

ARTICLE III

REDEMPTION OF BONDS

Section 3.01. Right of Redemption. (a) The Obligor, while not in default in the payment of any of the Bonds or interest thereon, may upon notice redeem as a whole if of a \$500 or \$1,000 denomination, or as a whole or in part in multiples of \$1,000 if of a larger denomination any or all of the 1981 Series Bonds outstanding in advance of their maturity on any February 1, May 1, August 1 or November 1, by payment of the principal amount of each Bond to be redeemed and accrued interest thereon to the date of redemption.

If borrowed funds are used for redemption, no Bonds of this series may be redeemed on or prior to August 1, 1983; but thereafter, Bonds of this series may be redeemed from such funds without premium.

The 1981 Series Bonds shall be called for redemption in any order of maturity selected by the Obligor; except that Bonds to be redeemed by operation of the Mandatory Redemption Fund shall be selected by lot by the Trustee from outstanding 1981 Series Bonds with a stated maturity of August 1, 1996.

Section 3.02. Notice of Redemption. (a) In the case of redemption of Bonds by the Obligor, it shall, not less than 45 days prior to the redemption date, give the Trustee written notice signed by the Trustees of the Obligor stating the principal amount of Bonds and the series it desires to redeem. In the case of 1981 Series Bonds, if the redemption date is on or before August 1, 1983, said notice shall also state that none of the funds to be used for such redemption has been obtained by or made available to the Obligor directly or indirectly through borrowing. If the principal amount of the Bonds to be redeemed shall be less than the total outstanding Bonds or less than the total outstanding Bonds of any series or serial maturity designated by the Obligor for redemption, as the case may be, then subject to the provisions of Section 3.01, and unless herein or in a supplemental indenture otherwise provided, the Trustee shall choose by lot, from all of the Bonds then outstanding, in the event the Obligor fails to designate the series or serial maturities to be redeemed or from all of the Bonds of the series or serial maturities as designated by the Obligor in the event of redemption by the Obligor as the case may be, in such manner, as the Trustee may determine to be fair, the serial numbers of the Bonds or portions thereof to be redeemed.