

annum, in like coin or currency, at said office or agency, semi-annually on August 1 and February 1 in each year, until the principal hereof becomes due and payable. Such interest payments shall be made by check mailed to the registered owner at his address as it shall appear upon the bond register of the Company.

This bond is one of the bonds of a series, designated specially as First and Refunding Mortgage Bonds, 4½% Series Due 1995, 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, 1962, August 1, 1962, and June 15, 1964 (under which last-mentioned supplemental indenture the Company succeeded to and was substituted for the New Jersey Company), and a supplemental indenture dated as of February 1, 1965, 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 taking of any such action. Any such affirmative vote of, or written consent given by, any holder of this bond is binding upon all subsequent holders hereof as provided in the Indenture.

In case an event of default as defined in the 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 the Indenture.

The bonds of this series are subject to redemption (otherwise than for the Replacement Fund hereinafter mentioned or upon application of certain moneys included in the trust estate) prior to maturity at the option of the Company, as a whole at any time or in part from time to time, at the following redemption prices (expressed as percentages of their principal amounts): provided, however, that prior to February 1, 1970, no bonds of this series may be redeemed if such redemption is a part of or in anticipation of any refunding operation involving the application, directly or indirectly, of borrowed funds having an interest rate or cost to the Company (calculated in accordance with generally accepted financial practice) of less than the interest rate of the bonds of this series:

105.00%	if redeemed on or before January 31, 1970
104.14%	if redeemed thereafter and on or before January 31, 1971
103.97%	if redeemed thereafter and on or before January 31, 1972
103.80%	if redeemed thereafter and on or before January 31, 1973
103.63%	if redeemed thereafter and on or before January 31, 1974
103.45%	if redeemed thereafter and on or before January 31, 1975
103.28%	if redeemed thereafter and on or before January 31, 1976
103.11%	if redeemed thereafter and on or before January 31, 1977
102.94%	if redeemed thereafter and on or before January 31, 1978
102.76%	if redeemed thereafter and on or before January 31, 1979
102.59%	if redeemed thereafter and on or before January 31, 1980
102.42%	if redeemed thereafter and on or before January 31, 1981
102.25%	if redeemed thereafter and on or before January 31, 1982
102.07%	if redeemed thereafter and on or before January 31, 1983