

mentioned the Company has covenanted to reimburse to the bearer, or, if registered, to the registered owner hereof, any Pennsylvania personal property taxes not exceeding 4 mills per annum on each dollar of the taxable value or principal amount hereof, which may be legally assessed upon this bond or upon such bearer or registered owner by reason of his ownership hereof, and paid by him, if application therefor be made within ninety days after payment, as provided in said indenture.

This bond is one of the bonds of the 4½% Series due 1967 of an authorized issue of bonds of the Company, without limit as to aggregate principal amount, designated generally as its First and Refunding Mortgage Gold Bonds, all issued and to be issued under and equally and ratably secured by an indenture dated December 1, 1927, duly executed by the Company to Guaranty Trust Company of New York, as Trustee, to which 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.

In case an event of default as defined in said indenture shall occur, the principal of all the bonds outstanding thereunder may become or be declared due and payable, at the time, in the manner and with the effect provided in said indenture.

The bonds of the 4½% Series due 1967 are subject to redemption prior to maturity at the option of the Company, as a whole at any time, or in part on any interest payment date or dates from time to time, at the office or agency of the Company in the Borough of Manhattan, The City of New York, upon at least thirty days' prior notice given as more fully provided in said indenture, by publication at least once a week for at least three successive weeks in a daily newspaper printed in the English language and published and of general circulation in said Borough of Manhattan, at the principal amount thereof with interest accrued thereon to the date fixed for redemption thereof plus a premium equal to the following percentages of such principal amount, namely: 5% if redeemed prior to December 1, 1932; 4½% if redeemed on or after said date but prior to December 1, 1937; 4% if redeemed on or after said date but prior to December 1, 1949; and the premium then decreasing by ¼% on each anniversary of said date until December 1, 1964, on and after which date the bonds shall be redeemable without premium.

If this bond is called for redemption and payment duly provided, this bond shall cease to bear interest from and after the date fixed for such redemption.

This bond shall pass by delivery, except that the bonds of this series may be registered as to principal in the holder's name on registration books to be kept for that purpose at an office or agency of the Company, in the Borough of Manhattan, The City of New York, such registration being noted thereon by the registrar, and after such registration no transfer thereof shall be valid unless made on said books by the registered owner in person or by duly authorized attorney, and noted hereon by the registrar. Any bond so registered as to principal may be discharged from registration by being in like manner transferred to bearer, and thereupon transferability by delivery shall be restored, but such bond may again, and from time to time, be registered or transferred to bearer as before. Such registration, however, shall not affect the negotiability of the interest coupons hereto appertaining, which shall continue to be transferable by delivery merely and payment to the holder thereof shall discharge the Company in respect of the interest therein mentioned, whether or not this bond shall have been or then be registered.

The holder of any coupon bonds of this series of the denomination of \$1,000 may, at his option, and on surrender thereof with all unmatured coupons thereto appertaining, receive in exchange therefor a registered bond or bonds without coupons of the same series and of any authorized denomination or denominations to the same aggregate principal amount, upon payment, if the Company shall so require, of the charges provided for in said indenture.

This bond is a corporate obligation only and no recourse whatsoever, either directly or through the Company or any trustee, receiver, assignee or any other person, shall be had for the payment of the principal of or interest on this bond, or for the enforcement of any claim based hereon, or otherwise in respect hereof or of said indenture, against any promoter, subscriber to the capital stock, incorporator, or any past, present or future stockholder, officer or director of the Company, or of any successor or predecessor corporation,

whether by virtue of any constitutional provision, statute, or rule of law, or by the enforcement of any assessment, penalty, subscription or otherwise, any and all such liability of promoters, subscribers, incorporators, stockholders, officers and directors being waived and released by each successive holder hereof by the acceptance of this bond, and as a part of the consideration for the issue hereof, and being likewise waived and released by the terms of said indenture.

Neither this bond nor any of the coupons for interest hereon shall become or be valid or obligatory for any purpose until the Trustee shall have signed the form of certificate endorsed hereon.

IN WITNESS WHEREOF, said Duke Power Company has caused this bond to be signed in its name by its President or one of its Vice-Presidents, and its corporate seal to be hereto affixed and to be attested by its Secretary or one of its Assistant Secretaries, and interest coupons each bearing the facsimile signature of its Treasurer to be attached hereto, all as of the first day of December, 1927.

DUKE POWER COMPANY,

by

Vice-President.

Attest:

Secretary.

[FORM OF COUPON, 4½% SERIES DUE 1967]

No. \$22.50

On the first day of _____, 19____, Duke Power Company will pay to bearer, at its office or agency in the Borough of Manhattan, The City of New York, upon surrender of this coupon, Twenty-two and 50/100 Dollars in gold coin of the United States of America (without deduction for 2% Federal income tax), being six months' interest then due on its First and Refunding Mortgage Gold Bond, 4½% Series due 1967, No. _____, unless said bond shall have been called for previous redemption and payment duly provided for.

Treasurer.

[FORM OF REGISTERED BOND, 4½% SERIES DUE 1967]

UNITED STATES OF AMERICA

STATE OF NEW JERSEY

DUKE POWER COMPANY

FIRST AND REFUNDING MORTGAGE GOLD BOND, 4½% SERIES DUE 1967.

DUE DECEMBER 1, 1967

No. \$

Duke Power Company, a New Jersey corporation (hereinafter called the Company), for value received, acknowledges itself indebted and hereby promises to pay to _____ or registered assigns on December 1, 1967 _____ Dollars in gold coin of the United States of America of or equal to the standard of weight and fineness existing December 1, 1927 at the office or agency of the Company, in the Borough of Manhattan, The City of New York, and to pay interest thereon from the interest day next preceding the date hereof at the rate of four and one-half per cent. per annum, in like gold coin at said office or agency semi-annually on June 1 and December 1 in each year until payment of the principal hereof.

Both the principal of and interest on this bond will be paid without deduction for Federal income tax not in excess of 2% per annum which the Company, its successors or assigns, or any officer or fiscal agent of the Company, or the Trustee under the indenture below mentioned, 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. In the indenture below mentioned the Company has covenanted to reimburse to the registered owner hereof any Pennsylvania personal property taxes not exceeding 4 mills per annum on each dollar of the taxable value or principal amount hereof which may be legally assessed upon this bond or upon