

[FORM OF BOND OF THE 2007 SERIES]

[FACE SIDE OF BOND]

DUKE POWER COMPANY
FIRST AND REFUNDING MORTGAGE BOND,
8½% SERIES DUE 2007

No.

\$

DUKE POWER COMPANY, a North Carolina corporation (hereinafter called the "Company"), for value received, hereby promises to pay to or registered assigns, the principal sum of

Dollars on September 1, 2007, 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 January 1, 1978, in which case from the date of original issuance of the bonds of the 2007 Series, and unless the date hereof is a December date subsequent to December 15, or a June date subsequent to June 15, in which case from the next succeeding January 1 or July 1, as the case may be), at the rate of eight and one-eighth per cent per annum, in like coin or currency, semi-annually on January 1 and July 1 in each year and at maturity, 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 business on the preceding 15th day of December or June, as the case may be (subject to certain exceptions provided in the Indenture hereinafter mentioned), at his last address as it shall appear upon the bond register of the Company.

The provisions of this bond are continued on the reverse hereof and such continued provisions shall for all purposes have the same effect as though fully set forth in this place.

This bond shall not become or be valid or obligatory for any purpose until the Trustee shall have signed the form of certificate endorsed hereon.