

[FORM OF INTEREST COUPON, BONDS OF THE 1981 SERIES.]

No. §

On the first day of _____, 19____, Duke Power Company will pay to bearer, at its office or agency in the Borough of Manhattan, The City of New York, upon surrender of this coupon, Sixteen and 25/100 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, being six months' interest then due on its First and Refunding Mortgage Bond, 3¼% Series Due 1981, No. EM-_____, unless said bond shall have been called for previous redemption and payment duly provided for.

Treasurer.

[FORM OF REGISTERED BOND WITHOUT COUPONS OF THE 1981 SERIES.]

DUKE POWER COMPANY
FIRST AND REFUNDING MORTGAGE BOND,
3¼% SERIES DUE 1981
Due April 1, 1981

No. ER- §

Duke Power Company, a New Jersey corporation (hereinafter called the "Company"), for value received, acknowledges itself indebted and hereby promises to pay to _____ or registered assigns on April 1, 1981,

_____ 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 the interest payment day next preceding the date hereof, at the rate of three and one-quarter