

- 100% if redeemed thereafter and on or before July 31, 1977
- 100% if redeemed thereafter and on or before July 31, 1978
- 100% if redeemed thereafter and on or before July 31, 1979
- 100% if redeemed thereafter and on or before July 31, 1980
- 100% if redeemed thereafter and on or before July 31, 1981
- 100% if redeemed thereafter and on or before July 31, 1982
- 100% if redeemed thereafter and on or before July 31, 1983
- 100% if redeemed thereafter and on or before July 31, 1984
- 100% if redeemed thereafter and on or before July 31, 1985
- 100% if redeemed thereafter and on or before July 31, 1986
- 100% if redeemed thereafter and on or before July 31, 1987
- 100% if redeemed thereafter and on or before July 31, 1988
- 100% if redeemed thereafter and on or before July 31, 1989
- 100% if redeemed thereafter and on or before July 31, 1990
- 100% if redeemed thereafter and on or before July 31, 1991

together, in each case, with interest accrued thereon to the date fixed for redemption thereof.

SECTION 6. The aggregate principal amount of the bonds of the 1992 Series B shall be unlimited.

SECTION 7. The place or places of payment (as to principal, premium, if any, and interest), redemption, transfer, exchange and registration of the bonds of the 1992 Series B shall be the office or offices or the agency or agencies of the Company in the Borough of Manhattan, The City of New York, designated from time to time by the Board of Directors of the Company.

SECTION 8. The bonds of the 1992 Series B and the coupons attached thereto, and the certificate of the Trustee to be endorsed on the bonds, are to be substantially in the forms following, respectively:

[FORM OF COUPON BOND OF THE 1992 SERIES B]

DUKE POWER COMPANY

FIRST AND REFUNDING MORTGAGE BOND,

4 1/4 % SERIES B DUE 1992

Due August 1, 1992

No. KM-

\$1,000

DUKE POWER COMPANY, a New Jersey corporation (hereinafter called the "Company"), for value received, acknowledges itself indebted and hereby promises to pay to the bearer, or, if this bond be registered as to principal, to the registered owner hereof, on August 1, 1992, One Thousand Dollars, in any coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts, at the office or agency of the Company in the Borough of Manhattan, The City of New York, and to pay interest thereon from August 1, 1962, at the rate of four and one-quarter per cent. per annum, in like coin or currency, at said office or agency, semi-annually on February 1 and August 1 in each year, until the principal hereof becomes due and payable, payable until the maturity of said principal according to the tenor of the respective coupons hereto attached and only upon presentation and surrender thereof.

This bond is one of the bonds of a series, designated specially as First and Refunding Mortgage Bonds, 4 1/4 % Series B Due 1992, 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 the 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 and February 1, 1962, and a supplemental indenture dated as of August 1, 1962, 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,