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be legally assessed on such bond or bonds or upon such bearer or registered owner by reason of his ownership thereof and paid by him, if application for such reimbursement be made within ninety (90) days after payment, all in accordance with the same provisions as are contained in Paragraph (b) of Section 1.24 of said original indenture. The bonds of the 4% Series are to be subject to redemption prior to maturity at the option of the Company, as a whole at any time, or in part on any interest date 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 (30) days notice, given as more fully provided in said original indenture, by publication at least once a week for 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, plus a premium equal to the following percentages of such principal amount, namely: 4% if redeemed prior to December 1, 1949; and the premium then decreasing by $\frac{1}{4}\%$ on said date and on each anniversary of said date until December 1, 1964, on and after which date the bonds shall be redeemable without premium. The aggregate principal amount of the bonds of the 4% Series shall be unlimited.

Section 2: The bonds of the 4% Series 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, 4% Series Due 1967)

United States of America.

State of New Jersey

Duke Power Company.

First and Refunding Mortgage Gold Bond, 4% Series Due 1967.

Due December 1, 1967.

No. 2

\$1000.

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, to the registered owner hereof, on December 1, 1967, One Thousand Dollars, in gold coin of the United States of America, of or equal to the standard of weight and fineness existing June 1, 1935, at the office or agency of the Company, in the Borough of Manhattan, The City of New York, and to pay interest thereon from June 1, 1935, at the rate of four per cent. per annum, in like gold coin, at said office or agency, semi-annually on December 1 and June 1 in each year, until payment of the principal hereof, payable until the maturity of said principal according to the tenor of the respective coupons hereto attached and upon presentation and surrender thereof.

(The foregoing provision that the principal of and interest on this bond is payable in gold coin of the United States of America of the standard of weight and fineness existing on the 1st day of June, 1935 is included herein in compliance with the terms of the indenture hereinafter referred to which was executed prior to the approval on June 5, 1933, of Public Resolution No. 10 of the 73rd Congress to which the indenture and this bond are now subject. Attention is called to the fact that said Public Resolution provides in part as follows:

"Every obligation, heretofore or hereafter incurred, whether or not any such provision is contained therein or made with respect thereto, shall be discharged upon payment, dollar for dollar, in any coin or currency which at the time of payment is legal tender for public and private debts."

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 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 4% 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