

SCHEDULE

to the

ISDA Master Agreement

dated as of May 9, 2003, between

Citibank, N.A., New York
("Party A")

and

New Jersey Turnpike Authority,
a body politic of the State of New
Jersey ("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),	Citigroup Global Markets Limited; Citigroup Global Markets Deutschland AG; Citigroup Global Markets Inc.; Citigroup Forex Inc.; Citigroup Global Markets Commercial Corp. and Citigroup Financial Products Inc. (individually a "Section 5(a)(v) Affiliate").
Section 5(a)(vi),	NONE
Section 5(a)(vii),	NONE
Section 5(b)(ii),	NONE

and in relation to Party B for the purpose of:

Section 5(a)(v),	NONE
Section 5(a)(vi),	NONE
Section 5(a)(vii),	NONE
Section 5(b)(ii),	NONE

(b) "**Specified Transaction**" shall have the meaning specified in Section 12 and shall also include Bonds held by Party A; provided, however, that no transaction shall be a Specified Transaction with respect to Party B unless Party B's obligation thereunder arises under the Covered Indenture; and, provided, further, that Specified Transaction shall not include any transaction between Party A and the Insurer.

(c) The "**Cross Default**" provisions of Section 5(a)(vi) of this Agreement, as modified below, will apply to Party A and to Party B, but will not apply to Party B's Credit Support Provider. Section 5(a)(vi) of this Agreement is hereby amended by the addition of the following at the end thereof:

"provided, however, that notwithstanding the foregoing, an Event of Default shall not occur

under either (1) or (2) above if, as demonstrated to the reasonable satisfaction of the other party, (a) the event or condition referred to in (1) or the failure to pay referred to in (2) is a failure to pay caused by an error or omission of an administrative or operational nature; and (b) funds were available to such party 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.”

If such provisions apply:

"Specified Indebtedness" means any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) for the payment or repayment of any money; provided, however, that "Specified Indebtedness" shall not apply to Party B's Credit Support Provider; and provided further, that Specified Indebtedness shall not include deposits received in the course of Party A's ordinary banking business.

"Threshold Amount" means:

- (i) with respect to Party A, an amount equal to 2% of shareholders' equity (howsoever described) of Party A as shown on the most recent annual audited financial statements of Party A ; and
 - (ii) with respect to Party B, \$50,000,000.
- (d) The **"Credit Event Upon Merger"** provisions of Section 5(b)(ii) will not apply to Party A, Party B or Party B's Credit support Provider.
- (e) The **"Automatic Early Termination"** provisions of Section 6(a) will not apply to Party A and will not apply to Party B.
- (f) **"Payments on Early Termination"**. For the purpose of Section 6(e) of this Agreement:
- (i) Market Quotation will apply.
 - (ii) The Second Method will apply.
- (g) There shall be added to Section 5(a) of the Agreement the following Events of Default:
- “(ix) Authority; Repudiation. Party B shall cease to have authority to make payments under this Agreement or any Transaction subject to this Agreement, or any government entity having jurisdiction over Party B shall introduce any legislation which would have the effect of repudiating this Agreement or any Transaction subject to this Agreement.”
- (h) Section 5 of the Agreement is hereby amended as follows:
- (a) **Bankruptcy**. Section 5(a)(vii)(6) of the Agreement is amended to read in its entirety as follows:
- “(6) seeks or becomes subject to the appointment of an administrator, receiver, trustee, custodian or other similar official for it or for all or substantially all of its assets (regardless of how brief such appointment may be, or whether any obligations are promptly assumed by another entity or whether any other event described in this clause (6) has occurred and is continuing) or, in the case of Party B, (i) there shall be appointed

or designated with respect to Party B, an entity such as an organization, board, commission, authority, agency, or body to declare a financial emergency or similar state of financial distress with respect to Party B or, (ii) there shall be declared by Party B or by any legislative or regulatory body with competent jurisdiction over Party B, the existence of a state of financial emergency or similar state of financial distress in respect of Party B.”

(b) Merger Without Assumption. Section 5(a)(viii) of the 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 an organization, board, commission, authority, agency or body 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; or

(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 a Government Entity, the sources of payment for the obligations of such Government Entity as set forth in the Schedule are no longer available for the satisfaction of such resulting, surviving, transferee or successor entity’s obligations to the other party hereto.”

(j) ***“Additional Termination Event ”*** will apply as set forth in Part 5 hereof. In addition, the following event shall constitute an Additional Termination Event:

(i) If the Bonds are not issued and outstanding on or before December 17, 2003, then this Agreement shall immediately terminate unless otherwise agreed by Party A and the Insurer. The Settlement Amount shall be calculated in accordance with Section 6(e), with Party B as the Affected Party and all Transactions relating to such Bonds shall be Affected Transactions.

(ii) Amounts payable by Party B to Party A hereunder shall cease to be payable and secured in accordance with the terms represented in Section 3(k) of this Schedule.

(iii) Party B will have the right to terminate any Transaction hereunder (the “Optional Termination”) at any time in accordance with the “Payments on

Early Termination" provisions of Section 6(e) of this Agreement. Party B will be the sole Affected Party. If the termination amount is a positive number in favor of Party A, Party B will provide evidence to Party A and the Insurer of its ability to pay the termination amount on the specified Termination Date as a condition precedent to its exercise of the Optional Termination.

Part 2
Agreement to Deliver Documents

For the purpose of Sections 3(d) and 4(a) of this Agreement, each party agrees to deliver the following documents:

Party required to deliver document	Form/Document/Certificate	Date by which to be delivered	Covered by Section 3(d) Representation
Party A and Party B	Evidence of the authority and true signatures of each official or representative signing this Agreement or, as the case may be, a Confirmation, on its behalf.	On or before execution of this Agreement and each Confirmation forming a part of this Agreement.	Yes
Party A	Opinion of Counsel to Party A in the form of Exhibit B hereto.	On or before execution of this Agreement	No
Party B	Covered Indenture as hereinafter defined.	On or before execution of this Agreement	Yes
Party B	Written designation to the Trustee of the Transactions subject to this Agreement as Exchange Agreements as required by the Covered Indenture	On or before the execution of the Confirmation relating to each such transaction	Yes
Party B	Evidence of actions taken by, or notice given to, the Rating Agencies with respect to each Transaction hereunder designated Exchange Agreements	On the dates of such actions or notices in accordance with Section 201 of the Covered Indenture	Yes
Party B	Certified copy of the resolution of Party B's Members (or equivalent authorizing documentation) authorizing the execution and delivery of this Agreement and each Confirmation and performance of its obligation hereunder and creating the security interest described in Part 4(k) of the Schedule.	On or before execution of this Agreement	Yes
Party B	Opinions of legal counsel to Party B substantially in the form attached hereto as Exhibit A.	On or before execution of this Agreement.	No
Party B	Written designation to the Trustee of the Transactions subject to this Agreement as	On or before the date of issuance of the Bonds	Yes

Qualified Swaps as required by the Covered Indenture.

Party B	Evidence of actions taken by, or notice given to, the Rating Agencies with respect to each Transaction hereunder designated Qualified Swap	On the dates of such actions or notices in accordance with Section 201 of the Covered Indenture	Yes
Party A and Party B	A copy of the annual report of such party containing audited consolidated financial statements for each such fiscal year, certified by independent certified public accountants and prepared in accordance with generally accepted accounting principles in the country in which such party is organized.	As soon as practicable after the execution of this Agreement and also within 120 days (or as soon as practicable after becoming publicly available) after the end of each of its fiscal years while there are any obligations outstanding under this Agreement; provided that either party will be deemed to have delivered such annual report upon posting the same on its public website	Yes
Party B	Swap Insurance Policy	On or before the Trade Date of the Transaction covered thereby	No
Party B	Opinion of legal counsel to Insurer regarding the Swap Insurance Policy in form satisfactory to Party A	On or before the Effective Date of the Transaction covered thereby	No

Party A and Party B	Confirmations, updates and additional documentation concerning the opinion of counsel, board resolutions and certificates delivered pursuant to each of the foregoing documents to be delivered as the other party may reasonably request.	Prior to the Effective Date of each Transaction after the initial Transaction hereunder	Yes
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Part 3
Miscellaneous

(a) *Addresses for Notices.* For the purposes of Section 10(a) of this Agreement:

(i) All notices or communications to Party A shall, with respect to a particular Transaction, be sent to the address, telex number, or facsimile number reflected in the Confirmation of that Transaction, and any notice for purposes of Sections 5 or 6 shall be sent to:

Address:	Citibank, N.A., New York 390 Greenwich Street New York, New York 10013
Attention:	Director Derivatives Operations (with an additional copy (in the case of notices or communications relating to Section 5, 6, 7, 9 or 11 of this Agreement) addressed to the attention of the Law Department).
Facsimile No:	212-615-8276

(ii) All notices or communications to Party B shall be sent to the address, or facsimile number reflected below:

Address:	New Jersey Turnpike Authority P.O. Box 1121 191 Route 18 North New Brunswick, NJ 08816
Attention:	Executive Director
Telephone No.:	732-247-0014
Facsimile:	732-247-3472

(iii) All notices or communications to either Party A or Party B shall be sent to the address, or facsimile number reflected below:

Address:	Financial Security Assurance Inc. 350 Park Avenue New York, NY 10022
Attention:	Managing Director – Surveillance
Telephone No:	(212) 826-0100
Facsimile:	(212) 339-3556

- (b) **Offices.** Party A, if it enters into a Transaction through an Office other than its head or home office represents to Party B that, notwithstanding the place of booking office or jurisdiction of incorporation or organization, the obligations of Party A are the same as if it had entered into the Transaction through its head or home office. This representation will be deemed to be repeated by Party A on each date on which a Transaction is entered into.
- (c) **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.”
- (d) **Calculation Agent.** The Calculation Agent is Party A, unless otherwise specified in a Confirmation in relation to the relevant Transaction.
- (e) **Credit Support Document.** The Credit Support Annex attached hereto is a Credit Support Document with respect to Party A and Party B for all purposes hereunder and is incorporated herein by this reference. The Covered Indenture and the Swap Insurance Policy are Credit Support Documents with respect to Party B.
- (f) **Credit Support Provider.** Credit Support Provider means, with respect to Party A: Not Applicable; and with respect to Party B: the Insurer.
- (g) **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of the State of New Jersey.
- (h) **Jurisdiction.** Section 11(b) of the Agreement is hereby amended to read in its entirety as follows: “(b) **Jurisdiction.** With respect to any suit, action or proceedings relating to this Agreement (“Proceedings”), each party irrevocably submits, to the fullest extent permitted by applicable law, to the exclusive jurisdiction of the courts of the State of New Jersey and the United States District Courts in New Jersey.”
- (i) **Netting of Payments.** Subparagraph (ii) of Section 2(c) of this Agreement will apply.
- (j) **"Affiliate"** will have the meaning specified in Section 12 of this Agreement with respect to Party A but will not apply to Party B, provided, however that with regard to Party A, the term “Affiliate” shall not include any entity that controls or is under common control with Citibank, N.A.

Part 4 Other Provisions

- (a) **Set-off.** Without affecting the provisions of the Agreement requiring the calculation of certain net payment amounts, all payments under this Agreement will be made without set-off or counterclaim.
- (b) **1992 Muni Definitions.** Reference is hereby made to the 1992 ISDA U.S. Municipal

Counterparty Definitions (the "1992 Muni Definitions") published by the International Swap Dealers Association, Inc., which is hereby incorporated by reference herein. Any terms used and not otherwise defined herein which are contained in the 1992 Muni Definitions shall have the meaning set forth therein.

(c) ***Deferral of Payments and Deliveries in Connection with Illegality and Incipient Illegality; Interest of Deferred Payments.*** 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."

(d) ***Additional Representations.***

(i) The first sentence of Section 3 is amended to read in its entirety as follows:

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

(ii) Section 3(b) of this Agreement is hereby amended to read in its entirety as follows:

"(b) ***Absence of Certain Events.*** No Event of Default or Potential Event of Default or, to its knowledge, Incipient Illegality (in the case of a Government Entity) or Termination Event with respect to it has occurred and is continuing and no such event or circumstance would ever occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party."

(iii) Section 3 is amended by adding the following subsections (e), (f), (g), (h), (i), (j), (k), (l), and (m) thereto:

(e) ***Purpose.*** Each Party represents and warrants to the other Party that it is entering into this Agreement, any Credit Support Document, this transaction and such other documentation for the purposes of managing its borrowings or investments, hedging its underlying assets or liabilities or, with respect to Party A, in connection with a line of business. Party B further represents it is not entering into this Agreement and each Transaction for purposes of speculation.

(f) ***No Immunity.*** Party A is not entitled to claim immunity with respect to itself or its revenues or assets from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings (as defined in Section 11(b) of the Agreement) in the courts of any jurisdiction nor may there be attributed to a party or its property any such immunity (whether or not claimed). Party B is subject to suit at law or in equity pursuant to

N.J.S.A. 27:23-5 and, accordingly, is not entitled to claim immunity on the grounds of sovereignty from suit. Any suits under this Agreement are subject to the provisions of the New Jersey Tort Claims Act (N.J.S.A. 59:1-1 et. Seq.) and the New Jersey Contractual Liability Act (N.J.S.A. 59:13-1 et. seq.).

(g) **Eligible Contract Participant.** Such party is an “eligible contract participant” as the term is defined in Section 1a(12) of the Commodity Exchange Act, as amended.

(h) **Qualified Swap; Exchange Agreement.** Party B represents to Party A that (i) from the date hereof to the date of the issuance of the Bonds, this Agreement shall constitute an Exchange Agreement (as defined in the Covered Indenture); and (ii) from and after the date of issuance of the Bonds, each Transaction subject to this Agreement shall constitute a Qualified Swap, as such term is defined in the Covered Indenture.

(i) **Parity Variable Rate Bonds.** Party B represents to Party A that the Bonds, if and when issued, will be Parity Variable Rate Bonds, as such term is defined in the Covered Indenture.

(j) **Qualified Swap Provider.** Party A represents to Party B that Party A is a Qualified swap Provider, as such term is defined in the Covered Indenture.

(k) **Sources of Payment.** (i) For so long as any Transaction under this Agreement constitutes an Exchange Agreement, payments of Party B under this Agreement are payable from funds in the General Reserve Fund established under Section 502 of the Covered Indenture and are subject and subordinate to the rights of the Holders of the Bonds and to obligations payable from Funds other than the General Reserve Fund and subject to the provisions of Section 510 of the General Bond Resolution permitting the application of amounts in the General Reserve Fund for the purposes and on the terms and conditions set forth therein; and (ii) from and after the date of issuance of the Bonds, payments of Party B under this Agreement are payable from funds in the Debt Service Fund established under Section 502 of the Covered Indenture and are equally and ratably secured with payments and obligations of Party B to Holders of the Bonds by the pledge and lien created pursuant to Section 501 of the Covered Indenture. Capitalized terms used in this Section 3(k) but not defined herein have the meanings ascribed to them in the Covered Indenture.

(l) It is entering into this Agreement, any Credit Support Document to which it is a party, each Transaction and any other documentation relating to this Agreement or any Transaction as principal (and not as agent or in any other capacity, fiduciary or otherwise).

(m) Each party acknowledges that, pursuant to the terms of this Agreement (including, without limitation, Section 6(e) hereof), it may owe a payment to the other party upon the designation of an Early Termination Date hereunder, even in the event such Early Termination Date is the result of an Event of Default with respect to such other party.

(n) EACH TRANSACTION SUBJECT TO THIS AGREEMENT IS A REVENUE OBLIGATION OF PARTY B. THE TRANSACTIONS SUBJECT TO THIS AGREEMENT ARE NOT A DEBT OR LIABILITY OF THE STATE OF NEW JERSEY OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF NEW JERSEY OR OF ANY

POLITICAL SUBDIVISION IS PLEDGED TO THE PAYMENT OF THE TRANSACTIONS SUBJECT TO THIS AGREEMENT. PARTY B HAS NO TAXING POWER.

(e) ***Additional Agreements.***

- (i) Compliance with Covered Indenture. To the extent that any Transaction covered by this Agreement is an Exchange Agreement, the Government Entity will observe, perform and fulfill each provision in the Covered Indenture applicable to such Government Entity as any of those provisions may be amended, supplemented or modified for purposes of this Agreement (the "Incorporated Provisions"), with the effect that such other party hereto will have the benefit of each of the Incorporated Provisions. In the event the Covered Indenture ceases to be in effect prior to the termination of this Agreement, the Incorporated Provisions (other than those provisions requiring payments in respect of bonds, notes, warrants or other similar instruments issued under the Covered Indenture) will remain in full force and effect for purposes of this Agreement as though set forth herein until such date on which all of the obligations of the Government Entity under this Agreement and any obligations of the Government Entity have been fully satisfied. The Incorporated Provisions are hereby incorporated by reference and made a part of this Agreement to the same extent as if such provisions were set forth herein. Any amendment, supplement, modification or waiver of any of the Incorporated Provisions which would adversely affect Party A without the prior written consent of Party A shall have no force and effect with respect to this Agreement. Any amendment supplement or modification for which such consent is obtained shall be part of the Incorporated Provisions for purposes of this Agreement. The Government Entity shall not assign or transfer its right or obligations under the Covered Indenture without the prior written consent of the other party hereto and the Insurer.
- (ii) Notice of Incipient Illegality. If an Incipient Illegality occurs, the Government Entity will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Incipient Illegality and will also give such other information about that Incipient Illegality as the other party may reasonably require.
- (iii) General Reserve Fund. To the extent that any Transaction covered by this Agreement is an Exchange Agreement, Party B will provide sufficient moneys in the General Reserve Fund established under the Covered Indenture to pay the amounts payable by it under such Transaction when and as due.
- (iv) The parties agree that after the Effective Date of each Transaction, Party B shall have the right to transfer its rights to receive any and all payments due and payable to Party B under this Agreement and any such Transaction and Party A consents to such assignment and agrees to make all payments due from Party A under this Agreement and any Transaction directly to the Trustee in the event of such assignment.
- (v) The parties agree that Party B shall be permitted to assign this Agreement, including any Guaranties, other Transactions and Credit Support Annexes subject to Party A's consent, to the State of New Jersey, any other State agency or any agreed upon Reference Market Maker.
- (f) ***Relationship Between Parties.*** Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):

(i) **Non-Reliance.** 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 advisers as it has deemed necessary. 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. No communication (written or oral) received from the other party shall be deemed to be an assurance or guarantee as to the expected results of that Transaction.

(ii) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.

(iii) **Status of Parties.** The other party is not acting as a fiduciary for or an adviser to it in respect of that Transaction.

(g) **Waiver of Jury Trial.** EACH PARTY HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY TRANSACTION AND ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO THE OTHER PARTY'S ENTERING INTO THIS AGREEMENT.

(h) **Consent to Recording.** Each Party (i) consents to the recording of all telephone conversations relating to the pricing and other terms of any Transaction covered hereunder between trading and marketing personnel of the parties and their Affiliates in connection with this Agreement or any potential Transaction; (ii) agrees to give notice to such personnel of it and its Affiliates that their calls will be recorded; and (iii) agrees that in any Proceedings, it will not object to the introduction of such recordings in evidence on grounds that consent was not properly given.

(i) **Scope of Agreement.** Unless otherwise agreed to in writing by the parties to this Agreement in a Confirmation with respect to specific Specified Transactions, only the Transaction evidenced by the Confirmation dated May 9, 2003, shall be a "Transaction" for purposes of this Agreement.

(j) **Additional Definitions.** Section 12 is hereby amended by adding the following definitions:

"Bonds" means the New Jersey Turnpike Authority, Turnpike Revenue Bonds Series 2003.

"Covered Indenture" means the New Jersey Turnpike Authority Turnpike Revenue Bond Resolution adopted August 20, 1991 as amended and restated to the date hereof.

"Government Entity" means Party B.

“Incipient Illegality” means (a) the enactment by any legislative body with competent jurisdiction over a Government Entity of legislation which, if adopted as law, would render unlawful (i) performance by such Government Entity 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 such Government Entity with any other material provision of this Agreement relating to such Transaction or (ii) the performance by a Government Entity or a Credit Support Provider of such Government Entity of any contingent or other obligation which the Government Entity (or such Credit Support Provider) has under any Credit Support Document relating to such Transaction, (b) any official assertion in any proceeding, forum or action by a Government Entity, in respect of such Government Entity, that renders performance under this Agreement or similar agreements unlawful or (c) the occurrence with respect to a Government Entity or any Credit Support Provider of such Government Entity of any event that constitutes an Illegality.”

“Insurer” means Financial Security Assurance Inc. or any successor thereto.

“Office” means a branch or office of a party, which may be such party's head or home office.

“Swap Insurance Policy” means each financial guaranty insurance policy relating to an Insured Transaction and issued by the Insurer for the account of Party B as principal, and Party A, as beneficiary.

Part 5

Insurer Provisions

(a) **Insurer Provisions.** The following provisions shall only apply to Transactions for which a Swap Insurance Policy has been issued by the Insurer, for the account of Party B, as principal, and for the benefit of Party A, as beneficiary, (the “Insured Transactions”), except that the Additional Termination Event described in Part 5(a)(iii)(d) shall apply to all Transactions.

- (i) Notwithstanding anything to the contrary in Section 6(a) or 6(b) 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, except an Event of Default under any of Sections 5(a)(iii), 5(a)(vii) or 5(a)(viii) of this Agreement (but only with respect to the foregoing specified Events of Default if Party B is the Defaulting Party as a result of the occurrence of such events with respect to Party B’s Credit Support Provider); or
 - (B) Termination Event in respect of any Insured Transaction under Section 5(b) of this Agreement occurs with respect to either Party A or Party B as the Affected Party, except a Termination Event under Section 5(b) (i)(2) or 5(b)(iii) of this Agreement with respect to which Party B is the Affected Party as the result of the occurrence of such events with respect to Party B’s Credit Support Provider;

then, in either such case, neither Party A nor Party B shall designate an Early Termination Date in respect of any such Insured Transaction unless:

- (1) Where Party B is the Affected Party or Defaulting Party, Insurer has failed to pay any payment when due to Party A under the terms and conditions of the Swap Insurance Policy and such failure is continuing; or
 - (2) Where Party B is the Affected Party or Defaulting Party, Insurer has otherwise consented in writing to such designation.
- (ii) Insurer-Directed Termination. Notwithstanding anything in this Agreement, if any Event of Default under this Agreement occurs with respect to the Party B as the Defaulting Party, then the Insurer shall have the right (but not the obligation) upon notice to Party A and to Party B 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) payments due from Party B because an Early Termination Date has been designated will not be insured.
- (iii) Additional Termination Event. Additional Termination Event will apply. Each of the following shall constitute an Additional Termination Event:
- (a) Insurer fails to meet its payment obligations under the Swap Insurance Policy and such failure is continuing with respect to Insurer under the Swap Insurance Policy; or
 - (b) An Insurer Event (as defined below) has occurred and is continuing and an Event of Default or Termination Event has occurred or is continuing with respect to Party B as the Defaulting Party or sole Affected Party; or
 - (c) Party A has notified Party B that an Insurer Event has occurred and Party B has not, within 30 days of receiving such notice (a) provided a Credit Support Provider whose obligations are pursuant to a Credit Support Document reasonably acceptable to Party A; or (b) delivered a copy of a letter from (X) S&P establishing a rating for the Bonds (without giving effect to any credit enhancement) of "A2" or better, (Y) Moody's establishing a rating for the Bonds (without giving effect to any credit enhancement) of "A-" or better, or (Z) Fitch establishing a rating for the Bonds (without giving effect to any credit enhancement) of "A" or better."

Any of the following shall be considered an "Insurer Event":

- (i) Insurer fails to have either (a) a claims-paying ability rating of at least A- or higher from S&P or (b) a financial strength rating of at least A3 or higher from Moody's; or
- (ii) Insurer's rating from either S&P or Moody's is withdrawn or suspended and such rating is not reinstated within 30 days of such withdrawal or suspension.

(d) Party A fails to maintain at least two of the following long-term senior unsecured debt ratings:

(A) a long-term senior unsecured debt rating of at least Aa3 or better from Moody's; or

(B) a long term senior unsecured debt rating of at least AA- or better from S&P; or

(C) a long term senior unsecured debt rating of at least AA- or better from Fitch; and

Party A fails to deliver Collateral pursuant to the Credit Support Annex attached hereto.

For the purpose of any Additional Termination Event described under clause (a), (b) or (c), the "Affected Party" shall be Party B. For the purpose of the Additional Termination Event described under clause (d), the "Affected Party" shall be Party A.

- (iv) Notwithstanding anything to the contrary in Section 6(a) or Section 6(b) of this Agreement, Party B shall not designate an Early Termination Date pursuant to this Agreement without the prior written consent of the Insurer, provided, however, that Party B shall have the right to designate an Early Termination Date without the prior written consent of the Insurer (A) if Party B will not be obligated to pay a termination amount in connection with such Early Termination, and (B) in connection with the issuance of the Bonds, if Party B provides evidence to Party A and the Insurer of its ability to pay the termination amount on the specified Termination Date.
- (v) No Suspension of Payments. 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:
- (A) Insurer is in default in respect of any payment obligations under the Swap Insurance Policy; or
- (B) Insurer has not provided to Party A, in accordance with the terms of this Agreement, any ministerial notices (including, and limited to, wire instructions for payments) required by this Agreement to be provided by Party B to Party A, which notices Party B has failed to provide, and Party A has given three (3) Business Days' notice to Insurer of such failure.
- (vi) Representations and Agreements. Each party agrees that each of its representations and agreements in this Agreement is expressly made to and for the benefit of the Insurer.
- (vii) Third-Party Beneficiary. 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 the 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) Policy Coverage. 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.
- (ix) Subrogation. 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. 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) Isolation of Insured Transactions in designating an Early Termination Date. Notwithstanding Section 6 of this Agreement, any designation of an Early Termination Date in respect of the Insured Transactions by Insurer or by Party A with the consent of 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 (x) 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 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.
- (xi) No Netting. Notwithstanding Section 2(c) of this Agreement, in no event shall either Party A or Party B be entitled to net its payment obligations in respect of the Insured Transactions against the payment obligations of the other party in respect of other Transactions under this Agreement if such Transactions are not Insured Transactions, nor may either Party A or Party B net the payment obligations of the other party under Transactions that are not Insured Transactions against the payment obligations of such party under Insured Transactions, it being the intention of the parties that their payment obligations under Insured Transactions be treated separate and apart from all other Transactions. Section 6(e) of this Agreement shall apply to all Insured Transactions with the same effect as if the Insured Transactions constituted a single master agreement. 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 Transactions other than 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 Transactions unless otherwise specified in such

other Transaction and agreed to in writing by Insurer.

- (xii) No Set-Off or Counterclaim. In no event shall either Party A or Party B be entitled to:
- (A) set-off its payment obligations in respect of an Insured Transaction against the payment obligations of the other party (whether by counterclaim or otherwise) if such obligations are not Insured Transactions, or
 - (B) net 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,

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 Insurer.

- (xiii) Expenses. Party B agrees to reimburse Insurer immediately and unconditionally upon demand for all reasonable expenses incurred by Insurer in connection with the issuance of the Swap Insurance Policy and the enforcement by 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 Insurer which are related to, or resulting from any breach by Party B of its obligations hereunder.
- (xiv) Transfers/Assignments. Notwithstanding Section 7 of this Agreement and except as provided in Section 7(b) of this Agreement, no Insured Transaction may be assigned or transferred by either Party A or Party B without the prior written consent of Insurer. However Party A may make such an assignment to an affiliate of Party A without Insurer's prior written consent, if Party A provides a guaranty of the Insured Transaction, as assigned, and an opinion of counsel to Party A relating thereto, each acceptable to Insurer. Insurer consents to the assignment of this Agreement and Transactions covered hereunder to the Trustee pursuant to Part 4(e)(iii) hereof.
- (xv) Amendments/waivers. Section 8(b) of the Agreement is hereby amended by (A) adding the words "or any Credit Support Document" after the word "Agreement" in the first line thereof and (B) adding the phrase "and the Insurer" following the words "parties" in the third line thereof.
- (xvi) Notices. A copy of each notice or other communication between the parties with respect to this Agreement must be forwarded to Insurer.
- (xvii) Reference Market-makers. The definition of "Reference Market-makers" set forth in Section 12 of the Agreement shall be amended in its entirety to read as follows:

"Reference Market-makers" means four (4) leading dealers in the relevant swap market

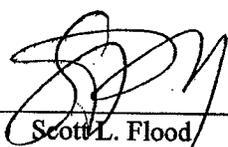
selected by the party determining a Market Quotation in good faith (a) from among dealers of the highest credit standing which satisfy all the criteria that such party applies generally at the time of deciding whether to offer or to make an extension of credit and (b) to the extent practicable, from among dealers having an office in the greater New York City 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, (2) "AA-" or higher as determined by S&P, or (3) an equivalent investment grade rating determined by a nationally-recognized rating service acceptable to both parties, provided, however, that in any case, if Market Quotations 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 the Insurer, one (1) or more leading dealers whose long-term senior debt bears a lower investment grade rating.

- (xviii) Automatic Early Termination. Notwithstanding Part 1(e) hereof, Section 6(a) shall not apply to Party B so long as: (a) the Insurer has not failed to meet its payment obligations under the Swap Insurance Policy and such failure is continuing with respect to the Insurer under the Swap Insurance Policy; and (b) an Insurer Event has not occurred and is continuing.
- (xix) Notional Amounts. Except as set forth below, so long as the Turnpike Refunding Bonds corresponding to an Insured Transaction are outstanding, the notional amount of such Insured Transaction must not be greater than the outstanding principal amount of such Turnpike Refunding Bonds and the rate borne by such Turnpike Refunding Bonds must bear a known relationship to the swap rate payable under such Insured Transaction. Party B shall have up to ten days from the date of any partial conversion, defeasance, redemption or refunding of such Turnpike Refunding Bonds to be in compliance with the foregoing sentence. Party B agrees that such Bonds will not be converted to a different interest rate mode, defeased, redeemed or refunded if any amounts are due to the Insurer under this Agreement or the Swap Insurance Policy and have not been paid. Party A agrees that if the notional amount of an Insured Transaction has changed, it will provide a new schedule incorporating such changes for attachment to the Swap Insurance Policy following approval by the Insurer.

Please confirm your agreement to the terms of the foregoing Schedule by signing below.

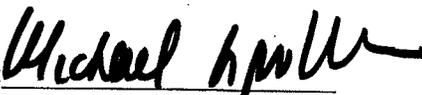
CITIBANK, N.A., NEW YORK

By: _____


Name: Scott L. Flood
Title: Vice President
Date:

NEW JERSEY TURNPIKE AUTHORITY

By: _____



Michael Lapolla
Executive Director

EXHIBIT A

FORM OF LEGAL OPINION

Citibank, N.A., New York
390 Greenwich Street
New York, New York 10013

Dear Sirs:

This opinion is delivered to you pursuant to Part 2 of the Schedule to the ISDA Master Agreement (such Master Agreement, including the Schedule and any exhibits and addenda thereto, the "Agreement") dated as of May 9, 2003 between Citibank, N.A., New York ("Party A") and New Jersey Turnpike Authority ("Party B"). Terms defined in the Agreement and used but not defined herein have the meanings given to them in the Agreement.

[I/We] have acted as counsel to Party B in connection with the [Swap/Cap/Option, etc.] transaction entered into by Party A and Party B on the date hereof pursuant to the Agreement, the related Confirmation exchanged [on the date hereof] and [add other documents, if any] (the Agreement, such Confirmation [and such documents], collectively, the "Documents," and such transaction, the "Transaction"). In that connection we have examined such documents and have investigated such matters of fact as we have deemed necessary or appropriate for the opinions expressed herein. In such examination, [I/we] have assumed the genuineness of all signatures (other than those of officers of Party B on the Documents), the authenticity of all documents submitted to us as originals, and the conformity to authentic original documents of all documents submitted to us as copies.

[I/We] have been furnished with, and with your consent have relied upon, certificates of officer[s] of Party B with respect to certain factual matters, copies of which are attached hereto. In addition, [I/we] have obtained and relied upon such certificates and assurances from public officials as [I/we] have deemed necessary.

[I am/We are] opining herein as to the effect on the subject transactions only of the federal laws of the United States, the [internal] laws of the State [Commonwealth] of _____ [and the [General] Corporation Law of the State/Commonwealth of _____], and [I/we] express no opinion with respect to the applicability thereto, or the effect thereon, of the laws of any other jurisdiction [or, in the case of _____, any other laws] or as to any matters of municipal law or the laws of any other local agencies within any state.

Based on the foregoing and upon such investigations as we have deemed necessary, we are of the opinion that, as of the date hereof:

1. Party B is a corporation duly organized, validly existing and in good standing under the laws of _____ and is duly qualified to do business and is in good standing in each jurisdiction in which such qualification is required, except where the failure to so qualify would not have a material adverse effect on Party B's ability to perform its obligations under any of the Documents.
2. Party B has all requisite corporate power and authority to enter into each of the Documents and to perform its obligations thereunder.

EXHIBIT A

3. The execution, delivery and performance of each of the Documents by Party B and the entering into the Transaction by Party B have been and remain duly authorized by all necessary corporate action of Party B and do not:

- (i) violate any provision of Party B's [Certificate/Articles] of Incorporation or Bylaws;
- (ii) violate any federal or _____ law, regulation or rule or any court or administrative writ, order, judgment or decree binding on or applicable to Party B or its property.
- (iii) result in a breach of or default under any material contract, instrument, agreement or other document to which Party B is a party or by which it or its property is bound (collectively, the "Party B Agreements").

4. Each of the Documents has been duly executed and delivered by Party B.

5. All consents, authorizations, registrations, declarations, filings and approvals (including, without limitation, exchange control approvals) required under federal or _____ law, regulation or rule for the execution and delivery by Party B of any of the Documents, the entry into Transactions by Party B and the performance by Party B of its obligations under the Documents have been obtained and remain in full force and effect, all conditions thereof have been duly complied with, and no other action by, and no notice to or filing with, any governmental authority or regulatory body is required for such execution, delivery, entry into or performance.

6. Each of the Documents is a valid and binding obligation of Party B, enforceable against Party B in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization and similar laws affecting creditors' rights generally and to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or at law).

7. There is no action, suit or proceeding pending or, to the best of [my/our] knowledge after due investigation, threatened against or affecting Party B before any court or arbitrator or any governmental body, agency or official which, if adversely decided, would materially adversely affect the ability of Party B to perform its obligations under any of the Documents.

8. [Add opinion that swap payments are payable and secured in parity with the bonds].

9. [Add perfection opinion].

Yours faithfully,

EXHIBIT A

EXHIBIT B

[Form of Opinion of Counsel to
Citibank, N.A., New York]

May 9, 2003

New Jersey Turnpike Authority
P.O. Box 1121
191 Route 18 North
New Brunswick, NJ 08816

Attention: Executive Director

[*With a copy to:*

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

Attention: Managing Director - Surveillance]

Dear Sir or Madam:

I have acted as counsel to Citibank, N.A., New York ("Citibank") in connection with the execution and delivery by Citibank of the ISDA Master Agreement dated as of May 9, 2003 (the "Agreement"), between New Jersey Turnpike Authority (the "Counterparty") and Citibank.

In such capacity I have examined a copy of the Agreement. I have also reviewed certain corporate proceedings of Citibank and I have examined originals, or copies certified or otherwise identified to my satisfaction, of such corporate records of Citibank, certificates of public officials and of officers and representatives of Citibank, and such other documents as I have deemed necessary as a basis for the opinions hereinafter expressed. In such examination, I have assumed the authenticity of all documents submitted to me as originals and the conformity with the originals of all documents submitted to me as certified or otherwise satisfactorily identified copies. I have also assumed that the Agreement has been duly executed and delivered by Counterparty pursuant to appropriate corporate authority. The opinions given below are limited to matters concerning the laws of the United States of America and the State of New York.

Based upon the foregoing and having regard for such legal considerations as I deem relevant, I am of the opinion that:

1. Citibank is a national banking association duly existing under the laws of the United States of America.
2. Citibank has full corporate power to execute and deliver the Agreement and to perform its obligations thereunder.

EXHIBIT B

3. Such actions have been duly authorized by all necessary corporate action and do not violate, and are not in conflict with, any provision of law or of the articles of association of Citibank.

4. No authorizations of, exemptions by or filings with any governmental or other authority are required to be obtained or made in connection with Citibank's execution, delivery and performance of the Agreement.

5. The Agreement has been duly executed and delivered by Citibank, and constitutes the legal, valid and binding obligation of Citibank, enforceable against Citibank in accordance with its terms (subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws affecting creditors' rights generally from time to time in effect). The enforceability of Citibank's obligations is also subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

Very truly yours,