

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
		2012
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</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; include room or suite number (employer, if for a single-employer plan) <u>PROGRESS ENERGY, INC.</u> <u>550 SOUTH TRYON STREET DEC 38A</u> <u>CHARLOTTE, NC 28202</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>10/15/2013</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
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address DUKE ENERGY CORPORATION BENEFITS COMMITTEE 550 SOUTH TRYON STREET DEC 38D CHARLOTTE, NC 28202		3b Administrator's EIN 20-2777218
		3c Administrator's telephone number 704-382-2159
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
5 Total number of participants at the beginning of the plan year		5 19332
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	8447
b Retired or separated participants receiving benefits.....	6b	5710
c Other retired or separated participants entitled to future benefits.....	6c	4599
d Subtotal. Add lines 6a , 6b , and 6c	6d	18756
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	1267
f Total. Add lines 6d and 6e	6f	20023
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	37
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics 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 Characteristics 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
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) ☐ <u>0</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

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 2012 This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ **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>2012</u>	
2 Assets:	
a Market value	2a <u>1929906616</u>
b Actuarial value	2b <u>1918708105</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment.....	3a <u>6429</u> (1) Number of participants <u>753694460</u> (2) Funding Target
b For terminated vested participants.....	3b <u>4223</u> <u>187548020</u>
c For active participants:	
(1) Non-vested benefits.....	3c(1) <u>20555120</u>
(2) Vested benefits.....	3c(2) <u>857089383</u>
(3) Total active	3c(3) <u>8680</u> <u>877644503</u>
d Total	3d <u>19332</u> <u>1818886983</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>6.90 %</u>
6 Target normal cost.....	6 <u>42203380</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>10/01/2013</u>
	Signature of actuary	Date
<u>KELLY Q. BRANHAM</u>		<u>11-05192</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) 2012
v. 120126

Part II Beginning of Year Carryover 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)		
9 Amount remaining (line 7 minus line 8)	0	0
10 Interest on line 9 using prior year's actual return of <u>5.00</u> %	0	0
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		47952398
b Interest on (a) using prior year's effective interest rate of <u>6.17</u> % except as otherwise provided (see instructions)		2958663
c Total available at beginning of current plan year to add to prefunding balance		50911061
d Portion of (c) to be added to prefunding balance		0
12 Other reductions in balances due to elections or deemed elections		0
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	105.48 %
15 Adjusted funding target attainment percentage	15	105.48 %
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	90.03 %
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
10/15/2012	18965471	0			
12/28/2012	179000000	0			
			Totals ►	18(b)	197965471
				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	185563761
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year? ☒ Yes ☐ No		
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☒ Yes ☐ No		
c If line 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
0	0	0
		(4) 4th
		0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 5.54%	2nd segment: 6.85%	3rd segment: 7.52 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 61
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 subject to 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	42203380	
b Excess assets, if applicable, but not greater than line 31a	31b	42203380	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	0	0	
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	0	
	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	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	185563761	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	185563761	
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 an election was made to use PRA 2010 funding relief for this plan:			
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		

<div>SCHEDULE C</div> <div>(Form 5500)</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Service Provider Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div>	OMB No. 1210-0110
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
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	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

- a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No
- b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III **Termination Information on Accountants and Enrolled Actuaries (see instructions)**
(complete as many entries as needed)

a Name: KERRY N. SCHMIDT	b EIN: 13-3954297
c Position: ENROLLED ACTUARY	
d Address: 200 GALLERIA PARKWAY NW, SUITE 1900 ATLANTA, GA 30339-5945	e Telephone: 770-955-2488

Explanation: ENROLLED ACTUARY LEFT EMPLOYMENT WITH FIRM PROVIDING THE SERVICES

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE D (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small>	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 <div style="text-align: center; font-size: 1.2em; font-weight: bold;">2012</div> This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>PROGRESS ENERGY PENSION PLAN</u>	B Three-digit plan number (PN) ►	<u>001</u>
C Plan or DFE 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	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 <u>56-6035543-001</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>2227834732</u>
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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:

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.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
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	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		
b	Receivables (less allowance for doubtful accounts):			
	(1) Employer contributions	1b(1)	89562702	0
	(2) Participant contributions	1b(2)		
	(3) Other.....	1b(3)	12894931	0
c	General investments:			
	(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	69068972	0
	(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)	1766854890	2227834732
	(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	1938381495	2227834732

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j	5997178	0
k Total liabilities (add all amounts in lines 1g through 1j)	1k	5997178	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	1932384317	2227834732
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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)	197965471	
(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)		197965471
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
(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

		(a) Amount	(b) Total
(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)		220071927
(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		418037398

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	122586983	
(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)		122586983
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)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		122586983

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		295450415
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: MCCONNELL & JONES, LLP

(2) EIN: 76-0488832

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 lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

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.).....

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.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
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	
4c			
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	
4d			
e Was this plan covered by a fidelity bond?	X		25000000
4e			
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	
4f			
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	
4g			
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	
4h			
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	
4i			
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	
4j			
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	
4k			
l Has the plan failed to provide any benefit when due under the plan?		X	
4l			
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)			
4m			
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)

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

<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>2012</div> <div>This Form is Open to Public Inspection.</div>
For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
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.....		3 334
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) 2012 v. 120126		

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 lines 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 lines 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 lines 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 lines 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 lines 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 lines 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 line 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 lines (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 line 19(b)?

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

PROGRESS ENERGY PENSION PLAN
RALEIGH, NORTH CAROLINA

**INDEPENDENT AUDITOR'S REPORT AND
FINANCIAL STATEMENTS**

December 31, 2012 and 2011

**PROGRESS ENERGY PENSION PLAN
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Independent Auditor's Report

To the Participants and Plan Administrator of the
Progress Energy Pension Plan:

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of Progress Energy Pension Plan (the Plan), which comprise the Statements of Net Assets Available for Benefits and of Accumulated Plan Benefits as of December 31, 2012 and the related Statements of Changes in Net Assets Available for Benefits and of Changes in Accumulated Plan Benefits for the year then ended, and the related Notes to Financial Statements.

Plan Management's Responsibility for the Financial Statements

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Because of the matter described in the *Basis for Disclaimer of Opinion* paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), Plan management instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 3, which was certified by State Street Bank and Trust Company (Trustee), the trustee of the Plan and the Progress Energy Pension Plans Master Trust (Master Trust) in which the Plan has a beneficial interest, except for comparing such information with the related information included in the financial statements. We have been informed by Plan management that the Trustee holds the investment assets of the Plan and the Master Trust and executes investment transactions. Plan management has obtained a certification from the Trustee as of December 31, 2012 and 2011 and for the year ended December 31, 2012, that the information provided to Plan management by the Trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the *Basis for Disclaimer of Opinion* paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter – 2011 Financial Statements

The Statements of Net Assets Available for Benefits and of Accumulated Pension Benefits of the Plan as of December 31, 2011 were audited by a predecessor auditor whose report dated September 19, 2012, also did not express an opinion on that statement for the reasons described in the *Basis for Disclaimer of Opinion* paragraph.

McConnell & Jones LLP

Houston, Texas
October 11, 2013

PROGRESS ENERGY PENSION PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2012 and 2011

	2012	2011
ASSETS		
Plan interest in Master Trust	\$ 2,227,834,732	\$ 1,932,384,317
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$ 2,227,834,732</u>	<u>\$ 1,932,384,317</u>

PROGRESS ENERGY PENSION PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

Year Ended December 31, 2012

Additions:

Plan interest in Master Trust net income	\$ 220,071,927
Employer contributions	<u>197,965,471</u>
Total additions	<u>418,037,398</u>

Deductions:

Benefits paid to participants	122,586,983
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Increase in Net Assets Available For Benefits	295,450,415
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Net assets available for benefits – beginning of year	<u>1,932,384,317</u>
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Net Assets Available For Benefits - End of Year	<u><u>\$ 2,227,834,732</u></u>
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PROGRESS ENERGY PENSION PLAN
STATEMENTS OF ACCUMULATED PLAN BENEFITS

December 31, 2012 and 2011

	2012	2011
Actuarial present value of accumulated plan benefits		
Vested benefits		
Retired members and beneficiaries currently receiving payments	\$ 747,300,706	\$ 680,441,684
Other members	940,884,799	940,970,286
Total vested benefits	1,688,185,505	1,621,411,970
Non-vested benefits	23,196,120	18,505,541
TOTAL ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS ⁽¹⁾	\$ 1,711,381,625	\$ 1,639,917,511

(1) Prepared by the Plan's Actuary as of January 1, 2013 and 2012, respectively.

PROGRESS ENERGY PENSION PLAN
STATEMENT OF CHANGES IN ACCUMULATED PLAN BENEFITS

Year Ended December 31, 2012

Actuarial present value of accumulated plan benefits as of December 31, 2011	<u>\$ 1,639,917,511</u>
Increase (decrease) during the year attributable to:	
Interest	132,321,241
Benefits accumulated and actuarial experience	20,136,525
Benefits paid	(136,366,862)
Plan amendments	-
Changes in actuarial assumptions or methods	<u>55,373,210</u>
Increase of accumulated plan benefits	<u>71,464,114</u>
 ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS AS OF DECEMBER 31, 2012 ⁽¹⁾	 <u><u>\$ 1,711,381,625</u></u>

(1) Prepared by the Plan's Actuary as of January 1, 2013.

PROGRESS ENERGY PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

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 non-contributory defined benefit pension plan covering all non-bargaining employees of Progress Energy, Inc. (Company or Progress Energy) 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. Effective July 2, 2012, Duke Energy Corporation (Duke Energy) acquired Progress Energy in a stock-for-stock transaction. Progress Energy will continue as a wholly owned subsidiary of Duke Energy. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Benefits – Prior to the adoption of a cash balance formula for benefit accruals on January 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 January 1, 2008, a participant would be fully vested after completing five years of vesting service. Effective January 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.

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 Plan 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 plan 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, (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

PROGRESS ENERGY PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

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).

New Accounting Standards Adopted – In May 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs" (ASU 2011-04) which amends Accounting Standards Codification (ASC) 820, "Fair Value Measurements and Disclosures" 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 results 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 was insignificant to the Plan's financial statements.

Funding policy – The Company's policy is to fund amounts on an actuarial basis to provide assets sufficient to meet benefits to be paid to plan participants. Contributions to provide benefits under the Plan are made solely by the Company. The Company's contributions have exceeded the minimum funding requirements of ERISA.

Contributions - Contributions to the Plan are recorded in the period that the Plan's actuary determines they relate to except that a contribution receivable is recorded to the extent that amounts due are pursuant to formal commitments as well as legal or contractual requirements in existence at the end of the Plan year.

Actuarial present value of accumulated plan benefits – Accumulated plan 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 plan 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 plan 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 plan benefits. A complete description of the accumulated plan benefits and calculation of benefits, including percentage factors and interest rates, are provided in the Plan document.

The actuarial present value of accumulated plan benefits is determined by the Plan's actuary and is the amount that results from applying actuarial assumptions to adjust the accumulated plan 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 plan benefits at December 31, 2012 and 2011, an actuarial calculation dated January 1, 2013 and 2012, respectively, was obtained from the Plan's actuary. This represents a change in the actuarial valuation date from beginning of year to end of year and recalculated accumulated plan benefit information is presented as of December 31, 2011.

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

The significant actuarial assumptions used in the valuation as of January 1, 2013 were:

Interest	7.75%
Mortality	2013 Static Mortality table for Annuitants and Non-Annuitants
Investment Return	3.75%

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 plan benefits.

Payment of benefits – Benefit payments to participants are recorded when paid.

NOTE 3 – PLAN FINANCIAL INFORMATION CERTIFIED BY TRUSTEE

All investment information disclosed in the foregoing financial statements including investments held at December 31, 2012 and 2011 and net appreciation in fair values of investments, interest, dividends, other investment income and investment expenses for the years ended December 31, 2012 and 2011 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 2011 and for the years then ended, the Plan's interest in total Master Trust assets and liabilities 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.

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

The following presents the Statement of Net Assets Available for Benefits of the Master Trust as of December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Investments, at fair value:		
Common stocks	\$ 529,830,243	\$ 484,476,886
Preferred stocks	-	31,539,369
Common/Collective trusts	370,011,425	226,277,991
U.S. government securities	466,589,517	341,467,688
Other	290,989,087	252,672,932
Corporate bonds - preferred	253,473,481	232,771,238
Corporate bonds - all other	178,505,741	177,388,712
Partnerships	263,097,491	226,454,160
Mortgages	5,745,976	1,453,641
103-12 Investments	-	72,028,918
Registered investment companies	172,240,750	-
Interest bearing cash	<u>159,889,760</u>	<u>136,219,628</u>
Total investments	<u>2,690,373,471</u>	<u>2,182,751,163</u>
 Securities lending collateral	 8,467,078	 54,408,840
 Receivables:		
Contributions receivable	26,500,000	121,720,888
Due from broker	15,375,441	1,674,923
Accounts receivable	-	3,982,793
Accrued interest and dividends receivable	<u>10,231,283</u>	<u>9,673,316</u>
Total receivables	<u>52,106,724</u>	<u>137,051,920</u>
 Cash	 <u>15,548,059</u>	 <u>-</u>
 Total Assets	 <u>2,766,495,332</u>	 <u>2,374,211,923</u>
 Liabilities:		
Due to broker	69,180,565	7,130,161
Securities lending collateral liability	8,467,078	54,408,840
Accounts payable	<u>531,154</u>	<u>-</u>
 Total Liabilities	 <u>78,178,797</u>	 <u>61,539,001</u>
 Net Assets Available for Benefits	 <u>\$2,688,316,535</u>	 <u>\$2,312,672,922</u>

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

The following presents the Statement of Changes in Net Assets Available for Benefits of the Master Trust for the year ended December 31, 2012:

Additions:

Net appreciation in fair value of investments:

Common stocks	\$ 79,511,670
Preferred stocks	(1,049,317)
Mutual funds	7,143,920
Common/Collective trusts	29,986,438
U.S. government securities	3,269,800
Other	34,957,732
Corporate bonds – preferred	17,862,640
Corporate bonds – all other	18,757,709
Partnerships	23,242,419
Mortgages	102,477
103-12 Investments	13,190,897
Interest bearing cash	<u>1,363,820</u>
Total net appreciation in fair value of investments	228,340,205
 Interest	 34,742,888
Dividends	7,592,827
Other income	<u>4,326,499</u>

Total additions: 275,002,419

Deductions:

Administrative expenses	<u>12,172,631</u>
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Total deductions: 12,172,631

Net increase prior to transfers 262,829,788

Transfers in	250,646,106
Transfers out	<u>(137,832,281)</u>
Total transfers	112,813,825

Net increase after transfers 375,643,613

Net assets available for benefits – Beginning of year 2,312,672,922

Net assets available for benefits – End of year \$ 2,688,316,535

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

The following table presents the fair value of the Master Trust's individual investments that represent 5% or more of the Master Trust's net assets available for benefits as of December 31, 2012 and 2011:

	2012	2011
Russell 3000 Index Fund	\$ 292,070,873	\$ 151,607,822
Templeton Foreign Equity Series SAF	152,074,707	129,304,302
Ishares MSCI Emerging Markets Index ETF	138,052,414	-

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.

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 transfers between levels at the end of the reporting period.

PROGRESS ENERGY PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

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 2011.

Common stocks, mutual funds, and U.S. government securities are valued at the closing price reported in the active markets in which the individual securities are traded. Principal active markets include published exchanges such as NASDAQ, NYSE, NYMEX and Chicago Board of Trade, as well as pink sheets, which is an electronic quotation system that displays quotes for broker-dealers for many over-the-counter securities.

Investments in common/collective trusts 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.

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.

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.

Hedge funds are valued based on the value provided to the asset manager by the underlying fund. Values of liquid funds are based on observable inputs such as quoted market prices. Values of illiquid funds are based on observable or unobservable inputs to determine the value that might reasonably expect to be received in the normal course of business. If due diligence performed by the asset manager determines the value provided the underlying fund does not represent fair value, the asset manager may consult with its valuation committee in determining fair value.

Fixed income separate accounts 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.

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

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, 2012 and 2011. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Quantitative information for the Master Trust's investments classified as Level 3 has been omitted because the fair value for these investments is estimated using net asset value.

At December 31, 2012, 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	\$ 339,311,315	\$ -	\$ -	\$ 339,311,315
Mutual funds	138,052,414	-	-	138,052,414
Common/collective trusts	-	594,655,426	-	594,655,426
Timber	-	-	11,108,569	11,108,569
Private equity	-	-	153,711,712	153,711,712
Hedge funds	-	190,201,816	123,201,836	313,403,652
Other equity	21,877,689	-	-	21,877,689
Corporate debt	-	431,979,222	-	431,979,222
Government debt	404,796,819	66,437,623	-	471,234,442
Municipal debt	-	49,568,577	-	49,568,577
Cash and cash equivalents	113,848,642	46,745,338	-	160,593,980
Mortgage backed securities	-	5,739,590	-	5,739,590
Total investments at fair value	1,017,886,879	1,385,327,592	288,022,117	2,691,236,588
Liabilities				
Cash	(459,220)	-	-	(459,220)
Options	-	(78,897)	-	(78,897)
Equity securities:				
Mutual funds	-	(325,000)	-	(325,000)
Total investment liabilities	(459,220)	(403,897)	-	(863,117)
Net investments at fair value	\$ 1,017,427,659	\$ 1,384,923,695	\$ 288,022,117	\$ 2,690,373,471

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

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
Mortgage backed securities	-	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 investment liabilities	(319,303)	(55,718)	-	(375,021)
Net investments at fair value	\$ 668,138,089	\$ 1,160,238,410	\$ 358,372,038	\$ 2,186,748,537

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 year ended December 31, 2012:

	Timber	Private Equity	Other Equity	Hedge Funds	Total
Equities, net at January 1, 2012	\$ 10,880,304	\$ 152,705,987	\$ 999,883	\$ 193,785,864	\$ 358,372,038
Actual return (loss) on plan assets:					
Relating to assets still held at the reporting date	411,588	1,785,169	127,788	17,097,679	19,422,224
Relating to assets sold during the period	(77,228)	(89,871)	(637,619)	-	(804,718)
Purchases, issuances, sales and settlements:					
Purchases	13,828	12,705,840	-	454,700	13,174,368
Sales	(119,923)	(13,395,413)	(490,052)	-	(14,005,388)
Transfers out of Level 3 ^(a)	-	-	-	(88,136,407)	(88,136,407)
Equities, net at December 31, 2012	\$ 11,108,569	\$ 153,711,712	\$ -	\$ 123,201,836	\$ 288,022,117

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

^(a) Represents transfer to Level 2 for hedge funds with values estimated based on net asset value, whose redemption restrictions have expired.

Below is a summary of the Master Trust's investments at December 31, 2012 and 2011 in which fair value is estimated based on the net asset value:

Fair Value Estimated Using Net Asset Value per Share				
December 31, 2012				
Investment	Fair Value ^(a)	Unfunded Commitment	Redemption Frequency ^(b)	Redemption Notice Period
Common collective trusts ^(c)	\$ 594,655,426	\$ -	Daily-Monthly	1-15 days
Timber funds ^(d)	11,108,569	-	Non-redeemable	Non-redeemable
Private equity funds ^(e)	153,711,712	31,813,743	Non-redeemable	Non-redeemable
Equity long/equity short hedge funds ^(f)	258,628,918	-	Quarterly-Annually	30-60 days
Multi-strategy hedge funds ^(g)	54,774,734	-	Quarterly-Annually	65-370 days
Total	\$ 1,072,879,359	\$ 31,813,743		

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		

^(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.

^(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

PROGRESS ENERGY PENSION PLAN

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

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 13 percent of the value of the investments in this class cannot be redeemed in the near term because the investments are restricted to annual redemptions on the anniversary date of acquisition
- (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, 2012, investments representing approximately 50 percent of this class are redeemable quarterly with 65-95 days notice and 50 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 2012 and 2011 was \$121,541 and \$165,605, respectively, net of bank fees of \$65,437 and \$89,174, respectively.

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 \$8,467,078 at December 31, 2012 and \$54,408,840 at December 31, 2011.

NOTE 7 – RELATED-PARTY TRANSACTIONS

Total fees paid to the Company by the Master Trust totaled \$253,725 and \$443,227 for the years ended December 31, 2012 and 2011, respectively. Of these fees, \$211,039 and \$373,924 was allocated to the Plan for the years ended December 31, 2012 and 2011, respectively. These transactions qualify as party-in-interest transactions.

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

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 plan 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, 2012 and 2011, 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 2009.

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 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.

PROGRESS ENERGY PENSION PLAN
NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

NOTE 11 – PLAN CHANGES

Amendments to the Plan adopted on December 26, 2012:

- Incorporate interest crediting requirements of the Pension Protection Act of 2006
- Modify the definition of compensation with respect to certain deferred compensation
- Reflect that the current 4% default interest crediting rate is the interest crediting rate
- Adopt the IRS model Code Section 436 amendment regarding funding-based Plan restrictions

NOTE 12 – SUBSEQUENT EVENTS

Plan management has evaluated subsequent events through October 11, 2013 in connection with the preparation of these financial statements which is the date the financial statements were available to be issued.

Effective as of the close of December 31, 2012, the assets of the Master Trust held at State Street Bank and Trust Company, N.A., were merged into the Duke Energy Corporation Retirement Master Trust, held at Northern Trust.

Attachment to 2012 Form 5500

Schedule SB, Line 26 – Schedule of Active Participant Data

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

ATTAINED AGE	YEARS OF CREDITED SERVICE								
	UNDER 1			1 to 4			5 to 9		
	No.	Comp.	Cash Bal.	No.	Comp.	Cash Bal.	No.	Comp.	Cash Bal.
Under 25				128	51,830	2,092	9	0	0
25 to 29				233	65,241	5,636	170	69,776	10,484
30 to 34				274	73,124	7,232	308	73,568	13,748
35 to 39				210	75,333	8,302	278	75,029	15,983
40 to 44				199	80,771	10,448	285	79,707	21,476
45 to 49				175	81,069	12,964	235	84,324	28,967
50 to 54				147	91,085	18,627	181	85,237	35,349
55 to 59				59	77,573	19,503	99	80,375	41,469
60 to 64				33	88,872	23,040	59	69,570	41,478
65 to 69				5	0	0	14	0	0
70 & up				1	0	0	1	0	0

ATTAINED AGE	YEARS OF CREDITED SERVICE								
	10 to 14			15 to 19			20 to 24		
	No.	Comp.	Cash Bal.	No.	Comp.	Cash Bal.	No.	Comp.	Cash Bal.
Under 25									
25 to 29	4	0	0						
30 to 34	131	75,832	21,939	3	0	0			
35 to 39	257	79,922	29,769	32	80,370	38,546	1	0	0
40 to 44	299	84,956	40,330	94	95,544	75,995	77	83,353	75,213
45 to 49	287	88,119	56,987	136	88,663	87,496	226	90,249	107,867
50 to 54	246	90,224	70,954	110	93,467	123,273	180	87,540	129,840
55 to 59	140	92,625	92,733	80	93,672	167,745	112	85,014	172,172
60 to 64	69	90,629	103,782	30	84,184	173,486	43	87,823	218,081
65 to 69	11	0	0	9	0	0	7	0	0
70 & up	1	0	0	5	0	0			

ATTAINED AGE	YEARS OF CREDITED SERVICE											
	25 to 29			30 to 34			35 to 39			40 & up		
	No.	Comp.	Cash Bal.	No.	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	5	0	0									
45 to 49	247	86,821	141,650	24	85,308	142,132						
50 to 54	597	92,046	192,324	433	84,576	210,305	18	0	0			
55 to 59	317	87,319	214,758	403	90,176	266,606	219	82,098	280,019	10	0	0
60 to 64	107	84,889	235,357	103	86,847	287,927	147	91,371	371,929	54	83,735	413,792
65 to 69	8	0	0	11	0	0	10	0	0	17	0	0
70 & up	1	0	0	1	0	0	1	0	0	1	0	0

Attachment to 2012 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>Duke Energy</u>	PN:	<u>001</u>

Non-Prescribed Funding Assumptions and Methods

Interest rates

Used for calculation of annuity conversion at age 65

Funding: 4.50%

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 2012 Form 5500

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

Plan Name: Progress Energy Pension Plan **EIN:** 56-2155481
Plan Sponsor's Name: Duke 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.

Wage Base Increases

3.50% per annum

Expenses

Expected administrative and investment expenses of \$10,400,000 were added to Target Normal Cost.

Attachment to 2012 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>Duke 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 2012 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>Duke 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 2012 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>Duke 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 8.25% per annum (8.50% and 8.75% for the 2011 and 2010 measurement periods respectively), limited by PPA to the applicable Third Segment Rate as follows:

2011 measurement period:	6.57%
2010 measurement period:	6.82%

SCHEDULE SB (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>	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 2012 This Form Is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ Round off amounts to nearest dollar.

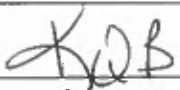
▶ Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

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 DUKE ENERGY		
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>01</u> Day <u>01</u> Year <u>2012</u>			
2 Assets:			
a Market value	2a		1929906616
b Actuarial value	2b		1918708105
3 Funding target/participant count breakdown:		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a	6429	753694460
b For terminated vested participants.....	3b	4223	187548020
c For active participants:			
(1) Non-vested benefits	3c(1)		20555120
(2) Vested benefits	3c(2)		857089383
(3) Total active	3c(3)	8680	877644503
d Total.....	3d	19332	1818886983
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		6.90%
6 Target normal cost	6		42203380

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	KELLY Q. BRANHAM  Signature of actuary	10/01/2013 Date
KELLY Q. BRANHAM Type or print name of actuary		1105192
BUCK CONSULTANTS, LLC Firm name		Most recent enrollment number 770-955-2488
200 GALLERIA PARKWAY NW, SUITE 1900 ATLANTA GA 30339-5945 Address of the firm		Telephone number (including area code)

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) 2012 v. 120126

Part II Beginning of Year Carryover 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)		
9	Amount remaining (line 7 minus line 8)	0	0
10	Interest on line 9 using prior year's actual return of <u>5.00%</u>	0	0
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		47952398
	b Interest on (a) using prior year's effective interest rate of <u>6.17%</u> except as otherwise provided (see instructions)		2958663
	c Total available at beginning of current plan year to add to prefunding balance		50911061
	d Portion of (c) to be added to prefunding balance		0
12	Other reductions in balances due to elections or deemed elections		0
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	105.48%
15	Adjusted funding target attainment percentage	15	105.48%
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	90.03%
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
10/15/2012	18965471	0			
12/28/2012	179000000	0			
Totals ▶			18(b)	197965471	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	185563761
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: 5.54%	2nd segment: 6.85%	3rd segment: 7.52%	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 61
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 subject to 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	42203380	
b Excess assets, if applicable, but not greater than line 31a	31b	42203380	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment.....	0	0	
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	0	
	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	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	185563761	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	185563761	
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 an election was made to use PRA 2010 funding relief for this plan:			
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		

Attachment to 2012 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>Duke 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.

Future actuarial measurements may differ significantly from current measurements due to plan experience differing from that anticipated by the economic and demographic assumptions, increases or decreases expected as part of the natural operation of the methodology used for these measurements, and changes in plan provisions or applicable law. Because of limited scope, Buck performed no analysis of the potential range of such future differences.

Attachment to 2012 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>Duke 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 2012 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:	Duke Energy	PN: 001

<u>(1)</u> <u>Age</u>	<u>(2)</u> <u>Expected</u> <u>Active</u> <u>Headcount</u>	<u>(3)</u> <u>Retirement</u> <u>Rate</u>	<u>(4)</u> <u>Expected</u> <u>Retirements</u> <u>(2)*(3)</u>	<u>(5)</u> <u>Weighted Age</u> <u>(1)*(4)</u>
32	676.49	0.0015	1.00	32.00
33	799.13	0.0000	0.00	0.00
34	907.71	0.0033	3.00	102.00
35	1,014.87	0.0000	0.00	0.00
36	1,090.06	0.0009	1.00	36.00
37	1,200.27	0.0008	1.00	37.00
38	1,286.58	0.0008	1.00	38.00
39	1,411.37	0.0000	0.00	0.00
40	1,510.56	0.0000	0.00	0.00
41	1,637.24	0.0018	3.00	123.00
42	1,749.26	0.0017	3.00	126.00
43	1,847.90	0.0005	1.00	43.00
44	1,943.78	0.0010	2.00	88.00
45	2,068.69	0.0000	0.00	0.00
46	2,200.23	0.0018	4.00	184.00
47	2,362.56	0.0008	2.00	94.00
48	2,550.62	0.0008	2.00	96.00
49	2,756.87	0.0025	7.00	343.00
50	2,970.79	0.0024	7.00	350.00
51	3,184.11	0.0022	7.00	357.00
52	3,438.72	0.0029	10.00	520.00
53	3,665.56	0.0025	9.30	493.03
54	3,858.76	0.0056	21.61	1,167.08
55	3,953.45	0.0796	314.76	17,311.85
56	3,791.07	0.1089	412.80	23,116.77
57	3,596.10	0.1192	428.81	24,442.05
58	3,339.86	0.1100	367.36	21,307.03
59	3,121.00	0.1468	458.02	27,023.22
60	2,783.00	0.1805	502.30	30,137.74
61	2,369.53	0.1794	425.08	25,929.75
62	1,986.24	0.3077	611.12	37,889.73
63	1,414.76	0.1394	197.17	12,421.56
64	1,226.30	0.2694	330.35	21,142.29
65	882.41	0.5051	445.67	28,968.67
66	410.87	0.4070	167.23	11,037.37
67	260.20	0.3626	94.36	6,322.29
68	176.29	0.3446	60.75	4,130.67
69	118.46	0.3347	39.64	2,735.46
70	84.05	1.0000	84.05	5,883.68
71	2.00	1.0000	2.00	142.00
72	2.00	1.0000	2.00	144.00
73	1.00	1.0000	1.00	73.00
74	2.00	1.0000	2.00	148.00
75	2.00	1.0000	2.00	150.00
76	0.00	1.0000	0.00	0.00
77	0.00	1.0000	0.00	0.00
78	0.00	1.0000	0.00	0.00
79	0.00	1.0000	0.00	0.00
80	0.00	1.0000	0.00	0.00
81	0.00	1.0000	0.00	0.00
82	0.00	1.0000	0.00	0.00
83	1.00	1.0000	1.00	83.00
Total			5,035.39	304,769.25
Average Retirement Age =				60.53

Attachment to 2012 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>Duke 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 2012 Form 5500
Schedule SB, Part V – Summary of Plan Provisions

Plan Name: Progress Energy Pension Plan **EIN:** 56-2155481
Plan Sponsor's Name: Duke 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%
2011-2012	5.0%
2013 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 2012 Form 5500
Schedule SB, Part V – Summary of Plan Provisions

Plan Name: Progress Energy Pension Plan **EIN:** 56-2155481
Plan Sponsor's Name: Duke 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
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 2012 Form 5500
Schedule SB, Part V – Summary of Plan Provisions

Plan Name: Progress Energy Pension Plan **EIN:** 56-2155481
Plan Sponsor's Name: Duke 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 and over	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 third 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 2012 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>Duke 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 2012 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>Duke 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.

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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>Duke 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 2012 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>Duke 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 2012 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>Duke 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 2012 Form 5500
Schedule SB, Part V – Summary of Plan Provisions

Plan Name: Progress Energy Pension Plan **EIN:** 56-2155481
Plan Sponsor's Name: Duke 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 2012 Form 5500
Schedule SB, Part V – Summary of Plan Provisions

Plan Name:	Progress Energy Pension Plan	EIN:	56-2155481
Plan Sponsor's Name:	Duke 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 2012 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>Duke 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 2012 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>Duke Energy</u>	PN:	<u>001</u>

Summary of Changes from the January 1, 2011 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 2012.

Attachment to 2012 Form 5500

Schedule SB, Line 24 – Change in Actuarial Assumptions

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

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

Expected administrative and investment expenses of \$10,400,000 were assumed for the current year compared to \$9,900,000 that was assumed for the prior year.

The 30-year Treasury rate assumption for the cash balance to annuity conversions at age 65 was decreased from 5.0% to 4.5% per annum to better reflect the projected 30-year treasury rates.

The wage base increase assumption was decreased by 0.5% per year from 4.0% to 3.5% to better reflect expected future increases in wage base.

The expected return on plan assets was reduced from 8.50% to 8.25% per annum to better reflect anticipated experience.