

BEAR STEARNS

BEAR STEARNS FINANCIAL PRODUCTS INC.
SUITE 2700
383 MADISON AVENUE
NEW YORK, NEW YORK 10179
(212) 272-2000

CONFIRMATION

DATE: November 21, 2002

TO: New York State Urban Development Corporation
ATTENTION: Frances A. Walton
TELEPHONE: 212-803-3510
FACSIMILE: 212-803-3515

FROM: Derivatives Documentation
TELEPHONE: 212-272-4163
FACSIMILE: 212-272-9594

SUBJECT: Fixed Income Derivatives Confirmation

REFERENCE NUMBER(S): FXNEC5007

The purpose of this letter agreement is to confirm the terms and conditions of the Transaction entered into on the Trade Date specified below (the "Transaction") between Bear Stearns Financial Products Inc. ("BSFP") and New York State Urban Development Corporation ("Counterparty"). This letter agreement constitutes the sole and complete "Confirmation," as referred to in the Master Agreement specified below, with respect to this Transaction.

This Confirmation is subject to and incorporates the 2000 *Definitions* and the 1992 *Municipal Counterparty Definitions* (collectively "the Definitions"), each as published by the International Swaps and Derivatives Association, Inc. ("ISDA"). This Confirmation supplements, forms a part of and is subject to the ISDA Master Agreement dated as of November 21, 2002 between BSFP and Counterparty (the agreement, as amended and supplemented from time to time, being referred to herein as the "Master Agreement"). All provisions contained in, or incorporated by reference to, the Master Agreement shall govern the Transaction referenced in this Confirmation except as expressly modified herein. In the event of any inconsistency between this Confirmation and the Definitions or Master Agreement, this Confirmation shall prevail.

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

Notional Amount: (i) USD 100,000,000 for the initial Calculation Period, and

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(ii) the amount as detailed in the Schedule of Notional Amounts attached hereto.

Trade Date: November 21, 2002
Effective Date: November 26, 2002
Termination Date: January 1, 2030 (such date shall not be subject to adjustment in accordance with the business day convention).

Fixed Amounts:

Fixed Rate Payer: Counterparty

Fixed Rate Payer Payment Dates: The first day of each January and July during the Term of this Transaction, commencing July 1, 2003 subject to adjustment in accordance with the Business Day convention.

Fixed Rate Payer End Dates: Period The first day of each January and July during the Term of this Transaction, commencing July 1, 2003, subject to adjustment in accordance with the Business Day Convention.

Fixed Rate: 3.578%

Fixed Rate Day Count Fraction: 30/360

not

Floating Amounts:

Floating Rate Payer: BSFP

Floating Rate Payer Payment Dates: The first day of each month during the Term of this Transaction, commencing January 1, 2003, subject to adjustment in accordance with the Business Day Convention.

Floating Rate Payer Period End Dates: The first day of each month during the Term of this Transaction, commencing January 1, 2003, subject to adjustment in accordance with the Business Day Convention.

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~~Provided, however, that the payment due on Termination Date shall be subject to adjustment.~~ *(underlined)*

- Floating Rate for initial Calculation Period: To be determined as of the Friday immediately preceding the Effective Date and such rate shall be effective from and including the Effective Date to but excluding the next succeeding Reset Date.
- Floating Rate Option: 65% of USD-LIBOR-BBA, reset two London business day prior to commencement of each Reset Date.
- Designated Maturity 1 month
- Floating Rate Day Count Fraction: Actual/360
- Reset Dates: The Effective Date and the first day of each month during the Term of this Transaction, commencing January 1, 2003, subject to adjustment in accordance with the Business Day Convention.
- Compounding: Inapplicable.
- Business Days: New York
- Business Day Convention: Modified Following
- Broker/Arranger: A fee in the amount of \$30,000 will be paid by Bear Stearns Capital Markets Inc. to Swap Financial Group.
3. Account Details/Settlements: **Payments to BSFP:**
Citibank, N.A., New York
ABA Number: 021-0000-89, for the account of Bear, Stearns Securities Corp.
Account Number: 0925-3186, for further credit to Bear Stearns Financial Products Inc.
Sub-account Number: 102-04654-1-3
Attention: Derivatives Department
- Payments to Counterparty:**
PLEASE PROVIDE
4. Contact Names at BSFP: Rate Fixings: Derivatives Operations- 347-643-1840

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Payments: Derivatives Operations- 347-643-1842
Confirmation and
ISDA Queries: Derivatives Documentation- 212-272-4163

NEITHER THE BEAR STEARNS COMPANIES INC. NOR ANY SUBSIDIARY OR AFFILIATE OF THE BEAR STEARNS COMPANIES INC. OTHER THAN BSFP IS AN OBLIGOR OR A CREDIT SUPPORT PROVIDER ON THIS TRANSACTION.

This Confirmation may be executed in several counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Counterparty hereby agrees to check this Confirmation and to confirm that the foregoing correctly sets forth the terms of the Transaction by signing in the space provided below and returning to BSFP a facsimile of the fully-executed Confirmation to 212/272-4933. For inquiries please contact **Cindy Ashmore** by telephone at 212/272/4163. Originals will be provided for your execution upon your request.

DEC-18-2002 WED 10:18 PM

FAX NO.

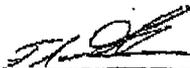
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We are very pleased to have executed this Transaction with you and we look forward to completing other transactions with you in the near future.

Very truly yours,

BEAR STEARNS FINANCIAL PRODUCTS INC.

By: 
Name: _____
Title: F. SCOTT HERMAN
DPC MANAGER

NEW YORK STATE URBAN DEVELOPMENT CORPORATION

By: 
Name: Frances A. Walton
Title: Chief Financial Officer
(Authorized Signatory)

COMMONWEALTH OF NEW YORK State Development Corporation Cash/Inv (AMBAC).doc

SCHEDULE OF NOTIONAL AMOUNTS

(all such dates subject to adjustment in accordance with the Modified Following Business Day Convention)

<u>From and including</u>	<u>To but excluding</u>	<u>Applicable Notional Amount USD</u>
Effective Date	01/01/17	100,000,000
01/01/17	01/01/18	91,300,000
01/01/18	01/01/19	81,625,000
01/01/19	01/01/20	75,425,000
01/01/20	01/01/21	69,000,000
01/01/21	01/01/22	60,975,000
01/01/22	01/01/23	50,725,000
01/01/23	01/01/24	40,075,000
01/01/24	01/01/25	30,525,000
01/01/25	01/01/26	20,600,000
01/01/26	01/01/27	15,175,000
01/01/27	01/01/28	9,550,000
01/01/28	01/01/29	4,925,000
01/01/29	Termination Date	1,450,000