

**EXHIBIT A - 2002**

**ANNEX A**

to

**SUPPLEMENTAL INDENTURE NUMBER THREE,  
dated as of April 1, 2005,  
amending and restating the  
INDENTURE OF TRUST,  
dated as of March 1, 2001,  
as amended and supplemented by  
SUPPLEMENTAL INDENTURE NUMBER ONE,  
dated as of December 1, 2002**

Relating to Tax-Exempt

**State of Ohio  
Student Loan Revenue Bonds, Series 2002  
(Ohio Centric Student Loan Program)  
While Outstanding as Auction Rate Certificates**

Applicable to the Original Issuance of  
\$55,000,000  
State of Ohio  
Student Loan Senior Revenue Bonds,  
Series 2002A  
(including Series 2002A-1 and Series 2002A-2)

and  
\$10,000,000  
State of Ohio  
Student Loan Subordinated Revenue Bonds,  
Series 2002B

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**PROVISIONS RELATING TO SERIES 2002 BONDS  
OUTSTANDING AS AUCTION RATE CERTIFICATES**

**ARTICLE 1**

**Section 1.01. Certain Definitions.** In addition to the terms defined elsewhere in the Original Indenture, excluding, however, Schedules I and II and Exhibits A, C-1, C-2, D and E thereto, the following terms shall have the following meanings with respect to the Series 2002 Bonds, unless the context otherwise requires. For purposes of this First Supplemental Indenture, when times are given, they shall be deemed to be in Eastern Standard or Eastern Daylight Savings Time, as appropriate, unless otherwise specified:

*“AA’ Financial Commercial Paper Rate,”* on any date of determination, shall mean (a) for Auction Periods of 35 days or less, the interest equivalent of commercial paper having a maturity of 30 days, (b) for Auction Periods greater than 35 days and less than 75 days, the interest equivalent of commercial paper having a maturity of 60 days, (c) for Auction Periods greater than 75 days and less than 105 days, the interest equivalent of commercial paper having a maturity of 90 days; as each such rate is published on the Business Day prior to such date by the Board of Governors of the Federal Reserve System on its World Wide Web site <http://www.federalreserve.gov/releases/cp/histrates.txt> or any successor publication (“H.15(519)”) under the caption “AA financial.” In the event that such publication has not been published in a timely manner, the “AA” Financial Commercial Paper Rate shall be calculated by the Market Agent, and shall be the bond equivalent yield of the arithmetic mean of the offered rates as of 11:00 a.m., New York City time, on the determination date of three leading dealers of U.S. dollar commercial paper in The City of New York (which may include UBS PaineWebber Inc.) selected by the Market Agent, for U.S. dollar commercial paper having a maturity of 30, 60 or 90 days, as applicable, placed for financial issuers whose bond rating is “AA” or the equivalent, from a nationally recognized securities rating agency; provided, however, that if the dealers selected as aforesaid by the Market Agent are not quoting as mentioned in this sentence (and if the Market Agent, in its discretion, determines that such quotations can not be obtained from any three leading dealers of U.S. dollar commercial paper in The City of New York) such rate shall be the same rate for the immediately preceding Interest Period. For purposes of this definition, the “interest equivalent” of a rate stated on a discount basis (a “discount rate”) for commercial paper of a given day’s maturity shall be equal to the product of (A) 100 times (B) the discount rate times (C) the quotient (rounded upwards to the next higher one-thousandth (.001) of 1%) of (x) the applicable number of days in a year (365 or 366) divided by (y) the difference between (1) 360 and (2) the product of the discount rate (expressed in decimals) times the applicable number of days in which such commercial paper matures.

*“After-Tax Equivalent Rate,”* on any date of determination, shall mean the interest rate per annum equal to the product of:

- (a) the “AA” Financial Commercial Paper Rate on such date; and
- (b) 1.00 minus the Statutory Corporate Tax Rate on such date.

"All Hold Rate," on any date of determination, shall mean the interest rate per annum equal to 90% (as such percentage may be adjusted pursuant to Section 1.12 of this Annex A) of the lesser on such date of:

- (a) the After-Tax Equivalent Rate on such date; and
- (b) the Kenny Index on such date;

rounded to the nearest one thousandth (.001) of 1%; provided that in no event shall the All Hold Rate be more than the Maximum Rate or less than zero.

"Applicable ARCs Rate" shall have the meaning set forth in Section 1.04(b) of this Annex A.

"Applicable Number of Business Days" shall mean the greater of two Business Days or one Business Day plus the number of Business Days by which the Auction Date precedes the first day of the next succeeding Interest Period.

"Applicable Percentage," on any date of determination, shall mean the percentage determined (as such percentage may be adjusted pursuant to Section 1.12 of this Annex A) based on the lower of the prevailing credit rating on the ARCs in effect at the close of business on the Business Day immediately preceding such date, as set forth below:

<u>CREDIT RATINGS</u>			<u>APPLICABLE PERCENTAGE</u>
<u>Moody's Investors Service</u>	<u>S&amp;P</u>	<u>Fitch</u>	
"Aaa"	"AAA"	"AAA"	175%
"Aa3" to "Aa1"	"AA-" to "AA+"	"AA-" to "AA+"	175%
"A3" to "A1"	"AA-" to "AA+"	"A-" to "A+"	175%
"Baa3" to "Baa1"	"BBB-" to "BBB+"	"BBB-" to "BBB+"	200%
Below "Baa3"	Below "BBB-"	Below "BBB-"	265%

provided that, in the event that ARCs are not rated by any nationally recognized rating agency, the Applicable Percentage shall be 265%, and, provided further, that if a Payment Default shall have occurred and be continuing, the Applicable Percentage shall be 265%. For purposes of this definition, Moody's rating categories of "Aaa," "Aa," "A" and "Baa," S&P's rating categories of "AAA," "AA," "A" and "BBB" and Fitch's rating categories of "AAA," "AA," "A" and "BBB" refer to and include the respective rating categories correlative thereto if any or all such rating agencies have changed or modified their generic rating categories or if Moody's, S&P or Fitch no longer rate the ARCs and have been replaced.

"ARCs" shall mean a series of the Series 2002 Bonds Outstanding as Auction Rate Certificates prior to their conversion to bear interest at a Fixed Rate or a Variable Rate.

"Auction" shall mean each periodic implementation of the Auction Procedures.

"Auction Agency Agreement" shall mean the Auction Agency Agreement dated as of December 1, 2002, between the Trustee and the Auction Agent, and any similar agreement with a successor Auction Agent, in each case as from time to time amended or supplemented.

"Auction Agent" shall mean any person appointed as such pursuant to Section 1.14 of this Annex A.

"Auction Agent Fee" shall mean the fee to be paid to the Auction Agent for the services rendered by it under the Auction Agency Agreement and the Broker-Dealer Agreement.

"Auction Agent Fee Rate," on any Auction Date, shall mean the rate per annum at which the fee to be paid to the Auction Agent for the services rendered by it under the Auction Agency Agreement and the Broker-Dealer Agreement with respect to such Auction Date accrues as provided in the Auction Agency Agreement.

"Auction Date" shall mean, initially, (i) January 15, 2003, with respect to the Series 2002A Senior Bonds (including the Series 2002A-1 Senior Bonds and the Series 2002A-2 Senior Bonds); and (ii) January 22, 2003, with respect to the Series 2002B Subordinated Bonds, and, thereafter, the Business Day immediately preceding the first day of each Interest Period for each series of such ARCs, other than:

(a) each Interest Period commencing after the ownership of the ARCs is no longer maintained in book entry form by the Depository;

(b) each Interest Period commencing after the occurrence and during the continuance of a Payment Default; or

(c) any Interest Period commencing less than the Applicable Number of Business Days after the cure or waiver of a Payment Default.

Notwithstanding the foregoing, the Auction Date for one or more Auction Periods may be changed pursuant to Section 1.22 of this Annex A.

"Auction Period" shall mean, with respect to any ARCs, the Interest Period applicable thereto as the same may be changed pursuant to Section 1.22 of this Annex A.

"Auction Procedures" shall mean the procedures set forth in Section 1.06 of this Annex A.

"Auction Rate" shall mean the rate of interest per annum on any Auction Date that results from the implementation of the Auction Procedures, and determined as described in Section 1.06(c)(ii) of this Annex A.

*"Authorized Denominations"* shall mean \$50,000 and any multiple thereof.

*"Authorized Signatory"* as used in this Annex A and in Annex B shall mean (i) when used in reference to the Issuing Authority, an Authorized Public Official and (ii) when used in reference to the Administrator, an Authorized Officer.

*"Available ARCs"* shall have the meaning set forth in Section 1.06(c)(i)(A) of this Annex A.

*"Bid"* shall have the meaning set forth in Section 1.06(a)(i) of this Annex A.

*"Bidder"* shall have the meaning set forth in Section 1.06(a)(i) of this Annex A.

*"Broker-Dealer"* shall mean UBS PaineWebber Inc., RBC Dain Rauscher Inc. or any other broker or dealer (each as defined in the Securities Exchange Act), commercial bank or other entity permitted by law to perform the functions required of a Broker-Dealer set forth in the Auction Procedures that (a) is a Participant (or an affiliate of a Participant), (b) has been selected by the Issuing Authority with the approval of the Market Agent and (c) has entered into a Broker-Dealer Agreement that remains effective.

*"Broker-Dealer Agreement"* shall mean (i) the Broker-Dealer Agreement, dated as of December 1, 2002, between the Auction Agent and UBS PaineWebber Inc., (ii) the Broker-Dealer Agreement, dated as of December 1, 2002, between the Auction Agent and RBC Dain Rauscher Inc. and (iii) each other agreement between the Auction Agent and a Broker-Dealer pursuant to which the Broker-Dealer agrees to participate in Auctions as set forth in the Auction Procedures, as from time to time amended or supplemented.

*"Broker-Dealer Fee"* shall mean the fee to be paid to the Broker-Dealers for the services rendered by them under the Broker-Dealer Agreement.

*"Broker-Dealer Fee Rate,"* on any Auction Date, shall mean the rate per annum at which the service charge to be paid to the Broker-Dealers for the services rendered by them with respect to such Auction Date accrues, as provided in the Broker-Dealer Agreement and the Auction Agency Agreement.

*"Business Day"* shall mean any day other than (a) December 30, December 31, April 14, April 15 and such other dates as may be agreed to in writing by the Market Agent, the Auction Agent, the Broker-Dealer and the Administrator, or (b) a Saturday, Sunday, holiday or day on which banks located in the City of New York, New York, or the New York Stock Exchange, the Trustee or the Auction Agent, are authorized or permitted by law or executive order to close.

*"Change of Preference Law"* shall mean, with respect to any Holder of ARCs, any amendment to the Code or other statute enacted by the Congress of the United States or any temporary, proposed or final regulation promulgated by the United States Treasury after the date hereof which (a) changes or would change any deduction, credit or other allowance allowable in computing liability for any federal tax with respect to, or (b) imposes or would impose or reduces or would reduce or increases or would increase any federal tax (including, but not limited to, preference or excise taxes) upon, any interest earned by any owner of bonds the

interest on which is excluded from federal gross income under Section 103 of the Internal Revenue Code.

*"Conversion Date"* shall mean either the Fixed Rate Conversion Date or the Variable Rate Conversion Date as the context may require.

*"Default Rate"* on any date of determination shall mean the interest rate per annum equal to the lesser of (a) the Applicable Percentage of the Kenny Index and (b) the Maximum Interest Rate.

*"Depository"* shall mean Cede & Co., as the nominee of DTC and its successors and assigns or any successor depository selected or approved by the Administrator.

*"Existing Holder"* shall mean (a) with respect to and for the purpose of dealing with the Auction Agent in connection with an Auction, a Person who is a Broker-Dealer listed in the existing owner registry at the close of business on the Business Day immediately preceding the Auction Date for such Auction; and (b) with respect to and for the purpose of dealing with the Broker-Dealer in connection with an Auction, a Person who is a beneficial owner of ARCs.

*"Favorable Opinion"* shall mean an opinion of Bond Counsel addressed to the Administrator and the Trustee to the effect that the action proposed to be taken is authorized or permitted by the Indenture and will not adversely affect any exclusion from gross income for federal income tax purposes of interest on a series of the Series 2002 Bonds.

*"Fitch"* shall mean Fitch Ratings, and its successors and assigns.

*"Fixed Rate"* shall mean the fixed rate or rates of interest on a series of the Series 2002 Bonds determined pursuant to Section 1.16 of this Annex A.

*"Fixed Rate Conversion Date"* shall mean a date on which a series of the Series 2002 Bonds begin to bear interest at a Fixed Rate as provided in Section 1.16 of this Annex A.

*"Hold Order"* shall have the meaning set forth in Section 1.06(a)(i) of this Annex A.

*"Initial Interest Payment Date"* shall mean March 1, 2003.

*"Initial Interest Period"* shall mean the period from and including the date of delivery of the Series 2002 Bonds and ending on and including January 15, 2003, with respect to the Series 2002A Senior Bonds (including the Series 2002A-1 Senior Bonds and the Series 2002A-2 Senior Bonds), and January 22, 2003, with respect to the Series 2002B Subordinated Bonds.

*"Interest Amount"* shall mean the amount of interest distributable in respect of each \$50,000 in principal amount (taken, without rounding, to .0001 of one cent) of ARCs for any Interest Period or part thereof, as calculated in accordance with Section 1.10 of this Annex A.

*"Interest Payment Date"* shall mean, with respect to ARCs, each March 1 and September 1, commencing March 1, 2003, except as changed as described in Section 1.22(a) of this Annex A, and on the maturity date thereof, or if any such date is not a Business Day, the

next succeeding Business Day (but only for interest accrued through the preceding last day of February or August, or the day preceding the maturity date, as the case may be); and (b) after the Fixed Rate Conversion Date, each March 1 and September 1 commencing with the March 1 or September 1 that occurs no sooner than three months after the Fixed Rate Conversion Date.

*"Interest Period"* shall mean (a) so long as interest is payable on March 1 and September 1 with respect thereto and unless otherwise changed as described in Section 1.22(a) of this Annex A, the Initial Interest Period and each successive period of generally 35 days thereafter, respectively, commencing on a Thursday (or the Business Day following the last day of the prior Interest Period, if the prior Interest Period does not end on a Wednesday) and ending on (and including) a Wednesday (unless such Wednesday is not followed by a Business Day, in which case such Interest Period will end on the next succeeding day that is followed by a Business Day), and (b) if, and for so long as, Interest Payment Dates are specified to occur at the end of each Auction Period as described in Section 1.22 of this Annex A, each period commencing on an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date.

*"Kenny Index"* shall mean the index most recently made available by Kenny S&P Evaluation Services ("Kenny") or any successor thereto (the "Indexing Agent") based upon 30-day yield evaluations at par of securities, the interest on which is excluded from gross income for federal income tax purposes under the Code, of not less than five "Intermediate Grade" component issuers selected by the Indexing Agent which shall include, without limitation, issuers of general obligation bonds. The specific issuers included among the component issuers may be changed from time to time by the Indexing Agent in its discretion. The securities on which the Kenny Index is based shall not include any securities the interest on which is subject to a "minimum tax" or similar tax under the Code, unless all such securities are subject to such tax. In the event that Kenny no longer publishes an index satisfying the above definition of the Kenny Index or the Market Agent reasonably concludes that the Kenny Index will not be announced in a timely manner, then the Market Agent shall announce a rate based upon the same criteria used by Kenny to determine the Kenny Index and the rate announced by the Market Agent for each Auction Date thereafter shall be used in lieu of the Kenny Index for each Auction Date.

*"Market Agent"* shall mean the market agent or market agents appointed pursuant to Section 1.13 of this Annex A, and its or their successors or assigns.

*"Market Agent Agreement"* shall mean the Market Agent Agreement dated as of December 1, 2002, between the Trustee and the Market Agent, and any similar agreement with a successor Market Agent, in each case as from time to time amended or supplemented.

*"Maximum Interest Rate,"* with respect to ARCs, shall mean the lesser of (a) 12% per annum (or such higher rate as may be permitted with a Rating Confirmation and a Favorable Opinion) or (b) the maximum rate of interest permitted under Ohio law.

*"Maximum Rate,"* on any date of determination with respect to ARCs, shall mean the interest rate per annum equal to the lesser of:

(a) the Applicable Percentage of the higher of (i) the After-Tax Equivalent Rate on such date and (ii) the Kenny Index on such date; and

(b) the Maximum Interest Rate;

rounded to the nearest one thousandth (.001) of 1%.

*"Moody's"* shall mean Moody's Investors Service, Inc. and its successors and assigns.

*"Order"* shall have the meaning set forth in Section 1.06(a) of this Annex A.

*"Participant"* shall mean a member of or participant in, the Depository.

*"Payment Default"* shall mean failure to make payment of interest on, premium, if any, and principal of the ARCs when due by the Administrator.

*"Person"* shall mean and include, unless otherwise specified, an individual, corporation, company, trust, estate, partnership or association.

*"Potential Holder"* shall mean any Person (including any Existing Holder that is (a) a Broker-Dealer when dealing with an Auction Agent and (b) a potential beneficial owner when dealing with a Broker-Dealer) who may be interested in acquiring ARCs (or, in the case of an Existing Holder thereof, an additional principal amount of ARCs).

*"Prevailing Market Conditions"* shall mean, to the extent relevant (in the professional judgment of the Remarketing Agent) at the time of establishment of the Fixed Rate as provided in Section 1.16 of this Annex A, (a) interest rates on comparable securities then being issued and traded; (b) other financial market rates and indices that may have a bearing on rates of interest; (c) general financial market conditions (including then current forward supply figures) that may have a bearing on rates of interest; and (d) the financial condition, results of operation and credit standing of the Administrator to the extent such standing has a bearing on rates of interest.

*"Rate Adjustment Date"* shall mean, with respect to ARCs, the first day of each Interest Period.

*"Rating"* shall mean one of the rating categories of a Rating Agency, provided such Rating Agency is currently rating a series of the Series 2002 Bonds or any other Bonds Outstanding under the Indenture.

*"Rating Agency"* shall mean Moody's, S&P, Fitch and any other rating agency requested by the Administrator to maintain a rating on a series of the Series 2002 Bonds or any other Bonds Outstanding under the Indenture.

*"Record Date"* shall mean (a) so long as interest is payable with respect thereto on each March 1 and September 1, the Business Day prior to each Interest Payment Date and (b) if, and for so long as, Interest Payment Dates are specified to occur at the end of each Auction Period, as provided in Section 1.22 of this Annex A, the day which is the Applicable Number of Business Days immediately preceding each Interest Payment Date.

*"Redemption Date"* shall mean the date fixed for such redemption.

*"Remarketing Proceeds Fund"* shall mean the fund created and established in accordance with the provisions of Section 1.17 of this Annex A.

*"Trustee or Authenticating Agent"* shall mean the Trustee or any separate registrar appointed under the Indenture with respect to a series of the Series 2002 Bonds.

*"Remarketing Agent"* shall mean (i) with respect to the Series 2002A-1 Senior Bonds and the Series 2002B Subordinated Bonds, UBS PaineWebber Inc., (ii) with respect to the Series 2002A-2 Senior Bonds, RBC Dain Rauscher Inc. or (iii) such other remarketing agent appointed by the Administrator pursuant to Section 1.16(a) of this Annex A.

*"S&P"* shall mean Standard & Poor's Rating Services, a Division of the McGraw-Hill Companies and its successors and assigns.

*"SEC"* shall mean the Securities and Exchange Commission.

*"Securities Exchange Act"* shall mean the Securities Exchange Act of 1934, as amended.

*"Sell Order"* shall have the meaning set forth in Section 1.06(a) of this Annex A.

*"Statutory Corporate Tax Rate"* shall mean, as of any date of determination, the highest tax rate bracket (expressed in decimals) now or hereafter applicable in each taxable year on the taxable income of every corporation as set forth in Section 11 of the Code or any successor section without regard to any minimum additional tax provision or provisions regarding changes in rates during a taxable year, which on the date of the execution and delivery of this First Supplemental Indenture is 35%.

*"Submission Deadline"* shall mean 1:00 p.m., New York City time, on any Auction Date or such other time on any Auction Date by which Broker-Dealers are required to submit Orders to the Auction Agent as specified by the Auction Agent from time to time.

*"Submitted Bid"* shall have the meaning set forth in Section 1.06(c)(i) of this Annex A.

*"Submitted Hold Order"* shall have the meaning set forth in Section 1.06(c)(i) of this Annex A.

*"Submitted Order"* shall have the meaning set forth in Section 1.06(c)(i) of this Annex A.

*"Submitted Sell Order"* shall have the meaning set forth in Section 1.06(c)(i) of this Annex A.

*"Sufficient Clearing Bids"* shall have the meaning set forth in Section 1.06(c)(i)(B) of this Annex A.

*"the Administrator, on behalf of the Issuing Authority,"* as used in this Annex A and in Annex B, shall mean, with respect to any action being so taken or performed by the Administrator, that the Administrator shall have received the prior consent and approval of the Issuing Authority for the taking or performance of such action; provided, however, that the Trustee may treat any action of the Administrator so taken or performed and evidenced in a writing so signed by the Administrator as having had the consent and approval of the Issuing Authority, and the Trustee shall not be liable for any action of the Administrator taken or done to the contrary, except in the event that the Administrator has not delivered such a writing, or has delivered a writing not in conformity with this provision, to the Trustee. All references to the defined term in this definition by means of a pronoun such as "it" or otherwise, whether within the same sentence or paragraph, shall be deemed to repeat the use of the defined term and the meaning thereof.

*"Undelivered Series 2002 Bonds"* shall mean the Series 2002 Bonds described in Section 1.20 of this Annex A.

*"Variable Rate Conversion Date"* shall mean a date on which a series of the Series 2002 Bonds begin to bear interest at a Variable Rate pursuant to Section 1.16 of this Annex A.

*"Winning Bid Rate"* shall have the meaning set forth in Section 1.06(c)(i)(C) of this Annex A.

**Section 1.02. Description of the Series 2002 Bonds; Global Form; Depository.**

(a) The Series 2002 Bonds while outstanding as ARCs shall be designated "State of Ohio Student Loan Senior Revenue Bonds, Series 2002A-1/Series 2002A-2" and "State of Ohio Student Loan Subordinated Revenue Bonds, Series 2002B," as applicable. As provided in this First Supplemental Indenture, each series of the Series 2002 Bonds shall be initially issued as ARCs subject to conversion to a Fixed Rate or a Variable Rate.

(b) Except as otherwise provided in this Section 1.02, the ARCs, in the form of one or more securities, shall be registered in the name of the Depository, and ownership thereof shall be maintained in book-entry form by the Depository for the account of the Participants thereof. Initially, the ARCs shall be registered in the name of Cede & Co., as the nominee of DTC. Except as provided in subsection (c) of this Section 1.02, the ARCs may be transferred, in whole but not in part, only to the Depository, or to a successor to DTC selected or approved by the Issuing Authority or to a nominee of such successor Depository.

(i) Neither the Issuing Authority, the Administrator, the Trustee or Authenticating Agent nor any of their respective affiliates shall have any responsibility or obligation with respect to:

(A) the accuracy of the records of the Depository or any Participant with respect to any beneficial ownership interest in the ARCs;

(B) the delivery to any Participant, any beneficial owner of the ARCs or any other person, other than the Depository, of any notice with respect to the ARCs; or

(C) the payment to any Participant, any beneficial owner of the ARCs or any other person, other than the Depository, of any amount with respect to the principal, premium, if any, or interest on the ARCs.

So long as the certificates for the ARCs are not issued pursuant to subsection (c) of this Section 1.02, the Issuing Authority, the Administrator and the Trustee or Authenticating Agent may treat the Depository as, and deem the Depository to be, the absolute owner of the ARCs for all purposes whatsoever, including without limitation:

- (i) the payment of principal, premium, if any, and interest on the ARCs;
- (ii) giving notices of redemption and other matters with respect to the ARCs;
- (iii) registering transfer with respect to the ARCs; and
- (iv) the selection of ARCs for redemption.

(c) If at any time the Market Agent has notified the Issuing Authority and the Administrator that the ARCs should not be maintained in book entry form or the Depository notifies the Issuing Authority and the Administrator that it is unwilling or unable to continue as Depository with respect to the ARCs, or if at any time the Depository shall no longer be registered or in good standing under the Securities Exchange Act or other applicable statute or regulation and a successor Depository is not appointed by the Issuing Authority within 90 days after the Issuing Authority and the Administrator receives notice or becomes aware of such condition, as the case may be, then this Section 1.02 shall no longer be applicable and the Issuing Authority shall execute and the Trustee or Authenticating Agent shall authenticate and deliver certificates representing the ARCs as provided below. Certificates for the ARCs issued in exchange for a global certificate pursuant to this subsection (c) shall be registered in such names and authorized denominations as the Depository, pursuant to instructions from the Participants or otherwise, shall instruct the Issuing Authority and the Trustee or Authenticating Agent. The Trustee or Authenticating Agent shall deliver such certificates representing the ARCs to the persons in whose names such ARCs are so registered on the Business Day immediately preceding the first day of an Interest Period.

**Section 1.03. Limitations on Transfer.** So long as the ownership of the ARCs is maintained in book-entry form by the Depository, an Existing Holder may sell, transfer or otherwise dispose of its beneficial interest in ARCs only pursuant to a Bid or Sell Order placed in any Auction or to or through a Broker-Dealer; provided that in the case of all transfers other than pursuant to Auctions or mandatory tenders such Existing Holder, its Broker-Dealer or its Participant advises the Auction Agent of such transfer.

#### Section 1.04. Interest on ARCs.

(a) Interest on the ARCs shall accrue for each Interest Period and shall be payable in arrears, on each Interest Payment Date. References in this Annex A to the ARCs shall be read to mean each series of ARCs, unless the context clearly dictates otherwise.

(b) The rate of interest on the ARCs for the Initial Interest Period shall be (i) \_\_\_\_% per annum, with respect to the Series 2002A-1 Senior Bonds, (ii) \_\_\_\_% per annum, with respect to the Series 2002A-2 Senior Bonds, and (iii) \_\_\_\_% per annum, with respect to the Series 2002B Subordinated Bonds. The rate of interest on the ARCs for each subsequent Interest Period, to but not including the Fixed Rate Conversion Date or Variable Rate Conversion Date therefor, shall be the Auction Rate unless the Auction Rate exceeds the Maximum Rate, in which case the rate of interest on the ARCs for such Interest Period shall be the Maximum Rate, or unless the Maximum Rate shall actually be lower than the All Hold Rate, in which case the rate of interest on the ARCs for such Interest Period shall be the Maximum Rate; provided that if, on any Auction Date, an Auction is not held for any reason, then the rate of interest for the next succeeding Interest Period shall equal the Maximum Rate on such Auction Date; provided further, however, that if an Auction is scheduled to occur for the next Interest Period on a date that was reasonably expected to be a Business Day, but such Auction does not occur because such date is later not considered to be a Business Day, the Auction shall nevertheless be deemed to have occurred, and the applicable Auction Rate in effect for the next Interest Period will be the Auction Rate in effect for the preceding Interest Period and such Interest Period will generally be 35 days in duration, beginning on the calendar day following the date of the deemed Auction and ending on (and including) the applicable Auction Date (unless such date is not followed by a Business Day, in which case on the next succeeding day that is followed by a Business Day). If the preceding Interest Period was other than generally 35 days in duration, the Auction Rate for the deemed Auction will instead be the rate of interest determined by the Market Agent on equivalently rated auction securities with a comparable length of auction period. Notwithstanding the foregoing, if:

(i) the ownership of the ARCs is no longer maintained in book-entry form by the Depository, the rate of interest on the ARCs for any Interest Period commencing after the delivery of certificates representing ARCs pursuant to Section 1.02(c) of this Annex A shall equal the Maximum Rate on the Business Day immediately preceding the first day of such Interest Period;

(ii) a Payment Default occurs, Auctions will be suspended and the Applicable ARCs Rate (as defined below) for the Interest Period commencing on or after such Payment Default and for each Interest Period thereafter to and including the Interest Period, if any, during which, or commencing less than two Business Days after, such Payment Default is cured will equal the Default Rate; or

(iii) a proposed conversion to a Fixed Rate or a Variable Rate under Section 1.16 of this Annex A shall have failed, as provided in Sections 1.16(e)(ii) and 1.18 of this Annex A, and the next succeeding Auction Date shall be two or fewer Business Days after (or on) any such failed Fixed Rate Conversion Date or Variable Rate Conversion Date, then an Auction shall not be held on such Auction Date and the rate of interest on the ARCs subject to the failed conversion for the next succeeding Interest Period shall be equal to the Maximum Rate calculated as of the first Business Day of such Interest Period.

The rate per annum at which interest is payable on the ARCs for any Interest Period is herein referred to as the "Applicable ARCs Rate." Notwithstanding anything herein to the contrary, the Applicable ARCs Rate cannot exceed the maximum rate permitted by the laws of the State.

(c) Notwithstanding anything herein to the contrary, if any ARC or portion thereof has been selected for redemption during the next succeeding Interest Period, said ARC or portion thereof, will not be included in the Auction preceding such Redemption Date, and said ARC or portion thereof, will continue to bear interest until the Redemption Date at the rate established for the Interest Period prior to said Auction.

**Section 1.05. Payments.** So long as the ARCs are registered in the name of the Depository or the nominee thereof, payment of interest (other than at maturity) and premium, if any, on, and of principal at redemption of, the ARCs shall be made to the Depository by wire transfer provided proper wire instructions are received. Each Holder of ARCs, by such Holder's purchase of ARCs, appoints the Trustee as its agent in connection with the payment by such Holder of its share, if any, of the amounts payable to the Auction Agent and the Broker-Dealers pursuant to Section 1.08(a) of this Annex A.

**Section 1.06. Auction Procedures.** Prior to a Fixed Rate Conversion Date or a Variable Rate Conversion Date, Auctions shall be conducted on each Auction Date (other than the Auction Date immediately preceding (a) each Interest Period commencing after the ownership of the ARCs is no longer maintained in book-entry form by the Depository; (b) each Interest Period commencing after the occurrence and during the continuance of a Payment Default; or (c) any Interest Period commencing less than two Business Days after the cure of a Payment Default). If there is an Auction Agent on such Auction Date, Auctions shall be conducted in the following manner:

(a) Submission by Existing Holders to Broker-Dealer.

(i) Prior to the Submission Deadline on each Auction Date:

(A) each Existing Holder of ARCs may submit to a Broker-Dealer information as to:

(1) the principal amount of Outstanding ARCs, if any, held by such Existing Holder which such Existing Holder desires to continue to hold without regard to the Auction Rate for the next succeeding Interest Period;

(2) the principal amount of Outstanding ARCs, if any, which such Existing Holder offers to sell if the Auction Rate for the next succeeding Interest Period shall be less than the rate per annum specified by such Existing Holder; and/or

(3) the principal amount of Outstanding ARCs, if any, held by such Existing Holder which such Existing Holder offers to sell without regard to the Auction Rate for the next succeeding Interest Period;

and

(B) one or more Broker-Dealers may contact Potential Holders to determine the principal amount of ARCs which each such Potential Holder offers to purchase if the Auction Rate for the next succeeding Interest Period shall not be less than the rate per annum specified by such Potential Holder.

For the purposes hereof, the communication to a Broker-Dealer of information referred to in clause (A)(1), (A)(2), (A)(3) or (B) of this paragraph (i) is hereinafter referred to as an "Order" and collectively as "Orders" and each Existing Holder and each Potential Holder placing an Order is hereinafter referred to as a "Bidder" and collectively as "Bidders"; an Order containing the information referred to in (x) clause (A)(1) of this paragraph (i) is hereinafter referred to as a "Hold Order" and collectively as "Hold Orders," (y) clause (A)(2) or (B) of this paragraph (i) is hereinafter referred to as a "Bid" and collectively as "Bids" and (z) clause (A)(3) of this paragraph (i) is hereinafter referred to as a "Sell Order" and collectively as "Sell Orders."

(ii) (A) Subject to the provisions of Section 1.06(b) of this Annex A, a Bid by an Existing Holder shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding ARCs specified in such Bid if the Auction Rate determined as provided in this Section 1.06 of this Annex A shall be less than the rate specified in such Bid; or

(2) such principal amount or a lesser principal amount of Outstanding ARCs to be determined as set forth in Section 1.06(d)(i)(D) of this Annex A, if the Auction Rate determined as provided in this Section 1.06 shall be equal to the rate specified in such Bid; or

(3) such principal amount or a lesser principal amount of Outstanding ARCs to be determined as set forth in Section 1.06(d)(ii)(C) of this Annex A if the rate specified shall be higher than the Maximum Rate and Sufficient Clearing Bids have not

been made.

(B) Subject to the provisions of Section 1.06(b) of this Annex A, a Sell Order by an Existing Holder shall constitute an irrevocable offer to sell:

(1) the principal amount of Outstanding ARCs specified in such Sell Order; or

(2) such principal amount or a lesser principal amount of Outstanding ARCs as set forth in Section 1.06(d)(ii)(C) of this Annex A if Sufficient Clearing Bids have not been made.

(C) Subject to the provisions of Section 1.06(b) of this Annex A, a Bid by a Potential Holder shall constitute an irrevocable offer to purchase:

(1) the principal amount of Outstanding ARCs specified in such Bid if the Auction Rate determined as provided in this Section 1.06 of this Annex A shall be higher than the rate specified in such Bid; or

(2) such principal amount or a lesser principal amount of Outstanding ARCs as set forth in Section 1.06(d)(i)(E) of this Annex A if the Auction Rate determined as provided in this Section 1.06 of this Annex A shall be equal to the rate specified in such Bid.

(b) Submission by Broker-Dealer to Auction Agent.

(i) Each Broker-Dealer shall submit in writing to the Auction Agent prior to the Submission Deadline on each Auction Date all Orders obtained by such Broker-Dealer and shall specify with respect to each such Order:

(A) the name of the Bidder placing such Order;

(B) the aggregate principal amount of ARCs that are the subject of such Order;

(C) to the extent that such Bidder is an Existing Holder:

(1) the principal amount of ARCs, if any, subject to any Hold Order placed by such Existing Holder;

(2) the principal amount of ARCs, if any, subject to any Bid placed by such Existing Holder and the rate specified in such Bid; and

(3) the principal amount of ARCs, if any, subject to any Sell Order placed by such Existing Holder; and

(D) to the extent such Bidder is a Potential Holder, the rate and amount specified in such Potential Holder's Bid.

(ii) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth (.001) of 1%.

(iii) If an Order or Orders covering all Outstanding ARCs held by any Existing Holder is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Holder covering the principal amount of Outstanding ARCs held by such Existing Holder and not subject to an Order submitted to the Auction Agent.

(iv) Neither the Administrator, the Trustee nor the Auction Agent shall be responsible for any failure of a Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Holder or Potential Holder.

(v) If any Existing Holder submits through a Broker-Dealer to the Auction Agent one or more Orders covering in the aggregate more than the principal amount of Outstanding ARCs held by such Existing Holder, such Orders shall be considered valid as follows and in the following order of priority:

(A) all Hold Orders shall be considered valid, but only up to and including in the aggregate the principal amount of ARCs held by such Existing Holder, and if the aggregate principal amount of ARCs subject to such Hold Orders exceeds the aggregate principal amount of ARCs held by such Existing Holder, the aggregate principal amount of ARCs subject to each such Hold Order shall be reduced pro rata to cover the aggregate principal amount of Outstanding ARCs held by such Existing Holder;

(B) (1) any Bid shall be considered valid up to and including the excess of the principal amount of Outstanding ARCs held by such Existing Holder over the aggregate principal amount of ARCs subject to any Hold Orders referred to in clause (A) of this paragraph (v);

(2) subject to subclause (1) of this clause (B), if more than one Bid with the same rate is submitted on behalf of such Existing Holder and the aggregate principal amount of Outstanding ARCs subject to such Bids is greater than such excess, such Bids shall be considered valid up to and including the amount of such excess and the stated amount of ARCs subject to each Bid with the same rate shall be reduced pro rata to cover the stated amount of ARCs equal to such excess;

(3) subject to subclause (1) and (2) of this clause (B), more than one Bid with different rates is submitted on behalf of such Existing Holder, such Bids shall be considered valid first in the ascending order of their respective rates until the highest rate is reached at which such excess exists and then at such rate up to and including the amount of such excess; and

(4) in any such event, the aggregate principal amount of Outstanding ARCs, if any, subject to Bids not valid under this clause (B) shall be treated as the subject of a Bid by a Potential Holder at the rate therein specified; and

(C) all Sell Orders shall be considered valid up to and including the excess of the principal amount of Outstanding ARCs held by such Existing Holder over the aggregate principal amount of ARCs subject to valid Hold Orders referred to in clause (A) of this paragraph (v) and valid Bids referred to in clause (B) of this paragraph (v).

(vi) If more than one Bid for ARCs is submitted on behalf of any Potential Holder, each Bid submitted shall be a separate Bid with the rate and principal amount therein specified.

(vii) Any Bid or Sell Order submitted by an Existing Holder covering an aggregate principal amount of ARCs not equal to an Authorized Denomination therefor shall be rejected and shall be deemed a Hold Order. Any Bid submitted by a Potential Holder covering an aggregate principal amount of ARCs not equal to an Authorized Denomination therefor shall be rejected.

(viii) Any Bid submitted by an Existing Holder or a Potential Holder specifying a rate lower than the All Hold Rate shall be treated as a Bid specifying the All Hold Rate and any such Bid shall be considered as valid and shall be selected in the ascending order of the respective rates in the Submitted Bids.

(ix) An Existing Holder that offers to purchase additional ARCs is, for purposes of such offer, treated as a Potential Holder.

(x) Any Bid specifying a rate higher than the Maximum Interest Rate will (A) be treated as a Sell Order if submitted by an Existing Holder and (B) not be accepted if submitted by a Potential Holder.

(c) Determination of Sufficient Clearing Bids, Auction Rate and Winning Bid Rate.

(i) Not earlier than the Submission Deadline on each Auction Date, the Auction Agent shall assemble all valid Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to individually as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, or as

a "Submitted Order" and collectively as "Submitted Hold Orders," "Submitted Bids" or "Submitted Sell Orders," as the case may be, or as "Submitted Orders") and shall determine:

(A) the excess of the total principal amount of Outstanding ARCs over the sum of the aggregate principal amount of Outstanding ARCs subject to Submitted Hold Orders (such excess being hereinafter referred to as the "Available ARCs"); and

(B) from such Submitted Orders whether:

(1) the aggregate principal amount of Outstanding ARCs subject to Submitted Bids by Potential Holders specifying one or more rates equal to or lower than the Maximum Rate;

exceeds or is equal to the sum of:

(2) the aggregate principal amount of Outstanding ARCs subject to Submitted Bids by Existing Holders specifying one or more rates higher than the Maximum Rate; and

(3) the aggregate principal amount of Outstanding ARCs subject to Submitted Sell Orders;

(in the event such excess or such equality exists, other than because the sum of the principal amounts of ARCs in subclauses (2) and (3) above is zero because all of the Outstanding ARCs are subject to Submitted Hold Orders, such Submitted Bids in subclause (1) above being hereinafter referred to collectively as "Sufficient Clearing Bids"); and

(C) if Sufficient Clearing Bids have been made, the lowest rate specified in such Submitted Bids (which shall be the "Winning Bid Rate") such that if:

(1) (aa) each such Submitted Bid from Existing Holders specifying such lowest rate and (bb) all other Submitted Bids from Existing Holders specifying lower rates were rejected, thus entitling such Existing Holders to continue to hold the principal amount of ARCs subject to such Submitted Bids; and

(2) (aa) each such Submitted Bid from Potential Holders specifying such lowest rate and (bb) all other Submitted Bids from Potential Holders specifying lower rates were accepted;

the result would be that such Existing Holders described in subclause (1) above would continue to hold an aggregate principal amount of Outstanding ARCs which, when added to the aggregate principal amount of Outstanding ARCs to be

purchased by such Potential Holders described in subclause (2) above, would equal not less than the Available ARCs.

(ii) Promptly after the Auction Agent has made the determinations pursuant to paragraph (i) of this subsection (c), the Auction Agent shall advise the Trustee of the Maximum Rate and the All Hold Rate and the components thereof on the Auction Date and, based on such determinations, the Auction Rate for the next succeeding Interest Period (the "Auction Rate") as follows:

(A) if Sufficient Clearing Bids have been made, that the Auction Rate for the next succeeding Interest Period shall be equal to the Winning Bid Rate so determined;

(B) if Sufficient Clearing Bids have not been made (other than because all of the Outstanding ARCs are subject to Submitted Hold Orders), that the Auction Rate for the next succeeding Interest Period shall be equal to the Maximum Rate; or

(C) if all Outstanding ARCs are subject to Submitted Hold Orders, that the Auction Rate for the next succeeding Interest Period shall be equal to the All Hold Rate.

(d) Acceptance and Rejection of Submitted Bids and Submitted Sell Orders and Allocation of ARCs. Existing Holders shall continue to hold the principal amount of ARCs that are subject to Submitted Hold Orders, and, based on the determinations made pursuant to Section 1.06(c)(i) of this Annex A, Submitted Bids and Submitted Sell Orders shall be accepted or rejected and the Auction Agent shall take such other action as set forth below:

(i) If Sufficient Clearing Bids have been made, all Submitted Sell Orders shall be accepted and, subject to the provisions of paragraph (iv) of this subsection (d), Submitted Bids shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Existing Holders' Submitted Bids specifying any rate that is higher than the Winning Bid Rate shall be accepted, thus requiring each such Existing Holder to sell the aggregate principal amount of ARCs subject to such Submitted Bids;

(B) Existing Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be rejected, thus entitling each such Existing Holder to continue to hold the aggregate principal amount of ARCs subject to such Submitted Bids;

(C) Potential Holders' Submitted Bids specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring such Potential Holder to purchase the aggregate principal amount of ARCs subject to such Submitted Bids;

(D) each Existing Holders' Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be rejected, thus entitling such Existing Holder to continue to hold the aggregate principal amount of ARCs subject to such Submitted Bid, unless the aggregate principal amount of Outstanding ARCs subject to all such Submitted Bids shall be greater than the principal amount of ARCs (the "remaining principal amount") equal to the excess of the Available ARCs over the aggregate principal amount of ARCs subject to Submitted Bids described in clauses (B) and (C) of this paragraph (i), in which event such Submitted Bid of such Existing Holder shall be rejected in part, and such Existing Holder shall be entitled to continue to hold the principal amount of ARCs subject to such Submitted Bid, but only in an amount equal to the aggregate principal amount of ARCs obtained by multiplying the remaining principal amount by a fraction the numerator of which shall be the principal amount of Outstanding ARCs held by such Existing Holder subject to such Submitted Bid and the denominator of which shall be the sum of the principal amount of Outstanding ARCs subject to such Submitted Bids made by all such Existing Holders that specified a rate equal to the Winning Bid Rate; and

(E) each Potential Holder's Submitted Bid specifying a rate that is equal to the Winning Bid Rate shall be accepted but only in an amount equal to the principal amount of ARCs obtained by multiplying the excess of the aggregate principal amount of Available ARCs over the aggregate principal amount of ARCs subject to Submitted Bids described in clauses (B), (C) and (D) of this paragraph (i) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding ARCs subject to such Submitted Bid and the denominator of which shall be the sum of the principal amounts of Outstanding ARCs subject to Submitted Bids made by all such Potential Holders that specified a rate equal to the Winning Bid Rate.

(ii) If Sufficient Clearing Bids have not been made (other than because all of the Outstanding ARCs are subject to Submitted Hold Orders), subject to the provisions of paragraph (iv) of this subsection (d), Submitted Orders shall be accepted or rejected as follows in the following order of priority and all other Submitted Bids shall be rejected:

(A) Existing Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Rate shall be rejected, thus entitling such Existing Holders to continue to hold the aggregate principal amount of ARCs subject to such Submitted Bids;

(B) Potential Holders' Submitted Bids specifying any rate that is equal to or lower than the Maximum Rate shall be accepted, thus requiring each Potential Holder to purchase the aggregate principal amount of ARCs subject to such Submitted Bids; and

(C) each Existing Holder's Submitted Bid specifying any rate that is higher than the Maximum Rate and the Submitted Sell Order of each Existing Holder shall be accepted, thus entitling each Existing Holder that submitted any such Submitted Bid or Submitted Sell Order to sell the ARCs subject to such Submitted Bid or Submitted Sell Order, but in both cases only in an amount equal to the aggregate principal amount of ARCs obtained by multiplying the aggregate principal amount of ARCs subject to Submitted Bids described in clause (B) of this paragraph (ii) by a fraction the numerator of which shall be the aggregate principal amount of Outstanding ARCs held by such Existing Holder subject to such Submitted Bid or Submitted Sell Order and the denominator of which shall be the aggregate principal amount of Outstanding ARCs subject to all such Submitted Bids and Submitted Sell Orders.

(iii) If all Outstanding ARCs are subject to Submitted Hold Orders, all Submitted Bids shall be rejected.

(iv) If, as a result of the procedures described in paragraph (i) or (ii) of this subsection (d), any Existing Holder would be entitled or required to sell, or any Potential Holder would be entitled or required to purchase, a principal amount of ARCs that is not equal to an Authorized Denomination therefor the Auction Agent shall, in such manner as it shall, in its sole discretion, determine, round up or down the principal amount of ARCs to be purchased or sold by any Existing Holder or Potential Holder so that the principal amount of ARCs purchased or sold by each Existing Holder or Potential Holder shall be equal to an Authorized Denomination, even if such allocation results in one or more of such Potential Holders not purchasing any ARCs.

(e) Based on the results of each Auction, the Auction Agent shall determine the aggregate principal amount of ARCs to be purchased and the aggregate principal amount of ARCs to be sold by Potential Holders and Existing Holders on whose behalf each Broker-Dealer submitted Bids or Sell Orders and, with respect to each Broker-Dealer, to the extent that such aggregate principal amount of ARCs to be sold differs from such aggregate principal amount of ARCs to be purchased, determine to which other Broker-Dealer or Broker-Dealers acting for one or more purchasers such Broker-Dealer shall deliver, or from which other Broker-Dealer or Broker-Dealers acting for one or more sellers such Broker-Dealer shall receive, as the case may be, ARCs.

**Section 1.07. Certain Orders Not Permitted.** The Issuing Authority and the Administrator may not submit an Order in any Auction. The Auction Agent shall have no duty or liability in monitoring or enforcing compliance with this Section 1.07.

**Section 1.08. Notice of Payment Defaults and Cures; Payment of Service Charges.**

(a) The Administrator shall pay to the Auction Agent, on behalf of the Holders of the ARCs in same day funds, (i) on the first Business Day of March, June,

September and December, commencing March 1, 2003, an amount equal to the Auction Agent Fee as calculated in the Auction Agency Agreement and (ii) on the first Business Day of March, June, September and December, commencing March 1, 2003, an amount equal to the Broker-Dealer Fee as calculated in the Broker-Dealer Agreement.

(b) By 12:30 p.m. on the Business Day immediately succeeding each Interest Payment Date, the Trustee will determine if a Payment Default has occurred. If a Payment Default has occurred, the Trustee shall notify the Auction Agent and Broker-Dealer by 1:00 p.m. of such Payment Default. If a Payment Default has been cured, the Trustee shall so notify the Auction Agent and the Broker-Dealer by 5:00 p.m. on the day such Payment Default is cured.

**Section 1.09. Calculation of Maximum Rate, All Hold Rate and Default Rate.** The Auction Agent shall calculate the Maximum Interest Rate, the Maximum Rate and the All Hold Rate on each Auction Date. Upon receipt of notice from the Trustee of a failed Fixed Rate conversion or Variable Rate conversion as described in Sections 1.16(e)(ii) and 1.18 of this Annex A, and if the next succeeding Auction Date shall be two or fewer Business Days after (or on) the failed Conversion Date, the Auction Agent shall not hold an Auction on such Auction Date but shall calculate the Maximum Rate as of the first Business Day of the next succeeding Interest Period and give notice thereof as provided and to the parties specified in Section 2.3(c) of the Auction Agency Agreement. If the ownership of the ARCs is no longer maintained in book-entry form by the Depository, the Trustee shall calculate the Maximum Rate on the Business Day immediately preceding the first day of each Interest Period commencing after the delivery of certificates representing the ARCs pursuant to Subsection 1.02(c) of this Annex A. If a Payment Default shall have occurred, the Trustee shall calculate the Default Rate on the first day of (a) each Interest Period commencing after the occurrence and during the continuance of such Payment Default and (b) any Interest Period commencing less than two Business Days after the cure of any Payment Default. The Auction Agent shall determine the "AA" Financial Commercial Paper Rate for each Interest Period other than the first Interest Period; provided, that if the ownership of the ARCs is no longer maintained in book-entry form, or if a Payment Default has occurred, then the Trustee shall determine the "AA" Financial Commercial Paper Rate for each such Interest Period. The determination by the Trustee or the Auction Agent, as the case may be, of the "AA" Financial Commercial Paper Rate shall (in the absence of manifest error) be final and binding upon all parties. If calculated or determined by the Auction Agent, the Auction Agent shall promptly advise the Trustee of the "AA" Financial Commercial Paper Rate.

**Section 1.10. Computation of Interest.** The amount of interest distributable to Holders of ARCs in respect of each \$50,000 in principal amount thereof for any Interest Period or part thereof shall be calculated by applying the Applicable ARCs Rate for such Interest Period or part thereof to the principal amount of \$50,000, multiplying such product by the actual number of days in the Interest Period or part thereof concerned divided by 365 or 366, as applicable, and truncating the resultant figure to the nearest one cent. Interest on the ARCs shall be computed by the Trustee on the basis of a 365-day year for the number of days actually elapsed; except that for any such calculation with respect to an Interest Payment Date occurring after January 1 of any year preceding a leap year through December 31 of such year (being a leap year), such interest (for any day occurring during such period) shall be computed on the basis of

a 366-day year period. In the event an Interest Payment Date occurs in any Interest Period on a date other than the first day of such Interest Period, the Trustee, after confirming the calculation required above, shall calculate the portion of the Interest Amount payable on such Interest Payment Date and the portion payable on the next succeeding Interest Payment Date. The Trustee shall make the calculation required in this Section 1.10 not later than the close of business on each Auction Date.

**Section 1.11. Notification of Rates, Amounts and Payment Dates.**

(a) The Trustee shall determine the aggregate amount of interest distributable on the next succeeding Interest Payment Date to the Holders of the ARCs. So long as the ownership of the ARCs is maintained in book-entry form by the Depository, the Trustee shall advise the Depository of a change of Record Date for the ARCs at least two Business Days prior thereto.

(b) Promptly after the Date of Issue and each Interest Payment Date, and in any event at least 10 days prior to each Interest Payment Date following the Initial Interest Payment Date, the Trustee shall:

(i) so long as no Payment Default has occurred and is continuing and the ownership of the ARCs is maintained in book-entry form by the Depository, confirm the Auction Agent's determination of (A) the date of such next Interest Payment Date and (B) the amount payable to the Auction Agent on each Interest Payment Date pursuant to Section 1.08 hereof and notify the Auction Agent of any discrepancy therein; and

(ii) advise the Depository, so long as the ownership of the ARCs is maintained in book-entry form by the Depository, of the Applicable ARCs Rate and the Interest Amount in respect of the next succeeding Interest Period.

In the event that any day that is scheduled to be an Interest Payment Date shall be changed after the Trustee shall have given the notice referred to in clause (i) of the preceding sentence, not later than 9:15 a.m., New York City time, on the Business Day next preceding the earlier of the new Interest Payment Date or the old Interest Payment Date, the Trustee shall, by such means as the Trustee deems practicable, give notice of such change to the Auction Agent, so long as no Payment Default has occurred and is continuing and the ownership of the ARCs is maintained in book-entry form by the Depository.

**Section 1.12. Adjustment in Percentages.**

(a) The Market Agent shall adjust the percentage used in determining the All Hold Rate, the Applicable Percentage used in determining the Maximum Rate and the Applicable Percentage of the Kenny Index used in determining the Default Rate, if any such adjustment is necessary, in the judgment of the Market Agent, to reflect any Change of Preference Law such that ARCs paying the Maximum Rate, ARCs paying the All Hold Rate and ARCs paying the Default Rate shall have, respectively, equal market values before and after such Change of Preference Law. Prior to any such adjustment, the Administrator on behalf of the Issuing Authority shall give notice thereof to the

Rating Agency, and no such adjustment shall be made unless such adjustment will not adversely affect the Rating on any series of the Series 2002 Bonds and any other Bonds Outstanding under the Indenture. In making any such adjustment, the Market Agent shall take the following factors, as in existence both before and after such Change of Preference Law, into account:

- (i) short-term taxable and tax-exempt market rates and indices of such short-term rates;
- (ii) the market supply and demand for short-term tax-exempt securities;
- (iii) yield curves for short-term and long-term tax-exempt securities or obligations having a credit rating that is comparable to the ARCs;
- (iv) general economic conditions; and
- (v) economic and financial factors present in the securities industry that may affect or that may be relevant to the ARCs.

(b) The Market Agent shall effectuate an adjustment in the percentage used in determining the All Hold Rate, the Applicable Percentage used in determining the Maximum Rate and the Applicable Percentage of the Kenny Index used to determine the Default Rate pursuant to subsection (a) of this Section 1.12 by delivering to the Administrator, the Trustee and the Auction Agent at least 10 days prior to the Auction Date on which the Market Agent desires to effect such change a Favorable Opinion and a certificate in substantially the form attached as Exhibit D to this First Supplemental Indenture, authorizing the adjustment of the percentage used in determining the All Hold Rate, the Applicable Percentage used in determining the Maximum Rate and the Applicable Percentage of the Kenny Index used to determine the Default Rate, which shall be specified in such certificate.

**Section 1.13. Market Agent.** The Trustee shall enter into a Market Agent Agreement with UBS PaineWebber Inc., as the initial Market Agent. The Market Agent shall serve as such under the terms and provisions hereof and of the Market Agent Agreement. The Market Agent, including any successor appointed pursuant hereto, shall be a member of the National Association of Securities Dealers, Inc. having capitalization of at least \$25,000,000, and be authorized by law to perform all the duties imposed upon it by this First Supplemental Indenture and the Market Agent Agreement. The Market Agent may be removed at any time by the Trustee, acting at the direction of the Issuing Authority, the Administrator or the Holders of 66-2/3% of the aggregate principal amount of the ARCs, provided, that such removal shall not take effect until the appointment of a successor Market Agent. The Market Agent may resign upon 30 days' written notice delivered to the Issuing Authority, the Administrator and the Trustee. The Issuing Authority shall use its best efforts to appoint a successor Market Agent that is a qualified institution, effective as of the effectiveness of any such resignation or removal. Notwithstanding that the Market Agent is the agent of the Trustee under the Market Agent Agreement, the Trustee shall not be liable in any way for any action taken, suffered, omitted, or

for any error of judgment made by the Market Agent, whether in the performance of its duties under the Market Agent Agreement or otherwise.

#### **Section 1.14. Auction Agent.**

(a) Deutsche Bank Trust Company Americas, New York, New York, shall serve as the initial Auction Agent for the ARCs. The Trustee is hereby directed to enter into an agreement with the Auction Agent. The Auction Agent shall be (i) a bank or trust company duly organized under the laws of the United States of America or any state or territory thereof having its principal place of business in the Borough of Manhattan, The City of New York, and having a combined capital stock, surplus and undivided profits of at least \$40,000,000 or (ii) a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$40,000,000 and, in either case, authorized by law to perform all the duties imposed upon it hereunder and under the Auction Agency Agreement. The Auction Agent may resign and be discharged of the duties and obligations created by this First Supplemental Indenture by giving at least 90 days' written notice to the Administrator, the Trustee and the Market Agent (30 days' written notice if the Auction Agent has not been paid its fee for more than 30 days). The Auction Agent may be removed at any time by the Trustee if the Auction Agent is an entity other than the Trustee, acting at the direction of the Issuing Authority, the Administrator or the Holders of 66-2/3% of the aggregate principal amount of the ARCs, by an instrument signed by the Trustee and filed with the Auction Agent, the Issuing Authority, the Administrator and the Market Agent upon at least 90 days' notice; provided that, if required by the Market Agent, an agreement in substantially the form of the Auction Agency Agreement shall be entered into with a successor Auction Agent. If the Auction Agent and the Trustee are the same entity, the Auction Agent may be removed as described above, with the Administrator acting in lieu of the Trustee.

(b) In the event that the Auction Agent shall resign or be removed or dissolved, or if the property or affairs of the Auction Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, the Issuing Authority shall use its best efforts to appoint a successor as Auction Agent, and the Trustee shall thereupon enter into an Auction Agency Agreement with such successor.

(c) The Auction Agent shall be acting as agent for the Trustee and the Issuing Authority in connection with Auctions. In the absence of bad faith or negligence on its part, the Auction Agent shall not be liable for any action taken, suffered or omitted or for any error of judgment made by it in the performance of its duties under the Auction Agency Agreement and shall not be liable for any error of judgment made in good faith unless the Auction Agent shall have been negligent in ascertaining (or failing to ascertain) the pertinent facts necessary to make such judgment. The Trustee shall not be liable in any way for action taken, suffered or omitted, or for any error of judgment made by the Auction Agent, whether in the performance of its duties under the Auction Agency Agreement or otherwise.

(d) Notwithstanding that the Auction Agent is the agent of the Trustee hereunder and under the Auction Agency Agreement, the Trustee shall not be liable in any way for any action taken, suffered or omitted, or for any error of judgment made by the Auction Agent, whether in the performance of its duties under the Auction Agency Agreement or otherwise, subject to Section 3.04(b) of the Auction Agency Agreement.

**Section 1.15. Broker-Dealers.**

(a) The Auction Agent shall enter into a Broker Dealer Agreement with each of UBS PaineWebber Inc. and RBC Dain Rauscher Inc., as the initial Broker-Dealers. The Market Agent may from time to time approve one or more additional persons to serve as Broker-Dealers under separate Broker-Dealer Agreements.

(b) Any Broker-Dealer may be removed at any time, at the request of an Authorized Signatory, but there shall, at all times, be at least one Broker-Dealer appointed and acting as such.

**Section 1.16. Fixed Rate Conversion or Variable Rate Conversion at Option of the Administrator.** The ARCs may be converted to bear interest at a Fixed Rate to their final maturity or may be converted to bear interest at a Variable Rate upon the delivery by the Administrator on behalf of the Issuing Authority to the Trustee of a Favorable Opinion. On any Fixed Rate Conversion Date or Variable Rate Conversion Date, the series of the Series 2002 Bonds shall continue as Senior Bonds. Any such conversion shall be made as follows:

(a) the Administrator shall confirm the appointment of each of UBS PaineWebber Inc. and/or RBC Dain Rauscher Inc. as Remarketing Agents, or the Issuing Authority shall otherwise select and appoint a qualified Remarketing Agent.

(b) the Administrator shall give written notice of any such conversion and shall specify the proposed Fixed Rate Conversion Date or Variable Rate Conversion Date to the Trustee, the Auction Agent, the Remarketing Agent, Moody's (if the ARCs are then rated by Moody's), S&P (if the ARCs are then rated by S&P) and Fitch (if the ARCs are then rated by Fitch) not fewer than 20 days prior to the proposed Conversion Date. The Conversion Date shall be the Business Day next succeeding the last day of the applicable Interest Period. No such conversion shall occur unless the Administrator and the Trustee have received a Rating Confirmation.

(c) After conversion of the ARCs to a Fixed Rate or a Variable Rate, the series of the Series 2002 Bonds shall continue to mature on September 1, 2037, subject to redemption pursuant to Section 3.01 of this First Supplemental Indenture. Notwithstanding the foregoing, the Administrator may, upon receipt of a Favorable Opinion, establish a different principal repayment schedule for a series of the Series 2002 Bonds upon conversion to a Fixed Rate or a Variable Rate. In such case, a projected repayment schedule shall be communicated by an Authorized Signatory of the Issuing Authority or the Administrator to the Trustee and the Remarketing Agent not later than 15 days prior to the Fixed Rate Conversion Date or the Variable Rate Conversion Date, as the case may be. A final repayment schedule shall be communicated by an Authorized

Signatory of the Issuing Authority or the Administrator to the Trustee and the Remarketing Agent not later than 4:00 P.M. on the date the Fixed Rate or Rates or Variable Rates are determined as provided in subsection (e) of this Section 1.16.

Upon provision of a Favorable Opinion the Remarketing Agent may establish more than one Fixed Rate to apply to the ARCs, in accordance with the provisions of this Section 1.16, taking into account the scheduled maturity date or dates to be assigned to such a series of the Series 2002 Bonds being converted.

(d) Not later than the 15th day preceding the Fixed Rate Conversion Date or Variable Rate Conversion Date, notice of the conversion shall be given by first-class mail by the Trustee to the Auction Agent and the Holders of the series of the Series 2002 Bonds being converted. Such notice shall inform the Auction Agent and the Holders of:

(i) the proposed Fixed Rate Conversion Date or Variable Rate Conversion Date;

(ii) the conditions to the conversion pursuant to Section 1.16(e)(ii) of this Annex A; and

(iii) the matters required to be stated pursuant to Section 1.17(b) of this Annex A with respect to mandatory tender and purchases of a series of the Series 2002 Bonds governed by such Section.

(e) (i) Not later than seven days immediately preceding the Fixed Rate Conversion Date or the Variable Rate Conversion Date, the Remarketing Agent shall preliminarily determine the Fixed Rate or Rates or Variable Rate and shall, not later than 2:00 P.M., notify the Trustee and the Administrator of such rate or rates by telephone (promptly confirmed in writing), telegram, telecopy, telex or other similar means of communication, but such Fixed Rate or Rates or Variable Rate shall not be considered to be conclusively determined unless approved in writing by an Authorized Signatory of the Issuing Authority and unless the Administrator has determined and communicated a final repayment schedule for the series of the Series 2002 Bonds as provided in subsection (c) of this Section 1.16 of this Annex A and such repayment schedule has been approved in writing by the Remarketing Agent. The Fixed Rate or Rates for the series of the Series 2002 Bonds shall be the minimum rate or rates of interest to be borne by such series of the Series 2002 Bonds to their respective maturities which, in the judgment of the Remarketing Agent as of the date of determination and under Prevailing Market Conditions, would cause the series of the Series 2002 Bonds to have a market value equal to the principal amount thereof on the Fixed Rate Conversion Date and shall not exceed the then applicable Maximum Interest Rate for such series of the Series 2002 Bonds set forth herein. The rate of interest for a series of the Series 2002 Bonds to bear interest at a Variable Rate shall be determined in accordance with Section 1.4 of Annex B hereto. Promptly after the date of determination, the Trustee shall give notice of the Fixed Rate or Rates or Variable Rate to the Issuing Authority, the Administrator, the Auction Agent and

Moody's (if such a series of the Series 2002 Bonds are then rated by Moody's), S&P (if such a series of the Series 2002 Bonds are then rated by S&P) and Fitch (if such a series of the Series 2002 Bonds are then rated by Fitch).

(ii) As of the Fixed Rate Conversion Date or the Variable Rate Conversion Date, sufficient funds shall, not later than 12:00 Noon, be available to purchase all Series 2002 Bonds of a series pursuant to Section 1.17 of this Annex A. If this condition is not met for any reason, or if the Favorable Opinion is not received by the Trustee, the Issuing Authority and the Administrator, the conversion shall not be effective, the series of the Series 2002 Bonds so being converted shall continue to be Outstanding as ARCs, the Trustee shall, not later than 4:00 P.M., provide notice of the failed conversion to the Auction Agent, the Paying Agent, and the Holders of the series of the Series 2002 Bonds. The ARCs that were the subject of the failed conversion shall thereupon bear interest at the Applicable ARCs Rate for the balance of the Interest Period then applicable thereto (without regard to the attempted conversion), if any, and shall bear interest for the next succeeding Interest Period at (A) the Applicable ARCs Rate determined in accordance with the Auction Procedures (subject to Section 1.04 hereof) if the next succeeding Auction Date occurs more than two Business Days after the failed Conversion Date, or (B) the Maximum Rate, determined by the Auction Agent as provided in Section 1.09 of this Annex A, if the next succeeding Auction Date occurs two or fewer Business Days after (or on) such failed Conversion Date.

(f) The determination of the Fixed Rate or Rates or Variable Rate for the ARCs subject to conversion pursuant to this Section 1.16 of this Annex A shall be conclusive and binding upon the Issuing Authority, the Administrator, the Trustee, the Paying Agent and the respective Holders of such ARCs. The Issuing Authority, the Administrator, the Trustee, the Auction Agent and the Remarketing Agent shall not be liable to any Holders for failure to give any notice required above or for failure of any Holders to receive any such notice.

(g) The Issuing Authority and the Administrator, upon the advice of the Remarketing Agent and delivery of a Favorable Opinion, may amend this First Supplemental Indenture and a series of the Series 2002 Bonds to modify the provisions for optional redemption of such series of the Series 2002 Bonds upon conversion set forth in Section 2.5 of this First Supplemental Indenture which would be otherwise applicable to the series of the Series 2002 Bonds after the Fixed Rate Conversion Date.

(h) Any conversion to a Variable Rate on a Variable Rate Conversion Date shall result in an Interest Period on a series of the Series 2002 Bonds bearing interest at a Variable Rate (as defined in Annex B hereto) of one year or less.

The provisions of this Section 1.16 shall apply to each series of the Series 2002 Bonds separately. The conversion of one series of the Series 2002 Bonds shall not be contingent upon the conversion of any other series unless the Issuing Authority so elects.

**Section 1.17. Mandatory Tender Upon Conversion; Certain Notices.**

(a) ***Mandatory Tender Upon Conversion.*** A series of the Series 2002 Bonds to be converted to bear interest at a Fixed Rate or a Variable Rate pursuant to Section 1.16 of this Annex A shall be subject to mandatory tender for purchase on the Conversion Date, at a price equal to the principal amount thereof, plus accrued interest, if any, to the Conversion Date.

(b) ***Notice to Holders.*** Any notice of conversion given to Holders pursuant to Section 1.16(d) of this Annex A shall, in addition to the requirements of such Section, specify that all Outstanding Series 2002 Bonds of such series subject to such conversion are subject to mandatory tender pursuant to the provisions thereof and of this First Supplemental Indenture and will be purchased on the Conversion Date by payment of a purchase price equal to the principal amount thereof plus accrued interest, if any, to the Conversion Date.

(c) ***Remarketing.*** Upon receipt of notice of the Fixed Rate Conversion Date or the Variable Rate Conversion Date from the Administrator pursuant to Section 1.16(b) of this Annex A, the Trustee shall notify the Remarketing Agent, the Issuing Authority, the Administrator and the Paying Agent of the principal amount of the series of the Series 2002 Bonds required to be tendered for purchase on the Conversion Date. Upon receipt of such notice, the Remarketing Agent shall use its best efforts to find purchasers for and arrange for the sale of all the Series 2002 Bonds of such series required to be tendered for purchase. The terms of any sale arranged by the Remarketing Agent shall provide for the payment of the purchase price of the series of the Series 2002 Bonds to the Trustee, or its designated agent, in immediately available funds at or before 10:00 A.M. on the purchase date.

(d) ***Certain Notices by Trustee, Remarketing Agent and Tender Agent.*** Subject to the provisions of subsection (c) of this Section 1.17, the following notices shall be given in connection with a conversion to Fixed Rates or Variable Rates pursuant to Section 1.16 of this Annex A:

(i) ***Notices by Remarketing Agent and Trustee of Series 2002 Bonds not Remarketed.*** Not later than 12:00 Noon on this Third day immediately preceding the Conversion Date, the Remarketing Agent shall give notice by telephone, telegram, teletype or other similar communication to the Trustee of the principal amount of Series 2002 Bonds required to be tendered for purchase which have not been remarketed as of such date.

Not later than the close of business on the date of receipt of such notice the Trustee shall give notice thereof by telephone, telegram, teletype or other similar communication to the Issuing Authority and the Administrator.

(ii) ***Notice by Trustee of the Series 2002 Bonds Subject to Mandatory Tender.*** Before 11:00 A. M. on the Business Day next preceding the Conversion

Date, the Trustee shall give notice to the Paying Agent, the Issuing Authority, the Administrator and the Remarketing Agent as to the aggregate purchase price of the Series 2002 Bonds required to be tendered for purchase which is required to be deposited by the Remarketing Agent into the Remarketing Proceeds Fund pursuant to subsection (e) of this Section 1.17 in the event all such Series 2002 Bonds are successfully remarketed by the Remarketing Agent.

(iii) *Notices by Remarketing Agent and Trustee of Remarketed Series 2002 Bonds.* At or before 12:00 noon on the Business Day immediately preceding the Conversion Date, the Remarketing Agent shall give notice by telephone, telegram, teletype, telex or other similar communication to the Trustee, of the names, addresses and taxpayer identification numbers of the purchasers, and the principal amounts and denominations, of the Series 2002 Bonds to be sold on the Conversion Date, the purchase price at which the Series 2002 Bonds are to be sold and their date of sale and the principal amount of a series of the Series 2002 Bonds, if any, which have not been remarketed.

Upon receipt of any notice pursuant to the preceding paragraph, the Trustee shall on or prior to 2:30 p.m. on the date of receipt of such notice, give notice thereof by telephone, telegram, teletype, telex or other similar communication to the Paying Agent and the Trustee or Authenticating Agent.

(iv) *Trustee's Notice of Insufficiency of Payments Required for Conversion.* If, by 12:00 noon on the Conversion Date, the Trustee shall not have received sufficient moneys from the Remarketing Agent which, together with any other available funds, would be sufficient to purchase all the Series 2002 Bonds being converted pursuant to subsection (f) of this Section 1.17, the conversion shall not be effective and the Trustee and Auction Agent shall provide such notices and take such actions as are required in Sections 1.16(e)(ii) and 1.18 of this Annex A.

(e) *Payments of Remarketing Proceeds.* The Remarketing Agent shall cause to be paid to the Trustee by 12:00 noon on any Conversion Date, all amounts then held by the Remarketing Agent representing proceeds of the remarketing of the Series 2002 Bonds of such series, such payment to be made in the manner specified in subsection (c) of this Section 1.17. All such remarketing proceeds received by the Trustee shall be deposited in the Remarketing Proceeds Fund for such series of the Series 2002 Bonds, which Fund shall be established by the Trustee without further authorization or direction.

(f) *Payments of Purchase Price by Trustee.* On any Conversion Date, the Trustee shall pay the purchase price of the Series 2002 Bonds required to be tendered for purchase, surrendered as provided in subsection (h) of this Section 1.17 hereof properly endorsed for transfer in blank with all signatures guaranteed, to the selling Holders thereof on or before 3:00 p.m. Such payments shall be made in immediately available funds, but solely from moneys in the Remarketing Proceeds Fund representing proceeds of the remarketing of the Series 2002 Bonds, pursuant to subsection (c) of this Section 1.17, to any Person other than the Administrator, and neither the Administrator the

Trustee, the Paying Agent nor the Remarketing Agent shall have any obligation to use funds from any other source.

(g) **Registration and Delivery of Tendered or Purchased Series 2002 Bonds.** Upon receipt of notice from the Trustee pursuant to subsection (d)(iii) of this Section 1.17, the Trustee or Authenticating Agent shall register and authenticate and as promptly thereafter as practicable the Trustee or Authenticating Agent shall deliver the Series 2002 Bonds remarketed by the Remarketing Agent to the Remarketing Agent or the purchasers thereof in accordance with the instructions of the Remarketing Agent.

(h) **Delivery of the Series 2002 Bonds; Effect of Failure to Surrender the Series 2002 Bonds.** All of the Series 2002 Bonds of a series to be purchased on any Conversion Date shall be required to be delivered to the designated office of the Trustee, or its designated agent for such purposes, at or before 12:00 noon on such date. If the Holder of any such Series 2002 Bond that is subject to purchase pursuant to this Section 1.17 fails to deliver such Series 2002 Bond to the Trustee, or its designated agent for such purposes, for purchase on the purchase date, and if the Trustee, or its designated agent for such purposes, is in receipt of the purchase price therefor, such Series 2002 Bond shall nevertheless be deemed tendered and purchased on the Conversion Date and shall be an Undelivered Series 2002 Bond pursuant to Section 1.20 of this Annex A and registration of the ownership of such Series 2002 Bond shall be transferred to the purchaser thereof as provided in subsection (g) of this Section 1.17 and Section 1.20 of this Annex A. The Trustee shall, as to any Undelivered Series 2002 Bonds, (i) promptly notify the Remarketing Agent, the Auction Agent, the Paying Agent and the Trustee or Authenticating Agent of such non-delivery and (ii) the Trustee or Authenticating Agent shall place a stop transfer against an appropriate amount of the Series 2002 Bonds registered in the name of the Holder(s) on the books of registry for the Series 2002 Bonds (the "Series 2002 Bond Register"). The Trustee or Authenticating Agent shall place such stop transfer(s) commencing with the lowest serial number of the Series 2002 Bond registered in the name of such Holder(s) (until stop transfers have been placed against an appropriate amount of the Series 2002 Bonds) until the appropriate tendered Series 2002 Bonds are delivered to the Trustee, or its designated agent. Upon such delivery, the Trustee or Authenticating Agent shall make any necessary adjustments to the Series 2002 Bond Register. Pending delivery of such tendered a series of the Series 2002 Bonds, the Trustee, or its designated agent, shall hold the purchase price therefor uninvested in a segregated subaccount for the benefit of such Holders.

**Section 1.18. Inadequate Funds for Tenders; Failed Conversion.** If the funds available for purchases of a series of the Series 2002 Bonds are inadequate for the purchase of all the Series 2002 Bonds of such series tendered on any Conversion Date, or if a proposed conversion to a Fixed Rate or a Variable Rate otherwise fails as provided in Section 1.16(e)(ii) of this Annex A, the Trustee shall: (a) return all tendered Series 2002 Bonds of such series to the Holders thereof; (b) return all moneys received for the purchase of such a series of the Series 2002 Bonds to the persons providing such moneys; and (c) notify the Issuing Authority, the Administrator, the Auction Agent, the Remarketing Agent and the Paying Agent of the return of such series of the Series 2002 Bonds and moneys and the failure to make payment for tendered Series 2002 Bonds of such series. After any such failed conversion the

series of the Series 2002 Bonds subject to the failed conversion shall remain Outstanding as ARCs, Auctions shall be conducted beginning on the first Auction Date occurring more than two Business Days after the failed Conversion Date, and interest payable thereon shall be determined and paid according to this First Supplemental Indenture.

**Section 1.19. No Tender Purchases On Redemption Date.** A series of the Series 2002 Bonds (or portions thereof) called for redemption shall not be subject to tender and purchase on the redemption date thereof.

**Section 1.20. Undelivered Series 2002 Bonds.** Any Series 2002 Bonds which are required to be tendered on a Conversion Date and that are not delivered on the Conversion Date, and for the payment of which there has been irrevocably held in trust in a segregated subaccount for the benefit of such Holder an amount of money sufficient to pay the purchase price, including any accrued interest due to (but not after) such purchase date with respect to such Series 2002 Bonds, shall be deemed to have been purchased pursuant to this Section 1.20, and shall be Undelivered Series 2002 Bonds. In the event of a failure by a Series 2002 Bondholder to tender its Series 2002 Bonds on or prior to the required date, said Holder of such Undelivered Series 2002 Bonds shall not be entitled to any payment other than the purchase price due on the purchase date and Undelivered Series 2002 Bonds in the hands of such non-delivering Series 2002 Bond owner shall no longer accrue interest or be entitled to the benefits of the Indenture, except for the payment of the purchase price due on the purchase date; provided, however, that the indebtedness represented by such Series 2002 Bonds shall not be extinguished, and the Paying Agent and Trustee or Authenticating Agent shall transfer, authenticate and deliver such Series 2002 Bonds as provided below. The Paying Agent shall give telephonic notice to the Trustee and the Trustee or Authenticating Agent, promptly confirmed by mail, of all Undelivered Series 2002 Bonds.

With respect to any Undelivered Series 2002 Bond, the Paying Agent, acting hereunder and pursuant to the power of attorney granted by such Series 2002 Bondholder by such Holder's purchase of ARCs, shall do or cause the Trustee or Authenticating Agent to do the following:

- (a) assign, endorse, and register the transfer of such a series of the Series 2002 Bond to the purchaser or purchasers thereof;
- (b) authenticate and deliver a new Series 2002 Bond or Series 2002 Bonds, as appropriate, to the purchaser or purchasers thereof;
- (c) execute an acknowledgement that the Holder of Undelivered Series 2002 Bonds holds such Undelivered Series 2002 Bond for the benefit of the new purchaser or purchasers thereof, who shall be identified in such acknowledgement;
- (d) promptly notify by first-class mail the Holder of such Undelivered Series 2002 Bond that:
  - (i) the Paying Agent has acted pursuant to such power of attorney to transfer the Undelivered Series 2002 Bond and to perform the other acts set forth in this Section;

(ii) the Undelivered Series 2002 Bond is no longer Outstanding; and

(iii) funds equal to the applicable purchase price for such Series 2002 Bond are being held on behalf of such Holder, without interest, in the segregated subaccount established for such purpose by and with the Trustee.

(e) enter on the Series 2002 Bond Register that the Undelivered Series 2002 Bond is no longer Outstanding; and

(f) subject to the other provisions of the Indenture, hold the purchase price for such Series 2002 Bond in the subaccount established for such purpose, without interest, and pay such purchase price and any unpaid interest due on the purchase date to such Holder upon presentation of the certificate representing the Undelivered Series 2002 Bond. The Series 2002 Bonds presented on or before 12:00 noon on any Business Day are to be paid on or before the close of business on that day.

Prior Holders of Series 2002 Bonds purchased or deemed purchased pursuant to this First Supplemental Indenture shall not be entitled to interest thereon which accrues on and after the related purchase date, provided moneys are on hand in the subaccount established therefor to pay the purchase price and any unpaid interest due on the purchase date.

**Section 1.21. Redemption of the Series 2002 Bonds.** While Outstanding as ARCs, the Series 2002 Bonds of a series shall be subject to redemption prior to maturity as provided in Section 3.01 of this First Supplemental Indenture.

**Section 1.22. Changes in Auction Periods or Auction Date.**

**(a) Changes in Auction Period or Periods.**

(i) While any of the Series 2002 Bonds are Outstanding as ARCs, the Market Agent:

(A) in order to conform with then current market practice with respect to similar securities, shall; and

(B) in order to accommodate economic and financial factors that may affect or be relevant to the length of the Auction Period and the interest rate borne by the ARCs and upon receipt of a Favorable Opinion and with the written consent of an Authorized Signatory of the Administrator, may,

change, from time to time, the length of one or more Auction Periods. In connection with any such change, or otherwise, but for the same stated purpose, the Market Agent:

(A) in order to conform with then current market practice with respect to similar securities, shall; and

(B) with the written consent of an Authorized Signatory of the Administrator, may,

in each case upon receipt of a Favorable Opinion, change Interest Payment Dates to or from semiannual payments on March 1 and September 1 of each year or to or from Interest Payment Dates specified in the notice described below corresponding to the end of each Interest Period and Auction Period; any such change shall be considered a "change in the length of one or more Auction Periods" for purposes of this First Supplemental Indenture. An Authorized Signatory of the Administrator, on behalf of the Issuing Authority, shall not consent to such change in the length of the Auction Period, if such consent is required above, unless he or she shall have received from the Market Agent not less than three days nor more than 20 days prior to the effective date of such change a written request for consent together with a certificate demonstrating the need for change in reliance on such factors. The Market Agent shall initiate the change in the length of one or more Auction Periods by giving written notice to the Trustee, the Auction Agent, the Issuing Authority, the Administrator and the Depository in substantially the form of, or containing substantially the information contained in, Exhibit E to this First Supplemental Indenture at least 10 days prior to the Auction Date for such Auction Period.

(ii) Any such changed Auction Period shall not be less than 7 days. No change in Auction Period from an Auction Period of one year or less to an Auction Period of more than one year shall occur unless there shall have been delivered to the Trustee a Favorable Opinion; and no change in Auction Period from an Auction Period of more than one year to an Auction Period of one year or less shall occur unless there shall have been delivered to the Trustee a Favorable Opinion.

(iii) The change in the length of one or more Auction Periods shall not be allowed unless Sufficient Clearing Bids existed at both the Auction before the date on which the notice of the proposed change was given as provided in this Section 1.22(a) and the Auction immediately preceding the proposed change.

(iv) The change in length of one or more Auction Periods shall take effect only if (A) the Trustee and the Auction Agent receive, by 11:00 a.m. on the Business Day before the Auction Date for the first such Auction Period, a certificate from the Market Agent in substantially the form attached as, or containing substantially the same information contained in, Exhibit F to this First Supplemental Indenture, authorizing the change in the length of one or more Auction Periods specified in such certificate and (B) Sufficient Clearing Bids exist at the Auction on the Auction Date for such first Auction Period. If the condition referred to in (A) above is not met, the Applicable ARCs Rate for the next Auction Period shall be determined pursuant to the Auction Procedures and the Auction Period shall be the Auction Period determined without reference to the proposed change. If the condition referred to in (A) is met but the condition referred to in (B) above is not met, the Applicable ARCs Rate for the next

Auction Period shall be the Maximum Rate and the Auction Period shall be the Auction Period determined without reference to the proposed change.

(b) **Changes in the Auction Date.** While any series of the Series 2002 Bonds are Outstanding as ARCs, the Market Agent:

(i) in order to conform with then current market practice with respect to similar securities, shall; and

(ii) in order to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne on the ARCs and upon receipt of a Favorable Opinion and with the written consent of an Authorized Signatory of the Administrator, may

specify an earlier Auction Date (but in no event more than five Business Days earlier) than the Auction Date that would otherwise be determined in accordance with the definition of "Auction Date" in Section 1.01 of this Annex A with respect to one or more specified Auction Periods. An Authorized Signatory of the Administrator, on behalf of the Issuing Authority, shall not consent to such change in the Auction Date, if such consent is required in subparagraph (b)(ii) above, unless he or she shall have received from the Market Agent not less than three days nor more than 20 days prior to the effective date of such change a written request for consent together within a certificate demonstrating the need for change in reliance on such factors. The Market Agent shall provide notice of any determination to specify an earlier Auction Date for one or more Auction Periods by means of a written notice delivered at least 10 days prior to the proposed changed Auction Date to the Trustee, the Auction Agent, the Administrator and the Depository. Such notice shall be substantially in the form of, or contain substantially the information contained in, Exhibit G to this First Supplemental Indenture.

(c) In connection with any change described in this Section 1.22, the Auction Agent shall provide such further notice to such parties as is specified in Section 2.5 of the Auction Agency Agreement.

(d) No change shall be made to the Auction Period or Auction Date unless the Administrator and the Trustee shall have received a Rating Confirmation.

**Section 1.23. Disruption in Auction Procedures.** Notwithstanding any provision in the Indenture to the contrary, if an Auction with respect to the Series 2002 Bonds outstanding as auction rate certificates is scheduled to occur for the succeeding Interest Period on a day that was reasonably expected to be a Business Day, but such Auction does not occur because such date is later not considered to be a Business Day, the Auction shall, nevertheless be deemed to have occurred, and the applicable Auction Rate in effect for the next Interest Period will be the Auction Rate in effect for the preceding Interest Period and such Interest Period will generally be 35 days in duration, beginning on the calendar day following the date of the deemed Auction and ending on (and including) the applicable Auction Date (unless that Auction Date is

not followed by a Business Day, in which case on the next succeeding day that is followed by a Business Day). If the preceding Interest Period was other than generally 35 days in duration, the Auction Rate for the deemed Auction will instead be the rate of interest determined by the Market Agent on equivalently rated auction securities with a comparable length of auction period.

**Section 1.24. Credit Ratings.** The Issuing Authority and the Administrator shall take all reasonable action necessary to enable at least one nationally recognized statistical rating organization (as that term is used in the rules and regulations of the SEC under the Securities Exchange Act) to provide credit ratings for the ARCs.

**Section 1.25. Notices.**

(a) The Market Agent shall provide the Trustee and, so long as no default under the Indenture has occurred and is continuing and the ownership of the ARCs is maintained in book-entry form by the Depository, the Auction Agent with notice of any change in the Statutory Corporate Tax Rate.

(b) The Administrator shall use its best efforts to provide the Trustee and, so long as no Payment Default has occurred and is continuing and the ownership of the ARCs is maintained in book-entry form by the Depository, the Auction Agent with notice of any change in the Maximum Interest Rate.

**Section 1.26. Purchases of ARCs.** The Issuing Authority and the Administrator shall not purchase or otherwise acquire ARCs unless such ARCs are redeemed or cancelled on the day of any purchase.

**Section 1.27. Notice of Payment Default.**

(a) If the Administrator determines that a Payment Default has occurred, the Administrator shall promptly notify the Trustee thereof.

(b) So long as the ownership of the ARCs is maintained in book-entry form by the Depository, upon the occurrence of a Payment Default the Trustee shall immediately send a notice thereof to the Auction Agent and Market Agent by telecopy or similar means.

(c) So long as the ownership of the ARCs is maintained in book-entry form by the Depository, the Trustee shall immediately send notice to the Auction Agent by telecopy or similar means if a Payment Default is cured.