

LEHMAN BROTHERS

Execution Copy

December 17, 2003

CONFIRMATION

INSURED TRANSACTION

Dormitory Authority of the State of New York
515 Broadway
Albany, New York 12207

Global Deal ID: 432379
Risk Mngmt. ID: 613633D

Ladies and Gentlemen:

The purpose of this letter agreement (this "Confirmation") is to confirm the terms and conditions of the Transaction entered into between Lehman Brothers Derivative Products Inc. ("Party A") and Dormitory Authority of the State of New York ("Party B") on the Trade Date referred to below. This Transaction constitutes an "Insured Transaction" as defined in the Master Agreement specified below and it is therefore subject to the special provisions of the Master Agreement which apply to Insured Transactions.

The definitions and provisions contained in the 2000 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) (the "Definitions"), are incorporated into this Confirmation. In the event of any inconsistency between those definitions and provisions and this Confirmation, this Confirmation will govern.

1. This Confirmation shall supplement, form a part of, and be subject to, the Master Agreement, dated as of December 17, 2003 (including the Schedule thereto, the "Agreement"), between Party A and Party B and insured by Financial Security Assurance Inc. All provisions contained in such Agreement will govern this Confirmation except as expressly modified below.

2. The terms of the Transaction to which this Confirmation relates are as follows:

Notional Amount:	\$119,450,000, reducing on the dates and in the amounts set forth in Annex I hereto.
Trade Date:	December 17, 2003
Effective Date:	January 8, 2004
Termination Date:	February 15, 2021

FIXED AMOUNTS:

Fixed Rate Payer:	Party B
Fixed Rate Payer Payment Dates:	Semiannually on each February 15 and August 15, commencing on August 15, 2004 and terminating on the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.
Fixed Rate Payer Period End Dates:	Semiannually on each February 15 and August 15, commencing on August 15, 2004 and terminating on the Termination Date. No Adjustment shall apply to Period End Dates.
Fixed Rate:	3.091%
Fixed Rate Day Count Fraction:	30/360

FLOATING AMOUNTS:

Floating Rate Payer:	Party A
Floating Rate Payer Payment Dates:	Monthly on the fifteenth (15 th) of each calendar month, commencing on February 15, 2004 and terminating on the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.
Floating Rate Payer Period End Dates:	Monthly on the fifteenth (15 th) of each calendar month, commencing on February 15, 2004 and terminating on the Termination Date. No Adjustment shall apply to Period End Dates.
Floating Rate Option:	65% of USD-LIBOR-BBA
Designated Maturity:	One month
Floating Rate Day Count Fraction:	Actual/Actual
Floating Rate Reset Dates:	The Effective Date and each Friday thereafter commencing on January 16, 2004. Notwithstanding the definition of USD-LIBOR-BBA set forth in the Definitions, the applicable USD-LIBOR-BBA for each Reset Date shall be the rate published one (1) London Business Day prior to such Reset Date; provided further however, that with respect to the first Reset Date the applicable USD-LIBOR-BBA for such Reset Date shall be the rate published on the Effective Date.
Floating Rate Method of Averaging:	Weighted
Business Days:	New York

3. **Issuance of Bonds.** Notwithstanding anything contained herein or in the Agreement to the contrary, the parties shall have no rights or obligations with respect to this Transaction, and the

representations of the parties contained herein (other than the representation being made in the following sentence) and in the Agreement shall not be deemed to be made until the \$477,800,000 Dormitory Authority of the State of New York – Mental Health Services Facilities Improvement Revenue Bonds, Series 2003F-2 (the “Bonds”) have been duly issued by Party B and in the event that the Bonds are not issued on or prior to the Effective Date, this Transaction shall automatically terminate and shall be of no further force or effect and the parties shall have no further obligations hereunder. Party B represents and warrants that it intends and expects to issue the Bonds and acknowledges that Party A is entering into this Transaction in reliance upon such representation.

4. The Insurer for the Transaction described in this Confirmation is Financial Security Assurance Inc., or any successor thereto, and the address for notices or communications to the Insurer is:

Address: Financial Security Assurance Inc.
350 Park Avenue
New York, NY 10022

Attention: Managing Director - Surveillance
Telephone: (212) 826-0100
Telecopier: (212) 339-3556

5. ***Account Details.***

Payments to Party A: JPMorgan Chase
ABA No. 021 000 021
A/C of Lehman Brothers Derivative Products Inc.
A/C No. 066-902622

Payments to Party B: Deutsche Bank Trust Company Americas
ABA No.: 021-001-033
A/C No.: 01419647
Attn: Amy Skolnick

6. Please check this Confirmation carefully and immediately upon receipt so that errors or discrepancies can be promptly identified and rectified. Please confirm that the foregoing correctly sets forth the terms of the agreement between Party A and Party B with respect to the particular Transaction to which this Confirmation relates by signing in the space provided below and immediately returning a copy of the executed Confirmation to Party A.

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

Yours sincerely,

LEHMAN BROTHERS DERIVATIVE PRODUCTS INC.

By: T. Courtney Jenkins
Name: T. Courtney Jenkins
Title: Authorized Signatory

Accepted and confirmed as of the
Trade Date:

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

By: _____
Name:
Title:

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us.

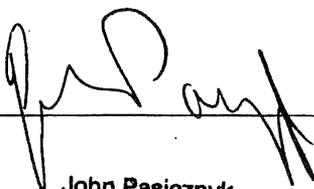
Yours sincerely,

LEHMAN BROTHERS DERIVATIVE PRODUCTS INC.

By: _____
Name:
Title:

Accepted and confirmed as of the
Trade Date:

DORMITORY AUTHORITY OF THE STATE OF NEW YORK

By: _____
Name:
Title:

John Pasicznyk
Treasurer

ANNEX I
to Confirmation, dated December 17, 2003,
between Lehman Brothers Derivative Products Inc.
and Dormitory Authority of the State of New York

<u>Reduction Date</u>	<u>Notional Reduction Amount (\$)</u>
2/15/2009	5,175,000
2/15/2010	8,025,000
2/15/2011	8,275,000
2/15/2012	9,700,000
2/15/2013	10,025,000
2/15/2014	10,350,000
2/15/2015	10,725,000
2/15/2016	11,100,000
2/15/2017	11,450,000
2/15/2018	11,825,000
2/15/2019	9,825,000
2/15/2020	7,575,000
2/15/2021	5,400,000