



Interest Rate Swap Transaction

Date: 01 December 2004  
To: New York State Urban Development Corporation ("Counterparty")  
Attn: Frances Walton, Chief Financial Officer  
Fax No: (212) 803-3515  
From: UBS AG, Stamford Branch ("UBS")  
Subject: Swap Transaction  
UBS Ref: 37050949

Dear Ms. Walton,

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

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

UBS and the Counterparty have entered into a Master Agreement, dated as of December 1, 2004, which sets forth the general terms and conditions, as well as amendments, applicable to this Transaction (together with any Schedule and any other Confirmation, the "Agreement"). This Confirmation supplements, forms part of and is subject to the Agreement. All provisions contained in, or incorporated by reference to, such Agreement shall govern this Confirmation except as expressly modified below. In the event of any inconsistency between the provisions of the Agreement and this Confirmation, this Confirmation will prevail for purposes of this Transaction.

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

**General Terms**

Trade Date: 01 December 2004  
Effective Date: 22 December 2004

Termination Date: 15 March 2033

Notional Amount: Initially USD 74,615,000.00, thereafter amortizing as per the Amortization Schedule below

Business Days: New York

**Fixed Amounts**

Fixed Rate Payer: Counterparty

Fixed Rate: 3.490 per cent per annum

Fixed Rate Day Count Fraction: 30/360

Fixed Rate Payer Payment Dates: Semiannually, on each 15 March and 15 September, in each year from and including 15 March 2005 up to and ending on the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.

Fixed Rate Period End Dates: Semiannually on 15 March and 15 September, commencing 15 March 2005 and ending on the Termination Date. No Adjustment shall apply to the Period End Dates.

**Floating Amounts**

Floating Rate Payer: UBS

Floating Rate Option: 1-month USD-LIBOR x 65.0%

Where:

1-month USD-LIBOR = USD-LIBOR-BBA with a Designated Maturity of 1 month; provided, however, that the definition of USD-LIBOR-BBA in the Definitions is hereby amended such that the determination of USD-LIBOR-BBA shall be on the day which is one (1) New York Banking Day preceding each Floating Rate Reset Date. However, if such date is not also a London Banking Day, the determination of USD-LIBOR-BBA shall be on the day which is the next preceding London Banking Day. The definition of USD-LIBOR-Reference Banks will be deemed to be amended to the same extent as set forth above.

Floating Rate Day Count Fraction:	Actual/Actual
Floating Rate Payer Payment Dates:	Monthly on the 15 <sup>th</sup> day of each month, starting from and including 15 January 2005 and ending on the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.
Floating Rate Period End Dates:	Monthly on the 15 <sup>th</sup> day of each month, commencing 15 January 2005 and ending on the Termination Date. No Adjustment shall apply to the Period End Dates.
Floating Rate Reset Dates:	The first day of each Calculation Period.
Method of Averaging:	Inapplicable
Compounding:	Inapplicable

**Amortization Schedule**

<b><u>From and including:</u></b>	<b><u>To but excluding:</u></b>	<b><u>Notional Amount (USD)</u></b>
Effective Date	15 March 2025	74,615,000
15 March 2025	15 March 2026	69,885,000
15 March 2026	15 March 2027	61,885,000
15 March 2027	15 March 2028	53,585,000
15 March 2028	15 March 2029	44,980,000
15 March 2029	15 March 2030	36,055,000
15 March 2030	15 March 2031	26,795,000
15 March 2031	15 March 2032	17,190,000
15 March 2032	Termination Date	7,230,000

**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 New York State Urban Development Corporation State Personal Income Tax Revenue Bonds (State Facilities and Equipment), Series 2004 A-3 (the "Bonds") have been duly issued by the Counterparty 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. The Counterparty represents and warrants that it intends and expects to issue the Bonds and acknowledges that UBS is entering this Transaction in reliance upon such representation.

**Relationship between Parties**

Each party will be deemed to represent to the other party on the date on which it enters into this Transaction that (in the absence of a written Agreement between the parties which expressly imposes affirmative obligations to the contrary for this Transaction):

(a) Non-Reliance. Each party is acting for its own account, and has made its own independent decisions to enter into this Transaction and this Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. Each party is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into this Transaction; it being understood that information and explanation relating to the terms and conditions of this Transaction shall not be considered investment advice or a recommendation to enter into this Transaction. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of this Transaction.

(b) Assessment and Understanding. Each party is capable of assessing the merits of and understands (on its own behalf or through independent professional advice), and accepts, the terms, conditions and risks of this Transaction. Each party is also capable of assuming and assumes, the risks of this Transaction.

(c) Status of the Parties. Neither party is acting as a fiduciary for or as an adviser to the other in respect of this Transaction.

References in this clause to "a party" shall, in the case of UBS AG and where the context so allows, include references to any affiliate of UBS AG.

**Account Details**

UBS Stamford Branch	UBS AG, Stamford
USD Bank Account	101-WA-860050-025
SWIFT Address:	UBSWUS33
ABA#:	026007993

**Counterparty Account Details**

Name of Bank: Bank of New York  
Account No.: 27 13 12  
Fed ABA No.: 021 000 018  
For the Account of: Series 2004 A-3 Swap Receipts Account - a/c number 283042

**Offices**

- (a) The office of UBS for the Swap Transaction is Stamford CT; and
- (b) The office of the Counterparty for the Swap Transaction is New York, NY.

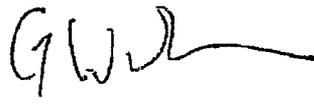
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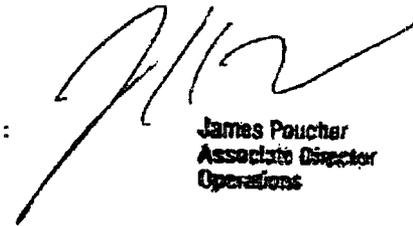
**Contact Names at UBS**

Settlements:	Hotline:	(203) 719-1110
Confirmation Queries:	Christopher Cost	(212) 713-1212
ISDA Documentation:	Legal Department:	(203) 719-6235
Swift:	UBSWUS33	
Fax:	(212) 713-3016	
Address:	UBS AG	
	677 Washington Boulevard	
	Stamford, CT 06901	

Please confirm that the foregoing correctly sets forth the terms and conditions of our agreement by executing a copy of this Confirmation and returning it to us by facsimile to (212) 713-3016.

Yours Faithfully  
For and on Behalf of  
UBS AG, Stamford Branch

By:   
Name: Glen Williams  
Title: Associate Director  
Operations

By:   
Name: James Poucher  
Title: Associate Director  
Operations

Acknowledged and agreed by New York State Urban Development Corporation as of the Trade Date specified above:

By:  
Name: Frances Walton  
Title: Chief Financial Officer

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Yours Faithfully  
For and on Behalf of  
UBS AG, Stamford Branch

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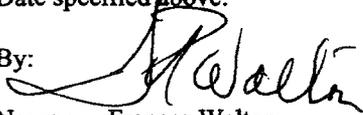
Name :  
Title:

By:

Name :  
Title:

Acknowledged and agreed by New York State Urban Development Corporation as of the Trade  
Date specified above:

By:

  
Name : Frances Walton  
Title : Chief Financial Officer