

101.77% if redeemed thereafter and on or before January 31, 1974
 101.70% if redeemed thereafter and on or before January 31, 1975
 101.63% if redeemed thereafter and on or before January 31, 1976
 101.56% if redeemed thereafter and on or before January 31, 1977
 101.48% if redeemed thereafter and on or before January 31, 1978
 101.39% if redeemed thereafter and on or before January 31, 1979
 101.31% if redeemed thereafter and on or before January 31, 1980
 101.21% if redeemed thereafter and on or before January 31, 1981
 101.12% if redeemed thereafter and on or before January 31, 1982
 101.02% if redeemed thereafter and on or before January 31, 1983
 100.91% if redeemed thereafter and on or before January 31, 1984
 100.80% if redeemed thereafter and on or before January 31, 1985
 100.68% if redeemed thereafter and on or before January 31, 1986
 100.56% if redeemed thereafter and on or before January 31, 1987
 100.43% if redeemed thereafter and on or before January 31, 1988
 100.30% if redeemed thereafter and on or before January 31, 1989
 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 1990 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 1990 Series shall be the office or offices of 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 1990 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 OF THE 1990 SERIES:

DUKE POWER COMPANY

FIRST AND REFUNDING MORTGAGE BOND,

5 1/8% SERIES DUE 1990

Due February 1, 1990

No. IM-

\$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, 1990, 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, 1960, at the rate of five and one-eighth 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, 5 1/8% Series Due 1990, 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 (now Morgan Guaranty Trust Company of New York), as Trustee, as supplemented and modified by indentures supplemental thereto, including supplemental indentures dated as of September 1, 1947, February 1, 1949, April 1, 1951, January 1, 1955, and May 1, 1956, and a supplemental indenture dated as of February 1, 1960, providing for said series (said indenture as so supplemented and modified being hereinafter referred to as the "Indenture"), to which Indenture reference is made for a description of the property mortgaged, the nature and extent of the security,