

Duke Power Company  
to  
Guaranty Trust Company of New York,  
Trustee.

S U P P L E M E N T A L I N D E N T U R E

Dated July 1, 1935.

Supplemental Indenture: bearing date as of the first day of July, 1935, and made and entered into by and between Duke Power Company, a corporation duly organized and existing under the laws of the State of New Jersey, hereinafter called the "Company", party of the first part, and Guaranty Trust Company of New York, a corporation duly organized and existing under the laws of the State of New York, having its principal place of business in the Borough of Manhattan, City and State of New York, hereinafter called the "Trustee", party of the second part.

Whereas the Company duly executed and delivered its First and Refunding Mortgage (hereinafter referred to as the "Original Indenture"), dated December 1, 1927, to the Trustee to secure an authorized issue of First and Refunding Mortgage Gold Bonds of the Company, to be issued from time to time in series as provided in the original Indenture; and

Whereas the Company desires to create under the original Indenture a new series of bonds, to be known as its "First and Refunding Mortgage Gold Bonds 4% Series Due 1967." and to determine the terms and provisions and the form of the bonds of such series, and for such purpose and pursuant to appropriate resolutions of its Board of Directors, the Company has duly determined to execute and deliver to the Trustee a supplemental Indenture in the form hereof for the purposes herein provided; and

Whereas all conditions and requirements necessary to make this supplemental Indenture a valid, legal and binding instrument in accordance with its terms have been done and performed, and the execution and delivery hereof have been in all respects duly authorized:

Now, therefore, this Indenture witnesseth:

That in consideration of the premises and of the sum of one dollar duly paid by the Company to the Trustee at or before the execution and delivery of these presents, the receipt whereof is hereby acknowledged, and in order further to secure the payment both of the principal and interest of all bonds, at any time outstanding under the original Indenture, the Company hereby covenants and agrees with the Trustee and its successors in the trust under the original Indenture, as follows:

Article One.

Bonds of 4% Series Due 1967.

Section 1. The Company hereby creates a new series of bonds to be issued under and secured by the original Indenture, known as First and Refunding Mortgage Gold Bonds 4% Series Due 1967 (referred to herein as bonds of 4% Series) and the Company hereby authorizes and determines the terms and provisions of the bonds of such series as follows:

All coupon bonds of the 4% Series shall be dated June 1, 1935, and shall bear interest from that date, and all registered bonds without coupons shall be dated as of the day of authentication (except that if any registered bond shall be authenticated on a day after the interest payment date, it shall be dated as of the day following) and to bear interest from the interest payment date next preceding such date. All bonds of the 4% Series shall mature as to principal on December 1, 1967, and shall bear interest at the rate of 4% per annum, payable semi-annually on June 1st and December 1st in each year, both principal and interest being payable at the office or agency of the Company in the Borough of Manhattan, The City and State of New York. The bonds of the 4% Series shall be issuable either in the form of coupon bonds in the denominations of One thousand Dollars (\$1,000) or in multiples of One Hundred Thousand Dollars (\$100,000) each, registerable as to principal only, and/or as registered bonds without coupons in denominations of One Hundred Thousand Dollars (\$100,000) or in multiples of One Hundred Thousand Dollars (\$100,000). The coupon bonds and registered bonds without coupons of such series, and the several denominations of each, shall be interchangeable. Both principal and interest of the bonds of the 4% Series shall be payable without deduction for so much of any Federal income tax as shall not exceed two per cent (2%) per annum, which the Company, its successors or assigns, or any officer or fiscal agent of the Company or Trustee under the original Indenture may be required or permitted to pay thereon or to deduct or retain therefrom, under or by reason of any present or future law or requirement of the United States of America. The Company shall reimburse to the bearer, or if registered to the registered owner, of each of the bonds of said series any Pennsylvania personal property taxes not exceeding four mills per annum on each dollar of the taxable value or principal amount of such bonds which may