

The bonds of the 2014 Pollution Control Series shall be initially issued in the aggregate principal amount of \$40,000,000 and registered in the name of the Series A Bond Trustee in order to evidence the obligation of the Company to repay loans of the proceeds of the sale of the Series A Bonds made by the County to the Company pursuant to the Loan Agreement to finance costs of acquisition and construction of certain pollution control and solid waste disposal facilities at the Company's Catawba Nuclear Station located in the County.

The obligation of the Company to make any payment of the principal of or interest on the bonds of the 2014 Pollution Control Series, whether at maturity, upon redemption or otherwise, shall be reduced by the amount of any reduction under the Series A Bond Indenture of the amount of the corresponding payment required to be made by the County thereunder in respect of the principal of or interest on the Series A Bonds.

The Trustee may conclusively presume that the obligation of the Company to pay the principal of and interest on the bonds of the 2014 Pollution Control Series as the same shall become due and payable shall have been fully satisfied and discharged unless and until it shall have received a written notice from the Series A Bond Trustee, signed by its President, a Vice President or a Trust Officer, stating that the corresponding payment of principal of or interest on the Series A Bonds has become due and payable and has not been fully paid and, with respect to principal of the Series A Bonds, specifying the principal amount of Series A Bonds then due and payable and the amount of funds required to make such payment, and, with respect to interest on the Series A Bonds, specifying the last date to which interest has been paid, the applicable rate of interest and the amount of funds required to make such payment. The Trustee may conclusively presume that the statements contained in the written notice from the Series A Bond Trustee are correct.

At the option of the registered owner, any bonds of the 2014 Pollution Control Series, upon surrender thereof for cancellation at the office or agency of the Company in the Borough of Manhattan, The City of New York, shall be exchangeable for a like aggregate principal amount of bonds of other authorized denominations. The bonds of the 2014 Pollution Control Series may bear such legends as may be necessary to comply with any law or with any rules or regulations made pursuant thereto or with the rules or regulations of any stock exchange or to conform to usage with respect thereto.

Bonds of the 2014 Pollution Control Series shall not be transferable except to any successor trustee under the Series A Bond Indenture, any such transfer to be made at the office or agency of the Company in the Borough of Manhattan, The City of New York.

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