

In Supplemental Indenture of Duke Power Co. to Guaranty Trust Co. of New York, Trustee. See Deed Book 178 at Page 583.

For Release to this mortgage, see Deed Book 153 at Page 245.

DUKE POWER COMPANY

TO

GUARANTY TRUST COMPANY OF NEW YORK,
Trustee.

First and Refunding Mortgage

Dated December 1, 1927.

INDENTURE, bearing date as of the first day of December, 1927, and made and entered into by and between DUKE POWER COMPANY, a corporation duly organized and existing under the laws of the State of New Jersey (hereinafter sometimes called the Company), party of the first part, and GUARANTY TRUST COMPANY OF NEW YORK, a corporation duly organized and existing under and by virtue of the laws of the State of New York, and having its principal place of business in the Borough of Manhattan, City and State of New York (hereinafter sometimes called the Trustee), party of the second part.

WHEREAS the Company has deemed it necessary to borrow money and to issue its bonds for the corporate purposes for which it is lawfully authorized so to do, and to mortgage its property, hereinafter described, to secure the payment of the same, said bonds to be issued in one or more series maturing at such dates and bearing interest at such rates respectively, and having such descriptive titles, including therein the words "First and Refunding Mortgage Gold Bond", as the Board of Directors of the Company, prior to the issue thereof, may from time to time determine; and

WHEREAS, for the purposes aforesaid, the Company by due corporate action has determined to create a series of such bonds, to be designated as its First and Refunding Mortgage Gold Bonds, 4½% Series due 1967, which bonds are to mature as to principal on December 1, 1967, are to bear interest at the rate of four and one-half per cent. per annum, payable semi-annually on June 1 and December 1 in each year, and are to be otherwise as indicated by the forms of bond below set forth; and

WHEREAS the bonds of said 4½% Series due 1967 and the interest coupons to be attached thereto, and the certificate of the Trustee to be endorsed on the bonds, are to be substantially in the forms following, respectively, and the bonds, and the coupons to be attached to coupon

bonds, of other series are to be substantially in said forms, with such appropriate insertions, omissions and variations as are required or permitted by this Indenture, namely:

[FORM OF COUPON 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. \$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 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 December 1, 1927, 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, payable until the maturity of said principal according to the tenor of the respective coupons hereto attached and upon presentation and surrender thereof.

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