

SECURITIES AND EXCHANGE COMMISSION

FORM S-3

Registration statement for specified transactions by certain issuers

Filing Date: **1994-03-02**
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FILER

DUKE POWER CO /NC/

CIK: **30371** | IRS No.: **560205520** | State of Incorporation: **NC** | Fiscal Year End: **1231**
Type: **S-3** | Act: **33** | File No.: **033-52479** | Film No.: **94514175**
SIC: **4911** Electric services

Business Address
422 S CHURCH ST
CHARLOTTE NC 28242
7045940887

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MARCH 2, 1994

REGISTRATION STATEMENT NO. 33-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-3

REGISTRATION STATEMENT
under

THE SECURITIES ACT OF 1933

DUKE POWER COMPANY
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

NORTH CAROLINA
(STATE OF INCORPORATION)
56-0205520
(I.R.S. EMPLOYER IDENTIFICATION NO.)

422 SOUTH CHURCH STREET
CHARLOTTE, NORTH CAROLINA 28242-0001
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES) (ZIP CODE)

704-594-0887
(REGISTRANT'S TELEPHONE NUMBER)

RICHARD J. OSBORNE
Vice President and Chief Financial Officer
422 South Church Street
Charlotte, North Carolina 28242-0001
Telephone No. 704-382-5159

JOHN SPUCHES
Dewey Ballantine
1301 Avenue of the Americas
New York, New York 10019-6092
Telephone No. 212-259-7700

(NAMES, ADDRESSES AND TELEPHONE NUMBERS OF AGENTS FOR SERVICE)

Copy to:
PETER H. JAKES
Willkie Farr & Gallagher
153 East 53rd Street
New York, New York 10022
Telephone No. 212-821-8230

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
As soon as practicable after this Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, check the following box. / /

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. / /

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED(1)	PROPOSED MAXIMUM OFFERING PRICE PER SHARE (2)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE (2)	AMOUNT OF REGISTRATION FEE
Common Stock, without par value	16,000,000 shares	\$38.69	\$619,040,000	\$213,463

- (1) Includes 2,000,000 shares which may be sold if the over-allotment options granted to the Underwriters are exercised. See "Underwriting."
- (2) Calculated pursuant to Rule 457(c) based on the average of the high and low sale prices per share as reported on the New York Stock Exchange Composite Tape on March 1, 1994, solely for the purpose of calculating the registration fee.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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EXPLANATORY NOTE

This Registration Statement contains two forms of prospectus: one to be used in connection with a United States offering (the "U.S. Prospectus") and one to be used in connection with a concurrent international offering (the "International Prospectus"). The U.S. Prospectus and the International Prospectus will be identical in all respects except that they will contain different front and back cover pages and different descriptions of the plan of distribution under the caption "Underwriting" and the International Prospectus will contain an additional section under the caption "Certain United States Tax Consequences to Non-United States Holders." The U.S. Prospectus is included herein and is followed by those pages to be used in the International Prospectus which differ from, or are in addition to, those in the U.S. Prospectus. Each of the pages for the International Prospectus included herein has been labeled "Alternate Page for International Prospectus."

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION, DATED MARCH 2, 1994

14,000,000 SHARES
 DUKE POWER COMPANY
 COMMON STOCK
 (WITHOUT PAR VALUE)

Of the 14,000,000 shares of Common Stock offered, 11,200,000 shares are being offered hereby in the United States and 2,800,000 shares are being offered

in a concurrent international offering outside the United States. The initial public offering price and the aggregate underwriting discount per share are identical for both offerings. See "Underwriting."

All of the shares of Common Stock offered hereby are being sold by the Selling Shareholder. See "Selling Shareholder." The Company will not receive any of the proceeds from the sale of the shares offered hereby.

The Common Stock is listed on the New York Stock Exchange under the symbol "DUK." The last sale price of the Common Stock on March 1, 1994 as reported on the New York Stock Exchange Composite Tape was \$38.50 per share. See "Common Stock Price Range and Dividends."

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>
<CAPTION>

	INITIAL PUBLIC OFFERING PRICE	UNDERWRITING DISCOUNT (1)	PROCEEDS TO SELLING SHAREHOLDER (2)
	-----	-----	-----
<S>	<C>	<C>	<C>
Per Share.....	\$	\$	\$
Total (3).....	\$	\$	\$

</TABLE>

-
- (1) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933. See "Underwriting."
 - (2) Before deducting estimated expenses of \$440,000 payable by the Selling Shareholder. Expenses payable by the Company are estimated to be \$20,000.
 - (3) The Selling Shareholder has granted the Underwriters an option for 30 days to purchase up to an additional 2,000,000 shares at the initial public offering price per share, less the underwriting discount, solely to cover over-allotments. If such option is exercised in full, the total initial public offering price, underwriting discount and proceeds to the Selling Shareholder will be \$, \$ and \$, respectively. See "Underwriting."
-

The shares offered hereby are offered severally by the U.S. Underwriters, as specified herein, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. It is expected that certificates for the shares will be ready for delivery in New York, New York, on or about March , 1994.

GOLDMAN, SACHS & CO.

MERRILL LYNCH & CO.

MORGAN STANLEY & CO.
INCORPORATED

The date of this Prospectus is March , 1994

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Information, as of particular dates, concerning directors and officers, their remuneration, the principal holders of securities of the Company and any material interest of such persons in transactions with

the Company is disclosed in proxy statements distributed to shareholders of the Company and filed with the Commission. Reports, proxy statements and other information filed with the Commission by the Company can be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C., Suite 1400, Northwestern Atrium Center, 500 West Madison Street, Chicago, Ill. and Seven World Trade Center, 13th Floor, New York, N.Y. Copies of such material can also be obtained at prescribed rates from the Public Reference Section of the Commission at its principal office at 450 Fifth Street, N.W., Washington, D.C. 20549. The Common Stock and certain other securities of the Company are listed on the New York Stock Exchange. Reports, proxy statements and other information concerning the Company can be inspected and copied at the library of the New York Stock Exchange at 20 Broad Street, New York, N.Y.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents filed by the Company with the Commission are incorporated by reference in this Prospectus:

- (1) Annual report on Form 10-K for the year ended December 31, 1992.
- (2) Amendment to Form 10-K on Form 8 dated March 12, 1993.
- (3) Quarterly reports on Form 10-Q for the quarters ended March 31, 1993, June 30, 1993 and September 30, 1993.
- (4) Current report on Form 8-K dated February 18, 1994.

All documents subsequently filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to the termination of the offering made by this Prospectus shall be deemed to be incorporated by reference in this Prospectus and to be made a part hereof from the date of filing of such documents; provided, however, that documents enumerated above or subsequently filed by the Company pursuant to Section 13 of the Exchange Act prior to the filing with the Commission of the Company's most recent annual report on Form 10-K shall not be incorporated by reference in this Prospectus or be a part hereof from and after the filing of such annual report on Form 10-K.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

THE COMPANY WILL PROVIDE WITHOUT CHARGE TO EACH PERSON TO WHOM A COPY OF THIS PROSPECTUS HAS BEEN DELIVERED, UPON ORAL OR WRITTEN REQUEST OF ANY SUCH PERSON, A COPY OF ANY OR ALL OF THE DOCUMENTS REFERRED TO ABOVE WHICH HAVE BEEN OR MAY BE INCORPORATED IN THIS PROSPECTUS BY REFERENCE, OTHER THAN EXHIBITS TO SUCH DOCUMENTS, UNLESS SUCH EXHIBITS ARE SPECIFICALLY INCORPORATED BY REFERENCE THEREIN. REQUESTS FOR COPIES OF SUCH DOCUMENTS SHOULD BE ADDRESSED TO INVESTOR RELATIONS DEPARTMENT, DUKE POWER COMPANY, P.O. BOX 1005, CHARLOTTE, NC 28201-1005 (TELEPHONE NO. 704-382-3853 OR 800-488-3853 (TOLL-FREE)).

IN CONNECTION WITH THE OFFERINGS, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE, IN THE OVER-THE-COUNTER MARKET OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and consolidated financial data incorporated by reference herein.

THE OFFERINGS

The 11,200,000 shares of Common Stock being offered in the United States

(the "United States Offering") and the 2,800,000 shares of Common Stock being offered outside the United States (the "International Offering") are referred to herein together as the "Offerings."

<TABLE>	
<CAPTION>	
<S>	<C>
Common Stock offered by the Selling Shareholder (1)	
United States Offering.....	11,200,000 shares
International Offering.....	2,800,000 shares
Over-allotment options.....	2,000,000 shares
Total.....	16,000,000 shares
Common Stock outstanding before and after the Offerings.....	204,859,339 shares(2)
Use of proceeds.....	All of the shares of Common Stock offered hereby are being sold by the Selling Shareholder. The Company will not receive any of the proceeds from the Offerings.
New York Stock Exchange symbol.....	DUK
</TABLE>	

(1) Assumes that the Underwriters' over-allotment options are exercised in full. See "Underwriting."

(2) Based upon the number of shares of Common Stock outstanding as of February 28, 1994.

THE COMPANY

Business.....Generation, transmission, distribution and sale of electric energy
Service Area.....Approximately 20,000 square miles in central North Carolina and western South Carolina (Piedmont Carolinas)
Service Area Population.....Approximately 4,800,000
Customers.....Approximately 1,700,000
Sales during 1993 (kilowatt hours).....76 billion (6th largest of U.S. investor-owned utilities)
Customer Mix (kilowatt hours).....Residential (26%), General Services (22%), Industrial (37%) and Other Energy and Wholesale (15%)
Generating Capability (kilowatts).....17,845,000 (Coal (42%), Nuclear (40%), Hydro and Other (18%))
Sources of Generation during 1993.....Nuclear (57%), Coal (41%), Hydro and Other (2%)
Utility Subsidiary.....Nantahala Power and Light Company
Non-Utility Subsidiaries...Other subsidiaries include Church Street Capital Corp (funds management and parent company of non-regulated subsidiaries), Crescent Resources, Inc. (real estate development and forest management), Duke Engineering & Services, Inc. (marketing of technical, engineering and construction services), Duke/Fluor Daniel, a joint venture with Fluor Daniel, Inc. (design, construction, operation and maintenance support primarily for coal-fired generating plants) and Duke Energy Group, Inc. (structuring, financing and managing of investments in electric generation and transmission facilities).

SUMMARY FINANCIAL DATA
(Amounts In Thousands Except Per Share Data)

<TABLE>	
<CAPTION>	
	YEAR ENDED DECEMBER 31

	1993 1992

<S>	<C>
Electric Revenues.....	\$ 4,281,876 \$ 3,961,484
Earnings for Common Stock.....	\$573,986 \$451,676
Average Common Shares Outstanding.....	204,859 204,819
Earnings per Share.....	\$2.80 \$2.21
Dividends per Share	
(most recent quarter-\$0.47).....	\$1.84 \$1.76

Plant Construction Costs		
(including nuclear fuel).....	\$669,460	\$591,826
Electric Plant, Net (at end of year).....	\$ 8,924,109	\$ 8,780,123

	AS OF DECEMBER 31, 1993	

Long-Term Debt.....	\$ 3,285,397	39%
Preferred Stocks.....	781,000	9
Common Stock Equity.....	4,337,734	52
Total Capitalization.....	\$ 8,404,131	100%
Short-Term Notes Payable.....	\$18,000	

</TABLE>

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THE COMPANY

The Company is engaged in the generation, transmission, distribution and sale of electric energy in the central portion of North Carolina and the western portion of South Carolina, comprising the area in both States known as the Piedmont Carolinas. Its service area, approximately two-thirds of which lies in North Carolina, covers about 20,000 square miles with an estimated population of 4,800,000 and includes a number of cities, of which the largest are Charlotte, Greensboro, Winston-Salem and Durham in North Carolina and Greenville and Spartanburg in South Carolina. During 1993, the Company's electric revenues amounted to approximately \$4.3 billion, of which about 70% was derived from North Carolina and about 30% from South Carolina. The Company ranks sixth in the United States among investor-owned utilities in kilowatt-hour sales. Its executive offices are located in the Power Building, 422 South Church Street, Charlotte, North Carolina 28242-0001 (Telephone No. 704-594-0887).

SERVICE AREA

The Company supplies electric service directly to approximately 1,700,000 residential, commercial and industrial customers in more than 200 cities, towns and unincorporated communities in North Carolina and South Carolina. Electricity is sold at wholesale to nine incorporated municipalities and to several private utilities. In addition, in 1993 approximately 9% of total sales were made through contractual arrangements to former wholesale municipal or cooperative customers of the Company who had purchased portions of the Catawba Nuclear Station (collectively, the "Other Catawba Joint Owners").

The Company's service area is undergoing increasingly diversified industrial development. The textile, manufacture of machinery and equipment, chemical and chemical-related industries are of major significance to the economy of the area. Other industrial activity includes the paper and allied products, rubber and plastic products and various other light and heavy manufacturing and service businesses. The largest industry served by the Company is the textile industry, which accounted for approximately \$488,000,000 of the Company's revenues for 1993, representing 11% of electric revenues and 40% of electric industrial revenues.

RATE MATTERS

The North Carolina Utilities Commission ("NCUC") and The Public Service Commission of South Carolina ("PSCSC") must approve the Company's rates for retail sales within the respective states. The Federal Energy Regulatory Commission must approve the Company's rates for sales to wholesale customers, including the contractual arrangements between the Company and the Other Catawba Joint Owners.

In its most recent general rate case, the NCUC authorized a jurisdictional rate of return on common equity of 12.50% and the PSCSC authorized a jurisdictional rate of return on common equity of 12.25%.

CONSTRUCTION PROGRAM

The Company's construction program and the estimated construction costs set forth below are subject to continuing review and are revised from time to time in light of changes in load forecasts, the Company's financial condition (including cash flow, earnings and levels of rates), changing regulatory and environmental standards, and other factors.

Projected construction and nuclear fuel costs, excluding costs related to portions of the Catawba Nuclear Station owned by the Other Catawba Joint Owners, for each of 1994, 1995 and 1996 and for the three-year period 1994-1996, as now scheduled, are as follows (in millions of dollars):

<TABLE>

<CAPTION>

TYPE OF FACILITIES	1994	1995	1996	TOTAL
<S>	<C>	<C>	<C>	<C>
Generation.....	\$475	\$436	\$243	\$1,154
Transmission.....	44	49	55	148
Distribution.....	200	211	233	644
Other.....	120	120	82	322
Total.....	\$839	\$816	\$613	\$2,268
Nuclear Fuel.....	\$143	\$123	\$128	\$ 394

</TABLE>

The Company's procedures for estimating construction costs (which include allowance for funds used during construction) utilize, among other things, past construction experience, current construction costs and allowances for inflation.

The Company anticipates that approximately 86% of the projected construction and nuclear fuel costs for the three-year period 1994-1996 will be financed through internally generated funds.

The Company is building a combustion turbine facility in Lincoln County, North Carolina to provide capacity at periods of peak demand. The Lincoln Combustion Turbine Station will consist of 16 combustion turbines with a total generating capacity of 1,184,000 KW. The estimated total cost of the facility is approximately \$500,000,000. Current plans are for ten units to begin commercial operation by the end of 1995 and the remaining six units to begin commercial operation before the end of 1996. The issuance in 1991 of a final air permit for the facility by the North Carolina Division of Environmental Management has been appealed. Legal proceedings in respect of the appeal are ongoing. The Company believes the permit will be upheld.

RECENT DEVELOPMENTS

Earnings per share of Common Stock of the Company increased 27% from \$2.21 in 1992 to \$2.80 in 1993. The increase was primarily due to higher kilowatt-hour sales and a one-time charge taken in 1992 related to a refund to North Carolina retail customers of 32c per share.

Total electric sales for 1993 increased by 7.1%. Residential sales, primarily driven by unusual weather conditions, increased by 9.4% and general service sales increased by 6.9%. Industrial sales increased by 4.3% reflecting continuing growth in the economy of the Company's service area, with textile sales up 2.3% and other industrial sales up 5.8%.

On January 25, 1994, William H. Grigg was elected chairman, president and chief executive officer of the Company, effective April 28, 1994. Currently vice chairman of the Board of Directors with responsibility for developing corporate policy and strategy, he will succeed William S. Lee, who has served as chairman and chief executive officer of the Company since 1982. Mr. Grigg joined the Company in 1963 and during his career has served in a number of capacities, including executive vice president, vice president, finance, and general counsel of the Company.

The Company experienced a new all-time peak load of 16,070,000 KW on January 19, 1994 during extremely cold weather. The Company's previous all-time peak load of 15,720,000 KW occurred on July 29, 1993 during unusually hot weather. The 1992-1993 winter peak load of 13,314,000 KW occurred on February 19, 1993.

SELECTED FINANCIAL DATA

	1993	1992	1991	1990	1989
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
CONDENSED CONSOLIDATED STATEMENTS OF					
INCOME (thousands)					
Electric revenues(a).....	\$ 4,281,876	\$ 3,961,484	\$ 3,816,960	\$ 3,705,131	\$3,692,955
Electric expenses(a).....	3,467,811	3,236,789	3,110,137	3,062,348	2,988,355
Electric operating income.....	814,065	724,695	706,823	642,783	704,600
Other income.....	71,269	85,007	150,905	146,740	101,826
Income before interest deductions...	885,334	809,702	857,728	789,523	806,426
Interest deductions.....	258,919	301,619	274,105	251,335	234,815
Net income.....	626,415	508,083	583,623	538,188	571,611
Dividends on preferred and preference stock.....	52,429	56,407	54,683	52,616	52,477
Earnings for common stock.....	\$ 573,986	\$ 451,676	\$ 528,940	\$ 485,572	\$ 519,134
COMMON STOCK DATA (B)					
Shares of common stock					
-- year-end (thousands).....	204,859	204,859	204,699	202,584	202,563
-- average (thousands).....	204,859	204,819	203,431	202,570	202,554
Per share of common stock					
Earnings.....	\$2.80	\$2.21	\$2.60	\$2.40	\$2.56
Dividends.....	\$1.84	\$1.76	\$1.68	\$1.60	\$1.52
Book value -- year-end.....	\$21.17	\$20.26	\$19.86	\$18.84	\$18.05
Market price -- high-low.....	\$44 7/8-35 3/8	\$37 1/2-31 3/8	\$35-26 3/4	\$32 3/8-25 1/2	\$28 1/4-21 3/8
-- year-end.....	\$42 3/8	\$36 1/8	\$35	\$30 5/8	\$28 1/16
BALANCE SHEET DATA (thousands)					
Total assets.....	\$12,193,107	\$10,950,387	\$10,470,615	\$10,083,507	\$9,542,398
Long-term debt.....	\$ 3,285,397	\$ 3,288,111	\$ 3,159,575	\$ 3,102,746	\$2,822,442
Preferred stock with sinking fund requirements.....	\$ 281,000	\$ 279,519	\$ 228,650	\$ 239,800	\$ 247,825
Preferred stock without sinking fund requirements.....	\$ 500,000	\$ 500,000	\$ 502,016	\$ 502,201	\$ 427,457

</TABLE>

(a) Electric revenues, Electric expenses, Kilowatt-hour sales and Net interchange and purchased power for the years 1989 and 1990 include a reclassification for certain power transactions previously classified as Net interchange and purchased power prior to a 1990 order of the Federal Energy Regulatory Commission.

(b) All common stock data reflects the two-for-one split of common stock on September 28, 1990.

NON-UTILITY SUBSIDIARY DATA

The principal non-utility subsidiaries of the Company are Church Street Capital Corp., Crescent Resources, Inc., Duke Engineering & Services, Inc., Duke/Fluor Daniel (a joint venture with Fluor Daniel, Inc.) and Duke Energy Group, Inc.

<TABLE>
<CAPTION>

	1993	1992	1991
	-----	-----	-----
<S>	<C>	<C>	<C>
(DOLLARS IN THOUSANDS)			
Assets net of liabilities.....	\$416,613	\$320,983	\$221,829
Net income(a).....	\$ 19,915	\$ 22,050	\$ 17,570
Number of employees.....	595	568	433

</TABLE>

(a) 1991 excludes the cumulative effect of an accounting change of \$6,727,000

SELECTED OPERATING STATISTICS

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,				
	1993	1992	1991	1990	1989
<S>	<C>	<C>	<C>	<C>	<C>
Sources of Electric Energy					
Millions of kilowatt-hours:					
Generated -- net output:					
Coal.....	34,097	28,999	26,455	27,262	26,175
Nuclear(a).....	48,211	48,238	49,328	44,649	47,773
Hydro(b).....	1,582	1,834	1,545	1,879	1,520
Oil and Gas.....	43	5	7	53	27
Total generation.....	83,933	79,076	77,335	73,843	75,495
Purchased power and net interchange(c).....	1,750	1,403	587	1,531	1,158
Total output.....	85,683	80,479	77,922	75,374	76,653
Less: Other Catawba Joint Owners' share.....	13,821	14,313	12,280	11,735	12,566
Plus: Purchases from Other Catawba Joint Owners.....	8,810	9,466	8,525	8,658	9,809
Total sources of energy.....	80,672	75,632	74,167	72,297	73,896
Line loss and Company usage.....	(4,614)	(4,590)	(4,280)	(4,222)	(4,522)
Total kilowatt-hour sales(d)....	76,058	71,042	69,887	68,075	69,374
Average Cost Per Ton of Coal Burned.....	\$42.21	\$43.47	\$45.21	\$45.49	\$45.13
Electric Revenues					
Thousands of dollars:					
Residential.....	\$1,424,173	\$1,312,227	\$1,272,322	\$1,216,945	\$1,198,705
General service.....	1,014,124	964,853	921,337	886,480	851,422
Industrial					
Textile.....	487,576	482,172	475,191	476,493	493,933
Other.....	726,399	696,413	668,765	654,551	653,830
Other energy and wholesale(c) (e)...	476,862	460,849	441,777	391,803	449,545
Other electric revenues.....	152,742	44,970	37,568	78,859	45,520
Total electric revenues(d).....	\$4,281,876	\$3,961,484	\$3,816,960	\$3,705,131	\$3,692,955
Number of Customers -- End of Year					
Residential.....	1,460,876	1,439,845	1,415,605	1,391,336	1,362,118
General service(f).....	232,272	227,675	222,917	224,642	216,960
Industrial					
Textile.....	1,396	1,390	1,385	1,398	1,408
Other.....	7,338	7,314	7,255	7,325	7,310
Other energy and wholesale(c).....	7,957	7,773	7,605	7,405	7,249
Total customers.....	1,709,839	1,683,997	1,654,767	1,632,106	1,595,045
Average Annual Billed Revenue Per KWH					
Residential.....	7.32c	7.38c	7.10c	7.07c	7.09c
General service.....	6.00	6.10	5.91	5.90	5.99
Industrial.....	4.31	4.36	4.35	4.37	4.43
Other energy and wholesale(c) (e).....	4.21	4.45	4.36	3.74	3.76
System Average Heat Rate.....	9,921	9,974	9,996	10,007	10,013
System Load Factor.....	60.2%	60.0%	59.4%	59.9%	61.8%

</TABLE>

(a) Includes 100% of generation from the Catawba Nuclear Station.

(b) 1991 includes KWH of the Bad Creek Hydroelectric Station prior to commercial

operation.

- (c) Kilowatt-hour sales, Electric revenues and Net interchange and purchased power for the years 1989 and 1990 include a reclassification for certain power transactions previously classified as Net interchange and purchased power prior to a 1990 order of the Federal Energy Regulatory Commission.
- (d) Does not reflect operating statistics, kilowatt-hour sales and revenues of Nantahala Power and Light Company.
- (e) Includes sales to Nantahala Power and Light Company.
- (f) 1991 restated to eliminate certain duplicate customers.

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COMMON STOCK PRICE RANGE AND DIVIDENDS

The Common Stock of the Company is listed on the New York Stock Exchange ("NYSE") under the symbol "DUK." The following table sets forth the high and low sale prices per share for the Common Stock as reported on the NYSE Composite Tape and the cash dividends paid per share of Common Stock for the periods indicated.

<TABLE>
<CAPTION>

	HIGH	LOW	CASH DIVIDENDS PER SHARE
	----	---	-----
<S>	<C>	<C>	<C>
1991:			
First Quarter.....	30 3/4	26 3/4	\$ 0.41
Second Quarter.....	29 3/8	27 1/4	0.41
Third Quarter.....	32 1/2	27 3/8	0.43
Fourth Quarter.....	35	30 1/8	0.43
1992:			
First Quarter.....	35	31 3/8	0.43
Second Quarter.....	34 5/8	32	0.43
Third Quarter.....	36 1/2	34 1/8	0.45
Fourth Quarter.....	37 1/2	34 5/8	0.45
1993:			
First Quarter.....	39 7/8	35 3/8	0.45
Second Quarter.....	41 3/8	37 1/8	0.45
Third Quarter.....	44 7/8	39 7/8	0.47
Fourth Quarter.....	44	39	0.47
1994:			
First Quarter (through March 1).....	43	37 3/8	

</TABLE>

For a recent reported price for the Common Stock, see the cover page of this Prospectus.

The Company has paid cash dividends on its Common Stock in each year since 1926, and the Common Stock dividend has been increased in each of the last 18 years. A quarterly dividend of \$0.47 per share was declared on January 25, 1994, payable on March 16, 1994 to shareholders of record on February 11, 1994. The purchasers of the shares of Common Stock offered hereby will not be entitled to such March dividend. Future dividends will depend upon future earnings, the financial condition of the Company and other factors affecting dividend policy that are not presently determinable.

The Company has a Stock Purchase and Dividend Reinvestment Plan pursuant to which holders of its Common Stock may automatically reinvest their Common Stock dividends in shares of the Company's Common Stock. Holders who become participants in the Plan may also make optional cash payments (not more than \$20,000 per calendar quarter) to be invested in shares of the Company's Common Stock.

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USE OF PROCEEDS

All of the shares of Common Stock offered hereby are being sold by the Selling Shareholder. The Company will not receive any of the proceeds of the Offerings.

SELLING SHAREHOLDER

All of the shares of Common Stock offered hereby are being sold by The Duke Endowment (the "Selling Shareholder"). The Selling Shareholder owns, as of the date of this Prospectus, 26,070,200 shares of Common Stock, constituting approximately 13% of the outstanding shares of Common Stock. Upon completion of the Offerings and assuming that the Underwriters' over-allotment options are exercised in full, the Selling Shareholder will own 10,070,200 shares of Common Stock, constituting approximately 5% of the outstanding shares of Common Stock. The Selling Shareholder has no present intention to dispose of any additional shares of Common Stock.

The Selling Shareholder is a common law trust established in 1924 by the late James B. Duke, the founder of the Company, for educational, hospital, religious and other charitable purposes. The Selling Shareholder has advised the Company that its Common Stock holdings constituted approximately 77% of its investment portfolio as of December 31, 1993 and provided almost 80% of its income for the year then ended and that it is selling the shares of Common Stock offered hereby to diversify its investment portfolio.

The Selling Shareholder has 15 trustees, none of whom has been a director, officer or employee of the Company or has had a material relationship with the Company within the past three years, except for James C. Self, a trustee of the Selling Shareholder, who served as a director of the Company from April 30, 1982 until April 23, 1992.

The trustees of the Selling Shareholder are also the trustees of The Doris Duke Trust, another common law trust established by James B. Duke, which, as of the date of this Prospectus, owns of record 3,906,396 shares of Common Stock, constituting approximately 2% of the outstanding shares of Common Stock. The Selling Shareholder believes it became entitled as remainderman to a distribution of 2,604,264 shares of such shares of Common Stock from The Doris Duke Trust as of the date of death of its principal income beneficiary. The Doris Duke Trust has commenced a proceeding seeking a determination as to the entitlement to such distribution and the matter is currently in litigation.

The foregoing statements with respect to the Selling Shareholder are based upon information furnished to the Company by the Selling Shareholder.

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DESCRIPTION OF CAPITAL STOCK

GENERAL

The authorized capital stock of the Company is divided into four classes: Common Stock, without par value, Preferred Stock of the par value of \$100 per share ("Preferred Stock"), Preferred Stock A of the par value of \$25 per share ("Preferred Stock A") and Preference Stock of the par value of \$100 per share ("Preference Stock"). The number of authorized shares of Common Stock, Preferred Stock, Preferred Stock A and Preference Stock are 300,000,000, 12,500,000, 10,000,000 and 1,500,000, respectively. As of the date hereof, there are currently outstanding 14 series of Preferred Stock, 5 series of Preferred Stock A and no series of Preference Stock. The Preferred Stock, Preferred Stock A and Preference Stock together are hereinafter sometimes called the "Preferred Stocks."

The following statements are summaries of certain provisions with respect to the Common Stock and the Preferred Stocks that are contained in the Company's Restated Articles of Incorporation (the "Articles"). Reference is made to the pertinent exhibits to the Registration Statement, which are incorporated herein by reference, for a full and complete statement of such provisions, and the following statements are qualified in their entirety by such reference.

COMMON STOCK

Dividends may be paid on the Common Stock as determined by the Board of Directors out of funds legally available therefor but only if full dividends on all outstanding series of the Preferred Stocks for the then current and all prior dividend periods and any required sinking fund payments with respect to any outstanding series of such securities have been paid or provided for.

The holders of the Common Stock have exclusive voting rights, except as otherwise provided by law, on the basis of one vote per share.

Whenever dividends on any part of the Preferred Stock or of the Preferred Stock A are in arrears in an amount equivalent to the aggregate dividends required to be paid on such Preferred Stock or such Preferred Stock A in any period of 12 calendar months, the holders of the Preferred Stock as a class have the exclusive right to elect a majority of the authorized number of directors of the Company and the holders of the Preferred Stock A as a class have the exclusive right to elect two directors, which rights cease whenever all accrued and unpaid dividends have been paid in full. Whenever six quarterly dividends on any outstanding series of the Preference Stock are in arrears or any required sinking fund payments are in default, the holders of the Preference Stock as a class have the exclusive right to elect two directors of the Company which right ceases whenever all dividends and required sinking fund obligations in default have been paid in full or provided for. In addition, the consent of the holders of specified percentages of the Preferred Stock, Preferred Stock A or of the Preference Stock, or some or all of the holders of such classes, is required in connection with certain increases in authorized amounts or changes in stock senior to the Common Stock or in connection with any sale of substantially all of the Company's assets or certain mergers.

The holders of the Common Stock are entitled in liquidation to share ratably in the assets of the Company after required preferential payments to the holders of the Preferred Stocks.

The holders of the Common Stock have no cumulative voting rights, no preemptive rights and no conversion rights. The Common Stock is not subject to redemption or to any further calls or assessments and is not entitled to the benefit of any sinking fund provisions.

The Company serves as transfer agent and First Union National Bank of North Carolina, Charlotte, N.C. serves as registrar for the Common Stock.

PREFERRED STOCKS

The Preferred Stock, Preferred Stock A and Preference Stock may be issued in one or more series from time to time upon such consideration (not less than the par value thereof), upon such terms, and in such manner, and with such variations as to dividend rates (or method of calculation

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thereof), dividend payment dates, terms of redemption (at prices not less than the par value thereof), sinking fund provisions and conversion rights as may be determined by the Board of Directors without the approval of the shareholders.

CHANGE OF CONTROL

The Articles provide for a classified Board of Directors consisting of three classes. Each class consists, as nearly as may be possible, of one-third of the total number of directors constituting the entire Board of Directors. At each annual meeting of shareholders, successors to the class of directors whose term expires at that annual meeting are elected for a three-year term and until their respective successors are elected and qualified.

Certain provisions of the Articles require a greater than majority vote of the Company's shareholders. Under the Articles the affirmative vote of at least 80% of the combined voting power of the then outstanding shares of stock of all classes of the Company entitled to vote generally in the election of directors of the Company voting together as a single class is required to alter, amend or repeal any of the provisions, including the percentage vote requirement, of the Article that classifies the Board of Directors into three classes, specifies the minimum and maximum size of the Board, provides that directors may be removed only for cause, provides that newly created directorships and vacancies on the Board may be filled only by the remaining directors and provides that no decrease in the number of directors constituting the Board of Directors may shorten the term of any incumbent director.

The provisions authorizing the Board of Directors to issue the Preferred Stocks without shareholder approval, the classified Board of Directors and the provisions requiring a greater than majority vote of shareholders in certain instances could have the effect of delaying, deferring or preventing a change in control of the Company or the removal of existing management.

UNDERWRITING

Subject to the terms and conditions of the Underwriting Agreement, the Selling Shareholder has agreed to sell to each of the U.S. Underwriters named below, and each of the U.S. Underwriters, for whom Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated are acting as representatives, has severally agreed to purchase from the Selling Shareholder, the respective number of shares of Common Stock set forth opposite its name below:

U.S. UNDERWRITER	NUMBER OF SHARES OF COMMON STOCK
<S>	<C>
Goldman, Sachs & Co.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated.....	
Morgan Stanley & Co. Incorporated.....	
Total.....	11,200,000

</TABLE>

Under the terms and conditions of the Underwriting Agreement, the U.S. Underwriters are committed to take and pay for all of the shares offered hereby, if any are taken.

The U.S. Underwriters propose to offer the shares of Common Stock in part directly to the public at the initial public offering price set forth on the cover page of this Prospectus, and in part to certain securities dealers at such price less a concession of \$ per share. The U.S. Underwriters may allow, and such dealers may reallow, a concession not in excess of \$ per share to certain brokers and dealers. After the shares of Common Stock are released for sale to the public, the offering price and other selling terms may from time to time be varied by the representatives.

The Company and the Selling Shareholder have entered into an underwriting agreement (the "International Underwriting Agreement") with the underwriters of the International Offering (the "International Underwriters") providing for the concurrent offer and sale of 2,800,000 shares of Common Stock in an international offering outside the United States. The offering price and aggregate underwriting discount per share for the two offerings are identical. The closing of the offering made hereby is a condition to the closing of the international offering, and vice versa. The representatives of the International Underwriters are Goldman Sachs International, Merrill Lynch International Limited and Morgan Stanley International.

Pursuant to an agreement between the U.S. and International Underwriting Syndicates (the "Agreement Between") relating to the Offerings, each of the U.S. Underwriters named herein has agreed that, as a part of the distribution of the shares offered hereby and subject to certain exceptions, it will offer, sell or deliver the shares offered hereby and other shares of Common Stock, directly or indirectly, only in the United States of America (including the States and the District of Columbia), its territories, possessions and other areas subject to its jurisdiction (as used in this

paragraph, the "United States") and to U.S. persons, which term shall mean for purposes of this paragraph (a) individuals resident in the United States and (b) corporations, partnerships or other entities organized in or under the laws of the United States or any political subdivision thereof and whose office most directly involved with the purchase is located in the United States. Each of the International Underwriters has agreed pursuant to the Agreement Between that, as part of the distribution of the shares offered as part of the International Offering and subject to certain exceptions, it (i) will not offer, sell or

deliver shares of Common Stock, directly or indirectly, (a) in the United States or to any U.S. persons or (b) to any person whom it believes intends to reoffer, resell or deliver the shares in the United States or to any U.S. persons and (ii) will cause any dealer to whom it may sell such shares at any concession to agree to observe a similar restriction.

Pursuant to the Agreement Between, sales may be made between the U.S. Underwriters and the International Underwriters of such number of shares of Common Stock as may be mutually agreed. The price of any shares so sold shall be the initial public offering price, less an amount not greater than the selling concession.

The Selling Shareholder has granted the U.S. Underwriters an option exercisable for 30 days after the date of this Prospectus to purchase up to an aggregate of 1,600,000 additional shares of Common Stock solely to cover over-allotments, if any. If the U.S. Underwriters exercise their over-allotment option, the U.S. Underwriters have severally agreed, subject to certain conditions, to purchase approximately the same percentage thereof that the number of shares to be purchased by each of them, as shown in the foregoing table, bears to the 11,200,000 shares of Common Stock offered hereby. The Selling Shareholder has granted the International Underwriters an option exercisable for 30 days after the date of this Prospectus to purchase up to an aggregate of 400,000 additional shares of Common Stock solely to cover over-allotments, if any. Any shares of Common Stock purchased pursuant to such over-allotment options will be purchased at the initial public offering price per share less the underwriting discount, as set forth on the cover page of this Prospectus.

The Selling Shareholder has agreed not to offer, sell or otherwise dispose of any Common Stock, except for the shares of Common Stock offered in connection with the Offerings, for a period of 180 days after the date of this Prospectus without the prior written consent of the representatives of the Underwriters. The Company has agreed with the Underwriters not to offer, sell, contract to sell or otherwise dispose of any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, except pursuant to employee benefit plans and the Stock Purchase and Dividend Reinvestment Plan, for a period of 90 days after the date of this Prospectus without the prior written consent of the representatives of the Underwriters.

The Underwriters and certain affiliates thereof engage in transactions with and perform services for the Company and its affiliates in the ordinary course of business.

The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

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EXPERTS

The financial statements included in the Company's current report on Form 8-K dated February 18, 1994, which are incorporated herein by reference, have been audited by Deloitte & Touche, as stated in their report appearing therein, and are incorporated herein in reliance upon such report given upon the authority of that firm as experts in accounting and auditing.

LEGAL MATTERS

The validity of the Common Stock offered in the Offerings will be passed upon for the Company by Steve C. Griffith, Jr., Esq., Charlotte, North Carolina, and by Dewey Ballantine, New York, New York, and for the Underwriters by Willkie Farr & Gallagher, New York, New York. In giving their opinions, Dewey Ballantine and Willkie Farr & Gallagher may rely as to matters of local law upon the opinion of Mr. Griffith, who is a Director and Executive Vice President and the General Counsel of the Company. Mr. Griffith owns 36,904 shares of Common Stock of the Company, including 36,854 shares held under the Stock Purchase-Savings Program for Employees and the Employees' Stock Ownership Plan. Certain legal matters in connection with the Offerings will be passed upon for the Selling Shareholder by Dewey Ballantine.

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NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES TO WHICH IT RELATES OR AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SUCH SECURITIES IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

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14,000,000 SHARES

DUKE POWER COMPANY

COMMON STOCK
(WITHOUT PAR VALUE)

[LOGO]

GOLDMAN, SACHS & CO.

MERRILL LYNCH & CO.
MORGAN STANLEY & CO.
INCORPORATED

REPRESENTATIVES OF THE UNDERWRITERS

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these

securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

[ALTERNATE PAGE FOR INTERNATIONAL PROSPECTUS]

SUBJECT TO COMPLETION, DATED MARCH 2, 1994

14,000,000 SHARES

DUKE POWER COMPANY

COMMON STOCK
(WITHOUT PAR VALUE)

Of the 14,000,000 shares of Common Stock offered, 2,800,000 shares are being offered hereby in an international offering outside the United States and 11,200,000 shares are being offered in a concurrent offering in the United States. The initial public offering price and the aggregate underwriting discount per share are identical for both offerings. See "Underwriting."

All of the shares of Common Stock offered hereby are being sold by the Selling Shareholder. See "Selling Shareholder." The Company will not receive any of the proceeds from the sale of the shares offered hereby.

The Common Stock is listed on the New York Stock Exchange under the symbol "DUK." The last sale price of the Common Stock on March 1, 1994 as reported on the New York Stock Exchange Composite Tape was \$38.50 per share. See "Common Stock Price Range and Dividends."

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>
<CAPTION>

	INITIAL PUBLIC OFFERING PRICE	UNDERWRITING DISCOUNT (1)	PROCEEDS TO SELLING SHAREHOLDER (2)
	-----	-----	-----
<S>	<C>	<C>	<C>
Per Share.....	\$	\$	\$
Total (3).....	\$	\$	\$

</TABLE>

- (1) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933. See "Underwriting."
- (2) Before deducting estimated expenses of \$440,000 payable by the Selling Shareholder. Expenses payable by the Company are estimated to be \$20,000.
- (3) The Selling Shareholder has granted the Underwriters an option for 30 days to purchase up to an additional 2,000,000 shares at the initial public offering price per share, less the underwriting discount, solely to cover over-allotments. If such option is exercised in full, the total initial public offering price, underwriting discount and proceeds to the Selling Shareholder will be \$, \$ and \$, respectively. See "Underwriting."

The shares offered hereby are offered severally by the International Underwriters, as specified herein, subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. It is expected that certificates for the shares will be ready for delivery in New York, New York, on or about March , 1994.

GOLDMAN SACHS INTERNATIONAL
MERRILL LYNCH INTERNATIONAL LIMITED

MORGAN STANLEY INTERNATIONAL

[ALTERNATE PAGE FOR INTERNATIONAL PROSPECTUS]

CERTAIN UNITED STATES TAX CONSEQUENCES
TO NON-UNITED STATES HOLDERS

The following is a general discussion of certain United States federal income and estate tax consequences to a holder of Common Stock who is not a United States person (a "Foreign Holder") of the acquisition, ownership and disposition of the Common Stock. For these purposes, "United States person" means a citizen or resident (as specifically defined for United States federal income and estate tax purposes) of the United States, a corporation, partnership or other entity created or organized in or under the laws of the United States or any political subdivision thereof or an estate or trust the income of which is subject to United States federal income taxation regardless of its source. The discussion does not address the particular facts and circumstances of each Foreign Holder's situation. Foreign Holders are urged to consult their own tax advisors with respect to the United States federal income and estate tax consequences of acquiring, holding and disposing of the Common Stock, as well as any tax consequences arising under the laws of any state, municipality or other taxing jurisdiction.

DIVIDENDS

In general, dividends paid to a Foreign Holder will be subject to United States withholding tax at a 30% rate, or a lower rate prescribed by an applicable tax treaty, unless the dividends are effectively connected with a trade or business carried on by the Foreign Holder within the United States. To determine the applicability of a tax treaty providing for a lower rate of withholding, dividends paid to an address in a foreign country are presumed under current Treasury regulations to be paid to a resident of that country. Treasury regulations proposed in 1984 would, if adopted in final form, require Foreign Holders to file certain forms to obtain the benefit of any applicable tax treaty providing for a lower rate of withholding tax on dividends. Such forms would have to contain the name and address of the holder and an official statement by the competent authority of the holder's country of residence attesting to the holder's status as a resident thereof. Dividends effectively connected with a trade or business carried on by the Foreign Holder within the United States generally will not be subject to withholding if the Foreign Holder files Internal Revenue Service Form 4224 with the payor of the dividend and will generally be subject to United States federal income tax at regular rates. In the case of a Foreign Holder that is a corporation, such effectively connected income may be subject to the branch profits tax which is generally imposed on a foreign corporation on the repatriation from the United States of effectively connected earnings and profits. The branch profits tax may not apply if the recipient is a qualified resident of one of certain countries with which the United States has an income tax treaty.

GAIN ON DISPOSITION

Generally, a Foreign Holder will not be subject to United States federal income tax on any gain realized upon the disposition of shares of Common Stock unless (i) the Company is or has been during certain periods a "U.S. real property holding corporation" for federal income tax purposes and, assuming that the Common Stock is "regularly traded on an established securities market" for tax purposes, the Foreign Holder held, directly or indirectly at any time during the five-year period ending on the date of disposition (or such shorter period that such shares were held), more than 5% of the Common Stock of the Company; (ii) the gain is effectively connected with a trade or business carried on by the Foreign Holder within the United States; (iii) the Foreign Holder is an individual who has a tax home (as specifically defined for United States federal income tax purposes) in the United States, holds the Common Stock as a capital asset and is present in the United States for 183 days or more in the taxable year of the disposition; or (iv) the Foreign Holder is subject to tax pursuant to the provisions of United States tax law applicable to certain United States expatriates.

[ALTERNATE PAGE FOR INTERNATIONAL PROSPECTUS]

Shares of Common Stock owned or treated as owned by an individual who is not a citizen or resident of the United States at the time of death will be includable in the individual's gross estate for United States federal estate tax purposes, unless an applicable tax treaty provides otherwise, and may be subject to United States federal estate tax.

DIVIDEND REPORTING AND BACKUP WITHHOLDING REQUIREMENTS

The Company must report annually to the Internal Revenue Service and to each Foreign Holder the amount of dividends paid to, and the tax withheld with respect to, each Foreign Holder. These reporting requirements apply regardless of whether withholding was reduced by an applicable tax treaty. Under the provisions of a specific treaty or agreement, copies of these information returns may also be made available to the tax authorities in the country in which the Foreign Holder resides. United States backup withholding tax (which generally is a withholding tax imposed at the rate of 31% on certain payments to persons that fail to furnish the information required under the United States information reporting requirements) will generally not apply to dividends paid on the Common Stock to a Foreign Holder at an address outside the United States.

The payment of the proceeds from the disposition of shares of Common Stock to or through a United States office of a broker will be subject to information reporting and backup withholding unless the owner certifies under penalties of perjury its status as a Foreign Holder, or otherwise establishes an exemption. The payment of the proceeds from the disposition of shares of Common Stock to or through a non-U.S. office of a non-U.S. broker will generally not be subject to backup withholding and information reporting. However, in the case of the payment of proceeds from the disposition of shares of Common Stock through a non-U.S. office of a broker that is a United States person or a "U.S. related person," existing regulations require information reporting on the payment unless the broker has documentary evidence in its files that the owner is a Foreign Holder and the broker has no actual knowledge to the contrary. For this purpose, a "U.S. related person" is (i) a "controlled foreign corporation" for United States federal income tax purposes, or (ii) a foreign person 50% or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment is derived from activities that are effectively connected with the conduct of a United States trade or business. Proposed regulations contain a similar rule with respect to information reporting by a non-U.S. office of a broker that is a United States person or a U.S. related person. However, under the proposed regulations, such a person may rely on documentary evidence to avoid information reporting only if the foreign office "effects" the sale at such foreign office. The existing regulations reserve on the question of whether reportable payments made through foreign offices of a broker that is a United States person or a U.S. related person will be subject to backup withholding, but proposed regulations state that backup withholding will not apply to such payments (absent actual knowledge that the payee is a United States person) where the foreign office "effects" the sale at such foreign office. Any amounts withheld under the backup withholding rules from a payment to a Foreign Holder will be refunded (or credited against that Foreign Holder's United States federal income tax liability, if any) provided that the required information is furnished to the Internal Revenue Service.

[ALTERNATE PAGE FOR INTERNATIONAL PROSPECTUS] UNDERWRITING

Subject to the terms and conditions of the Underwriting Agreement, the Selling Shareholder has agreed to sell to each of the International Underwriters named below, and each of the International Underwriters, for whom Goldman Sachs International, Merrill Lynch International Limited and Morgan Stanley International are acting as representatives, has severally agreed to purchase from the Selling Shareholder, the respective number of shares of Common Stock set forth opposite its name below:

<TABLE>
<CAPTION>

INTERNATIONAL UNDERWRITER	NUMBER OF SHARES OF COMMON STOCK
-----	-----
<S>	<C>
Goldman Sachs International.....	

Merrill Lynch International Limited.....	
Morgan Stanley International.....	

Total.....	2,800,000

</TABLE>

Under the terms and conditions of the Underwriting Agreement, the International Underwriters are committed to take and pay for all of the shares offered hereby, if any are taken.

The International Underwriters propose to offer the shares of Common Stock in part directly to the public at the initial public offering price set forth on the cover page of this Prospectus, and in part to certain securities dealers at such price less a concession of \$ per share. The International Underwriters may allow, and such dealers may realow, a concession not in excess of \$ per share to certain brokers and dealers. After the shares of Common Stock are released for sale to the public, the offering price and other selling terms may from time to time be varied by the representatives.

The Company and the Selling Shareholder have entered into an underwriting agreement (the "U.S. Underwriting Agreement") with the underwriters of the United States Offering (the "U.S. Underwriters") providing for the concurrent offer and sale of 11,200,000 shares of Common Stock in the United States. The offering price and aggregate underwriting discount per share for the two offerings are identical. The closing of the offering made hereby is a condition to the closing of the United States offering, and vice versa. The representatives of the U.S. Underwriters are Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated.

Pursuant to an Agreement between the U.S. and International Underwriting Syndicates (the "Agreement Between") relating to the Offerings, each of the International Underwriters named herein has agreed that, as a part of the distribution of the shares offered hereby and subject to certain exceptions, it (i) will not, directly or indirectly, offer, sell or deliver the shares offered hereby and other shares of Common Stock (a) in the United States (including the States and the District of

[ALTERNATE PAGE FOR INTERNATIONAL PROSPECTUS]

Columbia), its territories, its possessions and other areas subject to its jurisdiction (as used in this paragraph, the "United States") or to any U.S. Persons (which term shall mean, for purposes of this paragraph: (I) any individual who is a resident of the United States or (II) any corporation, partnership or other entity organized in or under the laws of the United States or any political subdivision thereof and whose office most directly involved with the purchase is located in the United States) or (b) to any person who it believes intends to reoffer, resell or deliver the shares in the United States or to any U.S. Persons, and (ii) cause any dealer to whom it may sell such shares at any concession to agree to observe a similar restriction. Each of the U.S. Underwriters has agreed pursuant to the Agreement Between that, as a part of the distribution of the shares offered as a part of the United States offering, and subject to certain exceptions, it will offer, sell and deliver shares of Common Stock, directly or indirectly, only in the United States and to U.S. Persons.

Pursuant to the Agreement Between, sales may be made between the International Underwriters and the U.S. Underwriters of such number of shares of Common Stock as may be mutually agreed. The price of any shares so sold will be the initial public offering price, less an amount not greater than the selling concession.

The Selling Shareholder has granted the International Underwriters an option exercisable for 30 days after the date of this Prospectus to purchase up to an aggregate of 400,000 additional shares of Common Stock solely to cover over-allotments, if any. If the International Underwriters exercise their over-allotment option, the International Underwriters have severally agreed, subject to certain conditions, to purchase approximately the same percentage thereof that the number of shares to be purchased by each of them, as shown in the foregoing table, bears to the 2,800,000 shares of Common Stock offered hereby. The Selling Shareholder has granted the U.S. Underwriters an option

exercisable for 30 days after the date of this Prospectus to purchase up to an aggregate of 1,600,000 additional shares of Common Stock solely to cover over-allotments, if any. Any shares of Common Stock purchased pursuant to such over-allotment options will be purchased at the initial public offering price per share less the underwriting discount, as set forth on the cover page of this Prospectus.

The Selling Shareholder has agreed not to offer, sell or otherwise dispose of any Common Stock, except for the shares of Common Stock offered in connection with the Offerings, for a period of 180 days after the date of this Prospectus without the prior written consent of the representatives of the Underwriters. The Company has agreed with the Underwriters not to offer, sell, contract to sell or otherwise dispose of any shares of Common Stock or any securities convertible into or exercisable or exchangeable for Common Stock, except pursuant to employee benefit plans and the Stock Purchase and Dividend Reinvestment Plan, for a period of 90 days after the date of this Prospectus without the prior written consent of the representatives of the Underwriters.

Each International Underwriter has agreed that (i) it has not offered or sold, and it will not offer or sell, in the United Kingdom by means of any document any shares of Common Stock other than to persons whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Act of 1985 of Great Britain, (ii) it has complied, and will comply, with all applicable provisions of the Financial Services Act of 1986 of Great Britain with respect to anything done by it in relation to the Common Stock in, from or otherwise involving the United Kingdom and (iii) it has only issued or passed on and will only issue or pass on in the United Kingdom any document received by it in connection with the issuance of the shares of Common Stock to a person who is of a kind described in Article 9(3) of the Financial Services Act of 1986 (Investment Advertisements) (Exemptions) Order 1989 of Great Britain or is a person to whom the document may otherwise lawfully be issued or passed on.

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[ALTERNATE PAGE FOR INTERNATIONAL PROSPECTUS]

Purchasers of the shares offered hereby may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the offering price set forth on the cover page hereof.

The Underwriters and certain affiliates thereof engage in transactions with and perform services for the Company and its affiliates in the ordinary course of business.

The Company has agreed to indemnify the several Underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

EXPERTS

The financial statements included in the Company's current report on Form 8-K dated February 18, 1994, which are incorporated herein by reference, have been audited by Deloitte & Touche, as stated in their report appearing therein, and are incorporated herein in reliance upon such report given upon the authority of that firm as experts in accounting and auditing.

LEGAL MATTERS

The validity of the Common Stock offered in the Offerings will be passed upon for the Company by Steve C. Griffith, Jr., Esq., Charlotte, North Carolina, and by Dewey Ballantine, New York, New York, and for the Underwriters by Willkie Farr & Gallagher, New York, New York. In giving their opinions, Dewey Ballantine and Willkie Farr & Gallagher may rely as to matters of local law upon the opinion of Mr. Griffith, who is a Director and Executive Vice President and the General Counsel of the Company. Mr. Griffith owns 36,904 shares of Common Stock of the Company, including 36,854 shares held under the Stock Purchase-Savings Program for Employees and the Employees' Stock Ownership Plan. Certain legal matters in connection with the Offerings will be passed upon for the Selling Shareholder by Dewey Ballantine.

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NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES TO WHICH IT RELATES OR AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SUCH SECURITIES IN ANY CIRCUMSTANCES IN WHICH SUCH OFFER OR SOLICITATION IS UNLAWFUL. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE COMPANY SINCE THE DATE HEREOF OR THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

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14,000,000 SHARES
DUKE POWER COMPANY
COMMON STOCK
(WITHOUT PAR VALUE)

[LOGO]

GOLDMAN SACHS INTERNATIONAL
MERRILL LYNCH INTERNATIONAL
LIMITED

MORGAN STANLEY INTERNATIONAL

REPRESENTATIVES OF THE UNDERWRITERS

PART II.

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION (ESTIMATED):

<TABLE>
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	TO BE PAID BY		
	SELLING SHAREHOLDER	COMPANY	TOTAL
<S>	<C>	<C>	<C>
SEC Filing Fee*.....	\$ 213,463	\$ -	\$ 213,463
Registrar Fees.....	-	6,000	6,000
Printing Costs.....	90,000	-	90,000
Engraving Costs.....	-	14,000	14,000
Legal Fees and Expenses.....	100,000	-	100,000
Accounting Fees.....	12,000	-	12,000
Blue Sky Fees and Expenses.....	10,000	-	10,000
Miscellaneous.....	14,537	-	14,537
Total.....	\$ 440,000	\$ 20,000	\$ 460,000

</TABLE>

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* Actual

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Sections 55-8-50 through 55-8-58 of the North Carolina Business Corporation Act and the By-Laws of the registrant permit indemnification of the registrant's directors and officers in a variety of circumstances, which may include liabilities under the Securities Act of 1933 (Securities Act). In addition, the registrant has purchased insurance permitted by the law of North Carolina on behalf of directors, officers, employees or agents which may cover liabilities under the Securities Act.

ITEM 16. EXHIBITS.

Exhibits filed herewith:

<TABLE>
<CAPTION>

EXHIBIT NUMBER	
<S>	<C>
1(A)	-- Form of U.S. Underwriting Agreement.
1(B)	-- Form of International Underwriting Agreement.
4(B)	-- Articles of Amendment of registrant dated November 1, 1993 relating to the 6.375% Cumulative Preferred Stock A, 1993 Series.
5	-- Opinion of Steve C. Griffith, Jr., Esq.
23(A)	-- Independent Auditors' Consent.
23(B)	-- Consent of Steve C. Griffith, Jr., Esq. (included in Exhibit 5).
23(C)	-- Consent of Dewey Ballantine.
24(A)	-- Copy of power of attorney authorizing Ellen T. Ruff and others to sign the registration statement on behalf of the registrant and certain of its directors and officers.
24(B)	-- Certified copy of resolution of the Board of Directors of the registrant authorizing power of attorney.

</TABLE>

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Exhibits incorporated herein by reference:

<TABLE>
<CAPTION>

EXHIBIT
NUMBER

<S> <C>
4 (A) -- Restated Articles of Incorporation of registrant (filed with Form S-3, No. 33-50617, effective October 20, 1993, as Exhibit 4(A)).
4 (C) -- By-Laws of registrant, as amended (filed with Form S-3, File No. 33-50584, effective August 11, 1992, as Exhibit 3(g)).

</TABLE>

ITEM 17. UNDERTAKINGS.

The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the registrant's annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the indemnification provisions described in Item 15 above or in contractual arrangements pursuant thereto, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

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SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE REGISTRANT CERTIFIES THAT IT HAS REASONABLE GROUNDS TO BELIEVE THAT IT MEETS ALL OF THE REQUIREMENTS FOR FILING ON FORM S-3 AND HAS DULY CAUSED THIS REGISTRATION STATEMENT OR AMENDMENT THERETO TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF NEW YORK, STATE OF NEW YORK, ON THE 2ND DAY OF MARCH, 1994.

DUKE POWER COMPANY
Registrant

By: W. S. LEE
Chairman and President

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS REGISTRATION STATEMENT OR AMENDMENT THERETO HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATE INDICATED.

<TABLE>
<CAPTION>

SIGNATURE	TITLE	DATE
<S>	<C>	<C>
W. S. LEE	Chairman and President (Principal Executive Officer)	March 2, 1994
RICHARD J. OSBORNE	Vice President and Chief Financial Officer (Principal Financial Officer)	March 2, 1994
DAVID L. HAUSER	Controller (Principal Accounting Officer)	March 2, 1994
ROBERT L. ALBRIGHT G. ALEX BERNHARDT C. C. BOWLES W. A. COLEY JOE T. FORD STEVE C. GRIFFITH, JR. W. H. GRIGG P. H. HENSON GEORGE R. HERBERT JAMES V. JOHNSON W. W. JOHNSON W. S. LEE MAX LENNON BUCK MICKEL REECE A. OVERCASH, JR. R. B. PRIORY	A majority of the Directors (all below)	March 2, 1994

</TABLE>

ELLEN T. RUFF, by signing her name hereto, does hereby sign this document on behalf of the registrant and on behalf of each of the above-named persons pursuant to a power of attorney duly executed by the registrant and such persons, filed with the Securities and Exchange Commission as an exhibit hereto.

ELLEN T. RUFF
ELLEN T. RUFF
Attorney-in-fact

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EXHIBIT 23 (A)

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in this Registration Statement on Form S-3 of Duke Power Company of our report dated February 11, 1994 appearing in the current report on Form 8-K of Duke Power Company dated February 18, 1994 and our report dated February 15, 1993 appearing in the Annual Report on Form 10-K of Duke Power Company for the year ended December 31, 1992 and to the reference to us under the heading "Experts" in the Prospectus which is a part of this Registration Statement.

DELOITTE & TOUCHE

DELOITTE & TOUCHE

Charlotte, North Carolina
March 2, 1994

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EXHIBIT 23 (B)

CONSENT OF COUNSEL

The consent of Steve C. Griffith, Jr., Esq. is contained in his opinion filed as Exhibit 5 to this Registration Statement.

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We hereby consent to the reference to our firm under the heading "Legal Opinions" in the Prospectus forming a part of this Registration Statement. In giving such consent we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933 and the rules and regulations of the Securities and Exchange Commission thereunder.

DEWEY BALLANTINE

DEWEY BALLANTINE

New York, New York

March 2, 1994

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EXHIBIT INDEX

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EXHIBIT NUMBER	EXHIBIT
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<S>	<C>
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1(B)	-- Form of International Underwriting Agreement.
4(B)	-- Articles of Amendment of registrant dated November 1, 1993 relating to the 6.375% Cumulative Preferred Stock A, 1993 Series.
5	-- Opinion of Steve C. Griffith, Jr., Esq.
23(A)	-- Independent Auditors' Consent (see page II-4 of registration statement).
23(B)	-- Consent of Steve C. Griffith, Jr., Esq. (included in Exhibit 5 -- see page II-5 of registration statement).
23(C)	-- Consent of Dewey Ballantine (see page II-6 of registration statement).
24(A)	-- Copy of power of attorney authorizing Ellen T. Ruff and others to sign the registration statement on behalf of the registrant and certain of its directors and officers.
24(B)	-- Certified copy of resolution of the Board of Directors of the registrant authorizing power of attorney.

</TABLE>

DUKE POWER COMPANY
COMMON STOCK (WITHOUT PAR VALUE)
UNDERWRITING AGREEMENT
(U.S. VERSION)

March __, 1994

GOLDMAN, SACHS & CO.,
MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED,
MORGAN STANLEY & CO. INCORPORATED
As representatives of the several Underwriters
named in Schedule I hereto,
c/o Goldman, Sachs & Co.,
85 Broad Street,
New York, New York 10004

Dear Sirs:

The stockholder named in Schedule II hereto (the "Selling Stockholder") of Duke Power Company, a North Carolina corporation (the "Company"), proposes, subject to the terms and conditions stated herein, to sell to the Underwriters named in Schedule I hereto (the "Underwriters") an aggregate of 11,200,000 shares (the "Firm Shares") and, at the election of the Underwriters, up to 1,600,000 additional shares (the "Optional Shares") of Common Stock (without par value) ("Stock") of the Company (the Firm Shares and the Optional Shares which the Underwriters elect to purchase pursuant to Section 2 hereof are herein collectively called the "Shares").

It is understood and agreed to by all parties that the Company and the Selling Stockholder are concurrently entering into an agreement (the "International Underwriting Agreement") providing for the sale by the Selling Stockholder of up to a total of 3,200,000 shares of Stock (the "International Shares"), including the overallotment option thereunder, through arrangements with certain underwriters outside the United States (the "International Underwriters"), for whom Goldman Sachs International, Merrill Lynch International Limited and Morgan Stanley International are acting as lead managers. Anything herein or therein to the contrary notwithstanding, the respective closings under this Agreement and the International Underwriting Agreement are hereby expressly made conditional on one another. The Underwriters hereunder and the International Underwriters are simultaneously entering into an Agreement between U.S. and International Underwriting Syndicates (the "Agreement between Syndicates") which provides, among other things, for the transfer of shares of Stock between the two syndicates. Two forms of prospectus are to be used in connection with the offering and sale of shares of Stock contemplated by the

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foregoing, one relating to the Shares hereunder and the other relating to the International Shares. The latter form of prospectus will be identical to the former except for certain substitute pages as included in the registration statement and amendments thereto as mentioned below. Except as used in Sections 2, 3, 4, 9 and 11 herein, and except as the context may otherwise require, references hereinafter to the Shares shall include all the shares of Stock which may be sold pursuant to either this Agreement or the International Underwriting Agreement, and references herein to any prospectus whether in preliminary or final form, and whether as amended or supplemented, shall include both the U.S. and the international versions thereof.

1. (a) The Company represents and warrants to, and agrees with, each of the Underwriters that:

(i) A registration statement in respect of the Firm Shares and the Optional Shares has been filed with the Securities and Exchange Commission (the "Commission"); such registration statement and any post-effective amendment thereto, each in the form heretofore delivered to you, and, excluding exhibits thereto but including all documents incorporated by reference in the prospectus contained therein, to you for each of the other Underwriters, have been declared effective by the Commission in such form; no other document with respect to such registration statement or document incorporated by reference therein has heretofore been filed with the Commission which has not been delivered to you; and no stop order suspending the effectiveness of such registration statement has been issued and no proceeding for that purpose has been initiated or threatened by the Commission (any preliminary prospectus included in such registration statement or filed with the Commission pursuant to Rule 424(a) of the rules and regulations of the Commission under the Securities Act of 1933, as amended (the "Act"), being hereinafter called a "Preliminary Prospectus"; the various parts of such registration statement, including all exhibits thereto and including (i) the information contained in the form of final prospectus filed with the Commission pursuant to Rule 424(b) under the Act in accordance with Section 5(a) hereof and deemed by virtue of Rule 430A under the Act to be part of the registration statement at the time it was declared effective and (ii) the documents incorporated by reference in the prospectus contained in the registration statement at the time such part of the registration statement became effective, each as amended at the time such part of the registration statement became effective, being hereinafter called the "Registration Statement"; and such final prospectus, in the form first filed pursuant to Rule 424(b) under the Act, being hereinafter called the "Prospectus"; and any reference herein to any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the

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documents incorporated by reference therein pursuant to Item 12 of Form S-3 under the Act, as of the date of such Preliminary Prospectus or Prospectus, as the case may be; any reference to any amendment or supplement to any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any documents filed after the date of such Preliminary Prospectus or Prospectus, as the case may be, under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and incorporated by reference in such Preliminary Prospectus or Prospectus, as the case may be; and any reference to any amendment to the Registration Statement shall be deemed to refer to and include any annual report of the Company filed pursuant to Section 13(a) or 15(d) of the Exchange Act after the effective date of the Registration Statement that is incorporated by reference in the Registration Statement.)

(ii) No order preventing or suspending the use of any Preliminary Prospectus has been issued by the Commission, and each Preliminary Prospectus, at the time of filing thereof, conformed in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder, and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through you expressly for use therein or by the Selling Stockholder expressly for use in the preparation of the answers therein to Item 7 of Form S-3.

(iii) The documents incorporated by reference in the

Prospectus pursuant to Item 12 of Form S-3 under the Act, at the time they were filed with the Commission, conformed in all material respects to the requirements of the Exchange Act and the rules and regulations of the Commission thereunder (the "Exchange Act Regulations"), and, when read together with the other information in the Prospectus, do not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and any documents deemed to be incorporated by reference in the Prospectus will, when they are filed with the Commission, conform in all material respects to the requirements of the Exchange Act and the Exchange Act Regulations, and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading; provided, however, that

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this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information furnished in writing to the Company by an Underwriter through you expressly for use therein.

(iv) The Registration Statement conforms and the Prospectus will conform in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder, and the Registration Statement does not and the Prospectus will not include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, except that the foregoing does not apply to statements or omissions in any such document based upon written information furnished to the Company by an Underwriter through you expressly for use therein or by the Selling Stockholder expressly for use in the preparation of the answers therein to Item 7 of Form S-3.

(v) The compliance by the Company with all of the provisions of this Agreement and the International Underwriting Agreement and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company is a party or by which the Company is bound or to which any of the property or assets of the Company, nor will such action result in any violation of the provisions of the Restated Articles of Incorporation or By-Laws of the Company or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its properties; and no consent, approval, authorization, order, registration or qualification of or with any such court or governmental agency or body is required for the consummation by the Company of the transactions contemplated by this Agreement and the International Underwriting Agreement, except the registration under the Act of the Shares and such consents, approvals, authorizations, registrations or qualifications as may be required under state or foreign securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters.

(vi) Deloitte & Touche, who have certified certain financial statements of the Company and its subsidiaries, are independent public accountants as required by the Act and the rules and regulations of the Commission thereunder.

(vii) Neither the Company nor any of its affiliates does business with the government of Cuba or with any person or

affiliate located in Cuba within the meaning of Section 517.075 of Florida Statutes (Chapter 92-198, Laws of Florida).

(b) The Selling Stockholder represents and warrants to, and agrees with, each of the Underwriters and the Company that:

(i) All consents, approvals, authorizations and orders necessary for the execution and delivery by the Selling Stockholder of this Agreement and the International Underwriting Agreement, and for the sale and delivery of the Shares to be sold by the Selling Stockholder hereunder, have been obtained; and the Selling Stockholder has full right, power and authority to enter into this Agreement and the International Underwriting Agreement and to sell, assign, transfer and deliver the Shares to be sold by the Selling Stockholder hereunder.

(ii) The sale of the Shares to be sold by the Selling Stockholder hereunder and the compliance by the Selling Stockholder with all of the provisions of this Agreement and the International Underwriting Agreement and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, any statute, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Selling Stockholder is a party or by which the Selling Stockholder is bound, or to which any of the property or assets of the Selling Stockholder is subject, nor will such action result in any violation of the provisions of the Indenture and Deed of Trust of Personalty, dated December 11, 1924 (the "Indenture of Trust"), establishing the Selling Stockholder or any statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Selling Stockholder or the property of the Selling Stockholder.

(iii) The Selling Stockholder has, and immediately prior to each Time of Delivery (as defined in Section 4 hereof) the Selling Stockholder will have, good and valid title to the Shares to be sold by the Selling Stockholder hereunder, free and clear of all liens, encumbrances, equities or claims; and, upon delivery of such Shares and payment therefor pursuant hereto, good and valid title to such Shares, free and clear of all liens, encumbrances, equities or claims, will pass to the several Underwriters.

(iv) No offering, sale or other disposition of any Stock will be made within 180 days after the date of the Prospectus, directly or indirectly, by the Selling Stockholder, otherwise than hereunder or with your written consent.

(v) The Selling Stockholder has not taken and will not take, directly or indirectly, any action which is designed to or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares.

(vi) To the extent that any statements or omissions made in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto are made in reliance upon and in conformity with written information furnished to the Company by the

Selling Stockholder expressly for use therein, such Preliminary Prospectus and the Registration Statement did, and the Prospectus and any further amendments or supplements to the Registration Statement and the Prospectus will, when they become effective or are filed with the Commission, as the case may be, conform in all material respects to the requirements of the Act and the rules and regulations of the Commission thereunder and not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

In order to document the Underwriters' compliance with the reporting and withholding provisions of the Tax Equity and Fiscal Responsibility Act of 1982 with respect to the transactions herein contemplated, the Selling Stockholder agrees to deliver to you prior to or at the First Time of Delivery (as hereinafter defined) a properly completed and executed United States Treasury Department Form W-9 (or other applicable form or statement specified by Treasury Department regulations in lieu thereof).

2. Subject to the terms and conditions herein set forth, (a) the Selling Stockholder agrees to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Selling Stockholder at a purchase price per share of \$.... the number of Firm Shares to be purchased by such Underwriter as set forth opposite the name of such Underwriter in Schedule I hereto and (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Shares as provided below, the Selling Stockholder agrees to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Selling Stockholder, at the purchase price per share set forth in clause (a) of this Section 2, that portion of the number of Optional Shares as to which such election shall have been exercised (to be adjusted by you so as to eliminate fractional shares) determined by multiplying such number of Optional Shares by a fraction the numerator of which is the maximum number of Optional Shares which such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator

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of which is the maximum number of the Optional Shares which all of the Underwriters are entitled to purchase hereunder.

The Selling Stockholder hereby grants to the Underwriters the right to purchase at their election up to 1,600,000 Optional Shares, at the purchase price per share set forth in the paragraph above, for the sole purpose of covering over-allotments in the sale of the Firm Shares. Any such election to purchase Optional Shares may be exercised by written notice from you to the Selling Stockholder, given within a period of 30 calendar days after the date of this Agreement and setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by you but in no event earlier than the First Time of Delivery (as defined in Section 4 hereof) or, unless you and the Selling Stockholder otherwise agree in writing, earlier than two or later than ten business days after the date of such notice.

3. Upon the authorization by you of the release of the Firm Shares, the several Underwriters propose to offer the Firm Shares for sale upon the terms and conditions set forth in the Prospectus.

4. Certificates in definitive form for the Shares to be purchased by each Underwriter hereunder, and in such denominations and registered in such names as Goldman, Sachs & Co. may request upon at least forty-eight hours' prior notice to the Selling Stockholder, shall be delivered by or on behalf of the Selling Stockholder to you for the account of such Underwriter, against payment by such Underwriter or on its behalf of the purchase price therefor by certified or official bank check or checks, payable to the order of the Selling Stockholder in New York Clearing House funds, all at the office of Goldman, Sachs & Co., 85 Broad Street, New York, New York 10004 or at such other place

as you and the Selling Stockholder may determine. The time and date of such delivery and payment shall be, with respect to the Firm Shares, 9:30 a.m., New York City time, on , 1994 or such other time and date as you and the Selling Stockholder may agree upon in writing, and, with respect to the Optional Shares, 9:30 a.m., New York City time, on the date specified by you in the written notice given by you of the Underwriters' election to purchase such Optional Shares, or such other time and date as you and the Selling Stockholder may agree upon in writing. Such time and date for delivery of the Firm Shares is herein called the "First Time of Delivery," such time and date for delivery of the Optional Shares, if not the First Time of Delivery, is herein called the "Second Time of Delivery," and each such time and date of delivery is herein called a "Time of Delivery." Such certificates will be made available for checking and packaging at least twenty-four hours prior to each Time of Delivery at such office of Goldman, Sachs & Co.

5. The Company covenants and agrees with the several Underwriters that:

(a) The Company will advise you promptly of any amendment or supplementation of the Registration Statement or the Prospectus and of the institution by the Commission of any stop order proceedings in respect of the Registration Statement, and will use its best efforts to prevent the issuance of any such stop order and to obtain as soon as possible its lifting, if issued.

(b) If at any time when a prospectus relating to the Shares is required to be delivered under the Act any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact, or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, or if it is necessary at any time to amend the Prospectus to comply with the Act, the Company promptly will prepare and file with the Commission an amendment, supplement or an appropriate document pursuant to Section 13 or 14 of the Exchange Act which will correct such statement or omission or which will effect such compliance.

(c) The Company, during the period when a prospectus relating to the Shares is required to be delivered under the Act, will file promptly all documents required to be filed with the Commission pursuant to Section 13 or 14 of the Exchange Act.

(d) The Company will make generally available to its security holders, in each case as soon as practicable but not later than 60 days after the close of the period covered thereby, earnings statements (in form complying with the provisions of Section 11(a) of the Act, which need not be certified by independent certified public accountants unless required by the Act) covering (i) a twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the effective date of the Registration statement and (ii) a twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the date of this Agreement.

(e) The Company will furnish to you copies of the Registration Statement (four of which will be signed and will include all exhibits other than those incorporated by reference), the Prospectus, and all amendments and supplements to such documents, in each case as soon as available and in such quantities as you reasonably request.

(f) The Company will arrange or cooperate in arrangements for the qualification of the Shares for sale

under the laws of such jurisdictions as you designate and will continue such qualifications in effect so long as required for the distribution; provided, however, that the Company shall not be required to qualify as a foreign corporation or to file any general consents to service of process under the laws of any state where it is not now so subject.

(g) The Company will not, during the period beginning from the date hereof and continuing to and including the date 90 days after the date of the Prospectus, offer, sell, contract to sell or otherwise dispose of any securities of the Company that are substantially similar to the Shares, including but not limited to any securities that are convertible into or exchangeable for or that represent the right to receive the Shares or any such substantially similar securities (other than pursuant to the Company's Stock Purchase-Savings Program for Employees, Employees' Stock Ownership Plan or Stock Purchase and Dividend Reinvestment Plan) without your prior written consent.

6. The Company and the Selling Stockholder covenant and agree with one another and with the several Underwriters that (a) the Selling Stockholder will pay or cause to be paid the following: (i) the fees, disbursements and expenses of the Company's counsel and accountants in connection with the registration of the Shares under the Act and all other expenses in connection with the preparation, printing and filing of the Registration Statement, any Preliminary Prospectus and the Prospectus and amendments and supplements thereto and the mailing and delivering of copies thereof to the Underwriters and dealers; (ii) the cost of printing or producing any Agreement among Underwriters, this Agreement, the International Underwriting Agreement, the Agreement between Syndicates, the Selling Agreements, the Blue Sky Memorandum and any other documents in connection with the offering, purchase, sale and delivery of the Shares; (iii) all expenses in connection with the qualification of the Shares for offering and sale under state securities laws as provided in Section 5(f) hereof, including the fees and disbursements of counsel for the Underwriters in connection with such qualification and in connection with the Blue Sky survey; (iv) the filing fees incident to securing any required review by the National Association of Securities Dealers, Inc. of the terms of the sale of the Shares; and (v) all other costs and expenses (other than as provided for in Section 8) incident to the performance of the Company's obligations hereunder which are not otherwise specifically provided for in this Section; and (b) the Company will pay or cause to be paid: (i) the cost of preparing stock certificates and (ii) the cost and charges of any transfer agent or registrar; and (c) the Selling Stockholder will pay or cause to be paid all costs and expenses incident to the performance of the Selling Stockholder's obligations hereunder which are not otherwise specifically provided for in this Section, including (i) any fees and expenses of counsel for the Selling Stockholder and (ii) all

expenses and taxes incident to the sale and delivery of the Shares to be sold by the Selling Stockholder to the Underwriters hereunder. In connection with Clause (c) (ii) of the preceding sentence, Goldman, Sachs & Co. agrees to pay New York State stock transfer tax, and the Selling Stockholder agrees to reimburse Goldman, Sachs & Co. for associated carrying costs if such tax payment is not rebated on the day of payment and for any portion of such tax payment not rebated. It is understood that, except as provided in this Section, Section 8 and Section 11 hereof, the Underwriters will pay all of their own costs and expenses, including the fees of their counsel, stock

transfer taxes on resale of any of the Shares by them, and any advertising expenses connected with any offers they may make.

7. The obligations of the Underwriters hereunder, as to the Shares to be delivered at each Time of Delivery, shall be subject, in their discretion, to the condition that all representations and warranties of the Company and of the Selling Stockholder herein are, at and as of such Time of Delivery, true and correct, the condition that each of the Company and the Selling Stockholder shall have performed all of its obligations hereunder theretofore to be performed, and the following additional conditions:

(a) The Prospectus shall have been filed with the Commission pursuant to Rule 424(b) within the applicable time period prescribed for such filing by the rules and regulations under the Act and in accordance with Section 5(a) hereof; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or, to the knowledge of the Company, threatened by the Commission; and all requests for additional information on the part of the Commission shall have been complied with to your reasonable satisfaction.

(b) Willkie Farr & Gallagher, counsel for the Underwriters, shall have furnished to you such opinion or opinions, dated such Time of Delivery, with respect to the matters covered in paragraphs (i) and (iii) through (vii) of subsection (c) below, in paragraphs (i) and (ii) of subsection (d) below, and to the further effect that the statements in the Prospectus under the caption "Underwriting", insofar as they describe the provisions of the documents therein described, are fair summaries and are accurate in all material respects, as well as any other related matters as you may reasonably request, and such counsel shall have received such papers and information as they may reasonably request to enable them to pass upon such matters.

In giving their opinion Willkie Farr & Gallagher may rely on the opinion of Steve C. Griffith, Jr., Esq., as to matters of the laws of North Carolina and South Carolina.

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(c) Steve C. Griffith, Jr., Esq., General Counsel to the Company, shall have furnished to you his written opinion, dated such Time of Delivery, in form and substance satisfactory to you, to the effect that:

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of North Carolina, with power and authority (corporate and other) to own its properties and conduct its business as described in the Prospectus.

(ii) The Company is duly qualified to do business as a foreign corporation in good standing in all other jurisdictions in which it owns or leases substantial properties or in which the conduct of its business requires such qualification.

(iii) The outstanding shares of Stock of the Company have been duly authorized and issued and are fully paid and nonassessable.

(iv) The Registration Statement has become effective under the Act, and, to the best of the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for

that purpose have been instituted or are pending or threatened under the Act.

(v) This Agreement and the International Underwriting Agreement have been duly authorized, executed and delivered by the Company.

(vi) The performance by the Company of this Agreement and the International Underwriting Agreement will not contravene any of the provisions of the Restated Articles of Incorporation or By-Laws of the Company.

(vii) No authorization, approval or consent of any governmental body is legally required for the consummation by the Company of the transactions contemplated by this Agreement and the International Underwriting Agreement, except the registration under the Act of the Shares, and such consents, approvals, authorizations, registrations and qualifications as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters.

(viii) The descriptions in the Registration Statement and Prospectus of legal or governmental proceedings are accurate and fairly present the information required to be shown and such counsel does

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not know of any other legal or governmental proceedings required to be described in the Registration Statement or Prospectus which are not described as required.

In rendering such opinion, such counsel may state that he expresses no opinion as to the laws of any jurisdiction other than North Carolina and South Carolina and the federal securities laws of the United States.

(d) Dewey Ballantine, counsel for the Company, shall have furnished to you such opinion or opinions, dated such Time of Delivery, with respect to the matters covered in paragraphs (i) and (iii) through (vii) of subsection (c) above, and to the further effect that:

(i) The Registration Statement as of the date of effectiveness under the Act and the Prospectus as of the date it was filed with, or transmitted for filing to, the Commission (in each case, other than the financial statements and other financial information included therein, as to which no opinion need be rendered) complied as to form in all material respects with the requirements of the Act and the rules and regulations thereunder, and nothing has come to their attention that would lead them to believe that the Registration Statement as of the date of effectiveness under the Act (or if an amendment to such Registration Statement or an annual report on Form 10-K has been filed by the Company with the Commission subsequent to the effectiveness of the Registration Statement, then at the time of the most recent such filing) contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading or that the Prospectus as of the date it was filed with, or transmitted for filing to, the Commission and at such Time of Delivery contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the

light of the circumstances under which they were made, not misleading.

(ii) The statements made in the Prospectus under the caption "Description of Capital Stock", insofar as they purport to constitute summaries of the terms of the Stock, and under the caption "Certain United States Tax Consequences to Non-United States Holders", insofar as they purport to constitute summaries of the principal United States federal income consequences to foreign holders of the Stock, are fair summaries and are accurate in all material respects.

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In giving their opinion Dewey Ballantine may rely on the opinion of Steve C. Griffith, Jr., Esq., as to matters of the laws of North Carolina and South Carolina.

(e) Dewey Ballantine, as counsel to the Selling Stockholder, shall have furnished to you their written opinion with respect to the Selling Stockholder, dated such Time of Delivery, in form and substance satisfactory to you, to the effect that:

(i) This Agreement and the International Underwriting Agreement have been duly authorized, executed and delivered by or on behalf of the Selling Stockholder and constitute valid and binding agreements of the Selling Stockholder in accordance with their terms; and the sale of the Shares by the Selling Stockholder hereunder and thereunder and the compliance by the Selling Stockholder with all of the provisions of this Agreement and the International Underwriting Agreement and the consummation of the transactions herein and therein contemplated will not conflict with or result in a breach or violation of any terms or provisions of, or constitute a default under, any statute, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument known to such counsel to which the Selling Stockholder is a party or by which the Selling Stockholder is bound, to which any of the property or assets of the Selling Stockholder is subject, nor will such action result in any violation of the provisions of the Indenture of Trust or any order, rule or regulation known to such counsel of any court or governmental agency or body having jurisdiction over the Selling Stockholder or the property of the Selling Stockholder.

(ii) No consent, approval, authorization or order of any court or governmental agency or body is required by or on behalf of the Selling Stockholder for the consummation of the transactions contemplated by this Agreement and the International Underwriting Agreement in connection with the sale of the Shares by the Selling Stockholder hereunder and thereunder, except the registration under the Act of the Shares and such as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the Underwriters.

(iii) To such counsel's knowledge, immediately prior to such Time of Delivery the Selling Stockholder held the Shares to be sold at such Time of Delivery under this Agreement and the International Underwriting Agreement,

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free and clear of all liens, encumbrances, equities or claims.

(iv) The Selling Stockholder has full right, power and authority to sell, assign, transfer and deliver the Shares to be sold hereunder and under the International Underwriting Agreement.

(v) Good and valid title to the Shares, free and clear of all liens, encumbrances, equities or claims, has been transferred to each of the several Underwriters who have purchased the Shares in good faith and without notice of any such lien, encumbrance, equity or claim or any other adverse claim within the meaning of the Uniform Commercial Code.

In rendering such opinion, such counsel may state that they express no opinion as to the laws of any jurisdiction outside the United States and in rendering the opinion in subparagraph (iii) such counsel may rely upon a certificate of the Selling Stockholder in respect of matters of fact as to ownership of and liens, encumbrances, equities or claims on the Shares, provided that such counsel shall state that they believe that both you and they are justified in relying upon such certificate.

(f) At 10:00 a.m., New York City time, on the effective date of the Registration Statement and the effective date of the most recently filed post-effective amendment to the Registration Statement and also at each Time of Delivery, Deloitte & Touche shall have furnished to you a letter or letters, dated the respective date of delivery thereof, in form and substance satisfactory to you, to the effect set forth in Annex I hereto.

(g) Since the respective dates as of which information is given in the Prospectus, there shall not have been any change in the capital stock or long-term debt of the Company or any change in or affecting the management, financial position, stockholders' equity or results of operations of the Company, otherwise than as set forth or contemplated in the Prospectus, the effect of which is in your judgment so material and adverse as to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Prospectus.

(h) Prior to such Time of Delivery, the rating assigned by Moody's Investors Service, Inc. or Standard & Poor's Corporation to any debt securities or preferred stock of the

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Company as of the date of this Agreement shall not have been lowered.

(i) On or after the date hereof there shall not have occurred any of the following: (i) a suspension or material limitation in trading in securities generally or of the Company's securities on the New York Stock Exchange or; (ii) a general moratorium on commercial banking activities in New York declared by either Federal or New York State authorities; or (iii) the outbreak or material escalation of hostilities involving the United States or the declaration by the United States of a national emergency or war if the effect of any such event specified in this Clause (iii) in your judgment makes it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares being delivered at such Time of Delivery on the terms and in the manner contemplated in the Prospectus.

(j) The Company and the Selling Stockholder shall have furnished or caused to be furnished to you at such Time of Delivery certificates of officers of the Company and of the Selling Stockholder, respectively, satisfactory to you as to the accuracy of the representations and warranties of the Company and the Selling Stockholder, respectively, herein at and as of such Time of Delivery, as to the performance by the Company and the Selling Stockholder of all of their respective obligations hereunder to be performed at or prior to such Time of Delivery, and as to such other matters relating to the transactions contemplated herein or in the International Underwriting Agreement as you may reasonably request, and the Company shall have furnished or caused to be furnished certificates as to the matters set forth in subsections (a) and (g) of this Section, and as to such other matters relating to the transactions contemplated herein or in the International Underwriting Agreement as you may reasonably request.

8. (a) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Act, as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, the prospectus constituting a part of the Registration Statement in the form in which it became

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effective or the Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless such statement or omission or such alleged statement or omission was made in reliance upon and in conformity with written information furnished to the Company by an Underwriter through you expressly for use in the Registration Statement (or any amendment thereto) or such Preliminary Prospectus, such prospectus, or the Prospectus (or any amendment or supplement thereto).

(ii) against any and all loss, liability, claim, damage and expense whatsoever to the extent of the aggregate amount paid in settlement of any litigation, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company.

(iii) against any and all expense whatsoever reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above.

In no case shall the Company be liable under this indemnity agreement with respect to any claim made against any Underwriter or any such controlling person unless the Company shall be notified in writing of the nature of the

claim within a reasonable time after the assertion thereof, but failure so to notify the Company shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. The Company shall be entitled to participate at its own expense in the defense, or, if it so elects, within a reasonable time after receipt of such notice, to assume the defense of any suit brought to enforce any such claim, but if it so elects to assume the defense, such defense shall be conducted by counsel chosen by it and approved by the Underwriter or Underwriters or controlling person or persons, defendant or defendants in any suit so brought, which approval shall not be unreasonably withheld. In any such suit, any Underwriter or any such controlling person shall have the right to employ its own counsel, but the fees and expenses of such counsel shall be at the expense of such Underwriter or such controlling person unless (i) the Company and such Underwriter shall have mutually agreed to the employment of such counsel, or (ii) the named parties to any such action (including any impleaded parties) include both such Underwriter or such controlling person and the Company and such Underwriter or such controlling person shall have

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been advised by such counsel that a conflict of interest between the Company and such Underwriter or such controlling person may arise and for this reason it is not desirable for the same counsel to represent both the indemnifying party and also the indemnified party (it being understood, however, that the Company shall not, in connection with any one such action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for all such Underwriters and all such controlling persons, which firm shall be designated in writing by you). The Company agrees to notify you within a reasonable time of the assertion of any claim against it, any of its officers or directors or any person who controls the Company within the meaning of Section 15 of the Act, in connection with the sale of the Shares.

(b) Each Underwriter severally agrees that it will indemnify and hold harmless the Company, its directors, and each of its officers who signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Act, and the Selling Stockholder and officers and its trustees, to the same extent as the indemnity contained in subsection (a) of this Section, but only with respect to statements or omissions made in the Registration Statement (or any amendment thereto) or any Preliminary Prospectus, such prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Underwriter through you expressly for use in the Registration Statement (or any amendment thereto), such Preliminary Prospectus, such prospectus or the Prospectus (or any amendment or supplement thereto). In case any action shall be brought against the Company or any person so indemnified based on the Registration Statement (or any amendment thereto) or such Preliminary Prospectus, such prospectus or the Prospectus (or any amendment or supplement thereto) and in respect of which indemnity may be sought against any Underwriter, such Underwriter shall have the rights and duties given to the Company, and the Company and each person so indemnified shall have the rights and duties given to the Underwriters, by the provisions of subsection (a) of this Section.

9. (a) If any Underwriter shall default in its obligation to purchase the Shares which it has agreed to purchase hereunder at a Time of Delivery, you may in your discretion arrange for you or another party or other parties to purchase such Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter you do not arrange for the purchase of such Shares, then the Selling Stockholder shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to you to purchase such Shares on such terms. In the event that, within the respective prescribed periods, you notify the Selling Stockholder that you have so arranged for the purchase of such Shares, or the Selling Stockholder notifies you

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that it has so arranged for the purchase of such Shares, you or the Selling Stockholder shall have the right to postpone such Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any amendments to the Registration Statement or the Prospectus which may be required. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Shares.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you and the Selling Stockholder as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased does not exceed one-eleventh of the aggregate number of all the Shares to be purchased at such Time of Delivery, then the Selling Stockholder shall have the right to require each non-defaulting Underwriter to purchase the number of Shares which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares which such Underwriter agreed to purchase hereunder) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you and the Selling Stockholder as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased exceeds one-eleventh of the aggregate number of all the Shares to be purchased at such Time of Delivery, or if the Selling Stockholder shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement (or, with respect to the Second Time of Delivery, the obligations of the Underwriters to purchase and of the Selling Stockholder to sell the Optional Shares) shall thereupon terminate, without liability on the part of any non-defaulting Underwriter or the Company or the Selling Stockholder, except for the expenses to be borne by the Company and the Selling Stockholder and the Underwriters as provided in Section 6 hereof and the indemnity agreement in Section 8 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

10. The respective indemnities, agreements, representations and warranties of the Company, the Selling Stockholder and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect,

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regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company, or the Selling Stockholder, or any officer or director or controlling person of the Company, or any trustee of the Selling Stockholder and shall survive delivery of and payment for the Shares.

11. If this Agreement shall be terminated pursuant to Section 9 hereof, neither the Company nor the Selling Stockholder shall then be under any liability to any Underwriter except as provided in Section 6 and Section 8 hereof; but, if for any other reason any Shares are not delivered by or on

behalf of the Selling Stockholder as provided herein, the Selling Stockholder will reimburse the Underwriters through you for all out-of-pocket expenses approved in writing by you, including fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Shares not so delivered, but the Company and the Selling Stockholder shall then be under no further liability to any Underwriter in respect of the Shares not so delivered except as provided in Section 6 and, as to the Company, in Section 8 hereof.

12. In all dealings hereunder, you shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by you jointly or by Goldman, Sachs & Co. on behalf of you as the representatives.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail to you as the representatives in care of Goldman, Sachs & Co., at 85 Broad Street, New York, N.Y. 10004, Attention: Registration Department; if to the Selling Stockholder shall be delivered or sent by mail or facsimile transmission to counsel for the Selling Stockholder at its address or facsimile number set forth in Schedule II hereto; and if to the Company shall be delivered or sent by mail or facsimile transmission to the address of the Company set forth in the Registration Statement, (facsimile number (704) 382-8137) Attention: Secretary; provided, however, that any notice to an Underwriter pursuant to Section 8(a) hereof shall be delivered or sent by mail or facsimile transmission to such Underwriter at its address or facsimile number set forth in its Underwriters' Questionnaire or telex constituting such Questionnaire, which address or facsimile number will be supplied to the Company or the Selling Stockholder by you upon request. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

13. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and the Selling Stockholder and, to the extent provided in Sections 8 and 10 hereof, the officers and directors of the Company, the trustees of the Selling Stockholder, and each person who controls the Company or any Underwriter, and their respective heirs, executors,

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administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

14. As used herein, the term "business day" shall mean any day when the Commission's office in Washington, D.C. is open for business.

15. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

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16. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

If the foregoing is in accordance with your understanding, please sign and return to us eight counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance

hereof shall constitute a binding agreement among each of the Underwriters, the Company and the Selling Stockholder. It is understood that your acceptance of this letter on behalf of each of the Underwriters is pursuant to the authority set forth in a form of Agreement among Underwriters (U.S. Version) the form of which shall be submitted to the Company and the Selling Stockholder for examination, upon request, but without warranty on your part as to the authority of the signers thereof.

Very truly yours,

DUKE POWER COMPANY

By:

Ellen T. Ruff
Secretary

THE DUKE ENDOWMENT

By:

The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

GOLDMAN, SACHS & CO.
MERRILL LYNCH, PIERCE, FENNER & SMITH
INCORPORATED
MORGAN STANLEY & CO. INCORPORATED

By: GOLDMAN, SACHS & CO.

By:

On behalf of each of the Underwriters

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<TABLE>
<CAPTION>

SCHEDULE I

UNDERWRITER -----	TOTAL NUMBER OF FIRM SHARES TO BE PURCHASED -----	NUMBER OF OPTIONAL SHARES TO BE PURCHASED IF MAXIMUM OPTION EXERCISED -----
<S> Goldman, Sachs & Co.	<C>	<C>
Merrill Lynch, Pierce, Fenner & Smith Incorporated		
Morgan Stanley & Co. Incorporated		

[Names of other Underwriters]

Total	----- 11,200,000 =====	----- 1,600,000 =====
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<TABLE>
<CAPTION>

SCHEDULE II

SELLING STOCKHOLDER -----	TOTAL NUMBER OF FIRM SHARES TO BE SOLD -----	NUMBER OF OPTIONAL SHARES TO BE SOLD IF MAXIMUM OPTION EXERCISED -----
<S> The Duke Endowment (a)	<C> 11,200,000 =====	<C> 1,600,000 =====

(a) The Selling Stockholder is represented by Dewey Ballantine, 1301 Avenue of the Americas, Suite 2600, New York, New York 10019 (facsimile number (212) 259-6333).

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ANNEX I

Pursuant to Section 7(f) of the Underwriting Agreement, Deloitte & Touche shall furnish letters to the Underwriters to the effect that:

(i) they are independent certified public accountants with respect to the Company within the meaning of the Act and the applicable published rules and regulations thereunder.

(ii) in their opinion, the financial statements and supplemental schedules incorporated by reference in the Registration Statement from the Company's Current Report on Form 8-K dated February 18, 1994 comply as to form in all material respects with the applicable accounting requirements of the Exchange Act and the applicable published rules and regulations thereunder.

(iii) on the basis of a reading of the latest available unaudited financial statements of the Company, the minutes of the meetings of stockholders, the Board of Directors and the Management Committee of the Board of Directors of the Company as set forth in the minute books at a specified

date not more than five days prior to the date of such letter and inquiries of officers of the Company who have responsibility for financial and accounting matters (it being understood that the foregoing procedures do not constitute an examination made in accordance with generally accepted auditing standards and that they would not necessarily reveal matters of significance with respect to the comments made in such letter, and, accordingly, that Deloitte & Touche make no representation as to the sufficiency of such procedures for the Underwriters' purposes), nothing has come to their attention which caused them to believe that at a specified date not more than five days prior to the date of such letter there was any change in the capital stock (except for the issuance of Stock under the Company's Stock Purchase-Savings Program for Employees, Employees' Stock Ownership Plan or Stock Purchase and Dividend Reinvestment Plan) or long-term debt of the Company (except for increases resulting from issuances of debt pursuant to the Company's Medium-Term Notes program or reductions resulting from redemptions, purchases, payments or sinking fund obligations or scheduled maturities) or any decrease in its net assets, in each case as compared with amounts shown in the most recent balance sheet of the Company incorporated by reference in the Prospectus except for changes or decreases which the Prospectus discloses have occurred or may occur.

(iv) they have carried out certain procedures, and made certain findings confirming certain other financial information contained or incorporated by reference in the Registration Statement and Prospectus.

DUKE POWER COMPANY
COMMON STOCK (WITHOUT PAR VALUE)
UNDERWRITING AGREEMENT
(INTERNATIONAL VERSION)

March __, 1994

GOLDMAN SACHS INTERNATIONAL,
MERRILL LYNCH INTERNATIONAL LIMITED,
MORGAN STANLEY INTERNATIONAL

As representatives of the several Underwriters
named in Schedule I hereto,
c/o Goldman Sachs International,
Peterborough Court,
133 Fleet Street,
London EC4A 2BB England

Dear Sirs:

The stockholder named in Schedule II hereto (the "Selling Stockholder") of Duke Power Company, a North Carolina corporation (the "Company"), proposes, subject to the terms and conditions stated herein, to sell to the Underwriters named in Schedule I hereto (the "Underwriters") an aggregate of 2,800,000 shares (the "Firm Shares") and, at the election of the Underwriters, up to 400,000 additional shares (the "Optional Shares") of Common Stock (without par value) ("Stock") of the Company (the Firm Shares and the Optional Shares which the Underwriters elect to purchase pursuant to Section 2 hereof are herein collectively called the "Shares").

It is understood and agreed to by all parties that the Company and the Selling Stockholder are concurrently entering into an agreement, a copy of which is attached hereto (the "U.S. Underwriting Agreement"), providing for the sale by the Selling Stockholder of up to a total of 12,800,000 shares of Stock (the "U.S. Shares"), including the overallotment option thereunder, through arrangements with certain underwriters in the United States (the "U.S. Underwriters"), for whom Goldman, Sachs & Co., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Morgan Stanley & Co. Incorporated are acting as representatives. Anything herein or therein to the contrary notwithstanding, the respective closings under this Agreement and the U.S. Underwriting Agreement are hereby expressly made conditional on one another. The Underwriters hereunder and the U.S. Underwriters are simultaneously entering into an Agreement between U.S. and International Underwriting Syndicates (the "Agreement between the Syndicates") which provides, among other things, for the transfer of shares of Stock between the two syndicates and for consultation by the Lead Managers hereunder with Goldman, Sachs & Co. prior to exercising the rights of the Underwriters under Section 7 hereof. Two forms of prospectus are

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to be used in connection with the offering and sale of shares of Stock contemplated by the foregoing, one relating to the Shares hereunder and the other relating to the U.S. Shares. The latter form of prospectus will be identical to the former except for certain substitute pages as included in the Registration Statement and amendments thereto as mentioned below. Except as used in Sections 2, 3, 4, 9 and 11 herein, and except as context may otherwise require, references hereinafter to the Shares shall include all the shares of Stock which may be sold pursuant to either this Agreement or the U.S. Underwriting Agreement, and references herein to any prospectus whether in preliminary or final form, and whether as amended or supplemented, shall include both the U.S. and the international versions thereof.

In addition, this Agreement incorporates by reference certain provisions from the U.S. Underwriting Agreement (including the related definitions of terms, which are also used elsewhere herein) and, for purposes of applying the same, references (whether in these precise words or their

equivalent) in the incorporated provisions to the "Underwriters" shall be to the Underwriters hereunder, to the "Shares" shall be to the Shares hereunder as just defined, to "this Agreement" (meaning therein the U.S. Underwriting Agreement) shall be to this Agreement (except where this Agreement is already referred to or as the context may otherwise require) and to the representatives of the Underwriters or to Goldman, Sachs & Co. shall be to the addressees of this Agreement and to Goldman Sachs International ("GSI"), and, in general, all such provisions and defined terms shall be applied mutatis mutandis as if the incorporated provisions were set forth in full herein having regard to their context in this Agreement as opposed to the U.S. Underwriting Agreement.

1. The Company and the Selling Stockholder hereby make to the Underwriters the same respective representations, warranties and agreements as are set forth in Section 1 of the U.S. Underwriting Agreement, which Section is incorporated herein by this reference.

2. Subject to the terms and conditions herein set forth, (a) the Selling Stockholder agrees to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Selling Stockholder at a purchase price per share of \$. . . . the number of Firm Shares to be purchased by such Underwriter as set forth opposite the name of such Underwriter in Schedule I hereto and (b) in the event and to the extent that the Underwriters shall exercise the election to purchase Optional Shares as provided below, the Selling Stockholder agrees to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Selling Stockholder, at the purchase price per share set forth in clause (a) of this Section 2, that portion of the number of Optional Shares as to which such election shall have been exercised (to be adjusted by you so as to eliminate fractional shares)

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determined by multiplying such number of Optional Shares by a fraction the numerator of which is the maximum number of Optional Shares which such Underwriter is entitled to purchase as set forth opposite the name of such Underwriter in Schedule I hereto and the denominator of which is the maximum number of the Optional Shares which all of the Underwriters are entitled to purchase hereunder.

The Selling Stockholder hereby grants to the Underwriters the right to purchase at their election up to 400,000 Optional Shares, at the purchase price per share set forth in the paragraph above, for the sole purpose of covering overallocments in the sale of the Firm Shares. Any such election to purchase Optional Shares may be exercised only by written notice from you to the Selling Stockholder, given within a period of 30 calendar days after the date of this Agreement and setting forth the aggregate number of Optional Shares to be purchased and the date on which such Optional Shares are to be delivered, as determined by you but in no event earlier than the First Time of Delivery (as defined in Section 4 hereof) or, unless you and the Selling Stockholder otherwise agree in writing, earlier than two or later than ten business days after the date of such notice.

3. Upon the authorization by GSI of the release of the Firm Shares, the several Underwriters propose to offer the Firm Shares for sale upon the terms and conditions set forth in the Prospectus and in the forms of Agreement among Underwriters (International Version) and Selling Agreements, which have been previously submitted to the Company by you. Each Underwriter hereby makes to and with the Company and the Selling Stockholder the representations and agreements of such Underwriter as a member of the selling group contained in Sections 3(d) and 3(e) of the form of Selling Agreements.

4. Certificates in definitive form for the Shares to be purchased by each Underwriter hereunder, and in such denominations and registered in such names as GSI may request upon at least forty-eight hours' prior notice to the Selling Stockholder, shall be delivered by or on behalf of the Selling Stockholder to you for the account of such Underwriter, against payment by such

Underwriter or on its behalf of the purchase price therefor by certified or official bank check or checks, payable to the order of the Selling Stockholder in New York Clearing House funds, all at the office of Goldman, Sachs & Co., 85 Broad Street, New York, New York 10004 or at such other place as you and the Selling Stockholder may determine. The time and date of such delivery and payment shall be, with respect to the Firm Shares, 9:30 a.m., New York City time, on , 1994 or at such other time and date as you and the Selling Stockholder may agree upon in writing, and, with respect to the Optional Shares, 9:30 a.m., New York City time, on the date specified by you in the written notice given by you of the Underwriters' election to purchase such Optional Shares, or at such other time and date as you and the

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Selling Stockholder may agree upon in writing. Such time and date for delivery of the Firm Shares is herein called the "First Time of Delivery," such time and date for delivery of the Optional Shares, if not the First Time of Delivery, is herein called the "Second Time of Delivery," and each such time and date for delivery is herein called a "Time of Delivery." Such certificates will be made available for checking and packaging at least twenty-four hours prior to each Time of Delivery at such office of Goldman, Sachs & Co.

5. The Company hereby makes with the Underwriters the same agreements as are set forth in Section 5 of the U.S. Underwriting Agreement which Section is incorporated herein by this reference.

6. The Company, the Selling Stockholder, and the Underwriters hereby agree with respect to certain expenses on the same terms as are set forth in Section 6 of the U.S. Underwriting Agreement, which Section is incorporated herein by this reference.

7. Subject to the provisions of the Agreement between the Syndicates, the obligations of the Underwriters hereunder shall be subject, in their discretion, at each Time of Delivery to the condition that all representations and warranties of the Company and the Selling Stockholder herein are, at and as of such Time of Delivery, true and correct, the condition that the Company and the Selling Stockholder shall have performed all of their respective obligations hereunder theretofore to be performed, and additional conditions identical to those set forth in Section 7 of the U.S. Underwriting Agreement, which Section is incorporated herein by this reference.

8. (a) The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Act, as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto), or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus, the prospectus constituting a part of the Registration Statement in the form in which it became effective or the Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, unless such statement or omission or such alleged statement or

omission was made in reliance upon and in conformity with written information furnished to the Company by an Underwriter through you expressly for use in the Registration Statement (or any amendment thereto) or such Preliminary Prospectus, such prospectus, or the Prospectus (or any amendment or supplement thereto).

(ii) against any and all loss, liability, claim, damage and expense whatsoever to the extent of the aggregate amount paid in settlement of any litigation, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission or any such alleged untrue statement or omission, if such settlement is effected with the written consent of the Company.

(iii) against any and all expense whatsoever reasonably incurred in investigating, preparing or defending against any litigation, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above.

In no case shall the Company be liable under this indemnity agreement with respect to any claim made against any Underwriter or any such controlling person unless the Company shall be notified in writing of the nature of the claim within a reasonable time after the assertion thereof, but failure so to notify the Company shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. The Company shall be entitled to participate at its own expense in the defense, or, if it so elects, within a reasonable time after receipt of such notice, to assume the defense of any suit brought to enforce any such claim, but if it so elects to assume the defense, such defense shall be conducted by counsel chosen by it and approved by the Underwriter or Underwriters or controlling person or persons, defendant or defendants in any suit so brought, which approval shall not be unreasonably withheld. In any such suit, any Underwriter or any such controlling person shall have the right to employ its own counsel, but the fees and expenses of such counsel shall be at the expense of such Underwriter or such controlling person unless (i) the Company and such Underwriter shall have mutually agreed to the employment of such counsel, or (ii) the named parties to any such action (including any impleaded parties) include both such Underwriter or such controlling person and the Company and such Underwriter or such controlling person shall have been advised by such counsel that a conflict of interest between the Company and such Underwriter or such controlling person may arise and for this reason it is not desirable for the same counsel to represent both the indemnifying party and also the indemnified party (it being understood, however, that the Company shall not, in connection with any one such action or separate but substantially

similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys for all such Underwriters and all such controlling persons, which firm shall be designated in writing by you). The Company agrees to notify you within a reasonable time of the assertion of any claim against it, any of its officers or directors or any person who controls the Company within the meaning of Section 15 of the Act, in connection with the sale of the Shares.

(b) Each Underwriter severally agrees that it will indemnify and hold harmless the Company, its directors, and each of its officers who signed the Registration Statement and each person, if any, who controls the Company

within the meaning of Section 15 of the Act, and the Selling Stockholder and its officers and trustees, to the same extent as the indemnity contained in subsection (a) of this Section, but only with respect to statements or omissions made in the Registration Statement (or any amendment thereto) or any Preliminary Prospectus, such prospectus or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Underwriter through you expressly for use in the Registration Statement (or any amendment thereto), such Preliminary Prospectus, such prospectus or the Prospectus (or any amendment or supplement thereto). In case any action shall be brought against the Company or any person so indemnified based on the Registration Statement (or any amendment thereto) or such Preliminary Prospectus, such prospectus or the Prospectus (or any amendment or supplement thereto) and in respect of which indemnity may be sought against any Underwriter, such Underwriter shall have the rights and duties given to the Company, and the Company and each person so indemnified shall have the rights and duties given to the Underwriters, by the provisions of subsection (a) of this Section.

9. (a) If any Underwriter shall default in its obligation to purchase the Shares which it has agreed to purchase hereunder at a Time of Delivery, you may in your discretion arrange for you or another party or other parties to purchase such Shares on the terms contained herein. If within thirty-six hours after such default by any Underwriter you do not arrange for the purchase of such Shares, then the Selling Stockholder shall be entitled to a further period of thirty-six hours within which to procure another party or other parties satisfactory to you to purchase such Shares on such terms. In the event that, within the respective prescribed periods, you notify the Selling Stockholder that you have so arranged for the purchase of such Shares, or the Selling Stockholder notifies you that it has so arranged for the purchase of such Shares, you or the Selling Stockholder shall have the right to postpone such Time of Delivery for a period of not more than seven days, in order to effect whatever changes may thereby be made necessary in the Registration Statement or the Prospectus, or in any other documents or arrangements, and the Company agrees to file promptly any

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amendments to the Registration Statement or the Prospectus which may be required. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section with like effect as if such person had originally been a party to this Agreement with respect to such Shares.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you and the Selling Stockholder as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased does not exceed one-eleventh of the aggregate number of all the Shares to be purchased at such Time of Delivery, then the Company and the Selling Stockholder shall have the right to require each non-defaulting Underwriter to purchase the number of shares which such Underwriter agreed to purchase hereunder at such Time of Delivery and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares which such Underwriter agreed to purchase hereunder) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

(c) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by you and the Selling Stockholder as provided in subsection (a) above, the aggregate number of such Shares which remains unpurchased exceeds one-eleventh of the aggregate number of all the Shares to be purchased at such Time of Delivery, or if the Selling Stockholder shall not exercise the right described in subsection (b) above to require non-defaulting Underwriters to purchase Shares of a defaulting Underwriter or Underwriters, then this Agreement (or, with respect to the Second Time of Delivery, the obligation of the Underwriters to purchase and of the Selling Stockholder to sell the Optional Shares) shall thereupon terminate,

without liability on the part of any non-defaulting Underwriter or the Company or the Selling Stockholder, except for the expenses to be borne by the Company and the Selling Stockholder and the Underwriters as provided in Section 6 hereof and the indemnity agreement in Section 8 hereof; but nothing herein shall relieve a defaulting Underwriter from liability for its default.

10. The respective indemnities, agreements, representations and warranties of the Company, the Selling Stockholder and the several Underwriters, as set forth in this Agreement or made by or on behalf of them, respectively, pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or any controlling person of any Underwriter, or the Company or the Selling Stockholder, or any officer or director or controlling person of the Company or any trustee of the Selling Stockholder, and shall survive delivery of and payment for the Shares.

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11. If this Agreement shall be terminated pursuant to Section 9 hereof, neither the Company nor the Selling Stockholder shall then be under any liability to any Underwriter except as provided in Section 6 and Section 8 hereof; but, if for any other reason, any Shares are not delivered by or on behalf of the Selling Stockholder as provided herein, the Selling Stockholder will reimburse the Underwriters through GSI for all out-of-pocket expenses approved in writing by GSI, including fees and disbursements of counsel, reasonably incurred by the Underwriters in making preparations for the purchase, sale and delivery of the Shares not so delivered, but the Company and the Selling Stockholder shall then be under no further liability to any Underwriter in respect of the Shares not so delivered except as provided in Section 6 and Section 8 hereof.

12. In all dealings hereunder, you shall act on behalf of each of the Underwriters, and the parties hereto shall be entitled to act and rely upon any statement, request, notice or agreement on behalf of any Underwriter made or given by you jointly or by GSI on behalf of you as the representatives of the Underwriters.

All statements, requests, notices and agreements hereunder shall be in writing, and if to the Underwriters shall be delivered or sent by mail, telex or facsimile transmission to the Underwriters in care of GSI, Peterborough Court, 133 Fleet Street, London EC4A 2BB England, Attention: Syndicate Department, Telex No. 94012165, facsimile transmission No. (071) 774-1550; if to the Selling Stockholder shall be delivered or sent by mail or facsimile transmission to counsel for the Selling Stockholder at its address set forth in Schedule II hereto; and if to the Company shall be delivered or sent by mail or facsimile transmission to the address of the Company set forth in the Registration Statement, (facsimile number (704) 382-8137) Attention: Secretary; provided, however, that any notice to an Underwriter pursuant to Section 8(a) hereof shall be delivered or sent by mail or facsimile transmission to such Underwriter at its address or facsimile number set forth in its Underwriters' Questionnaire, or telex constituting such Questionnaire, which address or facsimile number will be supplied to the Company or the Selling Stockholder by GSI upon request. Any such statements, requests, notices or agreements shall take effect upon receipt thereof.

13. This Agreement shall be binding upon, and inure solely to the benefit of, the Underwriters, the Company and the Selling Stockholder and, to the extent provided in Section 8 and Section 10 hereof, the officers and directors of the Company, the trustees of the Selling Stockholder, and each person who controls the Company or any Underwriter, and their respective heirs, executors, administrators, successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. No purchaser of any of the Shares from any Underwriter shall be deemed a successor or assign by reason merely of such purchase.

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14. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, United States of America.

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15. This Agreement may be executed by any one or more of the parties hereto in any number of counterparts, each of which shall be deemed to be an original, but all such counterparts shall together constitute one and the same instrument.

If the foregoing is in accordance with your understanding, please sign and return to us eight counterparts hereof, and upon the acceptance hereof by you, on behalf of each of the Underwriters, this letter and such acceptance hereof shall constitute a binding agreement among each of the Underwriters, the Company and the Selling Stockholder. It is understood that your acceptance of this letter on behalf of each of the Underwriters is pursuant to the authority set forth in a form of Agreement among Underwriters (International Version), the form of which shall be furnished to the Company and the Selling Stockholder for examination upon request, but without warranty on your part as to the authority of the signers thereof.

Very truly Yours,

DUKE POWER COMPANY

By: _____
Ellen T. Ruff
Secretary

THE DUKE ENDOWMENT

By: _____

The foregoing Underwriting Agreement is hereby confirmed and accepted as of the date first above written.

GOLDMAN SACHS INTERNATIONAL
MERRILL LYNCH INTERNATIONAL LIMITED
MORGAN STANLEY INTERNATIONAL

By: GOLDMAN SACHS INTERNATIONAL

By: _____

On behalf of each of the Underwriters

SCHEDULE I

<TABLE>
<CAPTION>

UNDERWRITER -----	TOTAL NUMBER OF FIRM SHARES TO BE PURCHASED -----	NUMBER OF OPTIONAL SHARES TO BE PURCHASED IF MAXIMUM OPTION EXERCISED -----
<S>	<C>	<C>
Goldman Sachs International		
Merrill Lynch International Limited		
Morgan Stanley International		
[Names of other International Underwriters]		
Total	----- 2,800,000 =====	----- 400,000 =====

</TABLE>

SCHEDULE II

<TABLE>
<CAPTION>

SELLING STOCKHOLDER -----	TOTAL NUMBER OF FIRM SHARES TO BE SOLD -----	NUMBER OF OPTIONAL SHARES TO BE SOLD IF MAXIMUM OPTION EXERCISED -----
<S>	<C>	<C>
The Duke Endowment (a)	2,800,000 =====	400,000 =====

</TABLE>

(a) The Selling Stockholder is represented by Dewey Ballantine, 1301 Avenue of the Americas, Suite 2600, New York, New York 10019, facsimile number (212) 259-6333.

ARTICLES OF AMENDMENT
OF
DUKE POWER COMPANY

The undersigned corporation hereby executes these Articles of Amendment for the purpose of fixing the preferences, limitations and relative rights of a series of its Preferred Stock A:

1. The name of the corporation is Duke Power Company.

2. The following resolution relating to the fixing of the preferences, limitations and relative rights of the 6.375% Cumulative Preferred Stock A, 1993 Series, \$25 par value, of the Company was duly adopted by the Management Committee of the Board of Directors of the Company without shareholder approval, as shareholder approval was not required, at a meeting held on the 1st day of November, 1993:

FURTHER RESOLVED, that, pursuant to authority contained in Article IV(a) of the Restated Articles of Incorporation of this Company,

(A) there be, and hereby is, created a new series of this Company's Preferred Stock A which shall be designated as "6.375% Cumulative Preferred Stock A, 1993 Series," consisting of 2,400,000 shares of the par value of \$25 each (Preferred Stock A, 1993 Series);

(B) with respect to the variations in the rights and preferences of the Preferred Stock A, 1993 Series, which are permitted under the provisions of such Article IV(a), such rights and preferences be, and hereby are, fixed as follows:

(1) The annual dividend rate for the Preferred Stock A, 1993 Series, shall be 6.375% per annum cumulative from and after the date of issuance and dividends at that rate, when, as and if

declared by the Board of Directors, shall be payable quarterly on the 16th day of March, June, September and December of each year (or, if any such day shall not be a business day, on the next succeeding business day) with the initial dividend payable March

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16, 1994 covering the full period from the date of issuance through such date;

(2) The Preferred Stock A, 1993 Series, shall not be redeemable prior to December 16, 2003. Thereafter, the redemption price for the Preferred Stock A, 1993 Series, shall be (i) \$25.80 per share if redeemed beginning December 16, 2003 and prior to December 16, 2004; (ii) \$25.72 per share if redeemed beginning December 16, 2004 and prior to December 16, 2005; (iii) \$25.64 per share if redeemed beginning December 16, 2005 and prior to December 16, 2006; (iv) \$25.56 per share if redeemed beginning December 16, 2006 and prior to December 16, 2007; (v) \$25.48 per share if redeemed December 16, 2007 and prior to December 16, 2008; (vi) \$25.40 per share if redeemed beginning December 16, 2008 and prior to December 16, 2009; (vii) \$25.32 per share if redeemed beginning December 16, 2009 and prior to December 16, 2010; (viii) \$25.24 per share if redeemed beginning December 16, 2010 and prior to December 16, 2011; (ix) \$25.16 per share if redeemed beginning December 16, 2011 and prior to December 16, 2012; (x) \$25.08 per share if redeemed beginning December 16, 2012 and prior to December 16, 2013; and (xi) \$25.00 per share if redeemed on and after December 16, 2013, plus, in each case, all accrued and unpaid dividends thereon to the redemption date;

(3) There shall not be any sinking fund provided for the purpose of redemption of the Preferred Stock A, 1993 Series; and

(4) The Preferred Stock A, 1993 Series, shall not be convertible by the holders thereof into stock of any other class or classes or into one or more series of the same class or of another class or classes.

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IN WITNESS WHEREOF, DUKE POWER COMPANY has caused these Articles of Amendment, which were duly adopted by the Management Committee of the Board of Directors of the Company on November 1, 1993, to be signed by its Vice President and Chief Financial Officer and its Secretary and has caused its corporate seal to be hereunto affixed, on this 1st day of November, 1993.

DUKE POWER COMPANY

By /s/ RICHARD J. OSBORNE

RICHARD J. OSBORNE,
Vice President and
Chief Financial Officer

By /s/ ELLEN T. RUFF

ELLEN T. RUFF,
Secretary

(CORPORATE SEAL)

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March 2, 1994

Duke Power Company
422 South Church Street
Charlotte, North Carolina 28242

Dear Sirs:

With reference to the filing by Duke Power Company (the Company) of a Registration Statement on Form S-3 with the Securities and Exchange Commission under the Securities Act of 1933, as amended, relating to a maximum of 19,000,000 shares of Common Stock, without par value, of the Company (the Common Stock), to be offered for sale by The Duke Endowment, I hereby advise you as follows:

As General Counsel for the Company, I am familiar with the Restated Articles of Incorporation and the By-Laws of the Company, and have made such examination of other corporate records and proceedings and other documents and questions of law as I have considered necessary for the purposes of this opinion.

Based upon the foregoing, I am of the opinion that the shares of Common Stock to be sold by The Duke Endowment have been duly authorized and validly issued and are fully paid and non-assessable.

I hereby consent to the filing of this opinion with the Securities and Exchange Commission as an Exhibit to the Registration Statement relating to the sale of the Common Stock by The Duke Endowment and I also consent to the use of my name and reference made to me under the caption "Legal Matters" in the Prospectus constituting a part of such Registration Statement.

Very truly yours,

/s/ STEVE C. GRIFFITH, JR.

STEVE C. GRIFFITH, JR.

DUKE POWER COMPANY

Power of Attorney

A maximum of 19,000,000 shares of Common Stock
without par value
(Common Stock)

The undersigned, DUKE POWER COMPANY, a North Carolina corporation, and certain of its officers and/or directors, do each hereby constitute and appoint W. S. Lee, Richard J. Osborne, Ellen T. Ruff, and each of them, to act as attorneys-in-fact for and in the respective names, places and stead of the undersigned, to execute, seal, sign and file with the Securities and Exchange Commission a Registration Statement of said Duke Power Company on Form S-3 and any and all amendments thereto for the purpose of registering under the Securities Act of 1933 the offering and sale of the Common Stock, hereby granting to said attorneys-in-fact, and each of them, full power and authority to do and perform all and every act and thing whatsoever requisite, necessary or proper to be done in and about the premises, as fully to all intents and purposes as the undersigned, or any of them, might or could do if personally present, hereby ratifying and approving the acts of said attorneys-in-fact.

Executed the 22nd day of February, 1994.

DUKE POWER COMPANY

By /s/ W. S. Lee

Chairman and President

(Corporate Seal)

ATTEST:

/s/ Carolyn R. Duncan

Signature

Title

/s/ W. S. Lee

W.S. Lee

Chairman of the Board, President,
Chief Executive
Officer and Director
(Principal Executive Officer)

/s/ Richard J. Osborne

Richard J. Osborne

Vice President and Chief Financial
Officer (Principal Financial Officer)

/s/ David L. Hauser

David L. Hauser

Controller (Principal Accounting
Officer)

/s/ Robert L. Albright

Robert L. Albright

Director

/s/ G. Alex Bernhardt

G. Alex Bernhardt

Director

/s/ C. C. Bowles

C. C. Bowles

Director

/s/ W. A. Coley ----- W. A. Coley	Director
/s/ Joe T. Ford ----- Joe T. Ford	Director
/s/ Steve C. Griffith, Jr. ----- Steve C. Griffith, Jr.	Director
/s/ W. H. Grigg ----- W. H. Grigg	Director
3	-3-
/s/ P. H. Henson ----- P. H. Henson	Director
/s/ George R. Herbert ----- George R. Herbert	Director
/s/ James V. Johnson ----- James V. Johnson	Director
/s/ W. W. Johnson ----- W. W. Johnson	Director
/s/ Max Lennon ----- Max Lennon	Director

/s/ Buck Mickel

Director

Buck Mickel

/s/ Reece A. Overcash, Jr.

Director

Reece A. Overcash, Jr.

/s/ R. B. Priory

Director

R. B. Priory

DUKE POWER COMPANY

 CERTIFICATE

A MAXIMUM OF 19,000,000 SHARES OF
 COMMON STOCK (WITHOUT PAR VALUE)
 (THE SECURITIES)

The undersigned officer of Duke Power Company, a North Carolina corporation (the Company), does hereby certify that attached hereto is a true and complete copy of an extract from the minutes of a meeting of the Board of Directors of the Company containing a resolution adopted with respect to the Securities, which resolution is presently in full force and effect.

IN WITNESS WHEREOF, the undersigned has hereunto set her hand and affixed the corporate seal of the Company this day of March, 1994.

ELLEN T. RUFF

 Secretary

[Corporate Seal]

EXTRACT FROM THE MINUTES OF A MEETING
 OF THE BOARD OF DIRECTORS OF DUKE POWER COMPANY
 HELD ON FEBRUARY 22, 1994

FURTHER RESOLVED, that each officer and director who may be required to execute such registration statement or any amendments thereto (whether on behalf of the Company or as an officer or director thereof or by attesting the seal of the Company or otherwise) be and hereby is authorized to execute a power of attorney appointing Richard J. Osborne, Sue A. Becht and Ellen T. Ruff, and each of them, as true and lawful attorneys and agents to execute in his or her name, place and stead (in any such capacity) such registration

statement and any and all amendments thereto and all instruments necessary or advisable in connection therewith, to attest the seal of the Company thereon and to file the same with the Securities and Exchange Commission, each of said attorneys and agents to have power to act with or without the others and to have full power and authority to do and perform in the name and on behalf of each of such officers and directors, or both, as the case may be, every act whatsoever, necessary or advisable to be done in the premises as fully and to all intents and purposes as any such officer or director might or could do in person.

* * *