Insurer: Ambac

SCHEDULE

to the

ISDA Master Agreement

dated as of October 21, 2003, between

MERRILL LYNCH CAPITAL SERVICES, INC.,

("Party A")

and

NEW YORK STATE THRUWAY AUTHORITY,
a body corporate and politic of the State of New York
constituting a public corporation of the State of New York

("Party B")

Part 1. Termination Provisions.

In this Agreement:—

(a) ***"Specified Entity"*** means in relation to Party A for the purpose of:—

Section 5(a)(v) (Default under Specified Transaction),	Merrill Lynch & Co., Inc. ("ML&Co.").
Section 5(a)(vi) (Cross Default),	ML&Co.
Section 5(a)(vii) (Bankruptcy),	ML&Co.
Section 5(b)(ii) (Credit Event Upon Merger),	ML&Co.
and in relation to Party B for the purpose of:–	
Section 5(a)(v)(Default under Specified Transaction)	Not applicable.
Section 5(a)(vi) (Cross Default),	Not applicable.
Section 5(a)(vii)(Bankruptcy),	Not applicable.
Section 5(b)(ii) (Credit Event Upon Merger)	Not applicable.

(b) ***"Specified Transaction"*** will have the meaning specified in Section 12 of this Agreement; provided that with respect to Party B, Specified Transaction shall include only those Specified Transactions that are payable from the source of payment specified in Section 4(d) of this Agreement.

(c) The ***"Cross Default"*** provisions of Section 5(a)(vi) will apply to Party A and will apply to Party B.

The following provisions apply:

"Specified Indebtedness" with respect to Party A, will have the meaning specified in Section 12 of this Agreement and, with respect to Party B, will mean any bonds issued pursuant to the Resolution and any interest rate exchange agreement executed by Party B that is payable from the source of payment specified in Section 4(d) of this Agreement (the inclusion of interest rate exchange agreements as Specified Indebtedness shall not create any implication that an interest rate exchange agreement constitutes indebtedness).

"Threshold Amount" means the lesser of $100,000,000 and 3% of Stockholders' Equity of Party A for Party A and $35,000,000 for Party B. For purposes hereof, "Stockholders' Equity" shall be determined by reference to PartyA's most recent consolidated balance sheet and shall include legal capital, paid-in capital, retained earnings and cumulative translation adjustments.

(d) The *"Credit Event Upon Merger"* provisions of Section 5(b)(ii) will apply to Party A and will not apply to Party B.

(e) The *"Automatic Early Termination"* provisions of Section 6(a) will not apply to Party A or to Party B.

(f) *Payments on Early Termination.* For the purpose of Section 6(e) of this Agreement:

(A) Market Quotation will apply.

(B) The Second Method will apply.

(g) *Additional Termination Event will apply.* The following shall constitute Additional Termination Events:

(i) If the unenhanced, unsubordinated Specified Indebtedness of Party B or the outstanding long term unsecured, unsubordinated, unenhanced debt of ML&Co. is not rated by at least one of Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. (or any successor) ("S&P"), Moody's Investors Service, Inc. (or any successor) ("Moody's"), or Fitch Ratings (or any successor) ("Fitch") at least BBB, Baa2 or BBB, as applicable, or the unenhanced, unsubordinated Specified Indebtedness of Party B or the outstanding long term unsecured, unsubordinated, unenhanced debt of ML&Co. is rated by any one of S&P, Moody's or Fitch lower than BBB-, Baa3 or BBB-, as applicable, or any rating is withdrawn or suspended, then a "Ratings Event" shall be deemed to have occurred with respect to such party. The party for which the Ratings Event is deemed to have occurred ("X") shall promptly notify the other party of the occurrence of such Ratings Event; provided that, the failure of such a party to provide such notice shall not constitute an Event of Default hereunder. A Ratings Event shall be deemed an Additional Termination Event for which all Transactions under this Agreement shall be Affected Transactions. For the purposes of Section 6(b) and Section 6(e), X shall be the sole Affected Party.

(ii) It shall be an Additional Termination Event if Party A has notified Party B that a Party B Downgrade Event (as defined below) has occurred and Party B has not, within 20 days of receiving such notice, at its sole election, either (a) provided a guarantee, letter of credit, surety bond, insurance policy or other credit support document with respect to the amounts payable by Party B under Sections 2 and 6 of this Agreement in a form and by a provider reasonably acceptable to Party A and, unless the Insurer has failed to pay under the Swap Insurance Policy, the Insurer; (b) transferred this Agreement pursuant to Section 7(d) of this Agreement or otherwise transferred this Agreement to a counterparty reasonably acceptable to Party A pursuant to terms

reasonably acceptable to Party A and, unless the Insurer has failed to pay under the Swap Insurance Policy, the Insurer; or (c) executed a credit support annex with Party A in substantially the form executed by Party A upon the execution and delivery of this Agreement. For purposes of Section 6(e), Party B shall be the sole Affected Party. A "Party B Downgrade Event" shall occur if the unenhanced, unsubordinated Specified Indebtedness of Party B is not rated by at least one of S&P, Moody's or Fitch at least BBB+, Baa1 or BBB+, as applicable, or the unenhanced, unsubordinated Specified Indebtedness of Party B is rated by any one of S&P, Moody's or Fitch lower than BBB, Baa2 or BBB, as applicable. Party B shall promptly notify Party A of the occurrence of a Party B Downgrade Event; provided that, the failure of Party B to provide such notice shall not constitute an Event of Default hereunder. This Additional Termination Event shall be deemed to have been waived by Party A until such time as (i) the Insurer fails to make a payment due under its Swap Insurance Policy or (ii) the Insurer's financial strength rating from S&P is below A- and its claims paying ability rating from Moody's is below A3.

(h) ***Events of Default.***

(i) ***Cross Default.*** Section 5(a)(vi) of this Agreement is hereby amended to read in its entirety as follows:

"(vi) ***Cross Default.*** With respect to Party A shall mean the occurrence or existence of (1) a default, event of default or other similar condition or event (however described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) in an aggregate amount of not less than the Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof in an aggregate amount of not less than the Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period); provided, however, that notwithstanding the foregoing, an Event of Default shall not occur if, as demonstrated to the reasonable satisfaction of Party B, (a) the event or condition or the failure to pay is a failure to pay caused by an error or omission of an administrative or operational nature; and (b) funds were available to Party A to enable it to make the relevant payment when due; and (c) such relevant payment is made within three Business Days following receipt of written notice from an interested party of such failure to pay; and

With respect to Party B shall mean the occurrence or existence of a default on Specified Indebtedness of Party B with a principal or notional amount of not less than the Threshold Amount (as specified in the Schedule) either (1) when any amount on such Specified Indebtedness is due and payable or (2) which has resulted in such Specified Indebtedness becoming due and payable under such agreements or instruments before it would otherwise have been due and payable; provided, however, that notwithstanding the foregoing, an Event of Default shall not occur if, as demonstrated to the reasonable satisfaction of Party A, (a) the event or condition or the failure to pay is a failure to pay caused by an error or omission of an administrative or operational nature; and (b) funds were available to Party B to enable it to make the relevant payment when due; and (c) such relevant payment is made within three Business Days following receipt of written notice from an interested party of such failure to pay;".

(ii) ***Bankruptcy***. Section 5(a)(vii) is hereby amended by renumbering existing Clauses (8) and (9) to be Clauses (9) and (10), respectively and is further amended by replacing the reference to "clauses (1) to (7) (inclusive)" in what is now Clause (9), with a reference to "clauses (1) to (8) (inclusive)" and is further amended by adding a new clause (8) to read as follows:

"(8) is subject to a statute, rule or regulation which has been enacted and has the force of law and which establishes an agency, authority, body or oversight board to monitor, review or oversee a financial emergency with respect to such party".

(iii) ***Merger Without Assumption.*** Section 5(a)(viii) of this Agreement is hereby amended to read in its entirety as follows:

"(viii) ***Merger Without Assumption.*** The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity (or, without limiting the foregoing, if such party is a Government Entity, an entity such as a board, commission, authority, agency, public corporation, public benefit corporation or political subdivision succeeds to the principal functions of, or powers and duties granted to, such party or any Credit Support Provider of such party) and, at the time of such consolidation, amalgamation, merger, transfer or succession:

(1) the resulting, surviving, transferee, or successor entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement;

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving, transferee or successor entity of its obligations under this Agreement; or

(3) in the case of Party B, the benefits of the Financing Agreement fail to extend (without the consent of the other party) to the performance by such resulting, surviving, transferee or successor entity of its obligations under this Agreement."

(i) ***Early Termination.***

Section 6 is hereby amended by adding the following new subsections (f) and (g):

"(f) ***Set-off.*** Neither party hereto shall have a right of set-off with respect to amounts due hereunder; provided, however, that this provision shall not affect the rights of Party B to exercise remedies including any right of set-off under the credit support annex executed in connection herewith."

"(g) ***Optional Termination by Party B.*** Party B may, upon at least five (5) Business Days' written notice to Party A and the Insurer, terminate any Transactions under this Agreement by designating to Party A the termination date for such Transactions. In the event Party B exercises its right of optional termination hereunder, the provisions of Section 6(e)(ii)(1) shall apply as though Party B is the sole Affected Party. Party B may not optionally terminate any Transactions pursuant to this section unless Party B also provides evidence reasonably satisfactory to Party A and the Insurer that Party B has or will have on the termination date available funds without regard to any swap insurance policy with which to

pay any amount due to Party A as a result of such optional termination. Notwithstanding anything herein to the contrary, the parties will be obligated to pay any accrued and unpaid amounts that would otherwise be due on the date of such optional termination."

Part 2. Agreement to Deliver Documents.

For the purpose of Section 4(a) of this Agreement, each party agrees to deliver the following documents, as applicable:

Party Required to Deliver Document	Form/Certificate Document	Date by Which to be Delivered	Covered by Section 3(d)
Party A and Party B	Certified copies of all documents evidencing necessary corporate and other authorizations and approvals with respect to the execution, delivery and performance by the party and any Credit Support Provider of this Agreement, any Credit Support Document and any Confirmation, including, where applicable, certified copies of the resolutions of its Board of Directors authorizing the execution and delivery of this Agreement, the relevant Credit Support Document or any Confirmation.	Upon execution of this Agreement and promptly at the request of the other party upon execution of a Confirmation.	Yes
Party A and Party B	A certificate of an authorized officer of the party and any Credit Support Provider as to the incumbency and authority of the officers of the party and any Credit Support Provider signing this Agreement, any Credit Support Document or any Confirmation.	Upon execution of this Agreement and promptly at the request of the other party upon execution of a Confirmation.	Yes
Party A and Party B	With respect to Party A, a copy of the most recent annual report (and each annual report thereafter) of ML&Co., and with respect to Party B, a copy of the most recent audited annual financial statements of Party B and Annual Information Statement of the State of New York and any updates thereto and the audited financial statements of the State of New York, in each case when available to Party B, containing in all cases audited consolidated financial statements for each fiscal year during which this Agreement is in effect certified by independent certified public	Promptly after request by the other party.	Yes

	accountants and prepared in accordance with generally accepted accounting principles in the United States or in the country in which such party is organized.		
Party A	A copy of the unaudited consolidated financial statements of ML&Co., for each semiannual period in each fiscal year during which this Agreement is in effect prepared in accordance with generally accepted accounting principles in the United States or in the country in which such party is organized.	Promptly after request by the other party.	Yes
Party A	A copy of each regular financial or business reporting document that is (i) distributed or made generally available to respective shareholders or investors and made publicly available or (ii) filed in accordance with the disclosure requirements of any applicable statute, rule, regulation or judicial decree and made available for public inspection.	Promptly after request by the other party.	Yes
Party A and Party B	Such other documents as the other party may reasonably request	Promptly after request by the other party.	Yes
Party A and Party B	With respect to Party A, an opinion of counsel to Party A substantially in the form set forth in Exhibit C attached hereto and an opinion of counsel to ML&Co. substantially in the form set forth in Exhibit D hereto, in each case covering such other matters as reasonably requested by Party B and the Insurer; and with respect to Party B, (i) an opinion of counsel to Party B substantially in the form set forth in Exhibit E attached hereto and covering such other matters as reasonably requested by Party A and the Insurer and (ii) an opinion of internal counsel to Party B regarding the inability of Party B to claim sovereign immunity as a defense to its obligations hereunder.	Upon execution of this Agreement and each Confirmation.	No

Part 3. Miscellaneous.

(a) *Notices.* For the purpose of Section 10(a) to this Agreement:—

Address for notices or communications to Party A:—

Address: 4 World Financial Center, New York, NY 10080

Attention: Swap Group, World Financial Center

Telex No.: 6716341 Answerback: MLBSCTR

Facsimile No: (212) 449-9856 Telephone No.: (212) 449-2734

Address for notices or communications to Party B:—

Address: New York State Thruway Authority
200 Southern Boulevard
Albany, NY 12209

Attention: Chief Financial Officer

Facsimile No.: 518-471-5050

Telephone No.: 518-436-2820

Each party agrees to send a copy of all notices or communications sent by such party to the other party to the Insurer at the address set forth in Part 4(j)(xxiii).

(b) *Notices.* Section 10(a) is amended by adding in the third line thereof after the phrase "messaging system" and before the ")" the words "; provided, however, any such notice or other communication may be given by facsimile transmission if telex is unavailable, no telex number is supplied to the party providing notice, or if answer back confirmation is not received from the party to whom the telex is sent."

(c) *Calculation Agent.* The Calculation Agent is Party A unless Party A is the Defaulting Party, in which case the Calculation Agent means a leading dealer in the relevant market designated by Party B. Calculations by the Calculation Agent shall be binding and conclusive absent manifest error.

(d) *Credit Support Document.* Details of any Credit Support Document: in relation to Party A means the Credit Support Annex attached as Exhibit D and the Guarantee of ML&Co.

(e) *Credit Support Provider.* Credit Support Provider means in relation to Party A, ML&Co. and in relation to Party B, not applicable.

(f) *Governing Law.* THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO CHOICE OF LAW DOCTRINE.

(g) *Netting of Payments.* Subparagraph (ii) of Section 2(c) of this Agreement will not apply to all Transactions entered into between Party A and Party B.

(h) *"Affiliate"* will have the meaning specified in Section 12 of this Agreement, but with respect to Party B, will exclude the State of New York.

(i) *"Government Entity"* means Party B.

(j) *Account details.* Payments shall be made to the following accounts:

Payments to Party A:

Name of Bank: Bankers Trust Company, New York, NY
Account No.: 00-811-874
Fed ABA No.: 021-001-033
Reference: Merrill Lynch Capital Services, Inc.
Attn: Muni Swaps

Payments to Party B:

JPMorgan Chase Bank
Fed ABA #: 021 000 021
A/C #: 507943635
Reference: Merrill CHIPS Swap Payment

Part 4. Other Provisions.

(a) *Representations.*

(i) The introductory clause of Section 3 of this Agreement is hereby amended to read in its entirety as follows:

"Each party represents to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(a), 3(e) and 3(f), at all times until the termination of this Agreement) that:—".

(ii) Section 3(a) of this Agreement is hereby amended by adding the following subparagraph (vi):

"(vi) ***Eligible Contract Participant.*** It is an "eligible contract participant" within the meaning of Section 1(a)(12) of the Commodity Exchange Act.".

(iii) Section 3 of this Agreement is hereby amended by adding the following subsections (e), (f), (g) and (h) thereto:

"(e) ***Non-Speculation.*** This Agreement has been, and each Transaction hereunder will be (and, if applicable, has been), entered into for purposes of managing its borrowings or investments and not for purposes of speculation."

"(f) *No Immunity.* It is not immune from suit or judgment for amounts due and payable pursuant to this Agreement, it being understood that, with respect to Party B, payment of any judgment shall be solely from sources available under Section 4(d) "Source of Payments" hereof.".

"(g) *Acting as Principal.* Each party hereto represents and warrants to the other party hereto that it is acting as a principal hereunder and not as an agent for any other party."

"(h) *No Reliance.* In connection with the negotiation of, the entering into, and the confirming of the execution of, this Agreement, any Credit Support Document to which it is a party, and each Transaction: (i) the other party is not acting as a fiduciary or financial or investment advisor for it; (ii) it has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisors to the extent it has deemed necessary; (iii) that Transaction has been the result of arm's length negotiations between the parties; (iv) it is entering into this Agreement, such Credit Support Document and such Transaction with a full understanding of all of the risks hereof and thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; (v) it is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary; (vi) it is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction (it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction); and (vii) it has not received from the other party any assurance or guarantee as to the expected results of that Transaction."

(b) *Agreements.*

(i) Section 4 of this Agreement is hereby amended by adding the following subsections (d), (e) and (f) thereto:

"(d) *Source of Payments.* Party B covenants that this Agreement is a special limited obligation of Party B, and all amounts payable under this Agreement constitute Subordinate Obligations. The obligation of Party B to make such payments is secured solely by a pledge of and lien on Revenues on deposit in the Administrative Fund, subject and subordinate in all respects to the pledge and lien on such Revenues created by Section 501 of the Resolution in favor of the payment of the Principal and Redemption Price of, and Sinking Fund Installments for, and interest on, the Bonds and to the requirements of the Resolution for withdrawals from the Revenue Fund for deposit into the Bond Service Fund and any Bond Service Reserve Fund as provided therein.

Party B further covenants that this Agreement constitutes a Qualified Interest Rate Exchange Agreement, pursuant to Section 207 of the Resolution.

Capitalized terms used in this Section 4(d) and not defined herein have the respective meanings ascribed to such terms in the Resolution.

(e) *No Recourse.* All covenants, stipulations, promises, agreements and obligations of Party B contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of Party B and not of any member, officer or employee of Party B in his or her individual capacity, and no recourse shall be had for the payment of

any amount due hereunder or for any claims based hereon against any member, officer or employee of Party B or any person executing this Agreement for Party B, all such liability, if any, being expressly waived and released by Party A.

(f) ***Actions with Respect to Financing Agreement and Resolution.*** Party B agrees to comply with all of its obligations under the Financing Agreement that are material to the performance of its obligations under this Agreement or the Resolution (including but not limited to the definition of Administrative Fund Requirement). Party B shall not enter into any amendment to, or waive any provision of, the Financing Agreement if such amendment or waiver would materially adversely affect Party B's ability to perform its obligations hereunder without the prior written consent of Party A and the Insurer. Party B agrees to enforce all provisions of the Financing Agreement relating to the performance of its obligations hereunder."

Party B agrees to include all amounts payable hereunder by Party B in its calculation of the Administrative Fund Requirement, as such term is defined and determined pursuant to the Resolution.

(c) ***Transfer.*** Section 7 of this Agreement is hereby amended to read in its entirety as follows:

"Neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:

(a) upon reasonable notice, a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement);

(b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6(e);

(c) Party A upon five (5) Business Days notice to Party B and the Insurer may transfer this Agreement and all of its interests and obligations in or under this Agreement to any Affiliate of Party A; provided that ML&Co. provides a guarantee of such Affiliate's obligations in form and substance reasonably satisfactory to Party B and the Insurer; and

(d) Party B may transfer all of its rights and obligations under any Transaction (the "Transferred Obligation") to another entity (the "Transferee"); provided that:

(1) the credit worthiness of the Transferee or its guarantor is reasonably acceptable to Party A;

(2) the Transferee and Party A shall have executed a master agreement in form and substance satisfactory to Party A with terms appropriate for counterparties with the Transferee's credit rating, as determined by Party A in good faith (including such Credit Support Documents as shall be required by Party A and appropriate for counterparties with the Transferee's (or its guarantor's) credit rating, as determined by Party A in good faith) under which the Transferred Obligations will be governed;

(3) at the time of such transfer, no Early Termination Date shall have been designated under this Agreement and no Event of Default, Potential Event of Default or Termination Event shall have occurred and be continuing under this Agreement with respect to Party B;

(4) such transfer will not result in the violation of any law, regulation, rule, judgment, order or other legal limitation or restriction applicable to Party A;

(5) such transfer will not result in a violation of Party A's counterparty eligibility or credit practices or policies or exposure limitations;

(6) at the time of such transfer, no event which would constitute a Termination Event, Event of Default or Potential Event of Default with respect to the Transferee if the Transferee were a party to this Agreement (or its guarantor were a Credit Support Provider under this Agreement) shall have occurred;

(7) such transfer does not result in any adverse tax consequences to Party A, including the obligation to deduct or withhold an amount with respect to any Tax from payments required to be made to the Transferee, the receipt of payments from the Transferee from which amounts with respect to any Tax may be deducted or withheld or the imposition of any tax, levy, impost, duty charge, or fee of any nature by any government or taxing authority which would not have been imposed but for such transfer;

(8) the Transferee is organized under the laws of the United States or a state thereof; and

(9) the prior written consent of the Insurer is obtained.

Any purported transfer that is not in compliance with this Section will be void."

(d) ***Jurisdiction/Waiver of Immunities.*** Section 11(b) and Section 11(c) of this Agreement are hereby deleted in their entirety and replaced with the following:

"With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably:

(i) submits to the exclusive jurisdiction of the Supreme Court of the State of New York; and

(ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party."

(e) ***Waiver of Jury Trial.*** Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any Proceedings relating to this Agreement or any Credit Support Document.

(f) ***Definitions.*** Section 12 of this Agreement is hereby amended to add the following definitions in

their appropriate alphabetical order:

" ***'Financing Agreement'*** means the Local Highway and Bridge Service Contract, dated as of August 15, 1991, as amended."

" ***'Government Entity'*** means Party B."

" ***'Incipient Illegality'*** means (i) any assertion by an officer of a party in his or her official capacity on behalf of such party in any legal proceeding or action in respect of such party, to the effect that performance by such party under this Agreement or similar agreements is unlawful and (ii) the enactment of legislation by the legislature (e.g., in the case of the State of New York, both the New York State Senate and the New York State Assembly and in the case of the United States, both the United States Senate and the U.S. House of Representatives) that is not vetoed and has not become law for 60 days which, if adopted as law, would render unlawful (a) the performance by a party of any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of a Transaction or the compliance by a party with any other material provisions of this Agreement relating to such Transaction or (b) the performance by a party or a Credit Support Provider of such party of any contingent or other obligation which such party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction."

"***'Resolution'*** means the Local Highway and Bridge Special Limited Obligation Service Contract Bond Resolution, adopted on August 23, 1991, as heretofore or hereafter from time to time amended and supplemented including, but not limited to, by a fourteenth supplemental resolution adopted September 17, 2003."

(g) ***Accuracy of Specified Information.*** Section 3(d) is hereby amended by adding at the end of the third line thereof after the word "respect" and before the period the words, "or, in the case of audited or unaudited financial statements, a fair presentation of the financial condition of it." With respect to information concerning the State of New York provided by Party B, such representation is based solely upon the representation of the Division of the Budget of the State of New York or the Office of the State Comptroller of the State of New York, as applicable.

(h) ***Notice of Incipient Illegality.*** If an Incipient Illegality occurs, Party B will, promptly upon becoming aware of it, notify Party A, specifying the nature of that Incipient Illegality; provided that, the failure of Party B to provide such notice shall not constitute an Event of Default hereunder. Party B will also give such other information about that Incipient Illegality as Party A reasonably requests.

(i) ***Deferral of Payments and Deliveries in Connection with Illegality and Incipient Illegality.*** Section 2(a)(iii) is hereby amended to read in its entirety as follows:

"(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default, Illegality, Potential Event of Default or Incipient Illegality with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement."

(j) ***Insurer Provisions.*** The following provisions shall apply to any Transaction to which the Swap Insurance Policy issued by Ambac Assurance Corporation (together with any successor, the

"Insurer") to the account of Party B, as principal, and for the benefit of Party A, as beneficiary (the "Swap Insurance Policy"), relates (the "Insured Transactions").

(i) Notwithstanding anything to the contrary in Section 6 of this Agreement, if any:

(A) Event of Default in respect of any Insured Transaction under Section 5(a) of this Agreement occurs with respect to Party B as the Defaulting Party; or

(B) Termination Event in respect of any Insured Transaction under Section 5(b) of this Agreement occurs with respect to Party B as the Affected Party;

then, in either such case, Party A shall not designate an Early Termination Date in respect of any such Insured Transaction unless:

(Y) an Additional Termination Event under Part 4(j)(x) has occurred and is continuing; or

(Z) Insurer has otherwise consented in writing to such designation.

Amounts payable by Party B to Party A upon termination shall not be insured by the Swap Insurance Policy except as provided in Part 4(j)(ii).

(ii) Notwithstanding anything in this Agreement, if any Event of Default under this Agreement occurs, with Party B as the Defaulting Party, then the Insurer (unless an Additional Termination Event described in Part 4(j)(x) has occurred and is continuing) shall have the right (but not the obligation) upon notice to Party A to designate an Early Termination Date with respect to Party B with the same effect as if such designation were made by Party A. For purposes of the foregoing sentence, an Event of Default with respect to Party B shall be considered to be continuing, notwithstanding any payment by the Insurer under the Swap Insurance Policy. Party A and Party B acknowledge that, except as the Swap Insurance Policy may be otherwise endorsed, unless the Insurer designates an Early Termination Date (as opposed to merely consenting to such designation by one of the parties) termination payments due from Party B because an Early Termination Date has been designated will not be insured.

(iii) Party A and Party B hereby each acknowledge and agree that Insurer's obligation with respect to Insured Transactions shall be limited to the terms of the Swap Insurance Policy. Notwithstanding Section 2(e) or any other provision of this Agreement, Insurer shall not have any obligation to pay interest on any amount payable by Party B under this Agreement.

(iv) The definition of "Reference Market Makers" set forth in Section 12 of this Agreement shall be amended in its entirety to read as follows:

"Reference Market Makers" means four (4) leading dealers in the relevant swap market selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among dealers having an

office in the greater New York Metropolitan area. The rating classification assigned to any outstanding long-term senior debt securities issued by such dealers shall be at least (1) Aa3 or higher as determined by Moody's Investors Service, Inc. (or any successor) ("Moody's") (2) AA- or higher as determined by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. (or any successor) ("S&P") or (3) an equivalent investment grade rating determined by a nationally-recognized rating service acceptable to both parties and Insurer, provided however, that, in any case, if Market Quotation cannot be determined by four (4) such dealers, the party making the determination of the Market Quotation may designate, with the consent of the other party and Insurer, one (1) or more leading dealers whose long-term senior debt bears a lower investment grade rating.

(v) Section 8(b) of this Agreement is hereby amended by (A) adding the phrase "or any Credit Support Document" after the word "Agreement" in the first line thereof and (B) adding the phrase "and their respective Credit Support Providers" following after the word "parties" in the second line thereof.

(vi) No amendment, modification, supplement or waiver of this Agreement will be effective unless in writing and signed by each of the parties hereto and unless the parties hereto shall have obtained the prior written consent of Insurer.

(vii) Party A and Party B hereby each acknowledge and agree that Insurer shall be an express third-party beneficiary (and not merely an incidental third-party beneficiary) of this Agreement and the obligations of such party under any Insured Transaction, and as such, entitled to enforce this Agreement and the terms of any such Insured Transaction against such party on its own behalf and otherwise shall be afforded all remedies available hereunder or otherwise afforded by law against the parties hereto to redress any damage or loss incurred by Insurer including, but not limited to, fees (including professional fees), costs and expenses incurred by Insurer which are related to, or resulting from any breach by such party of its obligations hereunder.

(viii) So long as the Swap Insurance Policy shall remain in effect, no Insured Transaction may be assigned or transferred by Party B or Party A without the prior written consent of Insurer other than as provided in Section 7(a), (b) or (c).

(ix) Party A and Party B hereby acknowledge that to the extent of payments made by Insurer to Party A under the Swap Insurance Policy, Insurer shall be fully subrogated to the rights of Party A against Party B under the Insured Transaction to which such payments relate, including, but not limited to, the right to receive payment from Party B and the enforcement of any remedies. Party A hereby agrees to assign to Insurer its right to receive payment from Party B under any Insured Transaction to the extent of any payment thereunder by Insurer to Party A and to execute all such instruments or agreements as Insurer deems reasonably necessary to effect such assignment. Party B hereby acknowledges and consents to the assignment by Party A to Insurer of any rights and remedies that Party A has under any Insured Transaction or any other document executed in connection herewith.

(x) *Additional Termination Event will apply.* The following shall constitute Additional Termination Events in respect of Party B (and amounts payable by Party B to

Party A upon such termination shall not be insured by the Swap Insurance Policy):

(a) The Insurer fails to meet its payment obligations under its Swap Insurance Policy and such failure is continuing with respect to the Insurer under the Swap Insurance Policy; provided, however, that, in any such case, either

(X) an Event of Default has occurred or is continuing with respect to Party B as the Defaulting Party; or

(Y) a Termination Event has occurred or is continuing with respect to Party B as the Affected Party.

For the purpose of the foregoing Termination Event, the Affected Party shall be Party B.

(b) The Insurer's financial strength rating from S&P is below A- and the Insurer's claims paying ability rating from Moody's is below A3;

provided, however, that in any such case, either

(X) an Event of Default has occurred and is continuing with respect to Party B as the Defaulting Party; or

(Y) a Termination Event has occurred and is continuing with respect to Party B as the Affected Party.

For the purpose of the foregoing Termination Event, the Affected Party shall be Party B.

(c) (A) The Insurer consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation amalgamation, merger or transfer the resulting, surviving or transferee entity fails to assume all the obligations of the Insurer under the Swap Insurance Policy by operation of law or pursuant to an agreement reasonably satisfactory to Party A and (B) Party B fails, within 20 days of notice from Party A, to provide a replacement guarantee, letter of credit, surety bond, insurance policy or other credit enhancement instrument providing, in the reasonable opinion of Party A, support substantially the same as provided by the Swap Insurance Policy by a provider whose credit ratings are at least equal to those of the Insurer at the time of the replacement. For the purpose of this Termination Event, the Affected Party shall be Party B.

(d) (A) The entry of a non-appealable order of a court of competent jurisdiction that the Swap Insurance Policy is invalid and (B) Party B fails, within 20 days of notice from Party A, to provide a replacement guarantee, letter of credit, surety bond, insurance policy or other credit enhancement instrument providing, in the reasonable opinion of Party A, support substantially the same as provided by the Swap Insurance Policy by a provider whose credit ratings are at least equal to those of the Insurer at the time of the replacement. For the purpose of this Termination Event, the Affected Party shall be Party B.

(xi) Notwithstanding Section 6 of this Agreement, any designation of an Early Termination Date in respect of the Insured Transactions by the Insurer or by Party A with the consent of the Insurer pursuant to paragraph (i) above shall apply only to the Insured Transactions and not to any other Transaction under this Agreement, unless Party A shall designate an Early Termination Date in respect of such other Transaction. Nothing contained in this paragraph (xi) shall affect the rights of Party A under this Agreement to designate an Early Termination Date in respect of any Transaction other than the Insured Transactions, which designation shall not apply to the Insured Transactions unless expressly provided in such designation and unless the Insurer shall have designated, or consented to the designation by Party A of, an Early Termination Date in respect of the Insured Transactions in accordance with paragraph (i) above or such designation of an Early Termination Date is otherwise permitted under paragraph (i) or (x).

(xii) Notwithstanding anything else in this Agreement, in no event shall either Party A or Party B be entitled to net or set off the payment obligations of the other party that are not with respect to Insured Transactions against the payment obligations of such party under Insured Transactions (whether by counterclaim or otherwise), it being the intention of the parties that their payment obligations under Insured Transactions be treated separate and apart from all other obligations. Notwithstanding Section 6(e) of this Agreement, the amount payable under Section 6(e) of this Agreement upon the termination of any Insured Transaction shall be determined without regard to any obligation other than those under the Insured Transactions, it being the intention of the parties that their payment obligations under the Insured Transactions be treated separate and apart from all other obligations unless otherwise specified in such other obligation and agreed to in writing by the Insurer.

(xiii) None of the rights and obligations of the Insurer with respect to the Insured Transactions shall affect the rights and obligations of the parties hereto pursuant to any Transaction that is not an Insured Transaction.

(xiv) Notice of any Change of Account under Section 2(b) shall be delivered or given to the Insurer.

(xv) *Reserved.*

(xvi) Pursuant to Section 8(c) of this Agreement, all obligations of the parties will survive the termination of any Transaction or the term of this Agreement or the Resolution so long as amounts owed under the Swap Insurance Policy or under Part 4(j)(xxi) of this Agreement remain outstanding.

(xvii) For the purpose of Section 10(a) of the Agreement, all notices and communications shall be delivered or given to Party A, Party B and the Insurer as set forth in Part 3(a) of this Schedule.

(xviii) Notwithstanding Section 2(a)(iii) of this Agreement, Party A shall not suspend any payments due under an Insured Transaction under Section 2(a)(iii) unless the Insurer is in default in respect of any payment obligations due under the Swap Insurance Policy.

(xix) No notice of an Event of Default or Termination Event shall be effective against Party B unless such notice is given to the Insurer.

(xx) Party B agrees to reimburse the Insurer, solely from amounts available to Party B under the Financing Agreement, immediately and unconditionally upon demand for all reasonable expenses incurred by the Insurer in connection with the issuance of the Swap Insurance Policy and the enforcement by the Insurer of Party B's obligations under this Agreement and any other documents executed in connection with the execution and delivery of this Agreement, including, but not limited to, fees (including professional fees), costs and expenses incurred by the Insurer which are related to, or resulting from any breach by Party B of its obligations hereunder.

(xxi) Party B hereby covenants and agrees that it shall reimburse Insurer, solely from amounts available to Party B under the Financing Agreement, for any amounts paid by the Insurer under the Swap Insurance Policy and all costs of collection thereof and enforcement of this Agreement at the Insurer Payment Rate (as hereinafter defined). For purposes of the foregoing, "Insurer Payment Rate" shall mean the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A. ("Chase") at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by Chase) plus 3 percent and (ii) the then highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Insurer Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event that Chase ceases to announce its Prime Rate publicly, the Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify.

(xxii) Each party agrees that each of its representations and agreements in this Agreement is expressly made to and for the benefit of the Insurer.

(xxiii) Each party agrees to send a copy of all notices or communications sent by such party to the other party, to the Insurer at the following address:

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004
Attn: Public Finance & Risk Management
Telecopy: (212) 480-3682

(k) *Appendix A.* Notwithstanding any other provisions of this Agreement, Party A and Party B agree that Party A shall be bound by the provisions of Appendix A (Standard Clauses for New York State Thruway Authority and New York State Canal Corporation Procurement Contracts) annexed hereto, which shall be deemed an integral part of this Agreement. Notwithstanding Section 12 of Appendix A, if there exists a conflict between a provision in Appendix A and this Agreement, this Agreement shall govern to the extent permitted by law.

In addition, the following changes are made to Appendix A:

1. The last sentence of Section 3 shall not apply.

2. Notwithstanding the first sentence of Section 9 of Appendix A, Records must be kept for the balance of the calendar year in which they were made and for six (6) additional years thereafter.

3. The following shall be added to Section 9: The Authority shall take reasonable steps to protect from public disclosure any of the Records which are exempt from disclosure under Section 87 of the State's Public Officer's Law (the "Statute") provided that: (i) the Contractor shall timely inform an appropriate Authority official, in writing, that said records should not be disclosed; and (ii) said records shall be sufficiently identified; and (iii) designation of said records as exempt under the Statute is reasonable. Nothing contained herein shall diminish, or in any way adversely affect, the Authority's right to discovery in any pending or future litigation.

4. The last sentence of Section 21 shall not apply.

(l) ***Liability; No Indemnification.*** Each party will be responsible for all damage to life and properties due to negligent or otherwise tortious acts, errors or omissions of such party in connection with its obligations under this Agreement to the extent provided by law. Party B shall not indemnify Party A, and Party A shall not indemnify Party B, for any claims, suits, actions, damages, and costs resulting from the performance of its obligations under this Agreement.

Insurer: Ambac

The parties executing this Schedule have executed the Master Agreement and have agreed as to the contents of this Schedule.

MERRILL LYNCH CAPITAL SERVICES, INC.

By: _____

Title: Authorized Signatory

NEW YORK STATE THRUWAY AUTHORITY

By: _____

Title: _____

The parties executing this Schedule have executed the Master Agreement and have agreed as to the contents of this Schedule.

MERRILL LYNCH CAPITAL SERVICES, INC.

By: _____

Title: Authorized Signatory

NEW YORK STATE THRUWAY AUTHORITY

By: _____

Title: Treasurer

EXHIBIT A to Schedule

Form of Confirmation

[Date]

CONFIRMATION

New York State Thruway Authority
200 Southern Boulevard
Albany, NY 12209
Attention: Chief Financial Officer
Facsimile No.: 518-471-5050
Telephone No.: 518-436-2820
Tax ID:

Ladies and Gentlemen:

The purpose of this letter agreement (the "Confirmation") is to set forth the terms and conditions of the Transaction entered into between MERRILL LYNCH CAPITAL SERVICES, INC. ("Party A") and the NEW YORK STATE THRUWAY AUTHORITY ("Party B") on the Trade Date specified below (the "Transaction").

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 Master Agreement and Schedule thereto dated as of October 21, 2003 (the "Agreement") between you and us. 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:	MERRILL LYNCH CAPITAL SERVICES, INC.
Party B:	NEW YORK STATE THRUWAY AUTHORITY
Notional Amount:	USD _____, reducing on the dates and in the amounts set forth in Annex I hereto.
Trade Date:	_____
Effective Date:	_____
Termination Date:	_____

FIXED AMOUNTS:

Fixed Rate Payer:	Party B
Fixed Rate Payer Payment Dates:	Semiannually on each _____ and _____, commencing on _____ 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 _____ and _____, commencing on _____ and terminating on the Termination Date. No Adjustment shall apply to Period End Dates.
Fixed Rate:	____%
Fixed Rate Day Count Fraction:	30/360

FLOATING AMOUNTS:

Floating Rate Payer:	Party A
Floating Rate Payer Payment Dates:	Monthly on the fifteenth day of each calendar month, commencing on _____ and terminating on the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.
Floating Rate Payer End Dates :	Monthly on the fifteenth day of each calendar month, commencing on _____ and terminating on the Termination Date. No Adjustment shall apply to Period End Dates.
Floating Rate Option:	_____% of USD-LIBOR-BBA
Designated Maturity:	One Month
Floating Rate Day Count Fraction:	Actual/360
Floating Rate Reset Dates:	The Effective Date and the first day of each calendar month thereafter. Notwithstanding the definition of USD-LIBOR-BBA in the Definitions, the rate for each Reset Date shall be the rate which appears on the Telerate Page 3750 as of 11:00 a.m., London time, on such Reset Date or, if such date is not a London Banking Day, the day that is one London Banking Day preceding the Reset Date.
Floating Rate Method of Averaging:	Inapplicable
Business Days:	New York

3. *Account Details*

Payments to Party A	[Merrill Lynch Capital Services, Inc.] ABA No. Account No. Reference:
Payments to Party B	Name of Bank: JPMorgan Chase Bank Account No.: [507943635] Fed ABA No.: 021000021 Reference: New York State Thruway Authority for further credit to :_____

If you have any questions regarding this letter agreement, please contact the Swap Operations Department in New York at [_____].

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,

MERRILL LYNCH CAPITAL SERVICES, INC.

By:_____
Authorized Signatory

Name:_____

Title:_____

Accepted and confirmed as of the
Trade Date

NEW YORK STATE THRUWAY AUTHORITY

By:_____
Authorized Signatory

Name:_____

Title:_____

Insurer: Ambac

EXHIBIT B

GUARANTEE OF MERRILL LYNCH & CO., INC.

FOR VALUE RECEIVED, receipt of which is hereby acknowledged, MERRILL LYNCH & CO., INC., a corporation duly organized and existing under the laws of the State of Delaware ("ML & Co."), hereby unconditionally guarantees to [NAME OF COUNTERPARTY] (the "Counterparty"), the due and punctual payment of any and all amounts payable by Merrill Lynch Capital Services, Inc., a corporation organized under the laws of the State of Delaware ("MLCS"), under the terms of the Master Agreement, dated as of [Date of Master], between MLCS and the Counterparty (the "Agreement"), including, in case of default, interest on any amount due, when and as the same shall become due and payable, whether on the scheduled payment dates, at maturity, upon declaration of termination or otherwise, according to the terms thereof. In case of the failure of MLCS punctually to make any such payment, ML & Co. hereby agrees to make such payment, or cause such payment to be made, promptly upon demand made by the Counterparty to ML & Co.; provided, however, that a delay by the Counterparty in giving such demand shall in no event affect ML & Co.'s obligations under this Guarantee. This Guarantee shall remain in full force and effect or shall be reinstated (as the case may be) if at any time any payment guaranteed hereunder, in whole or in part, is rescinded or must otherwise be returned by the Counterparty upon the insolvency, bankruptcy or reorganization of MLCS or otherwise, all as though such payment had not been made.

ML & Co. hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Agreement; the absence of any action to enforce the same; any waiver or consent by the Counterparty concerning any provisions thereof; the rendering of any judgment against MLCS or any action to enforce the same; or any other circumstances that might otherwise constitute a legal or equitable discharge of a guarantor or a defense of a guarantor. ML & Co. covenants that this Guarantee will not be discharged except by complete payment of the amounts payable under the Agreement. This Guarantee shall continue to be effective if MLCS merges or consolidates with or into another entity, loses its separate legal identity or ceases to exist.

ML & Co. hereby waives diligence; presentment; protest; notice of protest, acceleration, and dishonor; filing of claims with a court in the event of insolvency or bankruptcy of MLCS; all demands whatsoever, except as noted in the first paragraph hereof; and any right to require a proceeding first against MLCS.

ML & Co. hereby certifies and warrants that this Guarantee constitutes the valid obligation of ML & Co. and complies with all applicable laws.

This Guarantee shall be governed by, and construed in accordance with, the laws of the State of New York.

This Guarantee becomes effective concurrent with the effectiveness of the Agreement, according to its terms.

This Guarantee may be terminated at any time by notice by ML & Co. to the Counterparty given in accordance with the notice provisions of the Agreement, effective upon receipt of such notice by the Counterparty or such later date as may be specified in such notice; provided, however, that this Guarantee shall continue in full force and effect with respect to any obligation of MLCS under the Agreement entered into prior to the effectiveness of such notice of termination.

Insurer: Ambac

IN WITNESS WHEREOF, ML & Co. has caused this Guarantee to be executed in its corporate name by its duly authorized representative.

MERRILL LYNCH & CO., INC.

By:_____
Name:
Title:

Date: _____

EXHIBIT C

FORM OF OPINION OF INTERNAL COUNSEL FOR MLCS

[Date]

[Name of Counterparty]
[address]

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004

Ladies and Gentlemen:

I am counsel to Merrill Lynch Capital Services, Inc. ("MLCS") and am delivering this opinion in connection with the Master Agreement and Schedule thereto, including the Credit Support Annex, dated as of [Date of Master], between MLCS and [Name of Counterparty] (collectively, the "Agreement") as supplemented by [the] confirmation[s] of [the] transaction[s] entered into on _____ between MLCS and Counterparty (each, a [the] "Confirmation").

In this connection I have examined originals or copies, certified or otherwise identified to my satisfaction, of such documents, corporate records, certificates of public officials and other instruments and have conducted such investigations of fact and law as I have deemed necessary or appropriate for purposes of this opinion.

Upon the basis of the foregoing, I am of the opinion that:

1. MLCS is a corporation organized and existing and in good standing under the laws of the State of Delaware.

2. The execution, delivery and performance of the Agreement and [the/each] Confirmation by MLCS are within MLCS's corporate power, have been duly authorized by all necessary corporate action and do not conflict with any provision of the certificate of incorporation or by-laws of MLCS.

3. The Agreement and [the/each] Confirmation have been duly executed and delivered by MLCS and constitute legal, valid and binding obligations of MLCS enforceable against MLCS in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, or other laws affecting the enforcement of creditors' rights generally or by general equity principles.

4. To the best of my knowledge, all federal, state, and local governmental, public, and regulatory authority approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings that are required to have been obtained or made by MLCS with respect to the authorization, execution, delivery, and performance by, or the enforcement against or by, MLCS of the Agreement and [the/each] Confirmation have been obtained and are in full force and effect and all conditions of such approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings have been fully complied with.

I have relied as to certain matters on information obtained from public officials, officers of MLCS and other sources believed by me to be responsible and I have assumed that the signatures on

all documents examined by me (other than those of MLCS) are genuine, assumptions which I have not independently verified.

This opinion is limited to the laws of the State of New York, the Delaware General Corporation Law and the Federal laws of the United States. The opinions in this letter are expressed solely as of the date hereof for your benefit and for the benefit of your successors and permitted assigns under the Agreement and may not be relied upon in any manner or for any purposes by any other person.

Very truly yours,

EXHIBIT D

FORM OF OPINION OF COUNSEL FOR MERRILL LYNCH & CO., INC.

[Date]

[Name of Counterparty]
[address]

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004

Ladies and Gentlemen:

We have acted as counsel to Merrill Lynch & Co., Inc. ("Merrill Lynch"), and are delivering this opinion in connection with the Guarantee dated [Date of Master] (the "Guarantee") of Merrill Lynch furnished to you with respect to the Master Agreement and Schedule thereto, including the Credit Support Annex (collectively, the "Agreement"), dated as of [Date of Master], between Merrill Lynch Capital Services, Inc. and [Name of Counterparty].

In connection with this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of public officials and other instruments and have conducted such other investigations of fact and law as we have deemed necessary or appropriate for purposes of this opinion.

Upon the basis of the foregoing, we are of the opinion that:

1. Merrill Lynch is a corporation organized and existing under the laws of the State of Delaware.

2. The execution, delivery and performance of the Guarantee are within Merrill Lynch's corporate power, have been duly authorized by all necessary corporate action, and do not conflict with any provision of Merrill Lynch's organizational documents.

3. The Guarantee has been duly executed and delivered by Merrill Lynch and constitutes a legal, valid and binding obligation of Merrill Lynch enforceable against Merrill Lynch in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally or by general equity principles.

4. To the best of our knowledge, all federal, state, and local governmental, public, and regulatory authority approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings that are required to have been obtained or made by Merrill Lynch with respect to the authorization, execution, delivery, and performance by, or the enforcement against or by, Merrill Lynch of the Guarantee have been obtained and are in full force and effect and all conditions of such approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings have been fully complied with.

We have relied as to certain matters on information obtained from public officials, officers of Merrill Lynch and other sources believed by us to be responsible and we have assumed that the

signatures on all documents examined by us (other than those of Merrill Lynch) are genuine, assumptions which we have not independently verified.

This opinion is limited to the laws of the State of New York, the Delaware General Corporation Law and the Federal laws of the United States. The opinions in this letter are expressed

solely as of the date hereof for your benefit and for the benefit of your successors and permitted assigns under the Agreement and may not be relied upon in any manner or for any purposes by any other person.

Very truly yours,

EXHIBIT E to Schedule
[Form of Opinion of Counsel to Party B]

October 21, 2003

Merrill Lynch Capital Services, Inc.
[Address]

Ambac Assurance Corporation
One State Street Plaza
New York, New York 10004

Ladies and Gentlemen:

We have acted as counsel to New York State Thruway Authority, a body corporate and politic constituting a public corporation of the State of New York ("Party B") in connection with the execution and delivery of the Master Agreement and Schedule thereto, including the Credit Support Annex (collectively, the "Master Agreement") dated as of October 21, 2003 between Merrill Lynch Capital Services, Inc. ("Party A") and Party B and the Confirmation(s), dated _____, 2003 (the "Initial Confirmation(s)"), each between Party A and Party B. The Master Agreement together with the Initial Confirmation(s) shall constitute one agreement and hereinafter is referred to as the "Agreement".

In connection with this opinion, we have examined executed copies of the Master Agreement and such documents and records of Party B, certificates of public officials and officers of Party B and such other documents as we have deemed necessary or appropriate for the purposes of this opinion. In this opinion, we have assumed the genuineness of all the signatures, the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as certified, conformed or photostatic copies.

Party B has authorized the Agreement by and pursuant to Resolution No. 5316 adopted by the Board of Party B on September 17, 2003. In addition, pursuant to the Guidelines for Interest Rate Exchange Agreements, adopted by Party B pursuant to said Article 5-D on December 5, 2002 (the "Guidelines"), Public Resources Advisory Group, has issued a letter dated October 21, 2003, to Party B finding that the terms and conditions of the Agreement reflect a fair market value. We have relied on such letter, without further investigation, in rendering this opinion.

Based upon the foregoing, we are of the opinion that:

1. Party B is a body corporate and politic constituting a public corporation of the State of New York duly organized and validly existing under the laws of the State of New York.

2. Party B is authorized under the New York State Thruway Authority Act, Title 9 of Article 2 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended, Article 5-D of the State Finance Law, the Guidelines, the Financing Agreement (as defined in the Agreement) and the Resolution (as defined in the Agreement), to enter into the Agreement and to perform its obligations thereunder.

3. Party B has taken all necessary action required to be taken to ensure that the Agreement complies in all respects with the New York State Thruway Authority Act, Article 5-D of the State Finance Law, the Guidelines and the Resolution.

4. The Agreement has been duly executed and delivered by Party B and constitutes a legally valid and binding obligation of Party B enforceable against Party B in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application, regardless of whether enforcement is sought in a proceeding in equity or at law); provided, however, that this opinion is subject to the qualification that in connection with any early termination on the grounds of default, a court might limit the non-Defaulting Party's recovery to its actual damages in the circumstances, imposing its own settlement procedures in lieu of the provisions of Section 6(e) of the Agreement.

5. To the best of our knowledge, no consent, authorization, license or approval of, or registration or declaration with, any governmental authority is required in connection with the execution, delivery and performance of the Agreement by Party B.

6. The Agreement is a special limited obligation of Party B, and all amounts payable under the Agreement constitute Subordinate Obligations. The obligation of Party B to make such payments is secured solely by a pledge of and lien on Revenues on deposit in the Administrative Fund, subject and subordinate in all respects to the pledge of and lien on such Revenues created by Section 501 of the Resolution in favor of the payment of the Principal and Redemption Price of, and Sinking Fund Installments for, and interest on, the Bonds, and to the requirements of the Resolution for withdrawals from the Revenue Fund for deposit into the Bond Service Fund and any Bond Service Reserve Fund as provided therein. Capitalized terms used in this paragraph and not defined have the respective meanings ascribed to such terms in the Resolution.

Our opinion is rendered only with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or any other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereinafter occur, or for any other reason whatsoever.

This opinion is solely for your information and assistance and may not be relied upon by any other person.

Very truly yours,

SCHEDULE

to the

ISDA Master Agreement

dated as of October 21, 2003, between

MERRILL LYNCH CAPITAL SERVICES, INC.,

("Party A")

and

NEW YORK STATE THRUWAY AUTHORITY,
a body corporate and politic of the State of New York
constituting a public corporation of the State of New York

("Party B")

Part 1. Termination Provisions.

In this Agreement:—

(a) ***"Specified Entity"*** means in relation to Party A for the purpose of:—

Section 5(a)(v) (Default under Specified Transaction),	Merrill Lynch & Co., Inc. ("ML&Co.").
Section 5(a)(vi) (Cross Default),	ML&Co.
Section 5(a)(vii) (Bankruptcy),	ML&Co.
Section 5(b)(ii) (Credit Event Upon Merger),	ML&Co.
and in relation to Party B for the purpose of:–	
Section 5(a)(v)(Default under Specified Transaction)	Not applicable.
Section 5(a)(vi) (Cross Default),	Not applicable.
Section 5(a)(vii)(Bankruptcy),	Not applicable.
Section 5(b)(ii) (Credit Event Upon Merger)	Not applicable.

(b) ***"Specified Transaction"*** will have the meaning specified in Section 12 of this Agreement; provided that with respect to Party B, Specified Transaction shall include only those Specified Transactions that are payable from the source of payment specified in Section 4(d) of this Agreement.

(c) The ***"Cross Default"*** provisions of Section 5(a)(vi) will apply to Party A and will apply to Party B.

The following provisions apply:

"Specified Indebtedness" with respect to Party A, will have the meaning specified in Section 12 of this Agreement and, with respect to Party B, will mean any bonds issued pursuant to the Resolution and any interest rate exchange agreement executed by Party B that is payable from the source of payment specified in Section 4(d) of this Agreement (the inclusion of interest rate exchange agreements as Specified Indebtedness shall not create any implication that an interest rate exchange agreement constitutes indebtedness).

"Threshold Amount" means the lesser of $100,000,000 and 3% of Stockholders' Equity of Party A for Party A and $35,000,000 for Party B. For purposes hereof, "Stockholders' Equity" shall be determined by reference to PartyA's most recent consolidated balance sheet and shall include legal capital, paid-in capital, retained earnings and cumulative translation adjustments.

(d) The ***"Credit Event Upon Merger"*** provisions of Section 5(b)(ii) will apply to Party A and will not apply to Party B.

(e) The ***"Automatic Early Termination"*** provisions of Section 6(a) will not apply to Party A or to Party B.

(f) ***Payments on Early Termination.*** For the purpose of Section 6(e) of this Agreement:

(A) Market Quotation will apply.

(B) The Second Method will apply.

(g) ***Additional Termination Event will apply.*** The following shall constitute Additional Termination Events:

(i) If the unenhanced, unsubordinated Specified Indebtedness of Party B or the outstanding long term unsecured, unsubordinated, unenhanced debt of ML&Co. is not rated by at least one of Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. (or any successor) ("S&P"), Moody's Investors Service, Inc. (or any successor) ("Moody's"), or Fitch Ratings (or any successor) ("Fitch") at least BBB, Baa2 or BBB, as applicable, or the unenhanced, unsubordinated Specified Indebtedness of Party B or the outstanding long term unsecured, unsubordinated, unenhanced debt of ML&Co. is rated by any one of S&P, Moody's or Fitch lower than BBB-, Baa3 or BBB-, as applicable, or any rating is withdrawn or suspended, then a "Ratings Event" shall be deemed to have occurred with respect to such party. The party for which the Ratings Event is deemed to have occurred ("X") shall promptly notify the other party of the occurrence of such Ratings Event; provided that, the failure of such a party to provide such notice shall not constitute an Event of Default hereunder. A Ratings Event shall be deemed an Additional Termination Event for which all Transactions under this Agreement shall be Affected Transactions. For the purposes of Section 6(b) and Section 6(e), X shall be the sole Affected Party.

(ii) It shall be an Additional Termination Event if Party A has notified Party B that a Party B Downgrade Event (as defined below) has occurred and Party B has not, within 20 days of receiving such notice, at its sole election, either (a) provided a guarantee, letter of credit, surety bond, insurance policy or other credit support document with respect to the amounts payable by Party B under Sections 2 and 6 of this Agreement in a form and by a provider reasonably acceptable to Party A and, unless the Insurer has failed to pay under the Swap Insurance Policy, the Insurer; (b) transferred this Agreement pursuant to Section 7(d) of this Agreement or otherwise transferred this Agreement to a counterparty reasonably acceptable to Party A pursuant to terms

reasonably acceptable to Party A and, unless the Insurer has failed to pay under the Swap Insurance Policy, the Insurer; or (c) executed a credit support annex with Party A in substantially the form executed by Party A upon the execution and delivery of this Agreement. For purposes of Section 6(e), Party B shall be the sole Affected Party. A "Party B Downgrade Event" shall occur if the unenhanced, unsubordinated Specified Indebtedness of Party B is not rated by at least one of S&P, Moody's or Fitch at least BBB+, Baa1 or BBB+, as applicable, or the unenhanced, unsubordinated Specified Indebtedness of Party B is rated by any one of S&P, Moody's or Fitch lower than BBB, Baa2 or BBB, as applicable. Party B shall promptly notify Party A of the occurrence of a Party B Downgrade Event; provided that, the failure of Party B to provide such notice shall not constitute an Event of Default hereunder. This Additional Termination Event shall be deemed to have been waived by Party A until such time as (i) the Insurer fails to make a payment due under its Swap Insurance Policy or (ii) the Insurer's financial strength rating from S&P is below A- and its claims paying ability rating from Moody's is below A3.

(h) ***Events of Default.***

(i) ***Cross Default.*** Section 5(a)(vi) of this Agreement is hereby amended to read in its entirety as follows:

"(vi) ***Cross Default.*** With respect to Party A shall mean the occurrence or existence of (1) a default, event of default or other similar condition or event (however described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) in an aggregate amount of not less than the Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof in an aggregate amount of not less than the Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period); provided, however, that notwithstanding the foregoing, an Event of Default shall not occur if, as demonstrated to the reasonable satisfaction of Party B, (a) the event or condition or the failure to pay is a failure to pay caused by an error or omission of an administrative or operational nature; and (b) funds were available to Party A to enable it to make the relevant payment when due; and (c) such relevant payment is made within three Business Days following receipt of written notice from an interested party of such failure to pay; and

With respect to Party B shall mean the occurrence or existence of a default on Specified Indebtedness of Party B with a principal or notional amount of not less than the Threshold Amount (as specified in the Schedule) either (1) when any amount on such Specified Indebtedness is due and payable or (2) which has resulted in such Specified Indebtedness becoming due and payable under such agreements or instruments before it would otherwise have been due and payable; provided, however, that notwithstanding the foregoing, an Event of Default shall not occur if, as demonstrated to the reasonable satisfaction of Party A, (a) the event or condition or the failure to pay is a failure to pay caused by an error or omission of an administrative or operational nature; and (b) funds were available to Party B to enable it to make the relevant payment when due; and (c) such relevant payment is made within three Business Days following receipt of written notice from an interested party of such failure to pay;".

(ii) ***Bankruptcy***. Section 5(a)(vii) is hereby amended by renumbering existing Clauses (8) and (9) to be Clauses (9) and (10), respectively and is further amended by replacing the reference to "clauses (1) to (7) (inclusive)" in what is now Clause (9), with a reference to "clauses (1) to (8) (inclusive)" and is further amended by adding a new clause (8) to read as follows:

"(8) is subject to a statute, rule or regulation which has been enacted and has the force of law and which establishes an agency, authority, body or oversight board to monitor, review or oversee a financial emergency with respect to such party".

(iii) ***Merger Without Assumption.*** Section 5(a)(viii) of this Agreement is hereby amended to read in its entirety as follows:

"(viii) ***Merger Without Assumption.*** The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity (or, without limiting the foregoing, if such party is a Government Entity, an entity such as a board, commission, authority, agency, public corporation, public benefit corporation or political subdivision succeeds to the principal functions of, or powers and duties granted to, such party or any Credit Support Provider of such party) and, at the time of such consolidation, amalgamation, merger, transfer or succession:

(1) the resulting, surviving, transferee, or successor entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement;

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving, transferee or successor entity of its obligations under this Agreement; or

(3) in the case of Party B, the benefits of the Financing Agreement fail to extend (without the consent of the other party) to the performance by such resulting, surviving, transferee or successor entity of its obligations under this Agreement."

(i) ***Early Termination.***

Section 6 is hereby amended by adding the following new subsections (f) and (g):

"(f) ***Set-off.*** Neither party hereto shall have a right of set-off with respect to amounts due hereunder; provided, however, that this provision shall not affect the rights of Party B to exercise remedies including any right of set-off under the credit support annex executed in connection herewith."

"(g) ***Optional Termination by Party B.*** Party B may, upon at least five (5) Business Days' written notice to Party A and the Insurer, terminate any Transactions under this Agreement by designating to Party A the termination date for such Transactions. In the event Party B exercises its right of optional termination hereunder, the provisions of Section 6(e)(ii)(1) shall apply as though Party B is the sole Affected Party. Party B may not optionally terminate any Transactions pursuant to this section unless Party B also provides evidence reasonably satisfactory to Party A and the Insurer that Party B has or will have on the termination date available funds without regard to any swap insurance policy with which to

pay any amount due to Party A as a result of such optional termination. Notwithstanding anything herein to the contrary, the parties will be obligated to pay any accrued and unpaid amounts that would otherwise be due on the date of such optional termination."

Part 2. Agreement to Deliver Documents.

For the purpose of Section 4(a) of this Agreement, each party agrees to deliver the following documents, as applicable:

Party Required to Deliver Document	Form/Certificate Document	Date by Which to be Delivered	Covered by Section 3(d)
Party A and Party B	Certified copies of all documents evidencing necessary corporate and other authorizations and approvals with respect to the execution, delivery and performance by the party and any Credit Support Provider of this Agreement, any Credit Support Document and any Confirmation, including, where applicable, certified copies of the resolutions of its Board of Directors authorizing the execution and delivery of this Agreement, the relevant Credit Support Document or any Confirmation.	Upon execution of this Agreement and promptly at the request of the other party upon execution of a Confirmation.	Yes
Party A and Party B	A certificate of an authorized officer of the party and any Credit Support Provider as to the incumbency and authority of the officers of the party and any Credit Support Provider signing this Agreement, any Credit Support Document or any Confirmation.	Upon execution of this Agreement and promptly at the request of the other party upon execution of a Confirmation.	Yes
Party A and Party B	With respect to Party A, a copy of the most recent annual report (and each annual report thereafter) of ML&Co., and with respect to Party B, a copy of the most recent audited annual financial statements of Party B and Annual Information Statement of the State of New York and any updates thereto and the audited financial statements of the State of New York, in each case when available to Party B, containing in all cases audited consolidated financial statements for each fiscal year during which this Agreement is in effect certified by independent certified public	Promptly after request by the other party.	Yes

	accountants and prepared in accordance with generally accepted accounting principles in the United States or in the country in which such party is organized.		
Party A	A copy of the unaudited consolidated financial statements of ML&Co., for each semiannual period in each fiscal year during which this Agreement is in effect prepared in accordance with generally accepted accounting principles in the United States or in the country in which such party is organized.	Promptly after request by the other party.	Yes
Party A	A copy of each regular financial or business reporting document that is (i) distributed or made generally available to respective shareholders or investors and made publicly available or (ii) filed in accordance with the disclosure requirements of any applicable statute, rule, regulation or judicial decree and made available for public inspection.	Promptly after request by the other party.	Yes
Party A and Party B	Such other documents as the other party may reasonably request	Promptly after request by the other party.	Yes
Party A and Party B	With respect to Party A, an opinion of counsel to Party A substantially in the form set forth in Exhibit C attached hereto and an opinion of counsel to ML&Co. substantially in the form set forth in Exhibit D hereto, in each case covering such other matters as reasonably requested by Party B and the Insurer; and with respect to Party B, (i) an opinion of counsel to Party B substantially in the form set forth in Exhibit E attached hereto and covering such other matters as reasonably requested by Party A and the Insurer and (ii) an opinion of internal counsel to Party B regarding the inability of Party B to claim sovereign immunity as a defense to its obligations hereunder.	Upon execution of this Agreement and each Confirmation.	No

Part 3. Miscellaneous.

(a) *Notices.* For the purpose of Section 10(a) to this Agreement:—

Address for notices or communications to Party A:—

Address: 4 World Financial Center, New York, NY 10080

Attention: Swap Group, World Financial Center

Telex No.: 6716341 Answerback: MLBSCTR

Facsimile No: (212) 449-9856 Telephone No.: (212) 449-2734

Address for notices or communications to Party B:—

Address: New York State Thruway Authority
200 Southern Boulevard
Albany, NY 12209

Attention: Chief Financial Officer

Facsimile No.: 518-471-5050

Telephone No.: 518-436-2820

Each party agrees to send a copy of all notices or communications sent by such party to the other party to the Insurer at the address set forth in Part 4(j)(xxiii).

(b) *Notices.* Section 10(a) is amended by adding in the third line thereof after the phrase "messaging system" and before the ")" the words "; provided, however, any such notice or other communication may be given by facsimile transmission if telex is unavailable, no telex number is supplied to the party providing notice, or if answer back confirmation is not received from the party to whom the telex is sent."

(c) *Calculation Agent.* The Calculation Agent is Party A unless Party A is the Defaulting Party, in which case the Calculation Agent means a leading dealer in the relevant market designated by Party B. Calculations by the Calculation Agent shall be binding and conclusive absent manifest error.

(d) *Credit Support Document.* Details of any Credit Support Document: in relation to Party A means the Credit Support Annex attached as Exhibit D and the Guarantee of ML&Co.

(e) *Credit Support Provider.* Credit Support Provider means in relation to Party A, ML&Co. and in relation to Party B, not applicable.

(f) *Governing Law.* THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO CHOICE OF LAW DOCTRINE.

(g) *Netting of Payments.* Subparagraph (ii) of Section 2(c) of this Agreement will not apply to all Transactions entered into between Party A and Party B.

(h) *"Affiliate"* will have the meaning specified in Section 12 of this Agreement, but with respect to Party B, will exclude the State of New York.

(i) *"Government Entity"* means Party B.

(j) *Account details.* Payments shall be made to the following accounts:

Payments to Party A:

Name of Bank: Bankers Trust Company, New York, NY
Account No.: 00-811-874
Fed ABA No.: 021-001-033
Reference: Merrill Lynch Capital Services, Inc.
Attn: Muni Swaps

Payments to Party B:

JPMorgan Chase Bank
Fed ABA #: 021 000 021
A/C #: 507943635
Reference: Merrill CHIPS Swap Payment

Part 4. Other Provisions.

(a) *Representations.*

(i) The introductory clause of Section 3 of this Agreement is hereby amended to read in its entirety as follows:

"Each party represents to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(a), 3(e) and 3(f), at all times until the termination of this Agreement) that:—".

(ii) Section 3(a) of this Agreement is hereby amended by adding the following subparagraph (vi):

"(vi) *Eligible Contract Participant.* It is an "eligible contract participant" within the meaning of Section 1(a)(12) of the Commodity Exchange Act.".

(iii) Section 3 of this Agreement is hereby amended by adding the following subsections (e), (f), (g) and (h) thereto:

"(e) *Non-Speculation.* This Agreement has been, and each Transaction hereunder will be (and, if applicable, has been), entered into for purposes of managing its borrowings or investments and not for purposes of speculation."

"(f) *No Immunity.* It is not immune from suit or judgment for amounts due and payable pursuant to this Agreement, it being understood that, with respect to Party B, payment of

any judgment shall be solely from sources available under Section 4(d) "Source of Payments" hereof.".

"(g) ***Acting as Principal.*** Each party hereto represents and warrants to the other party hereto that it is acting as a principal hereunder and not as an agent for any other party."

"(h) ***No Reliance.*** In connection with the negotiation of, the entering into, and the confirming of the execution of, this Agreement, any Credit Support Document to which it is a party, and each Transaction: (i) the other party is not acting as a fiduciary or financial or investment advisor for it; (ii) it has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisors to the extent it has deemed necessary; (iii) that Transaction has been the result of arm's length negotiations between the parties; (iv) it is entering into this Agreement, such Credit Support Document and such Transaction with a full understanding of all of the risks hereof and thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; (v) it is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary; (vi) it is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction (it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction); and (vii) it has not received from the other party any assurance or guarantee as to the expected results of that Transaction."

(b) *Agreements.*

(i) Section 4 of this Agreement is hereby amended by adding the following subsections (d), (e) and (f) thereto:

"(d) ***Source of Payments.*** Party B covenants that this Agreement is a special limited obligation of Party B, and all amounts payable under this Agreement constitute Subordinate Obligations. The obligation of Party B to make such payments is secured solely by a pledge of and lien on Revenues on deposit in the Administrative Fund, subject and subordinate in all respects to the pledge and lien on such Revenues created by Section 501 of the Resolution in favor of the payment of the Principal and Redemption Price of, and Sinking Fund Installments for, and interest on, the Bonds and to the requirements of the Resolution for withdrawals from the Revenue Fund for deposit into the Bond Service Fund and any Bond Service Reserve Fund as provided therein.

Party B further covenants that this Agreement constitutes a Qualified Interest Rate Exchange Agreement, pursuant to Section 207 of the Resolution.

Capitalized terms used in this Section 4(d) and not defined herein have the respective meanings ascribed to such terms in the Resolution.

(e) ***No Recourse.*** All covenants, stipulations, promises, agreements and obligations of Party B contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of Party B and not of any member, officer or employee of Party B in his or her individual capacity, and no recourse shall be had for the payment of any amount due hereunder or for any claims based hereon against any member, officer or employee of Party B or any person executing this Agreement for Party B, all such liability,

if any, being expressly waived and released by Party A.

(f) ***Actions with Respect to Financing Agreement and Resolution.*** Party B agrees to comply with all of its obligations under the Financing Agreement that are material to the performance of its obligations under this Agreement or the Resolution (including but not limited to the definition of Administrative Fund Requirement). Party B shall not enter into any amendment to, or waive any provision of, the Financing Agreement if such amendment or waiver would materially adversely affect Party B's ability to perform its obligations hereunder without the prior written consent of Party A and the Insurer. Party B agrees to enforce all provisions of the Financing Agreement relating to the performance of its obligations hereunder."

Party B agrees to include all amounts payable hereunder by Party B in its calculation of the Administrative Fund Requirement, as such term is defined and determined pursuant to the Resolution.

(c) ***Transfer.*** Section 7 of this Agreement is hereby amended to read in its entirety as follows:

"Neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:

(a) upon reasonable notice, a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement);

(b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6(e);

(c) Party A upon five (5) Business Days notice to Party B and the Insurer may transfer this Agreement and all of its interests and obligations in or under this Agreement to any Affiliate of Party A; provided that ML&Co. provides a guarantee of such Affiliate's obligations in form and substance reasonably satisfactory to Party B and the Insurer; and

(d) Party B may transfer all of its rights and obligations under any Transaction (the "Transferred Obligation") to another entity (the "Transferee"); provided that:

(1) the credit worthiness of the Transferee or its guarantor is reasonably acceptable to Party A;

(2) the Transferee and Party A shall have executed a master agreement in form and substance satisfactory to Party A with terms appropriate for counterparties with the Transferee's credit rating, as determined by Party A in good faith (including such Credit Support Documents as shall be required by Party A and appropriate for counterparties with the Transferee's (or its guarantor's) credit rating, as determined by Party A in good faith) under which the Transferred Obligations will be governed;

(3) at the time of such transfer, no Early Termination Date shall have been designated under this Agreement and no Event of Default, Potential Event of Default or Termination Event shall have occurred and be continuing under this

Agreement with respect to Party B;

(4) such transfer will not result in the violation of any law, regulation, rule, judgment, order or other legal limitation or restriction applicable to Party A;

(5) such transfer will not result in a violation of Party A's counterparty eligibility or credit practices or policies or exposure limitations;

(6) at the time of such transfer, no event which would constitute a Termination Event, Event of Default or Potential Event of Default with respect to the Transferee if the Transferee were a party to this Agreement (or its guarantor were a Credit Support Provider under this Agreement) shall have occurred;

(7) such transfer does not result in any adverse tax consequences to Party A, including the obligation to deduct or withhold an amount with respect to any Tax from payments required to be made to the Transferee, the receipt of payments from the Transferee from which amounts with respect to any Tax may be deducted or withheld or the imposition of any tax, levy, impost, duty charge, or fee of any nature by any government or taxing authority which would not have been imposed but for such transfer;

(8) the Transferee is organized under the laws of the United States or a state thereof; and

(9) the prior written consent of the Insurer is obtained.

Any purported transfer that is not in compliance with this Section will be void."

(d) ***Jurisdiction/Waiver of Immunities.*** Section 11(b) and Section 11(c) of this Agreement are hereby deleted in their entirety and replaced with the following:

"With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably:

(i) submits to the exclusive jurisdiction of the Supreme Court of the State of New York; and

(ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party."

(e) ***Waiver of Jury Trial.*** Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any Proceedings relating to this Agreement or any Credit Support Document.

(f) ***Definitions.*** Section 12 of this Agreement is hereby amended to add the following definitions in their appropriate alphabetical order:

" ***'Financing Agreement'*** means the Local Highway and Bridge Service Contract, dated as

of August 15, 1991, as amended."

" *'Government Entity'* means Party B."

" *'Incipient Illegality'* means (i) any assertion by an officer of a party in his or her official capacity on behalf of such party in any legal proceeding or action in respect of such party, to the effect that performance by such party under this Agreement or similar agreements is unlawful and (ii) the enactment of legislation by the legislature (e.g., in the case of the State of New York, both the New York State Senate and the New York State Assembly and in the case of the United States, both the United States Senate and the U.S. House of Representatives) that is not vetoed and has not become law for 60 days which, if adopted as law, would render unlawful (a) the performance by a party of any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of a Transaction or the compliance by a party with any other material provisions of this Agreement relating to such Transaction or (b) the performance by a party or a Credit Support Provider of such party of any contingent or other obligation which such party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction."

"*'Resolution'* means the Local Highway and Bridge Special Limited Obligation Service Contract Bond Resolution, adopted on August 23, 1991, as heretofore or hereafter from time to time amended and supplemented including, but not limited to, by a fourteenth supplemental resolution adopted September 17, 2003."

(g) *Accuracy of Specified Information.* Section 3(d) is hereby amended by adding at the end of the third line thereof after the word "respect" and before the period the words, "or, in the case of audited or unaudited financial statements, a fair presentation of the financial condition of it." With respect to information concerning the State of New York provided by Party B, such representation is based solely upon the representation of the Division of the Budget of the State of New York or the Office of the State Comptroller of the State of New York, as applicable.

(h) *Notice of Incipient Illegality.* If an Incipient Illegality occurs, Party B will, promptly upon becoming aware of it, notify Party A, specifying the nature of that Incipient Illegality; provided that, the failure of Party B to provide such notice shall not constitute an Event of Default hereunder. Party B will also give such other information about that Incipient Illegality as Party A reasonably requests.

(i) *Deferral of Payments and Deliveries in Connection with Illegality and Incipient Illegality.* Section 2(a)(iii) is hereby amended to read in its entirety as follows:

"(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default, Illegality, Potential Event of Default or Incipient Illegality with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement."

(j) *Insurer Provisions.* The following provisions shall apply to any Transaction to which the Swap Insurance Policy issued by Financial Security Assurance Inc. (together with any successor, the "Insurer") to the account of Party B, as principal, and for the benefit of Party A, as beneficiary (the "Swap Insurance Policy"), relates (the "Insured Transactions").

(i) Notwithstanding anything to the contrary in Section 6 of this Agreement, if any:

(A) Event of Default in respect of any Insured Transaction under Section 5(a) of this Agreement occurs with respect to Party B as the Defaulting Party; or

(B) Termination Event in respect of any Insured Transaction under Section 5(b) of this Agreement occurs with respect to Party B as the Affected Party;

then, in either such case, Party A shall not designate an Early Termination Date in respect of any such Insured Transaction unless:

(Y) an Additional Termination Event under Part 4(j)(x) has occurred and is continuing; or

(Z) Insurer has otherwise consented in writing to such designation.

Amounts payable by Party B to Party A upon termination shall not be insured by the Swap Insurance Policy except as provided in Part 4(j)(ii).

(ii) Notwithstanding anything in this Agreement, if any Event of Default under this Agreement occurs, with Party B as the Defaulting Party, then the Insurer (unless an Additional Termination Event described in Part 4(j)(x) has occurred and is continuing) shall have the right (but not the obligation) upon notice to Party A to designate an Early Termination Date with respect to Party B with the same effect as if such designation were made by Party A. For purposes of the foregoing sentence, an Event of Default with respect to Party B shall be considered to be continuing, notwithstanding any payment by the Insurer under the Swap Insurance Policy. Party A and Party B acknowledge that, except as the Swap Insurance Policy may be otherwise endorsed, unless the Insurer designates an Early Termination Date (as opposed to merely consenting to such designation by one of the parties) termination payments due from Party B because an Early Termination Date has been designated will not be insured.

(iii) Party A and Party B hereby each acknowledge and agree that Insurer's obligation with respect to Insured Transactions shall be limited to the terms of the Swap Insurance Policy. Notwithstanding Section 2(e) or any other provision of this Agreement, Insurer shall not have any obligation to pay interest on any amount payable by Party B under this Agreement.

(iv) The definition of "Reference Market Makers" set forth in Section 12 of this Agreement shall be amended in its entirety to read as follows:

"Reference Market Makers" means four (4) leading dealers in the relevant swap market selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among dealers having an office in the greater New York Metropolitan area. The rating classification assigned to any outstanding long-term senior debt securities issued by such dealers shall be at least (1) Aa3 or higher as determined by Moody's Investors Service, Inc.

(or any successor) ("Moody's") (2) AA- or higher as determined by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. (or any successor) ("S&P") or (3) an equivalent investment grade rating determined by a nationally-recognized rating service acceptable to both parties and Insurer, provided however, that, in any case, if Market Quotation cannot be determined by four (4) such dealers, the party making the determination of the Market Quotation may designate, with the consent of the other party and Insurer, one (1) or more leading dealers whose long-term senior debt bears a lower investment grade rating.

(v) Section 8(b) of this Agreement is hereby amended by (A) adding the phrase "or any Credit Support Document" after the word "Agreement" in the first line thereof and (B) adding the phrase "and their respective Credit Support Providers" following after the word "parties" in the second line thereof.

(vi) No amendment, modification, supplement or waiver of this Agreement will be effective unless in writing and signed by each of the parties hereto and unless the parties hereto shall have obtained the prior written consent of Insurer.

(vii) Party A and Party B hereby each acknowledge and agree that Insurer shall be an express third-party beneficiary (and not merely an incidental third-party beneficiary) of this Agreement and the obligations of such party under any Insured Transaction, and as such, entitled to enforce this Agreement and the terms of any such Insured Transaction against such party on its own behalf and otherwise shall be afforded all remedies available hereunder or otherwise afforded by law against the parties hereto to redress any damage or loss incurred by Insurer including, but not limited to, fees (including professional fees), costs and expenses incurred by Insurer which are related to, or resulting from any breach by such party of its obligations hereunder.

(viii) So long as the Swap Insurance Policy shall remain in effect, no Insured Transaction may be assigned or transferred by Party B or Party A without the prior written consent of Insurer other than as provided in Section 7(a), (b) or (c).

(ix) Party A and Party B hereby acknowledge that to the extent of payments made by Insurer to Party A under the Swap Insurance Policy, Insurer shall be fully subrogated to the rights of Party A against Party B under the Insured Transaction to which such payments relate, including, but not limited to, the right to receive payment from Party B and the enforcement of any remedies. Party A hereby agrees to assign to Insurer its right to receive payment from Party B under any Insured Transaction to the extent of any payment thereunder by Insurer to Party A and to execute all such instruments or agreements as Insurer deems reasonably necessary to effect such assignment. Party B hereby acknowledges and consents to the assignment by Party A to Insurer of any rights and remedies that Party A has under any Insured Transaction or any other document executed in connection herewith.

(x) *Additional Termination Event will apply.* The following shall constitute Additional Termination Events in respect of Party B (and amounts payable by Party B to Party A upon such termination shall not be insured by the Swap Insurance Policy):

(a) The Insurer fails to meet its payment obligations under its Swap Insurance Policy and such failure is continuing with respect to the Insurer under the Swap

Insurance Policy; provided, however, that, in any such case, either

(X) an Event of Default has occurred or is continuing with respect to Party B as the Defaulting Party; or

(Y) a Termination Event has occurred or is continuing with respect to Party B as the Affected Party.

For the purpose of the foregoing Termination Event, the Affected Party shall be Party B.

(b) The Insurer's financial strength rating from S&P is below A- and the Insurer's claims paying ability rating from Moody's is below A3;

provided, however, that in any such case, either

(X) an Event of Default has occurred and is continuing with respect to Party B as the Defaulting Party; or

(Y) a Termination Event has occurred and is continuing with respect to Party B as the Affected Party.

For the purpose of the foregoing Termination Event, the Affected Party shall be Party B.

(c) (A) The Insurer consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation amalgamation, merger or transfer the resulting, surviving or transferee entity fails to assume all the obligations of the Insurer under the Swap Insurance Policy by operation of law or pursuant to an agreement reasonably satisfactory to Party A and (B) Party B fails, within 20 days of notice from Party A, to provide a replacement guarantee, letter of credit, surety bond, insurance policy or other credit enhancement instrument providing, in the reasonable opinion of Party A, support substantially the same as provided by the Swap Insurance Policy by a provider whose credit ratings are at least equal to those of the Insurer at the time of the replacement. For the purpose of this Termination Event, the Affected Party shall be Party B.

(d) (A) The entry of a non-appealable order of a court of competent jurisdiction that the Swap Insurance Policy is invalid and (B) Party B fails, within 20 days of notice from Party A, to provide a replacement guarantee, letter of credit, surety bond, insurance policy or other credit enhancement instrument providing, in the reasonable opinion of Party A, support substantially the same as provided by the Swap Insurance Policy by a provider whose credit ratings are at least equal to those of the Insurer at the time of the replacement. For the purpose of this Termination Event, the Affected Party shall be Party B.

(xi) Notwithstanding Section 6 of this Agreement, any designation of an Early Termination Date in respect of the Insured Transactions by the Insurer or by Party A with the consent of the Insurer pursuant to paragraph (i) above shall apply only to the Insured Transactions and not to any other Transaction under this Agreement, unless Party A shall designate an Early Termination Date in respect of

such other Transaction. Nothing contained in this paragraph (xi) shall affect the rights of Party A under this Agreement to designate an Early Termination Date in respect of any Transaction other than the Insured Transactions, which designation shall not apply to the Insured Transactions unless expressly provided in such designation and unless the Insurer shall have designated, or consented to the designation by Party A of, an Early Termination Date in respect of the Insured Transactions in accordance with paragraph (i) above or such designation of an Early Termination Date is otherwise permitted under paragraph (i) or (x).

(xii) Notwithstanding anything else in this Agreement, in no event shall either Party A or Party B be entitled to net or set off the payment obligations of the other party that are not with respect to Insured Transactions against the payment obligations of such party under Insured Transactions (whether by counterclaim or otherwise), it being the intention of the parties that their payment obligations under Insured Transactions be treated separate and apart from all other obligations. Notwithstanding Section 6(e) of this Agreement, the amount payable under Section 6(e) of this Agreement upon the termination of any Insured Transaction shall be determined without regard to any obligation other than those under the Insured Transactions, it being the intention of the parties that their payment obligations under the Insured Transactions be treated separate and apart from all other obligations unless otherwise specified in such other obligation and agreed to in writing by the Insurer.

(xiii) None of the rights and obligations of the Insurer with respect to the Insured Transactions shall affect the rights and obligations of the parties hereto pursuant to any Transaction that is not an Insured Transaction.

(xiv) Notice of any Change of Account under Section 2(b) shall be delivered or given to the Insurer.

(xv) *Reserved.*

(xvi) Pursuant to Section 8(c) of this Agreement, all obligations of the parties will survive the termination of any Transaction or the term of this Agreement or the Resolution so long as amounts owed under the Swap Insurance Policy or under Part 4(j)(xxi) of this Agreement remain outstanding.

(xvii) For the purpose of Section 10(a) of the Agreement, all notices and communications shall be delivered or given to Party A, Party B and the Insurer as set forth in Part 3(a) of this Schedule.

(xviii) Notwithstanding Section 2(a)(iii) of this Agreement, Party A shall not suspend any payments due under an Insured Transaction under Section 2(a)(iii) unless the Insurer is in default in respect of any payment obligations due under the Swap Insurance Policy.

(xix) No notice of an Event of Default or Termination Event shall be effective against Party B unless such notice is given to the Insurer.

(xx) Party B agrees to reimburse the Insurer, solely from amounts available to Party B under the Financing Agreement, immediately and unconditionally upon demand for all reasonable expenses incurred by the Insurer in connection with the issuance of

the Swap Insurance Policy and the enforcement by the Insurer of Party B's obligations under this Agreement and any other documents executed in connection with the execution and delivery of this Agreement, including, but not limited to, fees (including professional fees), costs and expenses incurred by the Insurer which are related to, or resulting from any breach by Party B of its obligations hereunder.

(xxi) Party B hereby covenants and agrees that it shall reimburse Insurer, solely from amounts available to Party B under the Financing Agreement, for any amounts paid by the Insurer under the Swap Insurance Policy and all costs of collection thereof and enforcement of this Agreement at the Insurer Payment Rate (as hereinafter defined). For purposes of the foregoing, "Insurer Payment Rate" shall mean the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A. ("Chase") at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by Chase) plus 3 percent and (ii) the then highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Insurer Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event that Chase ceases to announce its Prime Rate publicly, the Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify.

(xxii) Each party agrees that each of its representations and agreements in this Agreement is expressly made to and for the benefit of the Insurer.

(xxiii) Each party agrees to send a copy of all notices or communications sent by such party to the other party, to the Insurer at the following address:

Financial Security Assurance Inc.
350 Park Avenue
New York, New York 10022
Attn: Managing Director -Surveillance
Telecopy: (212) 339-3556

(k) ***Appendix A.*** Notwithstanding any other provisions of this Agreement, Party A and Party B agree that Party A shall be bound by the provisions of Appendix A (Standard Clauses for New York State Thruway Authority and New York State Canal Corporation Procurement Contracts) annexed hereto, which shall be deemed an integral part of this Agreement. Notwithstanding Section 12 of Appendix A, if there exists a conflict between a provision in Appendix A and this Agreement, this Agreement shall govern to the extent permitted by law.

In addition, the following changes are made to Appendix A:

1. The last sentence of Section 3 shall not apply.

2. Notwithstanding the first sentence of Section 9 of Appendix A, Records must be kept for the balance of the calendar year in which they were made and for six (6) additional years thereafter.

3. The following shall be added to Section 9: The Authority shall take reasonable steps to protect from public disclosure any of the Records which are exempt from disclosure under Section 87 of

the State's Public Officer's Law (the "Statute") provided that: (i) the Contractor shall timely inform an appropriate Authority official, in writing, that said records should not be disclosed; and (ii) said records shall be sufficiently identified; and (iii) designation of said records as exempt under the Statute is reasonable. Nothing contained herein shall diminish, or in any way adversely affect, the Authority's right to discovery in any pending or future litigation.

4. The last sentence of Section 21 shall not apply.

(l) ***Liability; No Indemnification.*** Each party will be responsible for all damage to life and properties due to negligent or otherwise tortious acts, errors or omissions of such party in connection with its obligations under this Agreement to the extent provided by law. Party B shall not indemnify Party A, and Party A shall not indemnify Party B, for any claims, suits, actions, damages, and costs resulting from the performance of its obligations under this Agreement.

The parties executing this Schedule have executed the Master Agreement and have agreed as to the contents of this Schedule.

MERRILL LYNCH CAPITAL SERVICES, INC.

By: _____

Title: Authorized Signatory

NEW YORK STATE THRUWAY AUTHORITY

By: _____

Title: _____

The parties executing this Schedule have executed the Master Agreement and have agreed as to the contents of this Schedule.

MERRILL LYNCH CAPITAL SERVICES, INC.

By: _____

Title: Authorized Signatory

NEW YORK STATE THRUWAY AUTHORITY

By: _____

Title: Treasurer

EXHIBIT A to Schedule

Form of Confirmation

[Date]

CONFIRMATION

New York State Thruway Authority
200 Southern Boulevard
Albany, NY 12209
Attention: Chief Financial Officer
Facsimile No.: 518-471-5050
Telephone No.: 518-436-2820
Tax ID:

Ladies and Gentlemen:

The purpose of this letter agreement (the "Confirmation") is to set forth the terms and conditions of the Transaction entered into between MERRILL LYNCH CAPITAL SERVICES, INC. ("Party A") and the NEW YORK STATE THRUWAY AUTHORITY ("Party B") on the Trade Date specified below (the "Transaction").

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 Master Agreement and Schedule thereto dated as of October 21, 2003 (the "Agreement") between you and us. 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:	MERRILL LYNCH CAPITAL SERVICES, INC.
Party B:	NEW YORK STATE THRUWAY AUTHORITY
Notional Amount:	USD _____, reducing on the dates and in the amounts set forth in Annex I hereto.
Trade Date:	_____
Effective Date:	_____
Termination Date:	_____

FIXED AMOUNTS:

Fixed Rate Payer:	Party B
Fixed Rate Payer Payment Dates:	Semiannually on each _____ and _____, commencing on _____ 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 _____ and _____, commencing on _____ and terminating on the Termination Date. No Adjustment shall apply to Period End Dates.
Fixed Rate:	____%
Fixed Rate Day Count Fraction:	30/360

FLOATING AMOUNTS:

Floating Rate Payer:	Party A
Floating Rate Payer Payment Dates:	Monthly on the fifteenth day of each calendar month, commencing on _____ and terminating on the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.
Floating Rate Payer End Dates :	Monthly on the fifteenth day of each calendar month, commencing on _____ and terminating on the Termination Date. No Adjustment shall apply to Period End Dates.
Floating Rate Option:	_____% of USD-LIBOR-BBA
Designated Maturity:	One Month
Floating Rate Day Count Fraction:	Actual/360
Floating Rate Reset Dates:	The Effective Date and the first day of each calendar month thereafter. Notwithstanding the definition of USD-LIBOR-BBA in the Definitions, the rate for each Reset Date shall be the rate which appears on the Telerate Page 3750 as of 11:00 a.m., London time, on such Reset Date or, if such date is not a London Banking Day, the day that is one London Banking Day preceding the Reset Date.
Floating Rate Method of Averaging:	Inapplicable
Business Days:	New York

3. *Account Details*

Payments to Party A	[Merrill Lynch Capital Services, Inc.] ABA No. Account No. Reference:
Payments to Party B	Name of Bank: JPMorgan Chase Bank Account No.: [507943635] Fed ABA No.: 021000021 Reference: New York State Thruway Authority for further credit to :_____

If you have any questions regarding this letter agreement, please contact the Swap Operations Department in New York at [_____].

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,

MERRILL LYNCH CAPITAL SERVICES, INC.

By:_____
Authorized Signatory

Name:_____

Title:_____

Accepted and confirmed as of the
Trade Date

NEW YORK STATE THRUWAY AUTHORITY

By:_____
Authorized Signatory

Name:_____

Title:_____

Insurer: FSA

EXHIBIT B

GUARANTEE OF MERRILL LYNCH & CO., INC.

FOR VALUE RECEIVED, receipt of which is hereby acknowledged, MERRILL LYNCH & CO., INC., a corporation duly organized and existing under the laws of the State of Delaware ("ML & Co."), hereby unconditionally guarantees to [NAME OF COUNTERPARTY] (the "Counterparty"), the due and punctual payment of any and all amounts payable by Merrill Lynch Capital Services, Inc., a corporation organized under the laws of the State of Delaware ("MLCS"), under the terms of the Master Agreement, dated as of [Date of Master], between MLCS and the Counterparty (the "Agreement"), including, in case of default, interest on any amount due, when and as the same shall become due and payable, whether on the scheduled payment dates, at maturity, upon declaration of termination or otherwise, according to the terms thereof. In case of the failure of MLCS punctually to make any such payment, ML & Co. hereby agrees to make such payment, or cause such payment to be made, promptly upon demand made by the Counterparty to ML & Co.; provided, however, that a delay by the Counterparty in giving such demand shall in no event affect ML & Co.'s obligations under this Guarantee. This Guarantee shall remain in full force and effect or shall be reinstated (as the case may be) if at any time any payment guaranteed hereunder, in whole or in part, is rescinded or must otherwise be returned by the Counterparty upon the insolvency, bankruptcy or reorganization of MLCS or otherwise, all as though such payment had not been made.

ML & Co. hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Agreement; the absence of any action to enforce the same; any waiver or consent by the Counterparty concerning any provisions thereof; the rendering of any judgment against MLCS or any action to enforce the same; or any other circumstances that might otherwise constitute a legal or equitable discharge of a guarantor or a defense of a guarantor. ML & Co. covenants that this Guarantee will not be discharged except by complete payment of the amounts payable under the Agreement. This Guarantee shall continue to be effective if MLCS merges or consolidates with or into another entity, loses its separate legal identity or ceases to exist.

ML & Co. hereby waives diligence; presentment; protest; notice of protest, acceleration, and dishonor; filing of claims with a court in the event of insolvency or bankruptcy of MLCS; all demands whatsoever, except as noted in the first paragraph hereof; and any right to require a proceeding first against MLCS.

ML & Co. hereby certifies and warrants that this Guarantee constitutes the valid obligation of ML & Co. and complies with all applicable laws.

This Guarantee shall be governed by, and construed in accordance with, the laws of the State of New York.

This Guarantee becomes effective concurrent with the effectiveness of the Agreement, according to its terms.

This Guarantee may be terminated at any time by notice by ML & Co. to the Counterparty given in accordance with the notice provisions of the Agreement, effective upon receipt of such notice by the Counterparty or such later date as may be specified in such notice; provided, however, that this Guarantee shall continue in full force and effect with respect to any obligation of MLCS under the Agreement entered into prior to the effectiveness of such notice of termination.

Insurer: FSA

IN WITNESS WHEREOF, ML & Co. has caused this Guarantee to be executed in its corporate name by its duly authorized representative.

MERRILL LYNCH & CO., INC.

By:_____
Name:
Title:

Date: _____

EXHIBIT C

FORM OF OPINION OF INTERNAL COUNSEL FOR MLCS

[Date]

[Name of Counterparty]
[address]

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

Ladies and Gentlemen:

I am counsel to Merrill Lynch Capital Services, Inc. ("MLCS") and am delivering this opinion in connection with the Master Agreement and Schedule thereto, including the Credit Support Annex, dated as of [Date of Master], between MLCS and [Name of Counterparty] (collectively, the "Agreement") as supplemented by [the] confirmation[s] of [the] transaction[s] entered into on _____ between MLCS and Counterparty (each, a [the] "Confirmation").

In this connection I have examined originals or copies, certified or otherwise identified to my satisfaction, of such documents, corporate records, certificates of public officials and other instruments and have conducted such investigations of fact and law as I have deemed necessary or appropriate for purposes of this opinion.

Upon the basis of the foregoing, I am of the opinion that:

1. MLCS is a corporation organized and existing and in good standing under the laws of the State of Delaware.

2. The execution, delivery and performance of the Agreement and [the/each] Confirmation by MLCS are within MLCS's corporate power, have been duly authorized by all necessary corporate action and do not conflict with any provision of the certificate of incorporation or by-laws of MLCS.

3. The Agreement and [the/each] Confirmation have been duly executed and delivered by MLCS and constitute legal, valid and binding obligations of MLCS enforceable against MLCS in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, or other laws affecting the enforcement of creditors' rights generally or by general equity principles.

4. To the best of my knowledge, all federal, state, and local governmental, public, and regulatory authority approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings that are required to have been obtained or made by MLCS with respect to the authorization, execution, delivery, and performance by, or the enforcement against or by, MLCS of the Agreement and [the/each] Confirmation have been obtained and are in full force and effect and all conditions of such approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings have been fully complied with.

I have relied as to certain matters on information obtained from public officials, officers of MLCS and other sources believed by me to be responsible and I have assumed that the signatures on

all documents examined by me (other than those of MLCS) are genuine, assumptions which I have not independently verified.

This opinion is limited to the laws of the State of New York, the Delaware General Corporation Law and the Federal laws of the United States. The opinions in this letter are expressed solely as of the date hereof for your benefit and for the benefit of your successors and permitted assigns under the Agreement and may not be relied upon in any manner or for any purposes by any other person.

Very truly yours,

EXHIBIT D

FORM OF OPINION OF COUNSEL FOR MERRILL LYNCH & CO., INC.

[Date]

[Name of Counterparty]
[address]

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

Ladies and Gentlemen:

We have acted as counsel to Merrill Lynch & Co., Inc. ("Merrill Lynch"), and are delivering this opinion in connection with the Guarantee dated [Date of Master] (the "Guarantee") of Merrill Lynch furnished to you with respect to the Master Agreement and Schedule thereto, including the Credit Support Annex (collectively, the "Agreement"), dated as of [Date of Master], between Merrill Lynch Capital Services, Inc. and [Name of Counterparty].

In connection with this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of public officials and other instruments and have conducted such other investigations of fact and law as we have deemed necessary or appropriate for purposes of this opinion.

Upon the basis of the foregoing, we are of the opinion that:

1. Merrill Lynch is a corporation organized and existing under the laws of the State of Delaware.

2. The execution, delivery and performance of the Guarantee are within Merrill Lynch's corporate power, have been duly authorized by all necessary corporate action, and do not conflict with any provision of Merrill Lynch's organizational documents.

3. The Guarantee has been duly executed and delivered by Merrill Lynch and constitutes a legal, valid and binding obligation of Merrill Lynch enforceable against Merrill Lynch in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally or by general equity principles.

4. To the best of our knowledge, all federal, state, and local governmental, public, and regulatory authority approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings that are required to have been obtained or made by Merrill Lynch with respect to the authorization, execution, delivery, and performance by, or the enforcement against or by, Merrill Lynch of the Guarantee have been obtained and are in full force and effect and all conditions of such approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings have been fully complied with.

We have relied as to certain matters on information obtained from public officials, officers of Merrill Lynch and other sources believed by us to be responsible and we have assumed that the

signatures on all documents examined by us (other than those of Merrill Lynch) are genuine, assumptions which we have not independently verified.

This opinion is limited to the laws of the State of New York, the Delaware General Corporation Law and the Federal laws of the United States. The opinions in this letter are expressed

solely as of the date hereof for your benefit and for the benefit of your successors and permitted assigns under the Agreement and may not be relied upon in any manner or for any purposes by any other person.

Very truly yours,

EXHIBIT E to Schedule
[Form of Opinion of Counsel to Party B]

October 21, 2003

Merrill Lynch Capital Services, Inc.
[Address]

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

Ladies and Gentlemen:

We have acted as counsel to New York State Thruway Authority, a body corporate and politic constituting a public corporation of the State of New York ("Party B") in connection with the execution and delivery of the Master Agreement and Schedule thereto, including the Credit Support Annex (collectively, the "Master Agreement") dated as of October 21, 2003 between Merrill Lynch Capital Services, Inc. ("Party A") and Party B and the Confirmation(s), dated _____, 2003 (the "Initial Confirmation(s)"), each between Party A and Party B. The Master Agreement together with the Initial Confirmation(s) shall constitute one agreement and hereinafter is referred to as the "Agreement".

In connection with this opinion, we have examined executed copies of the Master Agreement and such documents and records of Party B, certificates of public officials and officers of Party B and such other documents as we have deemed necessary or appropriate for the purposes of this opinion. In this opinion, we have assumed the genuineness of all the signatures, the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as certified, conformed or photostatic copies.

Party B has authorized the Agreement by and pursuant to Resolution No. 5316 adopted by the Board of Party B on September 17, 2003. In addition, pursuant to the Guidelines for Interest Rate Exchange Agreements, adopted by Party B pursuant to said Article 5-D on December 5, 2002 (the "Guidelines"), Public Resources Advisory Group, has issued a letter dated October 21, 2003, to Party B finding that the terms and conditions of the Agreement reflect a fair market value. We have relied on such letter, without further investigation, in rendering this opinion.

Based upon the foregoing, we are of the opinion that:

1. Party B is a body corporate and politic constituting a public corporation of the State of New York duly organized and validly existing under the laws of the State of New York.

2. Party B is authorized under the New York State Thruway Authority Act, Title 9 of Article 2 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended, Article 5-D of the State Finance Law, the Guidelines, the Financing Agreement (as defined in the Agreement) and the Resolution (as defined in the Agreement), to enter into the Agreement and to perform its obligations thereunder.

3. Party B has taken all necessary action required to be taken to ensure that the Agreement complies in all respects with the New York State Thruway Authority Act, Article 5-D of the State Finance Law, the Guidelines and the Resolution.

4. The Agreement has been duly executed and delivered by Party B and constitutes a legally valid and binding obligation of Party B enforceable against Party B in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application, regardless of whether enforcement is sought in a proceeding in equity or at law); provided, however, that this opinion is subject to the qualification that in connection with any early termination on the grounds of default, a court might limit the non-Defaulting Party's recovery to its actual damages in the circumstances, imposing its own settlement procedures in lieu of the provisions of Section 6(e) of the Agreement.

5. To the best of our knowledge, no consent, authorization, license or approval of, or registration or declaration with, any governmental authority is required in connection with the execution, delivery and performance of the Agreement by Party B.

6. The Agreement is a special limited obligation of Party B, and all amounts payable under the Agreement constitute Subordinate Obligations. The obligation of Party B to make such payments is secured solely by a pledge of and lien on Revenues on deposit in the Administrative Fund, subject and subordinate in all respects to the pledge of and lien on such Revenues created by Section 501 of the Resolution in favor of the payment of the Principal and Redemption Price of, and Sinking Fund Installments for, and interest on, the Bonds, and to the requirements of the Resolution for withdrawals from the Revenue Fund for deposit into the Bond Service Fund and any Bond Service Reserve Fund as provided therein. Capitalized terms used in this paragraph and not defined have the respective meanings ascribed to such terms in the Resolution.

Our opinion is rendered only with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or any other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereinafter occur, or for any other reason whatsoever.

This opinion is solely for your information and assistance and may not be relied upon by any other person.

Very truly yours,

SCHEDULE

to the

ISDA Master Agreement

dated as of October 21, 2003, between

MERRILL LYNCH CAPITAL SERVICES, INC.,

("Party A")

and

NEW YORK STATE THRUWAY AUTHORITY,
a body corporate and politic of the State of New York
constituting a public corporation of the State of New York

("Party B")

Part 1. Termination Provisions.

In this Agreement:—

(a) ***"Specified Entity"*** means in relation to Party A for the purpose of:—

Section 5(a)(v) (Default under Specified Transaction),	Merrill Lynch & Co., Inc. ("ML&Co.").
Section 5(a)(vi) (Cross Default),	ML&Co.
Section 5(a)(vii) (Bankruptcy),	ML&Co.
Section 5(b)(ii) (Credit Event Upon Merger),	ML&Co.
and in relation to Party B for the purpose of:–	
Section 5(a)(v)(Default under Specified Transaction)	Not applicable.
Section 5(a)(vi) (Cross Default),	Not applicable.
Section 5(a)(vii)(Bankruptcy),	Not applicable.
Section 5(b)(ii) (Credit Event Upon Merger)	Not applicable.

(b) ***"Specified Transaction"*** will have the meaning specified in Section 12 of this Agreement; provided that with respect to Party B, Specified Transaction shall include only those Specified Transactions that are payable from the source of payment specified in Section 4(d) of this Agreement.

(c) The ***"Cross Default"*** provisions of Section 5(a)(vi) will apply to Party A and will apply to Party B.

The following provisions apply:

"Specified Indebtedness" with respect to Party A, will have the meaning specified in Section 12 of this Agreement and, with respect to Party B, will mean any bonds issued pursuant to the Resolution and any interest rate exchange agreement executed by Party B that is payable from the source of payment specified in Section 4(d) of this Agreement (the inclusion of interest rate exchange agreements as Specified Indebtedness shall not create any implication that an interest rate exchange agreement constitutes indebtedness).

"Threshold Amount" means the lesser of $100,000,000 and 3% of Stockholders' Equity of Party A for Party A and $35,000,000 for Party B. For purposes hereof, "Stockholders' Equity" shall be determined by reference to PartyA's most recent consolidated balance sheet and shall include legal capital, paid-in capital, retained earnings and cumulative translation adjustments.

(d) The ***"Credit Event Upon Merger"*** provisions of Section 5(b)(ii) will apply to Party A and will not apply to Party B.

(e) The ***"Automatic Early Termination"*** provisions of Section 6(a) will not apply to Party A or to Party B.

(f) ***Payments on Early Termination.*** For the purpose of Section 6(e) of this Agreement:

(A) Market Quotation will apply.

(B) The Second Method will apply.

(g) ***Additional Termination Event will apply.*** The following shall constitute Additional Termination Events:

(i) If the unenhanced, unsubordinated Specified Indebtedness of Party B or the outstanding long term unsecured, unsubordinated, unenhanced debt of ML&Co. is not rated by at least one of Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. (or any successor) ("S&P"), Moody's Investors Service, Inc. (or any successor) ("Moody's"), or Fitch Ratings (or any successor) ("Fitch") at least BBB, Baa2 or BBB, as applicable, or the unenhanced, unsubordinated Specified Indebtedness of Party B or the outstanding long term unsecured, unsubordinated, unenhanced debt of ML&Co. is rated by any one of S&P, Moody's or Fitch lower than BBB-, Baa3 or BBB-, as applicable, or any rating is withdrawn or suspended, then a "Ratings Event" shall be deemed to have occurred with respect to such party. The party for which the Ratings Event is deemed to have occurred ("X") shall promptly notify the other party of the occurrence of such Ratings Event; provided that, the failure of such a party to provide such notice shall not constitute an Event of Default hereunder. A Ratings Event shall be deemed an Additional Termination Event for which all Transactions under this Agreement shall be Affected Transactions. For the purposes of Section 6(b) and Section 6(e), X shall be the sole Affected Party.

(ii) It shall be an Additional Termination Event if Party A has notified Party B that a Party B Downgrade Event (as defined below) has occurred and Party B has not, within 20 days of receiving such notice, at its sole election, either (a) provided a guarantee, letter of credit, surety bond, insurance policy or other credit support document with respect to the amounts payable by Party B under Sections 2 and 6 of this Agreement in a form and by a provider reasonably acceptable to Party A and, unless the Insurer has failed to pay under the Swap Insurance Policy, the Insurer; (b) transferred this Agreement pursuant to Section 7(d) of this Agreement or otherwise transferred this Agreement to a counterparty reasonably acceptable to Party A pursuant to terms

reasonably acceptable to Party A and, unless the Insurer has failed to pay under the Swap Insurance Policy, the Insurer; or (c) executed a credit support annex with Party A in substantially the form executed by Party A upon the execution and delivery of this Agreement. For purposes of Section 6(e), Party B shall be the sole Affected Party. A "Party B Downgrade Event" shall occur if the unenhanced, unsubordinated Specified Indebtedness of Party B is not rated by at least one of S&P, Moody's or Fitch at least BBB+, Baa1 or BBB+, as applicable, or the unenhanced, unsubordinated Specified Indebtedness of Party B is rated by any one of S&P, Moody's or Fitch lower than BBB, Baa2 or BBB, as applicable. Party B shall promptly notify Party A of the occurrence of a Party B Downgrade Event; provided that, the failure of Party B to provide such notice shall not constitute an Event of Default hereunder. This Additional Termination Event shall be deemed to have been waived by Party A until such time as (i) the Insurer fails to make a payment due under its Swap Insurance Policy or (ii) the Insurer's financial strength rating from S&P is below A- and its claims paying ability rating from Moody's is below A3.

(h) *Events of Default.*

(i) ***Cross Default.*** Section 5(a)(vi) of this Agreement is hereby amended to read in its entirety as follows:

"(vi) ***Cross Default.*** With respect to Party A shall mean the occurrence or existence of (1) a default, event of default or other similar condition or event (however described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) in an aggregate amount of not less than the Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming due and payable under such agreements or instruments, before it would otherwise have been due and payable or (2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments on the due date thereof in an aggregate amount of not less than the Threshold Amount under such agreements or instruments (after giving effect to any applicable notice requirement or grace period); provided, however, that notwithstanding the foregoing, an Event of Default shall not occur if, as demonstrated to the reasonable satisfaction of Party B, (a) the event or condition or the failure to pay is a failure to pay caused by an error or omission of an administrative or operational nature; and (b) funds were available to Party A to enable it to make the relevant payment when due; and (c) such relevant payment is made within three Business Days following receipt of written notice from an interested party of such failure to pay; and

With respect to Party B shall mean the occurrence or existence of a default on Specified Indebtedness of Party B with a principal or notional amount of not less than the Threshold Amount (as specified in the Schedule) either (1) when any amount on such Specified Indebtedness is due and payable or (2) which has resulted in such Specified Indebtedness becoming due and payable under such agreements or instruments before it would otherwise have been due and payable; provided, however, that notwithstanding the foregoing, an Event of Default shall not occur if, as demonstrated to the reasonable satisfaction of Party A, (a) the event or condition or the failure to pay is a failure to pay caused by an error or omission of an administrative or operational nature; and (b) funds were available to Party B to enable it to make the relevant payment when due; and (c) such relevant payment is made within three Business Days following receipt of written notice from an interested party of such failure to pay;".

(ii) ***Bankruptcy***. Section 5(a)(vii) is hereby amended by renumbering existing Clauses (8) and (9) to be Clauses (9) and (10), respectively and is further amended by replacing the reference to "clauses (1) to (7) (inclusive)" in what is now Clause (9), with a reference to "clauses (1) to (8) (inclusive)" and is further amended by adding a new clause (8) to read as follows:

"(8) is subject to a statute, rule or regulation which has been enacted and has the force of law and which establishes an agency, authority, body or oversight board to monitor, review or oversee a financial emergency with respect to such party".

(iii) ***Merger Without Assumption.*** Section 5(a)(viii) of this Agreement is hereby amended to read in its entirety as follows:

"(viii) ***Merger Without Assumption.*** The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity (or, without limiting the foregoing, if such party is a Government Entity, an entity such as a board, commission, authority, agency, public corporation, public benefit corporation or political subdivision succeeds to the principal functions of, or powers and duties granted to, such party or any Credit Support Provider of such party) and, at the time of such consolidation, amalgamation, merger, transfer or succession:

(1) the resulting, surviving, transferee, or successor entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party by operation of law or pursuant to an agreement reasonably satisfactory to the other party to this Agreement;

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving, transferee or successor entity of its obligations under this Agreement; or

(3) in the case of Party B, the benefits of the Financing Agreement fail to extend (without the consent of the other party) to the performance by such resulting, surviving, transferee or successor entity of its obligations under this Agreement."

(i) ***Early Termination.***

Section 6 is hereby amended by adding the following new subsections (f) and (g):

"(f) ***Set-off.*** Neither party hereto shall have a right of set-off with respect to amounts due hereunder; provided, however, that this provision shall not affect the rights of Party B to exercise remedies including any right of set-off under the credit support annex executed in connection herewith."

"(g) ***Optional Termination by Party B.*** Party B may, upon at least five (5) Business Days' written notice to Party A and the Insurer, terminate any Transactions under this Agreement by designating to Party A the termination date for such Transactions. In the event Party B exercises its right of optional termination hereunder, the provisions of Section 6(e)(ii)(1) shall apply as though Party B is the sole Affected Party. Party B may not optionally terminate any Transactions pursuant to this section unless Party B also provides evidence reasonably satisfactory to Party A and the Insurer that Party B has or will have on the termination date available funds without regard to any swap insurance policy with which to

pay any amount due to Party A as a result of such optional termination. Notwithstanding anything herein to the contrary, the parties will be obligated to pay any accrued and unpaid amounts that would otherwise be due on the date of such optional termination."

Part 2. Agreement to Deliver Documents.

For the purpose of Section 4(a) of this Agreement, each party agrees to deliver the following documents, as applicable:

Party Required to Deliver Document	Form/Certificate Document	Date by Which to be Delivered	Covered by Section 3(d)
Party A and Party B	Certified copies of all documents evidencing necessary corporate and other authorizations and approvals with respect to the execution, delivery and performance by the party and any Credit Support Provider of this Agreement, any Credit Support Document and any Confirmation, including, where applicable, certified copies of the resolutions of its Board of Directors authorizing the execution and delivery of this Agreement, the relevant Credit Support Document or any Confirmation.	Upon execution of this Agreement and promptly at the request of the other party upon execution of a Confirmation.	Yes
Party A and Party B	A certificate of an authorized officer of the party and any Credit Support Provider as to the incumbency and authority of the officers of the party and any Credit Support Provider signing this Agreement, any Credit Support Document or any Confirmation.	Upon execution of this Agreement and promptly at the request of the other party upon execution of a Confirmation.	Yes
Party A and Party B	With respect to Party A, a copy of the most recent annual report (and each annual report thereafter) of ML&Co., and with respect to Party B, a copy of the most recent audited annual financial statements of Party B and Annual Information Statement of the State of New York and any updates thereto and the audited financial statements of the State of New York, in each case when available to Party B, containing in all cases audited consolidated financial statements for each fiscal year during which this Agreement is in effect certified by independent certified public	Promptly after request by the other party.	Yes

	accountants and prepared in accordance with generally accepted accounting principles in the United States or in the country in which such party is organized.		
Party A	A copy of the unaudited consolidated financial statements of ML&Co., for each semiannual period in each fiscal year during which this Agreement is in effect prepared in accordance with generally accepted accounting principles in the United States or in the country in which such party is organized.	Promptly after request by the other party.	Yes
Party A	A copy of each regular financial or business reporting document that is (i) distributed or made generally available to respective shareholders or investors and made publicly available or (ii) filed in accordance with the disclosure requirements of any applicable statute, rule, regulation or judicial decree and made available for public inspection.	Promptly after request by the other party.	Yes
Party A and Party B	Such other documents as the other party may reasonably request	Promptly after request by the other party.	Yes
Party A and Party B	With respect to Party A, an opinion of counsel to Party A substantially in the form set forth in Exhibit C attached hereto and an opinion of counsel to ML&Co. substantially in the form set forth in Exhibit D hereto, in each case covering such other matters as reasonably requested by Party B and the Insurer; and with respect to Party B, (i) an opinion of counsel to Party B substantially in the form set forth in Exhibit E attached hereto and covering such other matters as reasonably requested by Party A and the Insurer and (ii) an opinion of internal counsel to Party B regarding the inability of Party B to claim sovereign immunity as a defense to its obligations hereunder.	Upon execution of this Agreement and each Confirmation.	No

Part 3. Miscellaneous.

(a) *Notices.* For the purpose of Section 10(a) to this Agreement:—

Address for notices or communications to Party A:—

Address: 4 World Financial Center, New York, NY 10080

Attention: Swap Group, World Financial Center

Telex No.: 6716341 Answerback: MLBSCTR

Facsimile No: (212) 449-9856 Telephone No.: (212) 449-2734

Address for notices or communications to Party B:—

Address: New York State Thruway Authority
200 Southern Boulevard
Albany, NY 12209

Attention: Chief Financial Officer

Facsimile No.: 518-471-5050

Telephone No.: 518-436-2820

Each party agrees to send a copy of all notices or communications sent by such party to the other party to the Insurer at the address set forth in Part 4(j)(xxiii).

(b) *Notices.* Section 10(a) is amended by adding in the third line thereof after the phrase "messaging system" and before the ")" the words "; provided, however, any such notice or other communication may be given by facsimile transmission if telex is unavailable, no telex number is supplied to the party providing notice, or if answer back confirmation is not received from the party to whom the telex is sent."

(c) *Calculation Agent.* The Calculation Agent is Party A unless Party A is the Defaulting Party, in which case the Calculation Agent means a leading dealer in the relevant market designated by Party B. Calculations by the Calculation Agent shall be binding and conclusive absent manifest error.

(d) *Credit Support Document.* Details of any Credit Support Document: in relation to Party A means the Credit Support Annex attached as Exhibit D and the Guarantee of ML&Co.

(e) *Credit Support Provider.* Credit Support Provider means in relation to Party A, ML&Co. and in relation to Party B, not applicable.

(f) *Governing Law.* THIS AGREEMENT WILL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO CHOICE OF LAW DOCTRINE.

(g) *Netting of Payments.* Subparagraph (ii) of Section 2(c) of this Agreement will not apply to all Transactions entered into between Party A and Party B.

(h) *"Affiliate"* will have the meaning specified in Section 12 of this Agreement, but with respect to Party B, will exclude the State of New York.

(i) *"Government Entity"* means Party B.

(j) *Account details.* Payments shall be made to the following accounts:

Payments to Party A:

Name of Bank: Bankers Trust Company, New York, NY
Account No.: 00-811-874
Fed ABA No.: 021-001-033
Reference: Merrill Lynch Capital Services, Inc.
Attn: Muni Swaps

Payments to Party B:

JPMorgan Chase Bank
Fed ABA #: 021 000 021
A/C #: 507943635
Reference: Merrill CHIPS Swap Payment

Part 4. Other Provisions.

(a) *Representations.*

(i) The introductory clause of Section 3 of this Agreement is hereby amended to read in its entirety as follows:

"Each party represents to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(a), 3(e) and 3(f), at all times until the termination of this Agreement) that:—".

(ii) Section 3(a) of this Agreement is hereby amended by adding the following subparagraph (vi):

"(vi) *Eligible Contract Participant.* It is an "eligible contract participant" within the meaning of Section 1(a)(12) of the Commodity Exchange Act.".

(iii) Section 3 of this Agreement is hereby amended by adding the following subsections (e), (f), (g) and (h) thereto:

"(e) *Non-Speculation.* This Agreement has been, and each Transaction hereunder will be (and, if applicable, has been), entered into for purposes of managing its borrowings or investments and not for purposes of speculation."

"(f) *No Immunity.* It is not immune from suit or judgment for amounts due and payable pursuant to this Agreement, it being understood that, with respect to Party B, payment of

any judgment shall be solely from sources available under Section 4(d) "Source of Payments" hereof.".

"(g) ***Acting as Principal.*** Each party hereto represents and warrants to the other party hereto that it is acting as a principal hereunder and not as an agent for any other party."

"(h) ***No Reliance.*** In connection with the negotiation of, the entering into, and the confirming of the execution of, this Agreement, any Credit Support Document to which it is a party, and each Transaction: (i) the other party is not acting as a fiduciary or financial or investment advisor for it; (ii) it has consulted with its own legal, regulatory, tax, business, investment, financial, and accounting advisors to the extent it has deemed necessary; (iii) that Transaction has been the result of arm's length negotiations between the parties; (iv) it is entering into this Agreement, such Credit Support Document and such Transaction with a full understanding of all of the risks hereof and thereof (economic and otherwise), and it is capable of assuming and willing to assume (financially and otherwise) those risks; (v) it is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisors as it has deemed necessary; (vi) it is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction (it being understood that information and explanations related to the terms and conditions of a Transaction shall not be considered investment advice or a recommendation to enter into that Transaction); and (vii) it has not received from the other party any assurance or guarantee as to the expected results of that Transaction."

(b) *Agreements.*

(i) Section 4 of this Agreement is hereby amended by adding the following subsections (d), (e) and (f) thereto:

"(d) ***Source of Payments.*** Party B covenants that this Agreement is a special limited obligation of Party B, and all amounts payable under this Agreement constitute Subordinate Obligations. The obligation of Party B to make such payments is secured solely by a pledge of and lien on Revenues on deposit in the Administrative Fund, subject and subordinate in all respects to the pledge and lien on such Revenues created by Section 501 of the Resolution in favor of the payment of the Principal and Redemption Price of, and Sinking Fund Installments for, and interest on, the Bonds and to the requirements of the Resolution for withdrawals from the Revenue Fund for deposit into the Bond Service Fund and any Bond Service Reserve Fund as provided therein.

Party B further covenants that this Agreement constitutes a Qualified Interest Rate Exchange Agreement, pursuant to Section 207 of the Resolution.

Capitalized terms used in this Section 4(d) and not defined herein have the respective meanings ascribed to such terms in the Resolution.

(e) ***No Recourse.*** All covenants, stipulations, promises, agreements and obligations of Party B contained herein shall be deemed to be the covenants, stipulations, promises, agreements and obligations of Party B and not of any member, officer or employee of Party B in his or her individual capacity, and no recourse shall be had for the payment of any amount due hereunder or for any claims based hereon against any member, officer or employee of Party B or any person executing this Agreement for Party B, all such liability,

if any, being expressly waived and released by Party A.

(f) ***Actions with Respect to Financing Agreement and Resolution.*** Party B agrees to comply with all of its obligations under the Financing Agreement that are material to the performance of its obligations under this Agreement or the Resolution (including but not limited to the definition of Administrative Fund Requirement). Party B shall not enter into any amendment to, or waive any provision of, the Financing Agreement if such amendment or waiver would materially adversely affect Party B's ability to perform its obligations hereunder without the prior written consent of Party A and the Insurer. Party B agrees to enforce all provisions of the Financing Agreement relating to the performance of its obligations hereunder."

Party B agrees to include all amounts payable hereunder by Party B in its calculation of the Administrative Fund Requirement, as such term is defined and determined pursuant to the Resolution.

(c) ***Transfer.*** Section 7 of this Agreement is hereby amended to read in its entirety as follows:

"Neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:

(a) upon reasonable notice, a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement);

(b) a party may make such a transfer of all or any part of its interest in any amount payable to it from a Defaulting Party under Section 6(e);

(c) Party A upon five (5) Business Days notice to Party B and the Insurer may transfer this Agreement and all of its interests and obligations in or under this Agreement to any Affiliate of Party A; provided that ML&Co. provides a guarantee of such Affiliate's obligations in form and substance reasonably satisfactory to Party B and the Insurer; and

(d) Party B may transfer all of its rights and obligations under any Transaction (the "Transferred Obligation") to another entity (the "Transferee"); provided that:

(1) the credit worthiness of the Transferee or its guarantor is reasonably acceptable to Party A;

(2) the Transferee and Party A shall have executed a master agreement in form and substance satisfactory to Party A with terms appropriate for counterparties with the Transferee's credit rating, as determined by Party A in good faith (including such Credit Support Documents as shall be required by Party A and appropriate for counterparties with the Transferee's (or its guarantor's) credit rating, as determined by Party A in good faith) under which the Transferred Obligations will be governed;

(3) at the time of such transfer, no Early Termination Date shall have been designated under this Agreement and no Event of Default, Potential Event of Default or Termination Event shall have occurred and be continuing under this

Agreement with respect to Party B;

(4) such transfer will not result in the violation of any law, regulation, rule, judgment, order or other legal limitation or restriction applicable to Party A;

(5) such transfer will not result in a violation of Party A's counterparty eligibility or credit practices or policies or exposure limitations;

(6) at the time of such transfer, no event which would constitute a Termination Event, Event of Default or Potential Event of Default with respect to the Transferee if the Transferee were a party to this Agreement (or its guarantor were a Credit Support Provider under this Agreement) shall have occurred;

(7) such transfer does not result in any adverse tax consequences to Party A, including the obligation to deduct or withhold an amount with respect to any Tax from payments required to be made to the Transferee, the receipt of payments from the Transferee from which amounts with respect to any Tax may be deducted or withheld or the imposition of any tax, levy, impost, duty charge, or fee of any nature by any government or taxing authority which would not have been imposed but for such transfer;

(8) the Transferee is organized under the laws of the United States or a state thereof; and

(9) the prior written consent of the Insurer is obtained.

Any purported transfer that is not in compliance with this Section will be void."

(d) ***Jurisdiction/Waiver of Immunities.*** Section 11(b) and Section 11(c) of this Agreement are hereby deleted in their entirety and replaced with the following:

"With respect to any suit, action or proceedings relating to this Agreement ("Proceedings"), each party irrevocably:

(i) submits to the exclusive jurisdiction of the Supreme Court of the State of New York; and

(ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in such court; waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party."

(e) ***Waiver of Jury Trial.*** Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any Proceedings relating to this Agreement or any Credit Support Document.

(f) ***Definitions.*** Section 12 of this Agreement is hereby amended to add the following definitions in their appropriate alphabetical order:

" ***'Financing Agreement'*** means the Local Highway and Bridge Service Contract, dated as

of August 15, 1991, as amended."

" *'Government Entity'* means Party B."

" *'Incipient Illegality'* means (i) any assertion by an officer of a party in his or her official capacity on behalf of such party in any legal proceeding or action in respect of such party, to the effect that performance by such party under this Agreement or similar agreements is unlawful and (ii) the enactment of legislation by the legislature (e.g., in the case of the State of New York, both the New York State Senate and the New York State Assembly and in the case of the United States, both the United States Senate and the U.S. House of Representatives) that is not vetoed and has not become law for 60 days which, if adopted as law, would render unlawful (a) the performance by a party of any absolute or contingent obligation to make a payment or delivery or to receive a payment or delivery in respect of a Transaction or the compliance by a party with any other material provisions of this Agreement relating to such Transaction or (b) the performance by a party or a Credit Support Provider of such party of any contingent or other obligation which such party (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction."

"*'Resolution'* means the Local Highway and Bridge Special Limited Obligation Service Contract Bond Resolution, adopted on August 23, 1991, as heretofore or hereafter from time to time amended and supplemented including, but not limited to, by a fourteenth supplemental resolution adopted September 17, 2003."

(g) *Accuracy of Specified Information.* Section 3(d) is hereby amended by adding at the end of the third line thereof after the word "respect" and before the period the words, "or, in the case of audited or unaudited financial statements, a fair presentation of the financial condition of it." With respect to information concerning the State of New York provided by Party B, such representation is based solely upon the representation of the Division of the Budget of the State of New York or the Office of the State Comptroller of the State of New York, as applicable.

(h) *Notice of Incipient Illegality.* If an Incipient Illegality occurs, Party B will, promptly upon becoming aware of it, notify Party A, specifying the nature of that Incipient Illegality; provided that, the failure of Party B to provide such notice shall not constitute an Event of Default hereunder. Party B will also give such other information about that Incipient Illegality as Party A reasonably requests.

(i) *Deferral of Payments and Deliveries in Connection with Illegality and Incipient Illegality.* Section 2(a)(iii) is hereby amended to read in its entirety as follows:

"(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default, Illegality, Potential Event of Default or Incipient Illegality with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other applicable condition precedent specified in this Agreement."

(j) *Insurer Provisions.* The following provisions shall apply to any Transaction to which the Swap Insurance Policy issued by XL Capital Assurance Inc. (together with any successor, the "Insurer") to the account of Party B, as principal, and for the benefit of Party A, as beneficiary (the "Swap Insurance Policy"), relates (the "Insured Transactions").

(i) Notwithstanding anything to the contrary in Section 6 of this Agreement, if any:

(A) Event of Default in respect of any Insured Transaction under Section 5(a) of this Agreement occurs with respect to Party B as the Defaulting Party; or

(B) Termination Event in respect of any Insured Transaction under Section 5(b) of this Agreement occurs with respect to Party B as the Affected Party;

then, in either such case, Party A shall not designate an Early Termination Date in respect of any such Insured Transaction unless:

(Y) an Additional Termination Event under Part 4(j)(x) has occurred and is continuing; or

(Z) Insurer has otherwise consented in writing to such designation.

Amounts payable by Party B to Party A upon termination shall not be insured by the Swap Insurance Policy except as provided in Part 4(j)(ii).

(ii) Notwithstanding anything in this Agreement, if any Event of Default under this Agreement occurs, with Party B as the Defaulting Party, then the Insurer (unless an Additional Termination Event described in Part 4(j)(x) has occurred and is continuing) shall have the right (but not the obligation) upon notice to Party A to designate an Early Termination Date with respect to Party B with the same effect as if such designation were made by Party A. For purposes of the foregoing sentence, an Event of Default with respect to Party B shall be considered to be continuing, notwithstanding any payment by the Insurer under the Swap Insurance Policy. Party A and Party B acknowledge that, except as the Swap Insurance Policy may be otherwise endorsed, unless the Insurer designates an Early Termination Date (as opposed to merely consenting to such designation by one of the parties) termination payments due from Party B because an Early Termination Date has been designated will not be insured.

(iii) Party A and Party B hereby each acknowledge and agree that Insurer's obligation with respect to Insured Transactions shall be limited to the terms of the Swap Insurance Policy. Notwithstanding Section 2(e) or any other provision of this Agreement, Insurer shall not have any obligation to pay interest on any amount payable by Party B under this Agreement.

(iv) The definition of "Reference Market Makers" set forth in Section 12 of this Agreement shall be amended in its entirety to read as follows:

"Reference Market Makers" means four (4) leading dealers in the relevant swap market selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among dealers having an office in the greater New York Metropolitan area. The rating classification assigned to any outstanding long-term senior debt securities issued by such dealers shall be at least (1) Aa3 or higher as determined by Moody's Investors Service, Inc.

(or any successor) ("Moody's") (2) AA- or higher as determined by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. (or any successor) ("S&P") or (3) an equivalent investment grade rating determined by a nationally-recognized rating service acceptable to both parties and Insurer, provided however, that, in any case, if Market Quotation cannot be determined by four (4) such dealers, the party making the determination of the Market Quotation may designate, with the consent of the other party and Insurer, one (1) or more leading dealers whose long-term senior debt bears a lower investment grade rating.

(v) Section 8(b) of this Agreement is hereby amended by (A) adding the phrase "or any Credit Support Document" after the word "Agreement" in the first line thereof and (B) adding the phrase "and their respective Credit Support Providers" following after the word "parties" in the second line thereof.

(vi) No amendment, modification, supplement or waiver of this Agreement will be effective unless in writing and signed by each of the parties hereto and unless the parties hereto shall have obtained the prior written consent of Insurer.

(vii) Party A and Party B hereby each acknowledge and agree that Insurer shall be an express third-party beneficiary (and not merely an incidental third-party beneficiary) of this Agreement and the obligations of such party under any Insured Transaction, and as such, entitled to enforce this Agreement and the terms of any such Insured Transaction against such party on its own behalf and otherwise shall be afforded all remedies available hereunder or otherwise afforded by law against the parties hereto to redress any damage or loss incurred by Insurer including, but not limited to, fees (including professional fees), costs and expenses incurred by Insurer which are related to, or resulting from any breach by such party of its obligations hereunder.

(viii) So long as the Swap Insurance Policy shall remain in effect, no Insured Transaction may be assigned or transferred by Party B or Party A without the prior written consent of Insurer other than as provided in Section 7(a), (b) or (c).

(ix) Party A and Party B hereby acknowledge that to the extent of payments made by Insurer to Party A under the Swap Insurance Policy, Insurer shall be fully subrogated to the rights of Party A against Party B under the Insured Transaction to which such payments relate, including, but not limited to, the right to receive payment from Party B and the enforcement of any remedies. Party A hereby agrees to assign to Insurer its right to receive payment from Party B under any Insured Transaction to the extent of any payment thereunder by Insurer to Party A and to execute all such instruments or agreements as Insurer deems reasonably necessary to effect such assignment. Party B hereby acknowledges and consents to the assignment by Party A to Insurer of any rights and remedies that Party A has under any Insured Transaction or any other document executed in connection herewith.

(x) *Additional Termination Event will apply.* The following shall constitute Additional Termination Events in respect of Party B (and amounts payable by Party B to Party A upon such termination shall not be insured by the Swap Insurance Policy):

(a) The Insurer fails to meet its payment obligations under its Swap Insurance Policy and such failure is continuing with respect to the Insurer under the Swap

Insurance Policy; provided, however, that, in any such case, either

(X) an Event of Default has occurred or is continuing with respect to Party B as the Defaulting Party; or

(Y) a Termination Event has occurred or is continuing with respect to Party B as the Affected Party.

For the purpose of the foregoing Termination Event, the Affected Party shall be Party B.

(b) The Insurer's financial strength rating from S&P is below A- and the Insurer's claims paying ability rating from Moody's is below A3;

provided, however, that in any such case, either

(X) an Event of Default has occurred and is continuing with respect to Party B as the Defaulting Party; or

(Y) a Termination Event has occurred and is continuing with respect to Party B as the Affected Party.

For the purpose of the foregoing Termination Event, the Affected Party shall be Party B.

(c) (A) The Insurer consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, another entity and, at the time of such consolidation amalgamation, merger or transfer the resulting, surviving or transferee entity fails to assume all the obligations of the Insurer under the Swap Insurance Policy by operation of law or pursuant to an agreement reasonably satisfactory to Party A and (B) Party B fails, within 20 days of notice from Party A, to provide a replacement guarantee, letter of credit, surety bond, insurance policy or other credit enhancement instrument providing, in the reasonable opinion of Party A, support substantially the same as provided by the Swap Insurance Policy by a provider whose credit ratings are at least equal to those of the Insurer at the time of the replacement. For the purpose of this Termination Event, the Affected Party shall be Party B.

(d) (A) The entry of a non-appealable order of a court of competent jurisdiction that the Swap Insurance Policy is invalid and (B) Party B fails, within 20 days of notice from Party A, to provide a replacement guarantee, letter of credit, surety bond, insurance policy or other credit enhancement instrument providing, in the reasonable opinion of Party A, support substantially the same as provided by the Swap Insurance Policy by a provider whose credit ratings are at least equal to those of the Insurer at the time of the replacement. For the purpose of this Termination Event, the Affected Party shall be Party B.

(xi) Notwithstanding Section 6 of this Agreement, any designation of an Early Termination Date in respect of the Insured Transactions by the Insurer or by Party A with the consent of the Insurer pursuant to paragraph (i) above shall apply only to the Insured Transactions and not to any other Transaction under this Agreement, unless Party A shall designate an Early Termination Date in respect of

such other Transaction. Nothing contained in this paragraph (xi) shall affect the rights of Party A under this Agreement to designate an Early Termination Date in respect of any Transaction other than the Insured Transactions, which designation shall not apply to the Insured Transactions unless expressly provided in such designation and unless the Insurer shall have designated, or consented to the designation by Party A of, an Early Termination Date in respect of the Insured Transactions in accordance with paragraph (i) above or such designation of an Early Termination Date is otherwise permitted under paragraph (i) or (x).

(xii) Notwithstanding anything else in this Agreement, in no event shall either Party A or Party B be entitled to net or set off the payment obligations of the other party that are not with respect to Insured Transactions against the payment obligations of such party under Insured Transactions (whether by counterclaim or otherwise), it being the intention of the parties that their payment obligations under Insured Transactions be treated separate and apart from all other obligations. Notwithstanding Section 6(e) of this Agreement, the amount payable under Section 6(e) of this Agreement upon the termination of any Insured Transaction shall be determined without regard to any obligation other than those under the Insured Transactions, it being the intention of the parties that their payment obligations under the Insured Transactions be treated separate and apart from all other obligations unless otherwise specified in such other obligation and agreed to in writing by the Insurer.

(xiii) None of the rights and obligations of the Insurer with respect to the Insured Transactions shall affect the rights and obligations of the parties hereto pursuant to any Transaction that is not an Insured Transaction.

(xiv) Notice of any Change of Account under Section 2(b) shall be delivered or given to the Insurer.

(xv) *Reserved.*

(xvi) Pursuant to Section 8(c) of this Agreement, all obligations of the parties will survive the termination of any Transaction or the term of this Agreement or the Resolution so long as amounts owed under the Swap Insurance Policy or under Part 4(j)(xxi) of this Agreement remain outstanding.

(xvii) For the purpose of Section 10(a) of the Agreement, all notices and communications shall be delivered or given to Party A, Party B and the Insurer as set forth in Part 3(a) of this Schedule.

(xviii) Notwithstanding Section 2(a)(iii) of this Agreement, Party A shall not suspend any payments due under an Insured Transaction under Section 2(a)(iii) unless the Insurer is in default in respect of any payment obligations due under the Swap Insurance Policy.

(xix) No notice of an Event of Default or Termination Event shall be effective against Party B unless such notice is given to the Insurer.

(xx) Party B agrees to reimburse the Insurer, solely from amounts available to Party B under the Financing Agreement, immediately and unconditionally upon demand for all reasonable expenses incurred by the Insurer in connection with the issuance of

the Swap Insurance Policy and the enforcement by the Insurer of Party B's obligations under this Agreement and any other documents executed in connection with the execution and delivery of this Agreement, including, but not limited to, fees (including professional fees), costs and expenses incurred by the Insurer which are related to, or resulting from any breach by Party B of its obligations hereunder.

(xxi) Party B hereby covenants and agrees that it shall reimburse Insurer, solely from amounts available to Party B under the Financing Agreement, for any amounts paid by the Insurer under the Swap Insurance Policy and all costs of collection thereof and enforcement of this Agreement at the Insurer Payment Rate (as hereinafter defined). For purposes of the foregoing, "Insurer Payment Rate" shall mean the lesser of (a) the greater of (i) the per annum rate of interest, publicly announced from time to time by JPMorgan Chase Bank, N.A. ("Chase") at its principal office in the City of New York, as its prime or base lending rate ("Prime Rate") (any change in such Prime Rate to be effective on the date such change is announced by Chase) plus 3 percent and (ii) the then highest rate of interest on the Bonds and (b) the maximum rate permissible under applicable usury or similar laws limiting interest rates. The Insurer Payment Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days. In the event that Chase ceases to announce its Prime Rate publicly, the Prime Rate shall be the publicly announced prime or base lending rate of such national bank as the Insurer shall specify.

(xxii) Each party agrees that each of its representations and agreements in this Agreement is expressly made to and for the benefit of the Insurer.

(xxiii) Each party agrees to send a copy of all notices or communications sent by such party to the other party, to the Insurer at the following address:

XL Capital Assurance Inc.
1221 Avenue of the Americas
New York, New York 10020
Attn: Surveillance
Telephone: (212) 478-3400
Telecopy: (212) 478-3597

(k) *Appendix A.* Notwithstanding any other provisions of this Agreement, Party A and Party B agree that Party A shall be bound by the provisions of Appendix A (Standard Clauses for New York State Thruway Authority and New York State Canal Corporation Procurement Contracts) annexed hereto, which shall be deemed an integral part of this Agreement. Notwithstanding Section 12 of Appendix A, if there exists a conflict between a provision in Appendix A and this Agreement, this Agreement shall govern to the extent permitted by law.

In addition, the following changes are made to Appendix A:

1. The last sentence of Section 3 shall not apply.

2. Notwithstanding the first sentence of Section 9 of Appendix A, Records must be kept for the balance of the calendar year in which they were made and for six (6) additional years thereafter.

3. The following shall be added to Section 9: The Authority shall take reasonable steps to protect

from public disclosure any of the Records which are exempt from disclosure under Section 87 of the State's Public Officer's Law (the "Statute") provided that: (i) the Contractor shall timely inform an appropriate Authority official, in writing, that said records should not be disclosed; and (ii) said records shall be sufficiently identified; and (iii) designation of said records as exempt under the Statute is reasonable. Nothing contained herein shall diminish, or in any way adversely affect, the Authority's right to discovery in any pending or future litigation.

4. The last sentence of Section 21 shall not apply.

(l) ***Liability; No Indemnification.*** Each party will be responsible for all damage to life and properties due to negligent or otherwise tortious acts, errors or omissions of such party in connection with its obligations under this Agreement to the extent provided by law. Party B shall not indemnify Party A, and Party A shall not indemnify Party B, for any claims, suits, actions, damages, and costs resulting from the performance of its obligations under this Agreement.

Insurer: XL Capital

The parties executing this Schedule have executed the Master Agreement and have agreed as to the contents of this Schedule.

MERRILL LYNCH CAPITAL SERVICES, INC.

By: _____

Title: Authorized Signatory

NEW YORK STATE THRUWAY AUTHORITY

By: _____

Title: _____

Insurer: XL Capital

The parties executing this Schedule have executed the Master Agreement and have agreed as to the contents of this Schedule.

MERRILL LYNCH CAPITAL SERVICES, INC.

By: _____

Title: Authorized Signatory

NEW YORK STATE THRUWAY AUTHORITY

By: _____

Title: Treasurer

EXHIBIT A to Schedule

Form of Confirmation

[Date]

CONFIRMATION

New York State Thruway Authority
200 Southern Boulevard
Albany, NY 12209
Attention: Chief Financial Officer
Facsimile No.: 518-471-5050
Telephone No.: 518-436-2820
Tax ID:

Ladies and Gentlemen:

The purpose of this letter agreement (the "Confirmation") is to set forth the terms and conditions of the Transaction entered into between MERRILL LYNCH CAPITAL SERVICES, INC. ("Party A") and the NEW YORK STATE THRUWAY AUTHORITY ("Party B") on the Trade Date specified below (the "Transaction").

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 Master Agreement and Schedule thereto dated as of October 21, 2003 (the "Agreement") between you and us. 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:	MERRILL LYNCH CAPITAL SERVICES, INC.
Party B:	NEW YORK STATE THRUWAY AUTHORITY
Notional Amount:	USD _____, reducing on the dates and in the amounts set forth in Annex I hereto.
Trade Date:	_____
Effective Date:	_____
Termination Date:	_____

FIXED AMOUNTS:

Fixed Rate Payer:	Party B
Fixed Rate Payer Payment Dates:	Semiannually on each _____ and _____, commencing on _____ 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 _____ and _____, commencing on _____ and terminating on the Termination Date. No Adjustment shall apply to Period End Dates.
Fixed Rate:	____%
Fixed Rate Day Count Fraction:	30/360

FLOATING AMOUNTS:

Floating Rate Payer:	Party A
Floating Rate Payer Payment Dates:	Monthly on the fifteenth day of each calendar month, commencing on _____ and terminating on the Termination Date, subject to adjustment in accordance with the Following Business Day Convention.
Floating Rate Payer End Dates :	Monthly on the fifteenth day of each calendar month, commencing on _____ and terminating on the Termination Date. No Adjustment shall apply to Period End Dates.
Floating Rate Option:	_____% of USD-LIBOR-BBA
Designated Maturity:	One Month
Floating Rate Day Count Fraction:	Actual/360
Floating Rate Reset Dates:	The Effective Date and the first day of each calendar month thereafter. Notwithstanding the definition of USD-LIBOR-BBA in the Definitions, the rate for each Reset Date shall be the rate which appears on the Telerate Page 3750 as of 11:00 a.m., London time, on such Reset Date or, if such date is not a London Banking Day, the day that is one London Banking Day preceding the Reset Date.
Floating Rate Method of Averaging:	Inapplicable
Business Days:	New York

3. *Account Details*

Payments to Party A	[Merrill Lynch Capital Services, Inc.] ABA No. Account No. Reference:
Payments to Party B	Name of Bank: JPMorgan Chase Bank Account No.: [507943635] Fed ABA No.: 021000021 Reference: New York State Thruway Authority for further credit to :_____

If you have any questions regarding this letter agreement, please contact the Swap Operations Department in New York at [_____].

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,

MERRILL LYNCH CAPITAL SERVICES, INC.

By:_____
Authorized Signatory

Name:_____

Title:_____

Accepted and confirmed as of the
Trade Date

NEW YORK STATE THRUWAY AUTHORITY

By:_____
Authorized Signatory

Name:_____

Title:_____

Insurer: XL Capital

EXHIBIT B

GUARANTEE OF MERRILL LYNCH & CO., INC.

FOR VALUE RECEIVED, receipt of which is hereby acknowledged, MERRILL LYNCH & CO., INC., a corporation duly organized and existing under the laws of the State of Delaware ("ML & Co."), hereby unconditionally guarantees to [NAME OF COUNTERPARTY] (the "Counterparty"), the due and punctual payment of any and all amounts payable by Merrill Lynch Capital Services, Inc., a corporation organized under the laws of the State of Delaware ("MLCS"), under the terms of the Master Agreement, dated as of [Date of Master], between MLCS and the Counterparty (the "Agreement"), including, in case of default, interest on any amount due, when and as the same shall become due and payable, whether on the scheduled payment dates, at maturity, upon declaration of termination or otherwise, according to the terms thereof. In case of the failure of MLCS punctually to make any such payment, ML & Co. hereby agrees to make such payment, or cause such payment to be made, promptly upon demand made by the Counterparty to ML & Co.; provided, however, that a delay by the Counterparty in giving such demand shall in no event affect ML & Co.'s obligations under this Guarantee. This Guarantee shall remain in full force and effect or shall be reinstated (as the case may be) if at any time any payment guaranteed hereunder, in whole or in part, is rescinded or must otherwise be returned by the Counterparty upon the insolvency, bankruptcy or reorganization of MLCS or otherwise, all as though such payment had not been made.

ML & Co. hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Agreement; the absence of any action to enforce the same; any waiver or consent by the Counterparty concerning any provisions thereof; the rendering of any judgment against MLCS or any action to enforce the same; or any other circumstances that might otherwise constitute a legal or equitable discharge of a guarantor or a defense of a guarantor. ML & Co. covenants that this Guarantee will not be discharged except by complete payment of the amounts payable under the Agreement. This Guarantee shall continue to be effective if MLCS merges or consolidates with or into another entity, loses its separate legal identity or ceases to exist.

ML & Co. hereby waives diligence; presentment; protest; notice of protest, acceleration, and dishonor; filing of claims with a court in the event of insolvency or bankruptcy of MLCS; all demands whatsoever, except as noted in the first paragraph hereof; and any right to require a proceeding first against MLCS.

ML & Co. hereby certifies and warrants that this Guarantee constitutes the valid obligation of ML & Co. and complies with all applicable laws.

This Guarantee shall be governed by, and construed in accordance with, the laws of the State of New York.

This Guarantee becomes effective concurrent with the effectiveness of the Agreement, according to its terms.

This Guarantee may be terminated at any time by notice by ML & Co. to the Counterparty given in accordance with the notice provisions of the Agreement, effective upon receipt of such notice by the Counterparty or such later date as may be specified in such notice; provided, however, that this Guarantee shall continue in full force and effect with respect to any obligation of MLCS under the Agreement entered into prior to the effectiveness of such notice of termination.

Insurer: XL Capital

IN WITNESS WHEREOF, ML & Co. has caused this Guarantee to be executed in its corporate name by its duly authorized representative.

MERRILL LYNCH & CO., INC.

By:_____
Name:
Title:

Date: _____

EXHIBIT C

FORM OF OPINION OF INTERNAL COUNSEL FOR MLCS

[Date]

[Name of Counterparty]
[address]

XL Capital Assurance Inc.
1221 Avenue of the Americas
New York, New York 10020

Ladies and Gentlemen:

I am counsel to Merrill Lynch Capital Services, Inc. ("MLCS") and am delivering this opinion in connection with the Master Agreement and Schedule thereto, including the Credit Support Annex, dated as of [Date of Master], between MLCS and [Name of Counterparty] (collectively, the "Agreement") as supplemented by [the] confirmation[s] of [the] transaction[s] entered into on _____ between MLCS and Counterparty (each, a [the] "Confirmation").

In this connection I have examined originals or copies, certified or otherwise identified to my satisfaction, of such documents, corporate records, certificates of public officials and other instruments and have conducted such investigations of fact and law as I have deemed necessary or appropriate for purposes of this opinion.

Upon the basis of the foregoing, I am of the opinion that:

1. MLCS is a corporation organized and existing and in good standing under the laws of the State of Delaware.

2. The execution, delivery and performance of the Agreement and [the/each] Confirmation by MLCS are within MLCS's corporate power, have been duly authorized by all necessary corporate action and do not conflict with any provision of the certificate of incorporation or by-laws of MLCS.

3. The Agreement and [the/each] Confirmation have been duly executed and delivered by MLCS and constitute legal, valid and binding obligations of MLCS enforceable against MLCS in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium, or other laws affecting the enforcement of creditors' rights generally or by general equity principles.

4. To the best of my knowledge, all federal, state, and local governmental, public, and regulatory authority approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings that are required to have been obtained or made by MLCS with respect to the authorization, execution, delivery, and performance by, or the enforcement against or by, MLCS of the Agreement and [the/each] Confirmation have been obtained and are in full force and effect and all conditions of such approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings have been fully complied with.

I have relied as to certain matters on information obtained from public officials, officers of MLCS and other sources believed by me to be responsible and I have assumed that the signatures on

all documents examined by me (other than those of MLCS) are genuine, assumptions which I have not independently verified.

This opinion is limited to the laws of the State of New York, the Delaware General Corporation Law and the Federal laws of the United States. The opinions in this letter are expressed solely as of the date hereof for your benefit and for the benefit of your successors and permitted assigns under the Agreement and may not be relied upon in any manner or for any purposes by any other person.

Very truly yours,

EXHIBIT D

FORM OF OPINION OF COUNSEL FOR MERRILL LYNCH & CO., INC.

[Date]

[Name of Counterparty]
[address]

XL Capital Assurance Inc.
1221 Avenue of the Americas
New York, New York 10020

Ladies and Gentlemen:

We have acted as counsel to Merrill Lynch & Co., Inc. ("Merrill Lynch"), and are delivering this opinion in connection with the Guarantee dated [Date of Master] (the "Guarantee") of Merrill Lynch furnished to you with respect to the Master Agreement and Schedule thereto, including the Credit Support Annex (collectively, the "Agreement"), dated as of [Date of Master], between Merrill Lynch Capital Services, Inc. and [Name of Counterparty].

In connection with this opinion, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such documents, corporate records, certificates of public officials and other instruments and have conducted such other investigations of fact and law as we have deemed necessary or appropriate for purposes of this opinion.

Upon the basis of the foregoing, we are of the opinion that:

1. Merrill Lynch is a corporation organized and existing under the laws of the State of Delaware.

2. The execution, delivery and performance of the Guarantee are within Merrill Lynch's corporate power, have been duly authorized by all necessary corporate action, and do not conflict with any provision of Merrill Lynch's organizational documents.

3. The Guarantee has been duly executed and delivered by Merrill Lynch and constitutes a legal, valid and binding obligation of Merrill Lynch enforceable against Merrill Lynch in accordance with its terms except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws affecting the enforcement of creditors' rights generally or by general equity principles.

4. To the best of our knowledge, all federal, state, and local governmental, public, and regulatory authority approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings that are required to have been obtained or made by Merrill Lynch with respect to the authorization, execution, delivery, and performance by, or the enforcement against or by, Merrill Lynch of the Guarantee have been obtained and are in full force and effect and all conditions of such approvals, consents, notices, authorizations, registrations, licenses, exemptions, and filings have been fully complied with.

We have relied as to certain matters on information obtained from public officials, officers of Merrill Lynch and other sources believed by us to be responsible and we have assumed that the

signatures on all documents examined by us (other than those of Merrill Lynch) are genuine, assumptions which we have not independently verified.

This opinion is limited to the laws of the State of New York, the Delaware General Corporation Law and the Federal laws of the United States. The opinions in this letter are expressed

solely as of the date hereof for your benefit and for the benefit of your successors and permitted assigns under the Agreement and may not be relied upon in any manner or for any purposes by any other person.

Very truly yours,

EXHIBIT E to Schedule
[Form of Opinion of Counsel to Party B]

October 21, 2003

Merrill Lynch Capital Services, Inc.
[Address]

XL Capital Assurance Inc.
1221 Avenue of the Americas
New York, New York 10020

Ladies and Gentlemen:

We have acted as counsel to New York State Thruway Authority, a body corporate and politic constituting a public corporation of the State of New York ("Party B") in connection with the execution and delivery of the Master Agreement and Schedule thereto, including the Credit Support Annex (collectively, the "Master Agreement") dated as of October 21, 2003 between Merrill Lynch Capital Services, Inc. ("Party A") and Party B and the Confirmation(s), dated _____, 2003 (the "Initial Confirmation(s)"), each between Party A and Party B. The Master Agreement together with the Initial Confirmation(s) shall constitute one agreement and hereinafter is referred to as the "Agreement".

In connection with this opinion, we have examined executed copies of the Master Agreement and such documents and records of Party B, certificates of public officials and officers of Party B and such other documents as we have deemed necessary or appropriate for the purposes of this opinion. In this opinion, we have assumed the genuineness of all the signatures, the authenticity of all documents submitted to us as originals and the conformity to authentic original documents of all documents submitted to us as certified, conformed or photostatic copies.

Party B has authorized the Agreement by and pursuant to Resolution No. 5316 adopted by the Board of Party B on September 17, 2003. In addition, pursuant to the Guidelines for Interest Rate Exchange Agreements, adopted by Party B pursuant to said Article 5-D on December 5, 2002 (the "Guidelines"), Public Resources Advisory Group, has issued a letter dated October 21, 2003, to Party B finding that the terms and conditions of the Agreement reflect a fair market value. We have relied on such letter, without further investigation, in rendering this opinion.

Based upon the foregoing, we are of the opinion that:

1. Party B is a body corporate and politic constituting a public corporation of the State of New York duly organized and validly existing under the laws of the State of New York.

2. Party B is authorized under the New York State Thruway Authority Act, Title 9 of Article 2 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended, Article 5-D of the State Finance Law, the Guidelines, the Financing Agreement (as defined in the Agreement) and the Resolution (as defined in the Agreement), to enter into the Agreement and to perform its obligations thereunder.

3. Party B has taken all necessary action required to be taken to ensure that the Agreement complies in all respects with the New York State Thruway Authority Act, Article 5-D of the State Finance Law, the Guidelines and the Resolution.

4. The Agreement has been duly executed and delivered by Party B and constitutes a legally valid and binding obligation of Party B enforceable against Party B in accordance with its terms (subject to applicable bankruptcy, reorganization, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application, regardless of whether enforcement is sought in a proceeding in equity or at law); provided, however, that this opinion is subject to the qualification that in connection with any early termination on the grounds of default, a court might limit the non-Defaulting Party's recovery to its actual damages in the circumstances, imposing its own settlement procedures in lieu of the provisions of Section 6(e) of the Agreement.

5. To the best of our knowledge, no consent, authorization, license or approval of, or registration or declaration with, any governmental authority is required in connection with the execution, delivery and performance of the Agreement by Party B.

6. The Agreement is a special limited obligation of Party B, and all amounts payable under the Agreement constitute Subordinate Obligations. The obligation of Party B to make such payments is secured solely by a pledge of and lien on Revenues on deposit in the Administrative Fund, subject and subordinate in all respects to the pledge of and lien on such Revenues created by Section 501 of the Resolution in favor of the payment of the Principal and Redemption Price of, and Sinking Fund Installments for, and interest on, the Bonds, and to the requirements of the Resolution for withdrawals from the Revenue Fund for deposit into the Bond Service Fund and any Bond Service Reserve Fund as provided therein. Capitalized terms used in this paragraph and not defined have the respective meanings ascribed to such terms in the Resolution.

Our opinion is rendered only with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or any other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. This opinion is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereinafter occur, or for any other reason whatsoever.

This opinion is solely for your information and assistance and may not be relied upon by any other person.

Very truly yours,