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Mortgage Gold Bond, 4% Series due 1967, No. unless said bond shall have been called for previous redemption and payment duly provided for. Treasurer.

(Form of Registered Bond Without Coupons 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. AR

Duke Power Company, a New Jersey corporation (hereinafter called the Company) for value received, acknowledges itself indebted and hereby promises to pay to 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 the interest day next preceding the date hereof, 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.

(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 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 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 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 4% 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: 4% if redeemed prior to December 1, 1949, and the premium then decreasing by $\frac{1}{2}\%$ 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.