

SECTION 5. The aggregate principal amount of the bonds of the 1998 Series shall be unlimited.

SECTION 6. The place or places of payment (as to principal and premium, if any, and interest), redemption, transfer, exchange and registration of the bonds of the 1998 Series shall be the office or offices or the agency or agencies of the Company in the Borough of Manhattan, The City of New York, designated from time to time by the Board of Directors of the Company.

SECTION 7. The forms of the bonds of the 1998 Series and the certificate of the Trustee to be endorsed on the bonds, respectively, are to be substantially as follows (certain of the provisions of the bonds of the 1998 Series may be set forth on the reverse thereof):

[FORM OF BOND OF THE 1998 SERIES]

DUKE POWER COMPANY  
FIRST AND REFUNDING MORTGAGE BOND,  
6 $\frac{3}{8}$ % SERIES DUE 1998

No.

\$

DUKE POWER COMPANY, a North Carolina corporation (hereinafter called the "Company"), for value received, acknowledges itself indebted and hereby promises to pay to or registered assigns on February 1, 1998,

Dollars, in any coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts, at the office or agency of the Company in the Borough of Manhattan, The City of New York, and to pay interest thereon at said office or agency from the interest payment date next preceding the date hereof to which interest on outstanding bonds of this series has been paid (unless the date hereof is prior to August 1, 1968, in which case from February 1, 1968, and unless the date hereof is a January date subsequent to January 15, or a July date subsequent to July 15, in which case from the next succeeding February 1 or August 1, as the case may be), at the rate of six and three-eighths per cent. per annum, in like coin or currency, semi-annually on August 1 and February 1 in each year, until the principal hereof shall become due and payable. Such interest payments shall be made by check mailed to the person in whose name this bond is registered at the close of