

Section 1.03. Said coupon Bonds shall be numbered consecutively from 1 to 318, both inclusive.

Section 1.04. Bonds numbered 1 to 43, both inclusive, maturing October 1, 1959 through October 1, 1966, inclusive, shall be non-callable prior to their stated maturities. Bonds numbered 44 to 318, both inclusive, maturing October 1, 1967 through October 1, 1996, inclusive, shall show a reservation in the Borrower of an option of redemption prior to maturity, substantially as follows:

The Borrower reserves and shall have the option of calling Bonds numbered 257 through 318, both inclusive, maturing October 1, 1992 through October 1, 1996, inclusive, for redemption prior to maturity, in whole or in part, in inverse numerical order, on any interest payment date, at par and accrued interest to date of payment.

After, but not until, the Borrower has exercised its option to call all of said Bonds numbered 257 through 318, both inclusive, or after said Bonds numbered 257 through 318, both inclusive, shall have been retired in any manner, then the Borrower shall have the option of calling Bonds numbered 44 through 256, both inclusive, maturing October 1, 1967 through October 1, 1991, inclusive, for redemption prior to maturity, in whole or in part, in inverse numerical order, on April 1, 1967, or on any interest payment date thereafter, at par and accrued interest to date of redemption, plus a premium on the principal of each such Bond so redeemed as follows.

3% on all such Bonds redeemed during 1967 through 1971, both inclusive,

2 1/2% on all such Bonds redeemed during 1972 through 1976, both inclusive,

2% on all such Bonds redeemed during 1977 through 1981, both inclusive,

1 1/2% on all such Bonds redeemed during 1982 through 1986, both inclusive,

1% on all such Bonds redeemed after 1986.

Notice of any such redemption shall be given in a financial publication printed in the English language in the City of New York, New York, at least once, not more than sixty (60) days nor less than thirty (30) days before the date fixed for such payment, and thirty (30) days' notice in writing shall be given to the Bank of Payment before the date so fixed for such redemption; provided that said published notice of redemption need not be given in the event that all of the Bonds to be so redeemed are held by a single owner or are registered, and notice in writing by registered mail, postage prepaid, is given to such owner or owners not more than sixty (60) days nor less than thirty (30) days before the date so fixed for redemption. Prior to the date fixed for redemption, funds shall be placed in the Bank of Payment sufficient to pay the Bonds called and accrued interest thereon, plus any premium required. Upon the happening of the above conditions said Bonds thus called shall not there-