

[REVERSE SIDE OF BOND]

This bond is one of the bonds of a series, designated specially as First and Refunding Mortgage Bonds, 8½% Series B Due 2003, of an authorized issue of bonds of the Company, without limit as to aggregate principal amount, designated generally as First and Refunding Mortgage Bonds, all issued and to be issued under and equally and ratably secured by an indenture dated as of December 1, 1927, duly executed by Duke Power Company, a New Jersey corporation (hereinafter called the "New Jersey Company"), to Guaranty Trust Company of New York (now Morgan Guaranty Trust Company of New York), as Trustee, as supplemented and modified by indentures supplemental thereto, including supplemental indentures dated as of September 1, 1947, February 1, 1949, April 1, 1951, January 1, 1955, May 1, 1956, February 1, 1960, February 1, 1962, August 1, 1962, June 15, 1964 (under which the Company succeeded to and was substituted for the New Jersey Company), February 1, 1965, April 1, 1967, February 1, 1968, February 1, 1969, September 1, 1969, March 1, 1970, August 1, 1970, March 1, 1971, December 1, 1971, April 1, 1972, December 1, 1972, June 1, 1973 and November 1, 1973, the latter providing for said series (said indenture as so supplemented and modified being hereinafter referred to as the "Indenture"), to which Indenture reference is made for a description of the property mortgaged, the nature and extent of the security, the rights of the holders of the bonds in respect thereof, the terms and conditions upon which the bonds are secured and the restrictions subject to which additional bonds secured thereby may be issued. To the extent permitted by, and as provided in, the Indenture, modifications or alterations of the Indenture, or of any indenture supplemental thereto, and of the rights and obligations of the Company and of the holders of the bonds and coupons, may be made with the consent of the Company by the affirmative vote, or with the written consent, of the holders of not less than 66⅔% in amount of the bonds then outstanding, and by the affirmative vote, or with the written consent, of the holders of not less than 66⅔% in amount of the bonds of any series then outstanding and affected by such modification or alteration, in case one or more but less than all of the series of bonds then outstanding under the Indenture are so affected, evidenced, in each case, as provided in the Indenture; provided that any supplemental indenture may be modified in accordance with the provisions contained therein for its modification; and provided, further, that no such modification or alteration shall be made which will affect the terms of payment of the principal of, or interest or premium on, this bond, or the right of any bondholder to institute suit for the enforcement of any such payment on or after the respective due dates expressed in this bond, or reduce the percentage required for the