate only to payments of benefits during the plan year.		
1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....		1 0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): _____ Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....		3 198
Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)		
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?..... ☐ Yes ☒ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)		6a
b Enter the amount contributed by the employer to the plan for this plan year		6b
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....		6c
If you completed line 6c, skip lines 8 and 9.		
7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ☐ Yes ☐ No ☐ N/A		
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?..... ☐ Yes ☐ No ☒ N/A		
Part III Amendments		
9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... ☒ Increase ☐ Decrease ☐ Both ☐ No		
Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.		
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)..... ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No		
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.		
Schedule R (Form 5500) 2011 v.012611		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. Complete as many entries as needed to report all applicable employers.

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 14.0% Investment-Grade Debt: 39.0% High-Yield Debt: 1.0% Real Estate: 0.0% Other: 46.0%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☒ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

PROGRESS ENERGY PENSION PLAN
Raleigh, North Carolina

Financial Statements and Supplemental Schedule

Years Ended December 31, 2011 and 2010

PROGRESS ENERGY PENSION PLAN
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Years Ended December 31, 2011 and 2010

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INDEPENDENT AUDITORS' REPORT

Retirement Board
Progress Energy Pension Plan
Raleigh, North Carolina

We were engaged to audit the financial statements and supplemental schedule of Progress Energy Pension Plan (the "Plan") as of and for the years ended December 31, 2011 and 2010 as listed in the foregoing table of contents. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Notes 3 and 4 to the financial statements, which was certified by State Street Bank and Trust Company, the trustee of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the trustee as of and for the years ended December 31, 2011 and 2010 that the information provided to the Plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The supplemental schedules of components of Plan Interest in the Master Trust are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are required by the Department of Labor's Rules and Regulations for reporting and disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Cherry Bekaert & Holland, L.L.P.

Raleigh, North Carolina
September 19, 2012

PROGRESS ENERGY PENSION PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR PENSION BENEFITS
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Investments:		
Plan interest in Master Trust	\$ 1,932,384,317	\$ 1,827,370,839
Net assets held in 401(h) account	-	-
Total assets	<u>1,932,384,317</u>	<u>1,827,370,839</u>
Liabilities		
Amounts related to obligation of 401(h) account	-	-
NET ASSETS AVAILABLE FOR PENSION BENEFITS	<u><u>\$ 1,932,384,317</u></u>	<u><u>\$ 1,827,370,839</u></u>

The accompanying notes are an integral part of the financial statements.

PROGRESS ENERGY PENSION PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PENSION BENEFITS
Years Ended December 31, 2011 and 2010

	2011	2010
Plan interest in Master Trust investment activities		
Net appreciation in fair value of investments	\$ 52,292,835	\$ 161,910,026
Interest	25,009,982	12,018,102
Dividends	3,673,585	3,813,074
Other investment income	4,967,299	6,394,522
	<u>85,943,701</u>	<u>184,135,724</u>
Less investment expenses	5,915,270	5,274,783
Increase in net assets from investment activities	<u>80,028,431</u>	<u>178,860,941</u>
Contributions	<u>132,707,982</u>	<u>258,919,373</u>
Deductions		
Benefits paid to participants	104,338,622	104,330,882
Administrative expenses	3,384,313	3,874,693
Total deductions	<u>107,722,935</u>	<u>108,205,575</u>
INCREASE IN NET ASSETS AVAILABLE FOR PENSION BENEFITS	105,013,478	329,574,739
Net assets available for pension benefits - beginning of year	<u>1,827,370,839</u>	<u>1,497,796,100</u>
NET ASSETS AVAILABLE FOR PENSION BENEFITS - END OF YEAR	<u><u>\$ 1,932,384,317</u></u>	<u><u>\$ 1,827,370,839</u></u>

The accompanying notes are an integral part of the financial statements.

PROGRESS ENERGY PENSION PLAN
STATEMENT OF ACCUMULATED PENSION BENEFITS
December 31, 2010

Actuarial present value of accumulated pension benefits

Vested benefits

Retired members and beneficiaries currently receiving payments	\$ 667,806,503
Other members	<u>874,430,077</u>
Total vested benefits	<u>1,542,236,580</u>

Non-vested benefits	<u>21,722,474</u>
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**TOTAL ACTUARIAL PRESENT VALUE OF ACCUMULATED
PENSION BENEFITS (1)**

\$1,563,959,054

(1) Prepared by the Plan's Actuary as of January 1, 2011

The accompanying notes are an integral part of the financial statements.

PROGRESS ENERGY PENSION PLAN
STATEMENT OF CHANGES IN ACCUMULATED PENSION BENEFITS
Year Ended December 31, 2010

Actuarial present value of accumulated pension benefits

as of December 31, 2009

\$1,484,642,546

Increase (decrease) during the year attributable to:

Interest

125,341,746

Benefits accumulated and other

23,002,295

Benefits paid

(104,330,882)

Plan amendments

4,921,952

Changes in actuarial assumptions or methods

30,381,397

Increase of accumulated pension benefit

79,316,508

**ACTUARIAL PRESENT VALUE OF ACCUMULATED
PENSION BENEFITS AS OF DECEMBER 31, 2010 (1)**

\$1,563,959,054

(1) Prepared by the Plan's Actuary as of January 1, 2011

The accompanying notes are an integral part of the financial statements.

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

Note 1 – Description of the Plan

The following brief description of the Progress Energy Pension Plan (the “Plan”) is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General – The Plan is a defined benefit pension plan covering all non-bargaining employees of Progress Energy, Inc. (the “Company”) who have completed one year of eligibility service or part-time and temporary employees who have worked 1,000 hours in a twelve-month period. The Plan is administered by the Retirement Board, consisting of persons appointed by the Chief Executive Officer of Progress Energy, Inc. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Effective July 2, 2012, Duke Energy Corporation (Duke Energy) acquired Progress Energy, Inc. (Progress Energy) in a stock-for-stock transaction. Progress Energy will continue as a wholly owned subsidiary of Duke Energy.

Benefits – Prior to the adoption of a cash balance formula for benefit accruals on 1/1/1999, normal retirement date was the first day of the month following the employee’s 65th birthday, but the Plan permitted a participant to retire with an unreduced benefit at age 62 if the participant had at least 20 years of service at retirement. Upon the adoption of the cash balance formula, normal retirement date was changed to be based on a participant’s attainment of age 65 and at least 5 years of vesting service. Prior to 1/1/2008, a participant would be fully vested after completing five years of vesting service. Effective 1/1/2008, as required by the Pension Protection Act, a participant may be fully vested after completing three years of vesting service. The Plan contains provisions for the payment of early retirement benefits, surviving spouse benefits, disability benefits (for employees disabled prior to December 31, 1977) and normal retirement benefits for vested employees whose employment is terminated for reasons other than retirement or disability. Effective January 1, 1978, disability benefits are covered by a separate long-term disability plan.

The monthly accrued benefit is defined as the actuarial equivalent of the cash balance account based on the 1994 Group Annuity Mortality Table (50/50 blend) and the 30-year Treasury rate for the month of August prior to the start of the Plan year. The Treasury rate is used for ages 65 and older; the Treasury rate plus .5% is used for ages prior to 65.

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

Note 1 – Description of the Plan (continued)

401(h) account – On September 6, 1991, the Plan was amended to include a medical-benefit component in addition to the normal retirement benefits to fund a portion of the postretirement obligations for retirees and their beneficiaries in accordance with Section 401(h) of the Internal Revenue Code (IRC). A separate account has been established and maintained in the Plan for the net assets related to the medical-benefit component (401(h) account). In accordance with IRC Section 401(h), the Plan's investments in the 401(h) account may not be used for, or diverted to, any purpose other than providing health benefits for retirees and their beneficiaries. Any assets transferred to the 401(h) account from the defined benefit pension plan in a qualified transfer of excess pension plan assets (and any income allocable thereto) that are not used during the Plan year must be transferred out of the account to the pension plan. The related obligations for health benefits are not included in this Plan's obligations in the statement of accumulated pension benefits but are reflected as obligations in the financial statements of the health and welfare benefit plan. Plan participants do not contribute to the 401(h) account. Employer contributions or qualified transfers to the 401(h) account are determined annually and are at the discretion of the Company. A certain portion of the Plan's net assets are restricted to fund a portion of postretirement health benefits for retirees and their beneficiaries in accordance with IRC Section 401(h). In December 2010, the Company exercised its right to be reimbursed from the 401(h) account to cover a portion of retiree medical expenses incurred during 2009. The 2009 expenses exceeded the balance of the 401(h) account which, after reimbursement, resulted in a zero balance.

Plan Amendment – The Plan was amended during 2010 to increase the annual interest credit on each active participant's cash balance to 5.0% for 2011 and 4.0% for 2012 and after. The Plan was also amended during 2010 to allow the Florida Progress Corporation (FPC) transition credits to continue beyond age 65.

Note 2 – Summary of significant accounting policies

Basis of accounting – The foregoing financial statements are prepared on the accrual basis of accounting.

Use of estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, disclosure of contingent assets and liabilities and the actuarial present value of accumulated pension benefits at the date of the financial statements. Actual results could differ from those estimates.

Investments and income recognition – Investments are stated at fair market value as determined by State Street Bank and Trust Company, (the "Trustee"). If available, quoted market prices are used to value investments. Securities which have no quoted market price are valued at their estimated fair value. The security transactions are recorded on trade-date basis. Cost for the sale of securities is based on the average cost as determined by the Trustee. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Realized gain (loss) on the purchase or sale of forward foreign currency contracts is recognized on the settlement date which is not materially different than the trade date. The fair value of the Plan's interest in the Progress Energy Pension Plan's Master Trust (Master Trust) is based on the beginning of year value of the Plan's interest in the trust plus actual contributions and allocated investment income (loss) less actual distributions and allocated administrative expenses (Note 4).

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

Note 2 – Summary of significant accounting policies (continued)

New Accounting Standards Adopted – In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2010-06, “Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements,” which amends Accounting Standards Codification (ASC) 820 and amends ASC Subtopic 715-20 to clarify certain existing disclosure requirements and to require a number of additional disclosures, including amounts and reasons for significant transfers between the three levels of the fair value hierarchy, and presentation of certain information in the reconciliation of recurring Level 3 measurements on a gross basis. ASU 2010-06 is effective for the Plan beginning January 1, 2010, with certain disclosures effective for periods beginning January 1, 2011.

In May 2011, the FASB issued ASU 2011-04, “Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs,” which amends ASC 820 to develop a single, converged fair value framework between GAAP and International Financial Reporting Standards (IFRS). ASU 2011-04 is effective prospectively for the Plan on January 1, 2012. The adoption of ASU 2011-04 will result in changes in certain fair value measurement principles, as well as an additional disclosure in the notes to the financial statements. The impact of adoption is not expected to be significant to the Plan’s financial statements.

Funding policy – The Company contributes the net pension cost as defined by FASB ASC 715, Compensation—Retirement Benefits, calculated by an independent actuary, Buck Consultants. The Company’s contributions have exceeded the minimum funding requirements of ERISA.

Actuarial present value of accumulated pension benefits – Accumulated pension benefits are those future periodic payments, including lump sum distributions, which are attributable under the Plan’s provisions to the service employees have rendered. Accumulated pension benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the Plan are based on employees’ compensation paid during a calendar year, multiplied by an appropriate percentage factor, along with interest determined by multiplying the beginning of the year balance of the accumulated pension benefit with an appropriate interest rate. Benefits payable under all circumstances – retirement, death, and termination of employment – are included, to the extent they are deemed attributable to employee service rendered to the valuation date. Benefits to be provided via annuity contracts excluded from Plan assets are excluded from accumulated pension benefits. A complete description of the accumulated pension benefits and calculation of benefits, including percentage factors and interest rates, are provided in the Plan document.

The actuarial present value of accumulated pension benefits is determined by the Plan’s actuary, Buck Consultants, and is the amount that results from applying actuarial assumptions to adjust the accumulated pension benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, withdrawal or retirement) between the valuation date and the expected date of payment. For the calculation of accumulated pension benefits at December 31, 2010, an actuarial calculation dated January 1, 2011 was obtained from the actuary. The significant actuarial assumptions used in the valuation as of January 1, 2011 were (a) life expectancy based on the RP-2000 2011 PPA Annuitant and Non-Annuitant Mortality Tables (b) normal retirement date and (c) discount rate of 8.50%. The assumptions are based on the presumption the Plan will continue. If the Plan were to terminate, different actuarial assumptions might be applicable in determining the actuarial present value of accumulated pension benefits.

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

Note 2 – Summary of significant accounting policies (continued)

Payment of benefits – Benefit payments to participants are recorded upon distribution.

Note 3 – Plan financial information certified by trustee

All investment information disclosed in the foregoing financial statements including investments held at December 31, 2011 and 2010 and net appreciation in fair values of investments, interest, dividends, other investment income and investment expenses for the years ended December 31, 2011 and 2010 were obtained or derived from information supplied to the Plan administrator and certified as complete and accurate by the Trustee.

Note 4 – Interest in Master Trust

The Plan's investments are held in the Progress Energy Pension Plan's Master Trust (the "Master Trust") which was established for the investment of the assets of the Plan and another Company sponsored retirement plan. Each participating retirement plan has an undivided interest in the Master Trust. The assets of the Master Trust are held by the Trustee. The Trustee maintains separate accounting of all contributions and benefit payments for each participating retirement plan. Investment income and administrative expenses relating to the Master Trust are allocated to the individual plans based upon average monthly balances invested by each plan. At December 31, 2011 and 2010 and for the years then ended, the Plan's interest in the total investments of the Master Trust (excluding the interest in the 401(h) account) was approximately 84%.

The following investments in the Master Trust and the net appreciation (depreciation) in fair value of investments, interest, dividend income and other receipts in the Master Trust are certified by the Trustee to be complete and accurate. The fair values of investments for the Master Trust as of December 31 are as follows:

	<u>2011</u>	<u>2010</u>
Common stocks	\$ 484,476,886	\$ 456,014,969
Preferred stocks	31,539,369	1,590,634
Common/Collective trusts	226,277,991	476,244,705
U.S. government securities	341,467,688	172,168,542
Other	252,672,932	166,432,836
Corporate bonds – preferred	232,771,238	127,993,772
Corporate bonds – all other	177,388,712	87,754,673
Partnerships	226,454,160	157,754,908
Mortgages	1,453,641	-
103-12 Investments	72,028,918	120,963,819
Interest bearing cash	136,219,628	119,939,865
Total Investments	<u>\$2,182,751,163</u>	<u>\$1,886,858,723</u>

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

Note 4 – Interest in Master Trust (continued)

Net appreciation (depreciation) in fair value of investments for the Master Trust for the year ended December 31 is as follows:

	<u>2011</u>	<u>2010</u>
Common stocks	\$ (56,145,885)	\$ 69,871,148
Preferred stocks	306,112	(67,950)
Mutual funds	-	(1,402)
Common/Collective trusts	24,036,893	74,817,053
U.S. government securities	70,628,926	(10,799,824)
Other	(7,833,598)	15,932,952
Corporate bonds – preferred	15,214,490	(542,537)
Corporate bonds – all other	12,781,786	(476,513)
Partnerships	21,790,337	5,953,670
Mortgages	87,126	2,001,789
103-12 Investments	(18,934,901)	19,621,818
Interest bearing cash	(61,531)	2,116,040
Total Net Appreciation	<u>\$ 61,869,755</u>	<u>\$ 178,426,244</u>

The Master Trust has various forward foreign currency contracts, which represent agreements to exchange currencies of different countries at a specified future date at a specified rate. The Master Trust enters into these contracts to reduce its exposure to fluctuations in foreign exchange rates arising from investments denominated in non-U.S. currencies. Losses may arise due to changes in the value of the currencies or if the counter parties do not perform under the contracts. The fair value of the contracts has been included in investments. At December 31, 2011 and 2010, the Master Trust had no forward foreign currency contracts open.

Note 5 – Fair Value Measurements

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e., an exit price). Fair value measurements require the use of market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, corroborated by market data or generally unobservable. Valuation techniques are required to maximize the use of observable inputs and minimize the use of unobservable inputs. A midmarket pricing convention (the midpoint price between bid and ask prices) is permitted for use as a practical expedient.

GAAP also establishes a fair value hierarchy that prioritizes the inputs used to measure fair value, and requires fair value measurements to be categorized based on the observability of those inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). The three levels of the fair value hierarchy are as follows:

Level 1 – The pricing inputs are unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions for the asset or liability occur in sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 primarily consists of financial instruments such as listed equities.

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

Note 5 – Fair Value Measurements (continued)

Level 2 – The pricing inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 includes financial instruments that are valued using models or other valuation methodologies. These models are primarily industry-standard models that consider various assumptions, including time value, volatility factors, and current market and contractual prices for the underlying instruments, as well as other relevant economic measures. Substantially all of these assumptions are observable in the marketplace throughout the full term of the instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace. Instruments in this category include non-exchange-traded derivatives, such as over-the-counter forwards, swaps and options; certain marketable debt securities; and financial instruments traded in less than active markets.

Level 3 – The pricing inputs include significant inputs generally less observable from objective sources. Level 3 instruments may include longer-term instruments that extend into periods in which quoted prices or other observable inputs are not available.

The Plan's policy is to recognize significant transfers between levels at the end of the reporting period.

Asset Valuation Techniques — The Plan's investment in the Master Trust is presented at fair value, which has been determined based on the fair value of the underlying investments of the Master Trust. The determination of the fair values of the underlying investments of the Master Trust incorporates various factors required under GAAP. The investments include exchange-traded securities (classified within Level 1) and other marketable debt and equity securities, most of which are valued using Level 1 inputs for similar instruments, and are classified within Level 2 investments.

Most over-the-counter investments are valued using observable inputs for similar instruments or prices from similar transactions and are classified as Level 2. Over-the-counter investments where significant unobservable inputs are used, such as financial pricing models, are classified as Level 3 investments.

The following is a general description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used at December 31, 2011 and 2010.

Common stocks and U.S. government securities are valued at the closing price reported in the active markets in which the individual securities are traded and are categorized as Level 1.

Investments in mutual funds are not publically traded, but the underlying assets held in these funds are traded in active markets and the prices for these assets are readily observable. Holdings in mutual funds are classified as Level 2 investments.

Investments in timber are valued primarily on valuations prepared by independent property appraisers. These appraisals are based on cash flow analysis, current market capitalization rates, recent comparable sales transactions, actual sales negotiations and bona fide purchase offers. Inputs include the species, age, volume and condition of timber stands growing on the land; the location, productivity, capacity and accessibility of the timber tracts; current and expected log prices; and current local prices for comparable investments. Timber investments are classified as Level 3 investments.

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

Note 5 – Fair Value Measurements (continued)

Investments in private equity are valued using observable inputs, when available, and also include comparable market transactions, income and cost basis valuation techniques. The market approach includes using comparable market transactions or values. The income approach generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors. Private equity investments are classified as Level 3 investments.

Hedge funds are based primarily on the net asset values and other financial information provided by management of the private investment funds. Hedge funds are classified as Level 2 if the plan is able to redeem the investment with the investee at net asset value as of the measurement date, or at a later date within a reasonable period of time. Hedge funds are classified as Level 3 if the investment cannot be redeemed at net asset value or it cannot be determined when the fund will be redeemed.

Fixed income separate accounts are categorized as Level 2. They are valued using third-party pricing services. These services may use, for example, model-based pricing methods that utilize observable market data as inputs. Broker dealer bids or quotes of securities with similar characteristics may also be used.

Cash equivalents held are primarily short-term investments funds that are categorized as Level 2. They are valued at cost plus accrued interest, which approximates fair value.

The following tables set forth, by level within the fair value hierarchy, the Master Trust's financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2011 and 2010. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

At December 31, 2011, the Master Trust's investments classified within the fair value hierarchy were as follows:

	Level 1	Level 2	Level 3	Total
Assets				
Equity securities:				
Common stock	\$ 293,792,177	\$ -	\$ -	\$ 293,792,177
Mutual funds	-	490,084,742	-	490,084,742
Timber	-	-	10,880,304	10,880,304
Private equity	-	-	152,705,987	152,705,987
Hedge funds	-	112,047,950	193,785,864	305,833,814
Other equity	18,754,879	-	999,883	19,754,762
Corporate debt	-	407,265,324	-	407,265,324
Government debt	273,789,829	75,159,696	-	348,949,525
Municipal debt	-	42,037,797	-	42,037,797
Cash and cash equivalents	82,120,507	32,445,161	-	114,565,668
Other investments	-	1,253,458	-	1,253,458
Total investments at fair value	\$ 668,457,392	\$1,160,294,128	\$ 358,372,038	\$2,187,123,558
Liabilities				
Cash	\$ (3,103)	\$ -	\$ -	\$ (3,103)
Options	(316,200)	(55,718)	-	(371,918)
Total investments at fair value	\$ (319,303)	\$ (55,718)	\$ -	\$ (375,021)

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

Note 5 – Fair Value Measurements (continued)

At December 31, 2010, the Master Trust's investments classified within the fair value hierarchy were as follows:

	Level 1	Level 2	Level 3	Total
Assets				
Equity securities:				
Common stock	\$ 317,832,204	\$ -	\$ -	\$ 317,832,204
Mutual funds	-	847,282,032	-	847,282,032
Timber	-	-	10,828,481	10,828,481
Private equity	-	-	147,341,733	147,341,733
Hedge funds	-	51,471,954	-	51,471,954
Other equity	7,905,096	-	1,590,634	9,495,730
Corporate debt	-	215,748,445	-	215,748,445
Government debt	143,707,146	30,125,336	-	173,832,482
Municipal debt	-	18,804,618	-	18,804,618
Cash equivalent	-	94,268,487	-	94,268,487
Total investments at fair value	\$ 469,444,446	\$ 1,257,700,872	\$ 159,760,848	\$ 1,886,906,166
Liabilities				
Options	\$ (48,000)	\$ -	\$ -	\$ (48,000)
Total investments at fair value	\$ (48,000)	\$ -	\$ -	\$ (48,000)

The following table sets forth a reconciliation of changes in the fair value of the Plan's equity securities classified as Level 3 in the fair value hierarchy for the years ended December 31, 2011 and 2010, respectively:

	Timber	Private Equity	Other Equity	Hedge Funds	Total
Equities, net at January 1, 2011	\$ 10,828,481	\$ 147,341,733	\$ 1,590,634	\$ -	\$ 159,760,848
Actual return (loss) on plan assets:					
Relating to assets still held at the reporting date	1,053,631	1,995,415	(233,374)	(1,880,648)	935,024
Relating to assets sold during the period	757	(2,360,613)	-	-	(2,359,856)
Purchases, issuances, sales and settlements:					
Purchases	13,525	17,021,819	-	170,000,000	187,035,344
Issuances	-	-	-	-	-
Sales	(1,016,090)	(11,292,367)	(357,377)	-	(12,665,834)
Transfers into Level 3	-	-	-	25,666,512	25,666,512
Equities, net at December 31, 2011	\$ 10,880,304	\$ 152,705,987	\$ 999,883	\$ 193,785,864	\$ 358,372,038

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

Note 5 – Fair Value Measurements (continued)

	Timber	Private Equity	Other Equity	Hedge Funds	Total
Equities, net at January 1, 2010	\$ 14,692,205	\$123,812,725	\$ 2,409,444	\$ -	\$140,914,374
Actual return (loss) on plan assets:					
Relating to assets still held at the reporting date	(1,044,104)	7,253,827	(67,950)	-	6,141,773
Relating to assets sold during the period	(1,919,935)	(87,336)	-	-	(2,007,271)
Purchases and sales, net	(899,685)	16,362,517	(750,860)	-	14,711,972
Transfers in (out) of Level 3, net	-	-	-	-	-
Equities, net at December 31, 2010	\$ 10,828,481	\$147,341,733	\$ 1,590,634	\$ -	\$159,760,848

Below is a summary of the Master Trust's investments at December 31, 2011 and 2010 in which fair value is estimated based on the net asset value:

**Fair Value Estimated Using Net Asset Value per Share
December 31, 2011**

Investment	Fair Value ^(a)	Unfunded Commitment	Redemption Frequency ^(b)	Redemption Notice Period
Mutual funds ^(c)	\$ 490,084,742	\$ -	Daily-Monthly	1-15 days
Timber funds ^(d)	10,880,304	-	Non-redeemable	Non-redeemable
Private equity funds ^(e)	152,705,987	41,400,723	Non-redeemable	Non-redeemable
Equity long/equity short hedge funds ^(f)	254,102,674	-	Quarterly-Annually	30-60 days
Multi-strategy hedge funds ^(g)	51,731,140	-	Quarterly-Annually	65-370 days
Other equity	999,883	-	Non-redeemable	Non-redeemable
Total	\$ 960,504,730	\$ 41,400,723		

**Fair Value Estimated Using Net Asset Value per Share
December 31, 2010**

Investment	Fair Value ^(a)	Unfunded Commitment	Redemption Frequency ^(b)	Redemption Notice Period
Mutual funds ^(c)	\$ 847,282,032	\$ -	Daily-Monthly	1-15 days
Timber funds ^(d)	10,828,481	-	Non-redeemable	Non-redeemable
Private equity funds ^(e)	147,341,733	58,064,664	Non-redeemable	Non-redeemable
Multi-strategy hedge funds ^(g)	51,471,954	-	Quarterly-Annually	65-370 days
Other equity	1,590,634	-	Non-redeemable	Non-redeemable
Total	\$1,058,514,834	\$ 58,064,664		

^(a) The fair values of the investments have been estimated using the net asset value of the investment.

^(b) Redemptions may be subject to an initial one- to three-year lockup period.

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

Note 5 – Fair Value Measurements (continued)

- (c) This class includes investments in mutual funds that invest in U.S. and international equities and fixed-income securities.
- (d) This class includes several timber funds that have assets in Australia, South America and North America. The fair values of the investments in this class have been estimated using the net asset value of the Company's ownership interest in the partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is estimated that the underlying assets of the funds will be liquidated over the next five years.
- (e) This class includes private equity funds that invest in buyout and venture capital strategies. These investments can never be redeemed with the funds. Instead, the nature of the investments in this class is that distributions are received through the liquidation of the underlying investments or dividends of the underlying assets of the fund. If these investments were held, it is estimated that the underlying assets of the majority of the funds would be liquidated over the next five to ten years.
- (f) This class includes direct investments in hedge funds that invest both long and short. The funds primarily invest both long and short in U.S. common stocks but some are focused on European and Asian equities. Management of the hedge funds has flexibility in terms of market cap, value and growth strategies, and net and gross long exposures. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. Investments representing approximately 65 percent of the value of the investments in this class cannot be redeemed in the near term because the investments include restrictions that do not allow for redemption in the first 12 to 36 months after acquisition or are restricted to annual redemptions on the anniversary date of acquisition. The remaining restriction period for these investments ranged from nine to thirty-one months at December 31, 2011.
- (g) This class invests in hedge fund-of-funds that pursue multiple strategies to diversify risk and reduce volatility. The hedge funds on a composite basis have investments in relative value, event driven, long/short, direct sourcing and macro strategies. The fair values of the investments in this class have been estimated using the net asset value per share of the investments. At December 31, 2011, investments representing approximately 75 percent of this class are redeemable quarterly with 65-95 days notice and the remaining 25 percent requires a 370-day notice for redemption.

Note 6 – Securities lending

The Trustee of the Master Trust has an agreement with the custodial bank for the Master Trust authorizing the bank to lend securities held in the Master Trust account to third parties. The bank must obtain collateral from the borrower in the form of cash, letters of credit issued by an entity other than the borrower, or acceptable securities. Both the collateral and the securities loaned are marked-to-market on a daily basis so all loaned securities are fully collateralized at all times. In the event the loaned securities are not returned by the borrower, the bank will, at its own expense, either replace the loaned securities or, if unable to purchase those securities on the open market, credit the Master Trust account with cash equal to the fair value of the loaned securities.

The Master Trust and the bank each receive a percentage of the net income derived from securities lending activities based on the type of securities. Income earned by the Master Trust during 2011 and 2010 was \$165,605 and \$251,369, respectively, net of bank fees of \$89,174 and \$135,361, respectively.

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

Note 6 – Securities lending (continued)

Although the Master Trust's securities lending activities are collateralized as described above, they involve both market and credit risk. In this context, market risk refers to the possibility that the borrowers of securities will be unable to collateralize the loan upon a sudden material change in the fair value of the loaned securities or the collateral. Credit risk refers to the possibility that counterparties involved in the securities lending program may fail to perform in accordance with the terms of their contracts.

The fair value of securities loaned by the Master Trust is \$54,408,840 at December 31, 2011 and \$171,447,320 at December 31, 2010.

Note 7 – Related-party transactions

Total fees paid to the Company by the Master Trust totaled \$443,227 and \$259,813 for the years ended December 31, 2011 and 2010, respectively. Of these fees, \$373,924 and \$203,034 was allocated to the Plan for the years ended December 31, 2011 and 2010, respectively. These transactions qualify as party-in-interest transactions.

Note 8 – Plan termination policy

The Company expects and intends to maintain the Plan in force indefinitely. The Company has reserved the right to amend or terminate the Plan at anytime, subject to the limitations imposed by ERISA. In the event of termination, the Plan's net assets generally will not be available on a pro rata basis to provide participant's benefits. Whether a particular participant's accumulated pension benefits will be paid depends on both the priority of those benefits and the level of benefits guaranteed by the Pension Benefit Guaranty Corporation (PBGC) at that time. Some benefits may be fully or partially provided for by the then existing assets and the PBGC guaranty while other benefits may not be provided at all. A complete description of termination priorities is provided in the Plan document.

Note 9 – Tax status

The Internal Revenue Service (IRS) has determined and informed the Company by a letter dated January 24, 2012 that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). As such, no provision for income taxes has been included in the Plan's financial statements.

GAAP requires Plan Management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Plan Management has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011 and 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Plan Management believes it is no longer subject to income tax examinations for years prior to 2008.

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

Note 10 – Risks and uncertainties

Investment securities in general, are subject to various risks, such as interest rate, credit and overall market volatility. Due to the levels of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for pension benefits.

Plan contributions are made and actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Note 11 – Reconciliation of financial statements to Form 5500

The following is a reconciliation of net assets available for pension benefits per the financial statements to the Form 5500:

	<u>2011</u>	<u>2010</u>
Net assets available for pension benefits per the financial statements	\$1,932,384,317	\$1,827,370,839
Net assets held in 401(h) account included as assets in Form 5500	<u>-</u>	<u>-</u>
Net assets available for benefits per the Form 5500	<u><u>\$1,932,384,317</u></u>	<u><u>\$1,827,370,839</u></u>

The net assets of the 401(h) account included in Form 5500 are not available to pay pension benefits but can be used only to pay retiree health benefits.

The following is a reconciliation of the changes in net assets available for pension benefits per the financial statements to Form 5500:

	<u>Year ended December 31, 2011</u>		
	<u>Financial Statements</u>	<u>401(h) Account</u>	<u>Amounts per Form 5500</u>
Net appreciation in fair value of investments	\$ 52,292,835	\$ -	\$ 52,292,835
Interest income	25,009,982	-	25,009,982
Dividend income	3,673,585	-	3,673,585
Other investment income	4,967,299	-	4,967,299
Distribution of benefits	(104,338,622)	-	104,338,622
Investment expenses	(5,915,270)	-	5,915,270
Administrative expenses	(3,384,313)	-	3,384,313

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2011 and 2010

Note 11 – Reconciliation of financial statements to Form 5500 (continued)

	Year ended December 31, 2010		
	Financial Statements	401(h) Account	Amounts per Form 5500
Net appreciation in fair value of investments	\$ 161,910,026	\$ 1,689,753	\$ 163,599,779
Interest income	12,018,102	179,556	12,197,658
Dividend income	3,813,074	58,470	3,871,544
Other investment income	6,394,522	95,060	6,489,582
Distribution of benefits	(104,330,882)	(25,526,910)	(129,857,792)
Investment expenses	(5,274,783)	(55,326)	(5,330,109)
Administrative expenses	(3,874,693)	(40,642)	(3,915,335)

Note 12 – Subsequent events

The Plan's management has evaluated subsequent events through September 19, 2012 in connection with the preparation of these financial statements which is the date the financial statements were available to be issued.

PROGRESS ENERGY PENSION PLAN
SCHEDULES OF COMPONENTS OF PLAN INTEREST IN MASTER TRUST
December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Investments held in Master Trust	<u>\$ 1,766,854,890</u>	<u>\$ 1,592,148,430</u>
Receivables		
Contributions receivable	89,562,702	234,469,721
Due from broker	1,408,778	1,641,817
Accounts receivable	3,349,927	70,621
Accrued interest and dividends receivable	8,136,226	5,441,250
Total receivables	<u>102,457,633</u>	<u>241,623,409</u>
Cash and currency contracts	<u>69,068,972</u>	<u>(2,338)</u>
Total assets	<u>1,938,381,495</u>	<u>1,833,769,501</u>
Liabilities		
Due to broker	<u>5,997,178</u>	<u>6,398,662</u>
Total liabilities	<u>5,997,178</u>	<u>6,398,662</u>
NET ASSETS IN MASTER TRUST	<u><u>\$ 1,932,384,317</u></u>	<u><u>\$ 1,827,370,839</u></u>

Attachment to 2011 Form 5500
Schedule SB, line 26 - Schedule of Active Participant Data

Plan Name Progress Energy Pension Plan

EIN: 56-2155481

Plan Sponsor's Name Progress Energy, Inc.

PN: 001

Attained Age	YEARS OF CREDITED SERVICE							
	Under 1			1 to 4			5 to 9	
	No.	Average		No.	Average		Average	
		Comp.	Cash Bal.		Comp.	Cash Bal.	No.	Comp. Cash Bal.
Under 25	11	0	0	133	51,408	2,671	12	0 0
25 to 29	5	0	0	295	62,740	5,215	148	67,755 10,086
30 to 34	5	0	0	316	70,320	6,204	319	71,666 13,473
35 to 39	1	0	0	276	70,720	7,030	337	75,161 16,700
40 to 44	2	0	0	250	74,642	8,980	300	79,762 21,651
45 to 49	1	0	0	202	81,114	12,320	273	81,729 27,881
50 to 54	1	0	0	146	84,882	15,133	187	84,689 35,176
55 to 59	1	0	0	75	78,252	16,790	111	78,116 39,438
60 to 64				36	87,240	20,219	61	70,892 42,659
65 to 69				5	0	0	7	0 0
70 & up							2	0 0

Attained Age	YEARS OF CREDITED SERVICE							
	10 to 14			15 to 19			20 to 24	
	No.	Average		No.	Average		Average	
		Comp.	Cash Bal.		Comp.	Cash Bal.	No.	Comp. Cash Bal.
Under 25								
25 to 29	3	0	0					
30 to 34	109	72,360	21,153					
35 to 39	209	77,888	30,098	27	82,114	50,212	2	0 0
40 to 44	259	84,567	42,452	110	89,625	69,076	86	81,918 88,496
45 to 49	261	86,824	59,609	164	90,322	91,581	245	83,274 101,302
50 to 54	221	90,385	74,322	117	88,591	115,020	216	84,743 128,714
55 to 59	113	90,185	92,207	76	87,495	138,476	108	82,336 144,913
60 to 64	50	86,998	100,039	24	81,240	133,845	40	79,799 184,349
65 to 69	11	0	0	6	0	0	5	0 0
70 & up	2	0	0	3	0	0		

Attained Age	YEARS OF CREDITED SERVICE									
	25 to 29			30 to 34			35 to 39			40 & up
	No.	Average		No.	Average		Average		Average	
		Comp.	Cash Bal.		Comp.	Cash Bal.	No.	Comp.	Cash Bal.	No. Comp. Cash Bal.
Under 25										
25 to 29										
30 to 34										
35 to 39										
40 to 44	6	0	0							
45 to 49	311	84,373	150,457	24	81,534	144,114				
50 to 54	633	88,652	194,936	380	84,000	222,981	16	0	0	
55 to 59	331	86,357	219,485	297	87,195	259,100	222	82,380	308,231	9 0 0
60 to 64	90	84,023	227,984	69	82,975	282,621	113	89,938	376,051	41 85,714 409,481
65 to 69	8	0	0	5	0	0	7	0	0	7 0 0
70 & up	1	0	0							

Attachment to 2011 Form 5500

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Plan Name:	<u>Progress Energy Pension Plan</u>	EIN:	<u>56-2155481</u>
Plan Sponsor's Name:	<u>Progress Energy</u>	PN:	<u>001</u>

Non-Prescribed Funding Assumptions and Methods

Interest rates

Used for calculation of annuity conversion at age 65

Funding: 5.00%

Decrements

Mortality

- For annuity conversions
(from cash balance): 1994 Group Annuity Reserve Mortality Table (50/50 blend) projected to 2002 (Rev Ruling 2001-62 mortality).
- For lump sums: IRS mandated Lump Sum mortality table (unisex) in effect for the Plan Year.

Attachment to 2011 Form 5500

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Plan Name: Progress Energy Pension Plan **EIN:** 56-2155481
Plan Sponsor's Name: Progress Energy **PN:** 001

Pre-Retirement Decrements and Assumed Salary Increase Rates

Representative values of the assumed annual rates of decrement and salary increase are shown in the tables below.

Age	Disability	Termination	Retirement		Salary
	Unisex Rates	Ultimate Rates	Less than 35 yrs svc	With 35 yrs svc	Increase
20	0.07%	8.00%			11.00%
25	0.08	7.40			9.50
30	0.10	6.40			7.60
35	0.13	5.40			6.10
40	0.22	4.55			4.90
45	0.34	3.95			4.20
50	0.60	3.90		15.00%	3.70
51	0.70	3.95		15.00	3.60
52	0.80	4.00		15.00	3.50
53	0.90	4.80		15.00	3.48
54	1.00	5.60		15.00	3.46
55	1.16	6.40	15.00%	30.00	3.44
56	1.32	7.20	10.00	30.00	3.42
57	1.48	8.00	10.00	30.00	3.40
58	1.68	8.80	10.00	20.00	3.32
59	1.94	9.60	15.00	20.00	3.24
60	2.26	10.40	20.00	20.00	3.16
61	2.62	11.20	20.00	20.00	3.08
62	3.08	12.00	30.00	40.00	3.00
63	3.60	12.00	15.00	15.00	3.00
64	4.20	12.00	35.00	25.00	3.00
65	4.80	12.00	30.00	80.00	3.00
66		12.00	30.00	80.00	3.00
67		12.00	30.00	80.00	3.00
68		12.00	30.00	80.00	3.00
69		12.00	30.00	80.00	3.00
70			100.00	100.00	

The termination rates shown are ultimate rates.

Expenses

Expected administrative and investment expenses of \$9,900,000 were added to Target Normal Cost.

Attachment to 2011 Form 5500

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Plan Name:	<u>Progress Energy Pension Plan</u>	EIN:	<u>56-2155481</u>
Plan Sponsor's Name:	<u>Progress Energy</u>	PN:	<u>001</u>

Vested Terminated Commencement Assumption

It is assumed that upon exit from an active status, 50% of participants commence their cash balance benefits as a lump sum immediately, while 50% defer commencement of their cash balance benefits to age 65 and at that time elect the following optional forms:

- Lump Sum – 50.0%
- 50% Joint and Survivor Annuity – 39.5%
- 100% Joint and Survivor Annuity with Pop Up – 6.0%
- Life Annuity – 4.5%

For current cash balance deferred vested participants, it is assumed that participants will commence their benefit immediately if they terminated less than 4 months prior to the valuation date. If they terminated four or more months prior to the valuation date, it is assumed they will defer commencement of their cash balance benefits to age 65.

For other current deferred vested participants and FPC benefits of future exits from active status: It is assumed that all participants older than age 65 will commence their benefits immediately. Participants less than age 65 are assumed to commence as follows:

- Non-Cash Balance, Non-FPC Benefits: Those with at least 15 years of service are assumed to commence their benefits as follows: 40% at age 55, 15% at age 60, 20% at age 62, and 25% at age 65. Those with less than 15 years of service are assumed to commence at age 65. It is also assumed that participants will elect the following optional forms:
 - Life Annuity – 22%
 - 50% Joint and Survivor Annuity – 60%
 - 100% Joint and Survivor Annuity – 18%
- FPC Benefits: Those with at least 15 years of service or those who terminated after March 1, 2000 are assumed to commence their benefits as follows: 35% at age 55, 50% at age 60, and 15% at age 62. Those with less than 15 years of service terminated prior to March 1, 2000 or those older than age 62 are assumed to commence at age 65. It is also assumed that participants will elect the following optional forms:
 - Life Annuity – 55%
 - 50% Joint and Survivor Annuity with Pop Up– 24%
 - 75% Joint and Survivor Annuity with Pop Up– 6%
 - 100% Joint and Survivor Annuity – 15%

Attachment to 2011 Form 5500

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Plan Name:	<u>Progress Energy Pension Plan</u>	EIN:	<u>56-2155481</u>
Plan Sponsor's Name:	<u>Progress Energy</u>	PN:	<u>001</u>

Commencement Assumption from Active Status

It is assumed that upon retirement, disability, or death from active status, participants (or beneficiaries) elect the following optional forms:

Non-Disabled Non-FPC Benefit:

- Lump Sum – 70.0%
- 50% Joint and Survivor Annuity – 23.7%
- 100% Joint and Survivor Annuity with Pop Up – 3.6%
- Life Annuity – 2.7%

Non-Disabled FPC Benefit:

- Life Annuity – 70%
- 50% Joint and Survivor Annuity with Pop Up – 20%
- 100% Joint and Survivor Annuity with Pop Up – 10%

Non-FPC Beneficiaries:

- Lump Sum – 50%
- Life Annuity – 50%

FPC Beneficiaries:

- Life Annuity – 100%

Disabled Non-FPC Benefit:

- Lump Sum – 70.0%
- 50% Joint and Survivor Annuity – 24.0%
- Life Annuity – 6.0%

Disabled FPC Benefit:

- Life Annuity – 100%

Marital percentage

- 80% of participants are assumed to be married.
- Husbands are assumed to be 2 years older than their wives.

Attachment to 2011 Form 5500

Schedule SB, Part V – Statement of Actuarial Assumptions/Methods

Plan Name:	<u>Progress Energy Pension Plan</u>	EIN:	<u>56-2155481</u>
Plan Sponsor's Name:	<u>Progress Energy</u>	PN:	<u>001</u>

Asset valuation method

The Actuarial Value of Assets is determined using a method that spreads asset gains/(losses) over two years. The gain/(loss) for each period is determined as the actual return during the period less the expected return based on an assumed earnings rate chosen by the actuary but required by PPA to be not greater than the applicable third segment rate. The resulting value is constrained to be within a corridor of 90% to 110% of market value. The discounted value of accrued contributions, if any, is included in the Actuarial Value of Assets.

The expected return on plan assets is 8.50% per annum (8.75% prior to 2011), limited by PPA to the applicable Third Segment Rate as follows:

2010 measurement period:	6.82%
2009 measurement period:	6.69%

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2011**This Form is Open to Public
Inspection**

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ **Round off amounts to nearest dollar.**▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan Progress Energy Pension Plan	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF Progress Energy, Inc.	D Employer Identification Number (EIN) 56-2155481
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information

1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2011</u>		
2 Assets:		
a Market value	2a	1,823,988,611
b Actuarial value	2b	1,705,997,025
3 Funding target/participant count breakdown:	(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a 6,326	797,596,397
b For terminated vested participants	3b 4,213	204,157,434
c For active participants:		
(1) Non-vested benefits.....	3c(1)	26,211,970
(2) Vested benefits	3c(2)	866,849,286
(3) Total active.....	3c(3) 8,829	893,061,256
d Total.....	3d 19,368	1,894,815,087
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)		
a Funding target disregarding prescribed at-risk assumptions	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b	
5 Effective interest rate	5	6.17 %
6 Target normal cost	6	42,759,570

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	Kerry N. Schmidt <i>KNS</i>	10/02/2012
	Signature of actuary	Date
Kerry N. Schmidt	Type or print name of actuary	11-02628
		Most recent enrollment number
Buck Consultants, LLC	Firm name	(770) 955-2488
200 Galleria Parkway NW, Suite 1900		Telephone number (including area code)
Atlanta	GA 30339-5945	
	Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2011
v.012611

Part II Beginning of year carryover and prefunding balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....	0	0
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9 Amount remaining (line 7 minus line 8).....	0	0
10 Interest on line 9 using prior year's actual return of <u>13.01</u> %.....		
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38 from prior year)		182,861,092
b Interest on (a) using prior year's effective rate of <u>6.61</u> % except as otherwise provided (see instructions).....		12,087,118
c Total available at beginning of current plan year to add to prefunding balance.....		194,948,210
d Portion of (c) to be added to prefunding balance.....		0
12 Other reductions in balances due to elections or deemed elections.....		
13 Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	0

Part III Funding percentages

14 Funding target attainment percentage	14	90.03 %
15 Adjusted funding target attainment percentage	15	90.03 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	90.00 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.	17	%

Part IV Contributions and liquidity shortfalls**18** Contributions made to the plan for the plan year by employer(s) and employees:

(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
04/15/2011	14,381,760		09/14/2012	37,250,000	
07/15/2011	14,381,760				
10/14/2011	14,381,760				
01/13/2012	14,381,760				
04/13/2012	18,965,471				
07/13/2012	18,965,471				
Totals •			18(b)	132,707,982	18(c) 0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	0
b Contributions made to avoid restrictions adjusted to valuation date.....	19b	0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c	123,814,280

20 Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No
- b** If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No
- c** If 20a is "Yes," see instructions and complete the following table as applicable:

Liquidity shortfall as of end of quarter of this plan year

(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:			
a Segment rates:	1st segment: 3.78 %	2nd segment: 6.31 %	3rd segment: 6.57 %
			☐ N/A, full yield curve used
b Applicable month (enter code).....			21b 4
22 Weighted average retirement age			22 57
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute			

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.....		☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.		☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.		☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27	

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29).....	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)		31a	42,759,570
b Excess assets, if applicable, but not greater than 31a		31b	0
32 Amortization installments:		Outstanding Balance	Installment
a Net shortfall amortization installment.....		188,818,062	33,102,312
b Waiver amortization installment.....		0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount.....		33	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...		34	75,861,882
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement			0
36 Additional cash requirement (line 34 minus line 35).....		36	75,861,882
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....		37	123,814,280
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)		38a	47,952,398
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances		38b	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)		39	0
40 Unpaid minimum required contributions for all years.....		40	0

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected		☐ 2 plus 7 years ☐ 15 years	
b Eligible plan year(s) for which the election in line 41a was made		☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011	
42 Amount of acceleration adjustment		42	
43 Excess installment acceleration amount to be carried over to future plan years		43	

Form 5558 (Rev. 6-2011)

Attachment to 2011 Form 5500
Schedule SB – Statement of Enrolled Actuary

Plan Name:	<u>Progress Energy Pension Plan</u>	EIN:	<u>56-2155481</u>
Plan Sponsor's Name:	<u>Progress Energy</u>	PN:	<u>001</u>

In preparing Schedule SB, the actuary relied on the following information which was provided by other parties:

- (a) Contribution information as provided by the plan administrator.
- (b) Financial information as provided by the trustee and the plan administrator.
- (c) Data on persons covered by the Plan as provided by the plan administrator. While not verifying the data at source, the actuary performed tests for consistency and reasonability.
- (d) Information on the plan provisions as provided by the plan administrator.

The information in (b) and (c) was audited by the independent certified public accountants for the Plan Sponsor.

Attachment to 2011 Form 5500
Schedule SB, Line 2a – Current Value of Assets

Plan Name:	<u>Progress Energy Pension Plan</u>	EIN:	<u>56-2155481</u>
Plan Sponsor's Name:	<u>Progress Energy</u>	PN:	<u>001</u>

The current value of assets used for valuation purposes differs from that reported on Schedule H of Form 5500 due to payables and other adjustments.

Attachment to 2011 Form 5500
Schedule SB, Line 22 - Description of Weighted Average Retirement Age

Plan Name: Progress Energy Pension Plan

EIN: 56-2155481

Plan Sponsor's Name: Progress Energy

PN: 001

Less than 35 years of Service

<u>Age</u>	<u>Rate of Retirement</u>	<u>Number of Lives</u>	<u>Number retiring</u>	<u>Weighted average</u>
		1.0000		
55	15%	0.8500	0.1500	8.2500
56	10%	0.7650	0.0850	4.7600
57	10%	0.6885	0.0765	4.3605
58	10%	0.6197	0.0688	3.9904
59	15%	0.5267	0.0930	5.4870
60	20%	0.4214	0.1053	6.3180
61	20%	0.3371	0.0843	5.1423
62	30%	0.2360	0.1011	6.2682
63	15%	0.2006	0.0354	2.2302
64	35%	0.1304	0.0702	4.4928
65	30%	0.0913	0.0391	2.5415
66	30%	0.0639	0.0274	1.8084
67	30%	0.0447	0.0192	1.2864
68	30%	0.0313	0.0134	0.9112
69	30%	0.0219	0.0094	0.6486
70	100%	0.0000	0.0219	1.5330
			1.0000	60.0285

35 years of Service or more

<u>Age</u>	<u>Rate of Retirement</u>	<u>Number of Lives</u>	<u>Number retiring</u>	<u>Weighted average</u>
		1.0000		
50	15%	0.8500	0.1500	7.5000
51	15%	0.7225	0.1275	6.5025
52	15%	0.6141	0.1084	5.6368
53	15%	0.5220	0.0921	4.8813
54	15%	0.4437	0.0783	4.2282
55	30%	0.3106	0.1331	7.3205
56	30%	0.2174	0.0932	5.2192
57	30%	0.1522	0.0652	3.7164
58	20%	0.1218	0.0304	1.7632
59	20%	0.0974	0.0244	1.4396
60	20%	0.0779	0.0195	1.1700
61	20%	0.0623	0.0156	0.9516
62	40%	0.0374	0.0249	1.5438
63	15%	0.0318	0.0056	0.3528
64	25%	0.0239	0.0079	0.5056
65	80%	0.0048	0.0191	1.2415
66	80%	0.0010	0.0038	0.2508
67	80%	0.0002	0.0008	0.0536
68	80%	0.0000	0.0002	0.0136
69	80%	0.0000	0.0000	0.0000
70	100%	0.0000	0.0000	0.0000
			1.0000	54.2910

Average Retirement Age = 57.1598



September 19, 2012

Retirement Board
Progress Energy Pension Plan
Raleigh, North Carolina

We have conducted a Department of Labor (DOL) limited-scope audit of the financial statements of Progress Energy Pension Plan (the "Plan") as of and for the year ended December 31, 2011 and have issued our report thereon dated September 19, 2012. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Notes 3 and 4 to those financial statements. Because of the significance of the information that we did not audit, we are unable to, and have not, expressed an opinion on those financial statements and supplemental schedule taken as a whole. We did, however, audit the form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, in accordance with auditing standards generally accepted in the United States of America and found them to be presented in compliance with the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 13, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Plan are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2011. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 19, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Investment Committee, Retirement Board and management of the Plan and is not intended to be and should not be used by anyone other than these specified parties.

Chung Bekeant & Holland, L.L.P.

Raleigh, North Carolina

Attachment to 2011 Form 5500
Schedule SB, Part V – Summary of Plan Provisions

Plan Name:	<u>Progress Energy Pension Plan</u>	EIN:	<u>56-2155481</u>
Plan Sponsor's Name:	<u>Progress Energy</u>	PN:	<u>001</u>

1. Monthly Accrued Benefit

- 1.70% of Average Final Compensation multiplied by Benefit Service
(to a maximum of 60% of Average Final Compensation),
less
1.43% of Social Security Benefit multiplied by Benefit Service
(to a maximum of 50% of the Social Security Benefit)

After December 31, 2003, the above formula is frozen.

On or after January 1, 1999, the Monthly Accrued Benefit is defined as the actuarial equivalent of the Cash Balance Account based on the 1994 Group Annuity Mortality (50/50 blend) projected to 2002 and the 30-year Treasury rate for the month of August prior to the start of the Plan year. The Treasury rate is used for ages 65 and older, and that rate plus .5% is used at ages prior to 65, with a minimum rate of 6.5% prior to 2002. The minimum benefit for employees other than former members of the Florida Progress Plan is \$300 per month.

Notes:

- a) For employees who were members immediately before January 1, 1981, the Monthly Accrued Benefit will not be less than the monthly accrued benefit to which the member would have been entitled at age 65 calculated under the terms of the plan as in effect on December 31, 1980, assuming for this purpose that the member's compensation as of January 1, 1981 remains unchanged until the later of age 65 or his actual retirement age. For married members, the minimum Monthly Accrued Benefit will be a 50% joint and contingent benefit which is the actuarial equivalent to the monthly accrued benefit developed by the preceding formula.
- b) In determining the Monthly Accrued Benefit prior to normal retirement date under the formula above, the Social Security offset is calculated by multiplying the potential Social Security offset at normal retirement age by the ratio of actual Benefit Service to projected Benefit Service at normal retirement (where all Benefit Service amounts are limited to 35 years).
- c) All pensions are reduced by the amount of the retirement annuity, if any, that is payable to the member from John Hancock Mutual Life Insurance Company under the terminated Tide Water Power Company retirement plan.
- d) Employees of North Carolina Natural Gas who were involved in the acquisition by Progress Energy have their accrued benefit under the North Carolina Natural Gas pension plan frozen as of December 31, 1999. This benefit maintains the eligibility and benefit provisions of the prior plan. Effective January 1, 2000, these employees start accruing benefits under the Progress Energy Pension Plan.
- e) Employees of Florida Progress who were involved in the acquisition by Progress Energy have their accrued benefit under the Florida Progress pension plan frozen as of December 31, 2001. This benefit maintains the eligibility and benefit provisions of the prior plan. Effective January 1, 2002, these employees start accruing benefits under the Progress Energy Pension Plan.
- f) VERP effective May 1, 2006 granted those participants electing to retire under the early retirement program an additional 5 years of age and service as detailed in the plan document.

Attachment to 2011 Form 5500
Schedule SB, Part V – Summary of Plan Provisions

Plan Name: Progress Energy Pension Plan **EIN:** 56-2155481
Plan Sponsor's Name: Progress Energy **PN:** 001

Cash Balance Account is determined as follows:

■ Opening Account Balance

- Present Value of Accrued Benefit under the pre-1/1/99 Plan payable at age 65 =
Monthly Accrued Benefit at 1/1/99 x Factor x 12

Age	Factor	Age	Factor
21	1.00	45	7.05
25	1.40	50	7.30
30	2.80	55	8.50
35	4.30	60	9.00
40	5.80	65	10.60

■ Percentage of Pay Credits ("Deposited" At End Of Plan Year)

Age at Beginning of Year	Basic Annual Credits	Additional Annual Credit*
Less than 35	3.00%	3.00%
35-39	3.50%	3.50%
40-44	4.25%	4.25%
45-49	5.00%	5.00%
50-54	6.00%	6.00%
55 and Over	7.00%	7.00%

*Additional Credit for pay in excess of 80% of Social Security Taxable Wage Base

■ Interest Credits

Year Beginning 1/1	Annual Interest Rate on Entire "Account"
1999	7.5%
2000-2001	6.0%
2002-2004	6.0%
2005-2007	5.0%
2008-2010	5.5%
2011	5.0%
2012 and later	4.0% (Guaranteed Minimum)

■ Transition Plan (for existing employees at 1/1/99 with one year of credited service)

- Part I: Greater Of Current Plan Or Cash Balance Plan Converted To Annuity For Termination/Retirement Over Next 5 Years (Through 12/31/2003)
- Part II: Transition Credits Added To Cash Balance Account For 10 Years ("Deposited" At End Of Plan Year)

Completed Years Of Service At The Beginning Of Year	Transition Pay Credits For 10 Years
1-4	2.50%
5-9	3.25%
10-14	4.00%
≥15	5.00%

Attachment to 2011 Form 5500
Schedule SB, Part V – Summary of Plan Provisions

Plan Name: Progress Energy Pension Plan **EIN:** 56-2155481
Plan Sponsor's Name: Progress Energy **PN:** 001

■ Transition Plan (for North Carolina Natural Gas employees at 1/1/2000) for accruals prior to January 1, 2007

- Part I: Frozen Accrued Benefit as of 12/31/1999 Under the Pension Plan of North Carolina Natural Gas (maintaining all eligibility and benefit provisions of the prior plan)
- Part II: Transition Credits Added To Cash Balance Account ("Deposited" at End of Plan Year)

Attained age at beginning of year of Credit	NCNG Transition Credits Made at End of each Plan Year Commencing on or after January 1, 2000 Based on Age of Supplement A Participant on January 1, 2000			
	Less than 35	35-44	45-54	55-65
Less than 29	.5%			
29-33	1.0			
34-38	1.5	2.5%		
39-43	2.0	3.5		
44-48	2.5	4.5	6.0%	
49-53	3.0	5.5	8.0	
54	3.5	6.5	11.0	9.5%
55	3.5	6.5	11.0	10.5
56	3.5	6.5	11.0	11.5
57	3.5	6.5	11.0	12.5
58	3.5	6.5	11.0	13.5
Attained age at beginning of year of Credit	NCNG Transition Credits Made at End of each Plan Year Commencing on or after January 1, 2000 Based on Age of Supplement A Participant on January 1, 2000			
	Less than 35	35-44	45-54	55-65
59	4.0	6.5	13.5	14.5
60	4.0	7.5	13.5	15.5
61	4.0	7.5	13.5	16.5
62	4.0	7.5	13.5	17.5
63	4.0	7.5	13.5	18.5
64 up to age 65	4.0	7.5	13.5	19.5

- Part III: Special Additional Credits Added To Cash Balance Account ("Deposited" at End of Plan Year) for Certain Named Individuals Ending Upon Attainment of Age 65

Name	Special Additional Contribution
Employee 1	14.0%
Employee 2	10.0
Employee 3	8.0
Employee 4	6.5
Employee 5	5.0
Employee 6	5.0
Employee 7	3.0
Employee 8	2.5
Employee 9	2.0
Employee 10	1.5
Employee 11	0.5

Attachment to 2011 Form 5500
Schedule SB, Part V – Summary of Plan Provisions

Plan Name: Progress Energy Pension Plan **EIN:** 56-2155481
Plan Sponsor's Name: Progress Energy **PN:** 001

- Transition Plan (for Florida Progress employees at 1/1/2002 for accruals after January 1, 2002 and North Carolina Natural gas employees at January 1, 2000 for accruals after January 1, 2007)
 - Part I: Frozen Accrued Benefit as of 12/31/2001 Under the Pension Plan of Florida Progress (maintaining all eligibility and benefit provisions of the prior plan)
 - Part II: Transition Credits Added To Cash Balance Account ("Deposited" at End of Plan Year)

FPC Transition Credits Made at End of each Plan Year Commencing on or after January 1, 2002 Based on Age of Supplement B Participant on January 1, 2002				
Attained age at beginning of year of Credit	Less than 30	30-39	40-54*	55+*
Less than 25	.25%			
25-29	1.00			
30-34	1.75	2.25%		
35-39	2.25	3.25		
40-44	2.75	4.00	5.00%	
45-49	3.50	5.75	6.25	
50-54	4.50	7.00	9.50	
55-59	7.25	8.75	11.50	14.00%
60-64	9.00	12.25	16.00	17.00

*Participants over age 40 with less than five years of vesting service as of December 31, 2001, receive 65% of the transition credit

2. Normal Retirement Age and Pension

- Age
Age 65 (employees who first become members on or after January 1, 1988 must also have attained their fifth anniversary of becoming a member)
- Amount
Monthly Accrued Benefit
- Form of Payment
For Plan formula in effect prior to January 1, 1999:
 Life annuity (normal form for single members);
 50% joint and contingent annuity with spouse as beneficiary (normal form for married members);
 Actuarially reduced 10-year certain and life annuity (optional)¹;
 Actuarially reduced 75% joint and contingent annuity with spouse as beneficiary (optional for married members only)¹;
 Actuarially reduced 100% joint and contingent annuity with spouse as beneficiary (optional for married members only)¹;
 Actuarially reduced 75% joint and contingent annuity with "pop-up" feature² and with spouse as beneficiary (optional for married members only)¹;
 Actuarially reduced 100% joint and contingent annuity with "pop-up" feature² and with spouse as beneficiary (optional for married members only)¹;
 Actuarially equivalent lump sum payment (mandatory and only available if the present value of the monthly annuity at retirement is less than \$5,000)

Attachment to 2011 Form 5500
Schedule SB, Part V – Summary of Plan Provisions

Plan Name:	<u>Progress Energy Pension Plan</u>	EIN:	<u>56-2155481</u>
Plan Sponsor's Name:	<u>Progress Energy</u>	PN:	<u>001</u>

For Plan formula in effect after December 31, 1998:

Life annuity (normal form for single members);
50% joint and contingent annuity with spouse as beneficiary (normal form for married members);
Refund of unpaid portion of cash balance upon death of retiree
Actuarially reduced 75% joint and contingent annuity with "pop-up" feature² and with spouse as beneficiary (optional for married members only)¹;
Actuarially reduced 100% joint and contingent annuity with "pop-up" feature² and with spouse as beneficiary (optional for married members only)¹;
Actuarially equivalent lump sum payment
Partial Lump Sum (25%, 50%, 75%), if age 50 or older; Minimum Annuity of \$500 Per Month

3. Early Retirement Age and Pension

- Age
Later of age 55 and attainment of at least 15 years of Eligibility Service, or
Any age upon the attainment of at least 35 years of Eligibility Service
- Amount
Monthly Accrued Benefit reduced 2.5% per year by which the member's Early Retirement Date precedes his Normal Retirement Date, except that members who have attained age 62 with at least 20 years of Eligibility Service may receive their Monthly Accrued Benefit immediately and members who are less than age 55 with at least 35 years of Eligibility Service will receive 75% of their Monthly Accrued Benefit.³
- Form of Payment
Same as for Normal Retirement, plus, if annuity elected and member of CPL pre-1999 plan, actuarially reduced level income life annuity which, when combined with his estimated Social Security income, will provide an approximately level income for the life of the member (optional)

4. Late Retirement Age and Pension

- Age
After Normal Retirement Age
- Amount
Monthly Accrued Benefit
- Form of Payment
Same as for Normal Retirement

¹ The optional joint and survivor forms of payment for married members are actuarially reduced from the 50% joint and survivor form of payment; all other optional forms of payment are actuarially reduced from the life annuity form of payment.

² An annuity with a "pop-up" feature is one that increases to the amount of the unreduced accrued benefit upon the death of the contingent annuitant.

³ North Carolina Natural Gas and Florida Progress frozen accrued benefits are reduced according to benefit provisions of the prior plan.

Attachment to 2011 Form 5500
Schedule SB, Part V – Summary of Plan Provisions

Plan Name:	<u>Progress Energy Pension Plan</u>	EIN:	<u>56-2155481</u>
Plan Sponsor's Name:	<u>Progress Energy</u>	PN:	<u>001</u>

5. Deferred Vested Pension

- **Eligibility Requirement**
In order to be eligible for a Deferred Vested Pension, the member must be 100% vested in his Monthly Accrued Benefit.
- **Amount**
Monthly Accrued Benefit (payable at Normal Retirement Age), or
Actuarial Equivalent to the Monthly Accrued Benefit payable at Normal Retirement Age (payable at age 55 if member has earned at least 15 years of Vesting Service)
- **Form of Payment**
Same as for Normal Retirement

6. Qualified Pre-Retirement Spouse Annuity (QPSA)

- **For Vested Members Who Die in Active Service or Who Have Retired with a Deferred Early Retirement Pension**

Upon the death of the member while employed in active service, the member's spouse receives the greater of 50% of the Monthly Accrued Benefit or 50% of the pension that the deceased member would have received if, during the month before his death, he had retired on normal or early retirement, whichever is applicable. If the member has died in active service, then he must have been married to his spouse for at least one year prior to his death. The QPSA is payable to the spouse for life beginning on the first of the month following the member's death or, at the spouse's election, beginning as late as the member's Normal Retirement Date.

Alternatively, the spouse may elect to receive the amount of the Cash Balance Account.

- **For All Other Members Who Have Earned at Least Five Years of Vesting Service at the Time of Their Death**

Upon the death of the member prior to retirement, the member's spouse receives 50% of the Monthly Accrued Benefit that would have been payable to the member in the form of a 50% joint and contingent annuity had the member survived to Normal Retirement Age. The member must have been married to his spouse for at least one year prior to his death. The QPSA is payable to the spouse beginning on the member's Normal Retirement Date or, at the spouse's election, an actuarially equivalent QPSA is payable beginning on the member's Early Retirement Date provided that the member had earned at least 15 years of Benefit Service at the time of his death.

Alternatively, the spouse may elect to receive the amount of the Cash Balance Account.

7. Disabled Members

Any member, while in receipt of disability payments under the Company's Long-Term Disability Group Insurance Plan, will be treated as a member in active service and will continue to accrue eligibility, vesting, and benefit service until his Normal Retirement Date or his Early Retirement Date and, upon retirement, his Monthly Accrued Benefit will be determined as if he had received compensation during the period when he received disability payments at his last rate of compensation that was in effect prior to the commencement of such payments.

Attachment to 2011 Form 5500
Schedule SB, Part V – Summary of Plan Provisions

Plan Name:	<u>Progress Energy Pension Plan</u>	EIN:	<u>56-2155481</u>
Plan Sponsor's Name:	<u>Progress Energy</u>	PN:	<u>001</u>

8. Vesting Requirement

In order to become 100% vested in his Monthly Accrued Benefit, the member must earn at least three years of Vesting Service effective at January 1, 2008.

9. Eligibility Service

Eligibility service is the total period of service as an employee with the Company, its predecessor companies, and any affiliated company. Eligibility service does not include any service preceding the initial 12-month period in which an employee first works 1,000 hours.

10. Vesting Service

Vesting service is the member's period of employment with the Company or with an affiliated company. Vesting service begins on the member's employment commencement date and ends on the member's Severance from Service Date as that term is defined in the Plan. In addition, if a member is terminated and is later re-employed within 12 months, then the period between his Severance from Service Date and his re-employment date is included in his Vesting Service.

11. Benefit Service

On and after January 1, 1981, benefit service is equal to all Vesting Service earned on or after that date while an employee is a member of the plan. Benefit service earned prior to that date is equal to creditable service determined in accordance with the terms of the plan as in effect on December 31, 1980. In addition, an employee's initial year of Eligibility Service and any subsequent year of Vesting Service while an employee but prior to becoming a member is included in the member's benefit service.

12. Average Final Compensation

Average final compensation is the average annual compensation of a member during the five consecutive years out of his last ten years of credited service affording the highest such average or during the entire period of his credited service if he has less than five years of credited service.

13. Compensation

Compensation considered under the plan includes base pay determined prior to any reduction pursuant to any 401(k) plan or any cafeteria plan of the Company and including deferred compensation within limits, but excluding commissions, overtime, special payments, fees, and allowances and including certain reactor operator supplements. Under the new EGTRRA provision, compensation is limited to \$200,000 as indexed on a prospective basis. Prior to January 1, 2002, compensation was limited to \$150,000 per year as indexed. Prior to January 1, 1994, compensation was limited to \$200,000 per year as indexed.

Attachment to 2011 Form 5500
Schedule SB, Part V – Summary of Plan Provisions

Plan Name:	<u>Progress Energy Pension Plan</u>	EIN:	<u>56-2155481</u>
Plan Sponsor's Name:	<u>Progress Energy</u>	PN:	<u>001</u>

14. Social Security Benefit

Social Security Benefit means the annual primary insurance amount payable under Title II of the Social Security Act as in effect on a member's date of termination, provided that, in the case of early retirement, it is assumed that the member will have no income which would be treated as wages for purposes of the Social Security Act between his date of retirement and his 65th birthday and, in the case of a vested deferred retirement, it is assumed that the member will remain in service to age 65 at his last rate of compensation.

15. Membership Requirement

All employees of Progress Energy who have attained age 21 and who have completed one year of eligibility service (after December 31, 1998, requirement is one year of eligibility service only) are eligible to become members of the plan, except that no leased or temporary employee hired after December 31, 1994 is eligible for membership. Each North Carolina Natural Gas employee who was not a Member in the Plan as of December 31, 1999, shall automatically become a member in the Plan as of January 1, 2000. Each Florida Progress employee who was not a Member in the Plan as of December 31, 2001, shall automatically become a member in the Plan as of January 1, 2002.

16. Initial Plan Effective Date

September 1, 1944

17. Retirement Transition Support Program

Employees who are not eligible for retirement in 1995 and who have attained age 50 with at least 10 years of service as of December 31, 1995 or whose age plus years of service as of December 31, 1995 is 65 or more are eligible to receive additional service for benefit accrual and retirement eligibility purposes under the Retirement Transition Support Program. The amount of the additional service is equal to the service that the employee would have earned after his employment termination date and before the earliest date on which he would have been eligible to retire had he remained in active employment. This program was also offered in 1996 and 1997.

18. Benefit Increase for Retirees and Eligible Beneficiaries

- A one-time increase in benefits was granted effective January 1, 1996 to all retirees and eligible beneficiaries who began receiving benefits under the plan before January 1, 1993. The increase was equal to 3.00% subject to a minimum increase of \$20.00.
- A one-time increase in benefits was granted effective January 1, 1999 to all retirees and eligible beneficiaries who began receiving benefits under the plan before January 1, 1996. The increase was equal to 3.00% subject to a minimum monthly increase of \$25.00.
- A one-time increase in benefits was granted effective January 1, 2002 to all retirees and eligible beneficiaries who began receiving benefits under the plan before January 1, 1999. The increase was equal to 3.00% subject to a minimum monthly increase of \$30.00.

Attachment to 2011 Form 5500
Schedule SB, Part V – Summary of Plan Provisions

Plan Name:	<u>Progress Energy Pension Plan</u>	EIN:	<u>56-2155481</u>
Plan Sponsor's Name:	<u>Progress Energy</u>	PN:	<u>001</u>

- A one-time increase in benefits was granted effective July 1, 2006 to all retirees and eligible beneficiaries who began receiving benefits under the plan before January 1, 2002. For retirees who began receiving their benefits prior to January 1, 1990, the increase was equal to 3.00% for benefits greater than \$1,000 per month and based on a table for benefits less than \$1,000 per month. For retirees who began receiving their benefit after December 31, 1989 and prior to January 1, 2002, the increase was equal to 3.00% subject to a minimum monthly increase of \$20.00.

19. Voluntary Early Retirement Program

Under the Voluntary Early Retirement Program, employees who have attained age 50 with at least 5 years of service as of March 31, 2005 and retire under the program are eligible to receive 5 years of additional service for benefit accrual and retirement eligibility purposes and 5 years added to their age for early retirement benefit calculation purposes.

Attachment to 2011 Form 5500
Schedule SB, Part V – Summary of Plan Provisions

Plan Name: Progress Energy Pension Plan **EIN:** 56-2155481
Plan Sponsor's Name: Progress Energy **PN:** 001

Optional Form Conversion Factors

For Cash Balance Plan formula in effect after December 31, 1998

Table 1: Conversion Factors from Life Annuity for Normal, Postponed, Early, or Deferred Vested Retirement

Age of Participant	Option A 50% Designated Beneficiary		Option B 75% Contingent Annuitant with Life Reversion		Option C 100% Contingent Annuitant with Life Reversion		Option D Ten-Year Certain & Continuous
	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>	
20	0.987	0.001	0.979	0.001	0.973	0.001	N/A
21	0.986	0.001	0.978	0.001	0.972	0.001	N/A
22	0.985	0.001	0.977	0.001	0.971	0.001	N/A
23	0.984	0.001	0.976	0.001	0.970	0.001	N/A
24	0.983	0.001	0.975	0.001	0.968	0.001	N/A
25	0.982	0.001	0.974	0.001	0.966	0.001	N/A
26	0.981	0.001	0.973	0.001	0.964	0.001	N/A
27	0.980	0.001	0.972	0.001	0.962	0.001	N/A
28	0.979	0.001	0.971	0.001	0.960	0.001	N/A
29	0.978	0.001	0.969	0.001	0.958	0.001	N/A
30	0.977	0.001	0.967	0.001	0.956	0.001	N/A
31	0.976	0.001	0.965	0.001	0.954	0.001	N/A
32	0.975	0.001	0.963	0.001	0.951	0.001	N/A
33	0.974	0.001	0.961	0.001	0.948	0.001	N/A
34	0.972	0.001	0.959	0.001	0.944	0.001	N/A
35	0.970	0.001	0.956	0.001	0.940	0.001	N/A
36	0.968	0.001	0.953	0.001	0.936	0.002	N/A
37	0.966	0.001	0.950	0.001	0.932	0.002	N/A
38	0.964	0.001	0.946	0.001	0.928	0.002	N/A
39	0.962	0.001	0.942	0.001	0.924	0.002	N/A
40	0.960	0.001	0.938	0.002	0.919	0.002	N/A
41	0.957	0.001	0.934	0.002	0.914	0.002	N/A
42	0.954	0.001	0.930	0.002	0.909	0.002	N/A
43	0.951	0.001	0.926	0.002	0.904	0.002	N/A
44	0.948	0.001	0.922	0.002	0.899	0.003	N/A
45	0.945	0.002	0.918	0.002	0.894	0.003	N/A
46	0.942	0.002	0.914	0.002	0.889	0.003	N/A
47	0.939	0.002	0.910	0.002	0.884	0.003	N/A
48	0.936	0.002	0.906	0.003	0.879	0.004	N/A
49	0.933	0.002	0.902	0.003	0.874	0.004	N/A

Attachment to 2011 Form 5500
Schedule SB, Part V – Summary of Plan Provisions

Plan Name:	Progress Energy Pension Plan	EIN:	56-2155481
Plan Sponsor's Name:	Progress Energy	PN:	001

Table 1 (Contd): Conversion Factors from Life Annuity for Normal, Postponed, Early, or Deferred Vested Retirement

Age of Participant	Option A Free 50% Designated Beneficiary		Option B 75% Contingent Annuitant with Life Reversion		Option C 100% Contingent Annuitant with Life Reversion		Option D Ten-Year Certain & Continuous
	A	B	A	B	A	B	
50	0.930	0.003	0.898	0.003	0.869	0.004	0.983
51	0.927	0.003	0.894	0.004	0.864	0.004	0.981
52	0.924	0.003	0.890	0.004	0.859	0.005	0.979
53	0.921	0.003	0.886	0.004	0.854	0.005	0.977
54	0.918	0.003	0.882	0.005	0.848	0.005	0.975
55	0.914	0.003	0.877	0.005	0.842	0.006	0.972
56	0.911	0.004	0.872	0.005	0.836	0.006	0.969
57	0.908	0.004	0.867	0.005	0.830	0.006	0.966
58	0.904	0.004	0.862	0.006	0.824	0.007	0.962
59	0.900	0.005	0.857	0.006	0.818	0.007	0.957
60	0.896	0.005	0.852	0.006	0.812	0.007	0.952
61	0.892	0.005	0.847	0.007	0.806	0.007	0.946
62	0.888	0.005	0.842	0.007	0.800	0.008	0.940
63	0.884	0.006	0.836	0.007	0.793	0.008	0.933
64	0.880	0.006	0.830	0.008	0.786	0.008	0.925
65	0.875	0.006	0.824	0.008	0.779	0.009	0.915
66	0.871	0.006	0.819	0.008	0.773	0.009	0.905
67	0.867	0.007	0.814	0.009	0.767	0.009	0.895
68	0.863	0.007	0.809	0.009	0.761	0.010	0.883
69	0.859	0.007	0.803	0.009	0.754	0.010	0.870
70	0.854	0.008	0.797	0.010	0.747	0.011	0.856
71	0.851	0.008	0.793	0.010	0.742	0.011	0.842
72	0.848	0.008	0.789	0.011	0.737	0.011	0.827
73	0.845	0.009	0.785	0.011	0.732	0.012	0.811
74	0.841	0.009	0.780	0.011	0.727	0.012	0.793
75	0.837	0.009	0.775	0.012	0.722	0.013	0.775

Attachment to 2011 Form 5500
Schedule SB, Part V – Summary of Plan Provisions

Plan Name:	<u>Progress Energy Pension Plan</u>	EIN:	<u>56-2155481</u>
Plan Sponsor's Name:	<u>Progress Energy</u>	PN:	<u>001</u>

i. Fifty Percent Designated Beneficiary Option (Option A)

The plan offers a free fifty percent joint and survivor contingent annuitant option which is equivalent to the life annuity option. The factors listed in Option A are used only for the purposes of converting to other optional joint and survivor options.

ii. Seventy Five Percent Survivor Annuity with Life Reversion (Option B)

The factor in column A is reduced/increased by the factor in column B for each full year that the Employee is older/younger than the spouse. The resulting factor cannot exceed 1.000. The resulting factor is then divided by age equivalent fifty percent designated beneficiary option factor calculated from the factors listed in Option A.

iii. One Hundred Percent Survivor Annuity with Life Reversion (Option C)

The factor in column A is reduced/increased by the factor in column B for each full year that the Employee is older/younger than the spouse. The resulting factor cannot exceed 1.000. The resulting factor is then divided by age equivalent fifty percent designated beneficiary option factor calculated from the factors listed in Option A.

iv. Ten-Year Certain and Continuous Option (Option D)

The factors listed in Option D are used to convert the life annuity value to the ten-year certain and continuous option based on the Participant's age at commencement.

v. Social Security Leveling Option (Option E)

The social security leveling option benefit will be determined on the 417(e) actuarial equivalent basis using the IRS Interest Rate and the IRS Mortality Tables.

vi. Modified Cash Refund (Option F)

The benefit amount under this form shall be 95% of the life annuity amount.

vii. Non Cash Balance Optional Factors

Different factors are used to convert the optional forms for the December 31, 1998 grandfathered benefit, terminated vested benefits prior to December 31, 1998 and the FPC and NCNG accrued add-on benefits.

Attachment to 2011 Form 5500
Schedule SB, Part V – Summary of Plan Provisions

Plan Name:	<u>Progress Energy Pension Plan</u>	EIN:	<u>56-2155481</u>
Plan Sponsor's Name:	<u>Progress Energy</u>	PN:	<u>001</u>

Summary of Changes from the January 1, 2010 Valuation

The following plan amendments have been adopted within the last plan year:

- a) The annual interest credit on each active participant's cash balance account was increased to 5.0% for 2011.
- b) The FPC transition credits were modified to continue beyond age 65.

Schedule SB, line 32 - Schedule of Amortization Bases

Plan Name	Progress Energy Pension Plan
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Plan Sponsor's Name	<u>Progress Energy, Inc.</u>
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EIN: 56-2155481

PN: 001

[illegible]

Attachment to 2011 Form 5500
Schedule SB, line 24 - Change in Actuarial Assumptions

Plan Name Progress Energy Pension Plan

EIN: 56-2155481

Plan Sponsor's Name Progress Energy, Inc.

PN: 001

Describe any change in non-prescribed actuarial assumptions and justify any such change.

Expected administrative and investment expenses of \$9,900,000 were assumed for the current year compared to \$10,200,000 that was assumed for the prior year.