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One Thousand Dollars (\$1,000) to be numbered consecutively, beginning with the number DRM-1, and all such registered bonds in other denominations to be numbered consecutively, beginning with the number DRX-1. The coupon bonds and registered bonds without coupons of such series, and the several denominations of registered bonds, shall be interchangeable.

SECTION 4. There shall be deducted from the principal, premium (if any) and interest otherwise payable on each of the bonds of the 1979 Series any and all taxes, assessments and governmental charges assessed by the United States of America or by any state or other governmental authority upon such bond or the holder thereof or upon the income received therefrom, which the Company, its successors or assigns, or any officer or fiscal agent of the Company or the Trustee under the Indenture may by law be required to pay or to deduct or retain from the principal, premium (if any) and interest of such bond, and no reimbursement shall be made to the holder of any such bond in respect of any such tax, assessment or governmental charge paid by him.

SECTION 5. The bonds of the 1979 Series are to be subject to redemption (otherwise than through the operation of the Replacement Fund provided in Part Two of this supplemental indenture or through the application of moneys paid to the Trustee pursuant to the provisions of § 5.05 of the Indenture) prior to maturity, at the option of the Company, as a whole at any time or in part from time to time, in principal amounts equal to \$1,000 or any multiple thereof, upon prior notice, all as more fully provided in the Indenture, at the following redemption prices (expressed as percentages of their principal amounts and sometimes called the "regular redemption prices"), respectively:

104.31% if redeemed on or before January 31, 1950
104.17% if redeemed thereafter and on or before January 31, 1951
104.02% if redeemed thereafter and on or before January 31, 1952

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101.17% if redeemed thereafter and on or before January 31, 1955
101.13% if redeemed thereafter and on or before January 31, 1956
101.10% if redeemed thereafter and on or before January 31, 1957
101.06% if redeemed thereafter and on or before January 31, 1958
101.03% if redeemed thereafter and on or before January 31, 1959
100.99% if redeemed thereafter and on or before January 31, 1960
100.96% if redeemed thereafter and on or before January 31, 1961
100.92% if redeemed thereafter and on or before January 31, 1962
100.88% if redeemed thereafter and on or before January 31, 1963
100.84% if redeemed thereafter and on or before January 31, 1964
100.80% if redeemed thereafter and on or before January 31, 1965
100.75% if redeemed thereafter and on or before January 31, 1966
100.71% if redeemed thereafter and on or before January 31, 1967
100.66% if redeemed thereafter and on or before January 31, 1968
100.62% if redeemed thereafter and on or before January 31, 1969
100.57% if redeemed thereafter and on or before January 31, 1970
100.52% if redeemed thereafter and on or before January 31, 1971
100.47% if redeemed thereafter and on or before January 31, 1972
100.41% if redeemed thereafter and on or before January 31, 1973
100.36% if redeemed thereafter and on or before January 31, 1974
100.31% if redeemed thereafter and on or before January 31, 1975
100.25% if redeemed thereafter and on or before January 31, 1976
100.19% if redeemed thereafter and on or before January 31, 1977
100.13% if redeemed thereafter and on or before January 31, 1978
100.00% if redeemed thereafter and prior to maturity,

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 1979 Series 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 1979 Series 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 1979 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:

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103.87% if redeemed thereafter and on or before January 31, 1953
103.72% if redeemed thereafter and on or before January 31, 1954
103.57% if redeemed thereafter and on or before January 31, 1955
103.42% if redeemed thereafter and on or before January 31, 1956
103.27% if redeemed thereafter and on or before January 31, 1957
103.13% if redeemed thereafter and on or before January 31, 1958
102.98% if redeemed thereafter and on or before January 31, 1959
102.83% if redeemed thereafter and on or before January 31, 1960
102.68% if redeemed thereafter and on or before January 31, 1961
102.53% if redeemed thereafter and on or before January 31, 1962
102.38% if redeemed thereafter and on or before January 31, 1963
102.23% if redeemed thereafter and on or before January 31, 1964
102.09% if redeemed thereafter and on or before January 31, 1965
101.94% if redeemed thereafter and on or before January 31, 1966
101.79% if redeemed thereafter and on or before January 31, 1967
101.64% if redeemed thereafter and on or before January 31, 1968
101.49% if redeemed thereafter and on or before January 31, 1969
101.34% if redeemed thereafter and on or before January 31, 1970
101.19% if redeemed thereafter and on or before January 31, 1971
101.05% if redeemed thereafter and on or before January 31, 1972
100.90% if redeemed thereafter and on or before January 31, 1973
100.75% if redeemed thereafter and on or before January 31, 1974
100.60% if redeemed thereafter and on or before January 31, 1975
100.45% if redeemed thereafter and on or before January 31, 1976
100.30% if redeemed thereafter and on or before January 31, 1977
100.15% if redeemed thereafter and on or before January 31, 1978
100.00% if redeemed thereafter and prior to maturity,

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

The bonds of the 1979 Series are also to be subject to redemption through the operation of the Replacement Fund provided in Part Two of this supplemental indenture or through the application of moneys paid to the Trustee pursuant to the provisions of § 5.05 of the Indenture, at any time or from time to time prior to maturity, upon prior notice, all as more fully provided in the Indenture, at the following redemption prices (expressed as percentages of their principal amounts and sometimes called the "special redemption prices"), respectively:

101.31% if redeemed on or before January 31, 1950
101.29% if redeemed thereafter and on or before January 31, 1951
101.26% if redeemed thereafter and on or before January 31, 1952
101.23% if redeemed thereafter and on or before January 31, 1953
101.20% if redeemed thereafter and on or before January 31, 1954

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[FORM OF COUPON BOND OF THE 1979 SERIES.]

DUKE POWER COMPANY

FIRST AND REFUNDING MORTGAGE BOND,

27/8% SERIES DUE 1979

Due February 1, 1979

No. DM-

\$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 February 1, 1979, 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 February 1, 1949, at the rate of two and seven-eighths 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, 27/8% Series Due 1979, 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, as Trustee, as supplemented and modified by indentures supplemental thereto, including the supplemental indenture dated as of February 1, 1949, providing for said series (said indenture as so supplemented