

LEHMAN BROTHERS

Execution Copy
[BMA-Series B2]

CONFIRMATION

December 15, 2004

TRANSACTION

New York State Urban Development Corporation
633 Third Avenue
New York, New York 10017

Global ID: 2043819

Ladies and Gentlemen:

The purpose of this Confirmation is to confirm the terms and conditions of the Transaction entered into between us on the Trade Date specified below (the "Transaction"). This Confirmation constitutes a "Confirmation" as referred to in the Master Agreement specified below.

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 this Confirmation, this Confirmation will govern.

1. This Confirmation supplements, forms part of, and is subject to the ISDA Interest Rate Master Agreement dated as of December 1, 2004, as amended and supplemented from time to time (the "Agreement") between Lehman Brothers Derivative Products Inc. and New York State Urban Development Corporation. All provisions contained in the Agreement govern this Confirmation except as expressly modified below.

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

Party A:	LEHMAN BROTHERS DERIVATIVE PRODUCTS INC.
Party B:	NEW YORK STATE URBAN DEVELOPMENT CORPORATION
Notional Amount:	USD 7,626,250 reducing on the dates and in the amounts set forth in Annex I hereto.
Trade Date:	December 15, 2004
Effective Date:	December 22, 2004
Termination Date:	December 15, 2014

LEHMAN BROTHERS
745 SEVENTH AVENUE NEW YORK, NY 10019

NYK 940036-2.071370.0011

FIXED AMOUNTS:

Fixed Rate Payer: Party A

Fixed Rate Payer Payment Dates: Semiannually, on each June 15 and December 15, commencing on June 15, 2005 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 June 15 and December 15, commencing on June 15, 2005 and terminating on the Termination Date. No Adjustment shall apply to Period End Dates.

Fixed Rate: 2.856%

Fixed Rate Day Count Fraction: 30/360

FLOATING AMOUNTS:

Floating Rate Payer: Party B

Floating Rate Payer Payment Dates: Semiannually, on each June 15 and December 15, commencing on June 15, 2005 and terminating on the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.

Floating Rate Payer Period End Dates: Semiannually, on each June 15 and December 15, commencing on June 15, 2005 and terminating on the Termination Date. No Adjustment shall apply to Period End Dates.

Floating Rate Option: USD-BMA Municipal Swap Index

Floating Rate Spread: None

Floating Rate Day Count Fraction: Actual/Actual

Method of Averaging: Weighted

Compounding: Inapplicable

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, including but not limited to Section 4(d) of the Agreement, shall not be deemed to be made until the New York State Urban Development Corporation Bond Series 2004 B-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. ***Payment Instructions:***

Payments to Party A:

JP Morgan Chase
ABA: 021000021
for the Account of Lehman Brothers Derivative Products Inc.
Account No. 066-902622

Payments to Party B:

Bank of New York
Account No. 27 13 12
ABA: 021 000 018
For the Account of: Series 2004 B-2 Swap Receipts Account –a/c number 283044

5. 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: Vice President

Confirmed as of the
date first above written

NEW YORK STATE URBAN DEVELOPMENT CORPORATION

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.

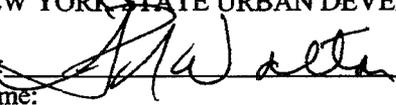
Yours sincerely,

LEHMAN BROTHERS DERIVATIVE PRODUCTS
INC.

By: _____
Name:
Title:

Confirmed as of the
date first above written

NEW YORK STATE URBAN DEVELOPMENT CORPORATION

By:  _____
Name:
Title:

ANNEX I
to Confirmation, dated December 15, 2004
between Lehman Brothers Derivative Products Inc.
and New York State Urban Development Corporation

<u>For all Calculation Periods from and including:</u>	<u>To but excluding:</u>	<u>The applicable USD Notional Amount shall be:</u>
Effective Date	12/15/2005	\$7,626,250
12/15/2005	12/15/2006	6,557,500
12/15/2006	12/15/2007	5,277,500
12/15/2007	12/15/2008	3,948,750
12/15/2008	12/15/2009	2,555,000
12/15/2009	12/15/2010	1,113,750
12/15/2010	12/15/2011	905,000
12/15/2011	12/15/2012	690,000
12/15/2012	12/15/2013	468,750
12/15/2013	Termination Date	240,000