

of that holder which are to be redeemed and except that notice to the holders of bonds to be redeemed shall be given by mailing to such holders a notice of such redemption, first class mail postage prepaid, not later than the thirtieth day, and not earlier than the sixtieth day, before the date fixed for redemption, at their last addresses as they shall appear upon the bond register of the Company. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the holder receives such notice; and failure duly to give such notice by mail, or any defect in such notice, to the holder of any bond designated for redemption as a whole or in part shall not affect the validity of the proceedings for the redemption of any other bond. No publication of notice of such redemption shall be required.

SECTION 5. The aggregate principal amount of the bonds of the 2001 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 2001 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 2001 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 2001 Series may be set forth on the reverse thereof):

[FORM OF BOND OF THE 2001 SERIES]

DUKE POWER COMPANY

FIRST AND REFUNDING MORTGAGE BOND.

7½% SERIES DUE 2001

No.

\$

DUKE POWER COMPANY, a North Carolina corporation (hereinafter called the "Company"), for value received, acknowledges itself indebted and