

NEW ISSUE

In the opinion of Bond Counsel, interest on the Adjustable Rate Bonds will be exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City, and assuming continuing compliance with the provisions of the Internal Revenue Code of 1986, as amended, as described herein, interest on the Adjustable Rate Bonds will not be includable in the gross income of the owners thereof for federal income tax purposes. For information as to the federal income tax consequences of owning the zero-coupon taxable Bonds due in 2020 (the "QZABs"), see Appendix D. See "SECTION III: MISCELLANEOUS—Tax Exemption" herein for further information.

\$829,690,000

The City of New York

General Obligation Bonds, Fiscal 2004 Series H Subseries H-1 through Subseries H-9

\$800,000,000 ADJUSTABLE RATE BONDS

\$29,690,000 QZABs

Dated: Date of Delivery

Due: As shown in the inside cover

The Bonds will be issued as registered bonds. The Bonds will be registered in the nominee name of The Depository Trust Company, New York, New York, which will act as securities depository for the Bonds.

The Adjustable Rate Bonds are to be issued initially in Authorized Denominations of \$100,000 or any integral multiple of \$5,000 in excess of \$100,000. The QZABs are to be issued as qualified zone academy bonds pursuant to Section 1397E of the Code and do not bear interest. The QZABs can be purchased in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof. Other terms of the Bonds including interest rates, interest payment dates, mandatory and optional redemption and tender provisions and authorized denominations are described herein. *A detailed schedule of the Bonds is set forth on the inside cover page.*

The Adjustable Rate Bonds are subject to redemption and to optional and mandatory tender under the circumstances described herein. Payment of the Purchase Price on the Adjustable Rate Bonds tendered for purchase as described herein will be made pursuant and subject to the terms of the Credit Facilities described herein provided severally by The Bank of New York, Dexia Credit Local, acting through its New York Agency, Fleet National Bank, KBC Bank N.V., acting through its New York Branch, and WestLB AG, acting through its New York Branch (collectively, the "Banks"), each Credit Facility representing separate obligations of the respective Bank in respect of separate Subseries as shown on the inside cover.

The Bonds are offered subject to prior sale, when, as and if issued by the City and accepted by the Underwriters for the respective Subseries set forth below, subject to the approval of the legality of the Bonds by Sidley Austin Brown & Wood LLP, New York, New York, Bond Counsel to the City, and to certain other conditions. Certain legal matters in connection with the preparation of this Official Statement will be passed upon for the City by Morgan, Lewis & Bockius LLP, New York, New York. Certain legal matters will be passed upon for the Underwriters by Clifford Chance US LLP, New York, New York. It is expected that the Bonds will be available for delivery in New York, New York, on or about March 11, 2004.

Bear, Stearns & Co. Inc.
(Underwriter and Remarketing Agent for
Subseries H-1 and H-5 Bonds)

Morgan Stanley
(Underwriter and Remarketing Agent for
Subseries H-3 Bonds)

Goldman, Sachs & Co.
(Underwriter and Remarketing Agent for
Subseries H-6 Bonds)

Citigroup
(Underwriter and Remarketing Agent for
Subseries H-2 Bonds)

UBS Financial Services Inc.
(Underwriter and Remarketing Agent for
Subseries H-4 and H-7 Bonds)

Merrill Lynch & Co.
(Underwriter and Remarketing Agent for
Subseries H-8 Bonds)

M.R. Beal & Company
(Underwriter for the Subseries H-9 Bonds)

March 2, 2004

**\$829,690,000 General Obligation Bonds[†], Fiscal 2004
Subseries H-1 through Subseries H-9**

\$800,000,000 Adjustable Rate Bonds

	<u>Subseries H-1⁽¹⁾</u>		<u>Subseries H-2⁽²⁾</u>		<u>Subseries H-3⁽³⁾</u>	
<u>Maturity</u>	<u>Principal Amount</u>	<u>Price</u>	<u>Principal Amount</u>	<u>Price</u>	<u>Principal Amount</u>	<u>Price</u>
March 1, 2034	\$100,000,000	100%	\$150,000,000	100%	\$150,000,000	100%
	<u>Subseries H-4⁽⁴⁾</u>		<u>Subseries H-5⁽⁵⁾</u>		<u>Subseries H-6⁽⁶⁾</u>	
<u>Maturity</u>	<u>Principal Amount</u>	<u>Price</u>	<u>Principal Amount</u>	<u>Price</u>	<u>Principal Amount</u>	<u>Price</u>
March 1, 2034	\$100,000,000	100%	\$50,000,000	100%	\$100,000,000	100%
	<u>Subseries H-7⁽⁷⁾</u>		<u>Subseries H-8⁽⁸⁾</u>			
<u>Maturity</u>	<u>Principal Amount</u>	<u>Price</u>	<u>Principal Amount</u>	<u>Price</u>		
March 1, 2034	\$50,000,000	100%	\$100,000,000	100%		

\$29,690,000 QZABs

<u>Subseries H-9⁽⁹⁾</u>			
<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
March 11, 2020	\$29,690,000	0%	83%

[†] Term Bonds.

- (1) Adjustable Rate Bonds. See "APPENDIX B—MULTI-MODAL BONDS." Bear, Stearns & Co. Inc. is the Remarketing Agent for the Subseries H-1 Bonds, which will be in the Daily Rate Mode and supported by a Credit Facility provided by The Bank of New York which is scheduled to terminate on November 1, 2006.
- (2) Adjustable Rate Bonds. See "APPENDIX B—MULTI-MODAL BONDS." Citigroup Global Markets Inc. is the Remarketing Agent for the Subseries H-2 Bonds, which will bear interest at the Initial Rate from their date of issuance until March 16, 2004. Thereafter the Subseries H-2 Bonds will be in the Weekly Rate Mode with the interest rate reset each Tuesday effective Wednesday. The Subseries H-2 Bonds will be supported by a Credit Facility provided by The Bank of New York which is scheduled to terminate on November 1, 2006.
- (3) Adjustable Rate Bonds. See "APPENDIX B—MULTI-MODAL BONDS." Morgan Stanley & Co. Incorporated is the Remarketing Agent for the Subseries H-3 Bonds, which will bear interest at the Initial Rate from their date of issuance until March 16, 2004. Thereafter the Subseries H-3 Bonds will be in the Weekly Rate Mode with the interest rate reset each Tuesday effective Wednesday. The Subseries H-3 Bonds will be supported by a Credit Facility provided by The Bank of New York which is scheduled to terminate on November 1, 2006.
- (4) Adjustable Rate Bonds. See "APPENDIX B—MULTI-MODAL BONDS." UBS Financial Services Inc. is the Remarketing Agent for the Subseries H-4 Bonds, which will be in the Daily Rate Mode and supported by a Credit Facility provided The Bank of New York which is scheduled to terminate on November 1, 2006.
- (5) Adjustable Rate Bonds. See "APPENDIX B—MULTI-MODAL BONDS." Bear, Stearns & Co. Inc. is the Remarketing Agent for the Subseries H-5 Bonds, which will bear interest at the Initial Rate from their date of issuance until March 16, 2004. Thereafter the Subseries H-5 Bonds will be in the Weekly Rate Mode with the interest rate reset each Tuesday effective Wednesday. The Subseries H-5 Bonds will be supported by a Credit Facility provided by Dexia Credit Local, acting through its New York Agency which is scheduled to terminate on February 1, 2007.
- (6) Adjustable Rate Bonds. See "APPENDIX B—MULTI-MODAL BONDS." Goldman, Sachs & Co. is the Remarketing Agent for the Subseries H-6 Bonds, which will bear interest at the Initial Rate from their date of issuance until March 16, 2004. Thereafter the Subseries H-6 Bonds will be in the Weekly Rate Mode with the interest rate reset each Tuesday effective Wednesday. The Subseries H-6 Bonds will be supported by a Credit Facility provided by Fleet National Bank which is scheduled to terminate on February 1, 2007.
- (7) Adjustable Rate Bonds. See "APPENDIX B—MULTI-MODAL BONDS." UBS Financial Services Inc. is the Remarketing Agent for the Subseries H-7 Bonds, which will be in the Daily Rate Mode and supported by a Credit Facility provided by KBC Bank N.V., acting through its New York Branch which is scheduled to terminate on February 1, 2007.
- (8) Adjustable Rate Bonds. See "APPENDIX B—MULTI-MODAL BONDS." Merrill Lynch, Pierce, Fenner & Smith Incorporated is the Remarketing Agent for the Subseries H-8 Bonds, which will bear interest at the Initial Rate from their date of issuance until March 16, 2004. Thereafter the Subseries H-8 Bonds will be in the Weekly Rate Mode with the interest rate reset each Tuesday effective Wednesday. The Subseries H-8 Bonds will be supported by a Credit Facility provided by WestLB AG, acting through its New York Branch which is scheduled to terminate on February 1, 2007.
- (9) The Subseries H-9 Bonds are Qualified Zone Academy Bonds ("QZABs"). Eligible taxpayers (as defined in Appendix D) who own QZABs will receive a credit against taxable income for federal tax purposes equal to the principal amount of QZABs owned by the eligible taxpayer on the relevant "credit date" times the applicable credit rate which is 5.30%. See Appendix D for information regarding the tax consequences to holders of QZABs.

**RATE PERIOD TABLE
FOR ADJUSTABLE RATE BONDS**

	Daily Rate	Weekly Rate	Commercial Paper Rate	Term Rate	Fixed Rate
Interest Payment Date	1st Business Day of each calendar month	1st Business Day of each calendar month	(1) If Rate Period is six months or less, the Business Day next succeeding the last day of the Rate Period and (2) if Rate Period is more than six months (i) the Business Day next succeeding the last day of the Rate Period and (ii) the first Business Day of the sixth month of the Rate Period	March 1 and September 1 of each year and the Business Day next succeeding the last day of the Rate Period, or as specified by the City	March 1 and September 1 of each year
Record Date	Business Day preceding each Interest Payment Date	Business Day preceding each Interest Payment Date	Business Day preceding each Interest Payment Date	Unless otherwise specified by the City, 15th day of the calendar month immediately preceding an Interest Payment Date	15th day of the calendar month immediately preceding an Interest Payment Date
Reset Date	Not later than 10:00 a.m. on each Business Day	Not later than 4:00 p.m. on the designated Reset Date	Not later than 12:30 p.m. on the first day of each Commercial Paper Rate Period	Not later than a date 2 Business Days prior to the first day of a Term Rate Period	Not later than the Conversion Date
Rate Periods	Commencing on one Business Day extending to, but not including, the next succeeding Business Day	The Rate Period* will be a period of generally seven days beginning on the day of the week specified therefor	A period of 1 to 365 days	Commencing on a Conversion Date or a date immediately following a Term Rate Period and ending as specified by the City	Commencing on the Conversion Date extending to the date of conversion, redemption or maturity
Optional Tender Date and Time	On any Business Day not later than 1:00 p.m.	On the commencement date of each Weekly Rate Period not later than 1:00 p.m.	Not subject to optional tender	Not subject to optional tender	Not subject to optional tender
Notice Period for Optional Tenders	Written notice not later than 11:00 a.m. on the Optional Tender Date	Written notice not later than 12:00 noon on the Reset Date	Not subject to optional tender	Not subject to optional tender	Not subject to optional tender
Payment Date for Bonds subject to optional tender	Not later than 3:00 p.m. on the Optional Tender Date	Not later than 3:00 p.m. on the Optional Tender Date	Not subject to optional tender	Not subject to optional tender	Not subject to optional tender
Payment Date for Tendered Bonds (mandatory tender)	Not later than 3:00 p.m. on the Mandatory Tender Date	Not later than 3:00 p.m. on the Mandatory Tender Date	Not later than 3:00 p.m. on the Mandatory Tender Date	Not later than 3:00 p.m. on the Mandatory Tender Date	Not later than 3:00 p.m. on a Conversion Date on which an optional redemption could occur

Note: All time references given above refer to New York City time.

The information in this Rate Period Table is provided for the convenience of the Bondholders and is not meant to be comprehensive. See "APPENDIX B—MULTI-MODAL BONDS" for a description of the Adjustable Rate Bonds.

* The Weekly Rate Period with respect to Subseries H-2, H-3, H-5, H-6 and H-8 Bonds will commence on a Wednesday and will extend to and include the next succeeding Tuesday.

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No dealer, broker, salesperson or other person has been authorized by the City or the Underwriters to give any information or to make any representations in connection with the Bonds or the matters described herein, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement, nor any sale made hereunder, shall, under any circumstances, create any implication that there has been no change in the matters described herein since the date hereof. This Official Statement is submitted in connection with the sale of the Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose. The Underwriters may offer and sell Bonds to certain dealers and others at prices lower than the offering prices stated on the inside cover page hereof. The offering prices may be changed from time to time by the Underwriters. No representations are made or implied by the City or the Underwriters as to any offering of any derivative instruments.

The factors affecting the City's financial condition are complex. This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its location herein. Where agreements, reports or other documents are referred to herein, reference should be made to such agreements, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof. Any electronic reproduction of this Official Statement may contain computer-generated errors or other deviations from the printed Official Statement. In any such case, the printed version controls.

This Official Statement incorporates by reference forecasts, projections and estimates that are based on expectations and assumptions which existed at the time such forecasts, projections and estimates were prepared. In light of the important factors that may materially affect economic conditions in the City, the inclusion by reference in this Official Statement of such forecasts, projections and estimates should not be regarded as a representation by the City, its independent auditors or the Underwriters that such forecasts, projections and estimates will occur. Such forecasts, projections and estimates are not intended as representations of fact or guarantees of results. If and when included through incorporation by reference in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those projected. Such risks and uncertainties include, among others, general economic and business conditions, changes in political, social and economic conditions, regulatory initiatives and compliance with governmental regulations, litigation and various other events, conditions and circumstances, many of which are beyond the control of the City. These forward-looking statements speak only as of the date they were prepared. The City disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein by specific reference to reflect any change in the City's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based between modifications to the City's financial plan required by law.

**OFFICIAL STATEMENT OF THE CITY OF NEW YORK
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IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THIS OFFICIAL STATEMENT AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

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**OFFICIAL STATEMENT
OF
THE CITY OF NEW YORK**

This Official Statement provides certain information concerning The City of New York (the “City”) in connection with the sale of the City’s General Obligation Bonds, Fiscal 2004 Series H, consisting of \$800,000,000 Adjustable Rate Bonds, Subseries H-1 through H-8 (the “Adjustable Rate Bonds” or the “Multi-Modal Bonds”) and \$29,690,000 zero-coupon taxable Bonds (the “QZABs”), Subseries H-9. The Adjustable Rate Bonds and the QZABs are referred to together as the Bonds.

The Bonds will be general obligations of the City for the payment of which the City will pledge its faith and credit. All real property subject to taxation by the City will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, to pay the principal of and any interest on the Bonds.

The factors affecting the City’s financial condition and the Bonds described throughout this Official Statement are complex and are not intended to be summarized in the Introductory Statement included herein by specific reference. This Official Statement (including the information referred to in SECTION I: INCLUSION BY SPECIFIC REFERENCE) should be read in its entirety.

SECTION I: INCLUSION BY SPECIFIC REFERENCE

Portions of the City’s Official Statement dated February 12, 2004, delivered herewith and relating to the City’s General Obligation Bonds, Fiscal 2004 Series G (the “Series G Bonds”), subject to the information contained elsewhere herein, are included herein by specific reference, namely the information under the captions:

- INTRODUCTORY STATEMENT (excluding the first and last paragraphs thereof)
- SECTION I: RECENT FINANCIAL DEVELOPMENTS
- SECTION III: GOVERNMENT AND FINANCIAL CONTROLS
- SECTION IV: SOURCES OF CITY REVENUES
- SECTION V: CITY SERVICES AND EXPENDITURES
- SECTION VI: FINANCIAL OPERATIONS
- SECTION VII: FINANCIAL PLAN
- SECTION VIII: INDEBTEDNESS
- SECTION IX: OTHER INFORMATION
 - Pension Systems
 - Litigation
 - Financial Advisor
 - Further Information
- APPENDIX A—ECONOMIC AND DEMOGRAPHIC INFORMATION
- APPENDIX B—FINANCIAL STATEMENTS

The Series G Bonds described in such Official Statement are not offered by this Official Statement.

SECTION II: THE BONDS

General

The Bonds will be general obligations of the City issued pursuant to the Constitution and laws of the State, including the Local Finance Law (the “LFL”), and the New York City Charter (the “City Charter”) and in accordance with bond resolutions of the Mayor and a certificate of the Deputy Comptroller for Public Finance (the “Certificate”). The Bonds will mature and, except for the QZABs, bear interest as described on the cover page and inside cover page of this Official Statement and will contain a pledge of the City’s faith and credit for the payment of the principal of and interest on the Bonds. All real property subject to taxation by the City will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, to pay the principal of and interest on the Bonds.

Adjustable Rate Bonds

For the terms of the Adjustable Rate Bonds, including optional and mandatory tender provisions, see the inside cover page and “APPENDIX B—MULTI-MODAL BONDS.” The Adjustable Rate Bonds may be converted to Auction Rate Bonds or Stepped-Coupon Bonds under certain circumstances as described in “APPENDIX B—MULTI-MODAL BONDS—Conversion to an Alternate Rate Mode.” Auction procedures and provisions relating to Stepped-Coupon Bonds are not described herein.

Qualified Zone Academy Bonds

The zero-coupon Bonds due on March 11, 2020 are issued as qualified zone academy bonds pursuant to Section 1397E of the Internal Revenue Code of 1986, as amended. The QZABs do not bear interest. For information relating to the QZABs, see Appendix D.

Payment Mechanism

Pursuant to the New York State Financial Emergency Act For The City of New York (the “Financial Emergency Act” or the “Act”), a general debt service fund (the “General Debt Service Fund” or the “Fund”) has been established for City bonds and certain City notes. Pursuant to the Act, payments of the City real estate tax must be deposited upon receipt in the Fund, and retained under a statutory formula, for the payment of debt service (with exceptions for debt service, such as principal of seasonal borrowings, that is set aside under other procedures). The statutory formula has in recent years resulted in retention of sufficient real estate taxes to comply with the City Covenants (as defined in “SECTION II: THE BONDS—Certain Covenants and Agreements”). If the statutory formula does not result in retention of sufficient real estate taxes to comply with the City Covenants, the City will comply with the City Covenants either by providing for early retention of real estate taxes or by making cash payments into the Fund. The principal of and interest on the Bonds will be paid from the Fund until the Act expires not earlier than July 1, 2008, and thereafter from a separate fund maintained in accordance with the City Covenants. Since its inception in 1978, the Fund has been fully funded at the beginning of each payment period.

If the Control Board determines that retentions in the Fund are likely to be insufficient to provide for the debt service payable therefrom, it must require that additional real estate tax revenues be retained or other cash resources of the City be paid into the Fund. In addition, the Control Board is required to take such action as it determines to be necessary so that the money in the Fund is adequate to meet debt service requirements.

Enforceability of City Obligations

As required by the State Constitution and applicable law, the City pledges its faith and credit for the payment of the principal of and interest on all City indebtedness. Holders of City debt obligations have a contractual right to full payment of principal and interest at maturity. If the City fails to pay principal or interest, the holder has the right to sue and is entitled to the full amount due, including interest to maturity at the stated rate and at the rate authorized by law thereafter until payment. Under the General Municipal Law, if the City fails to pay any money judgment, it is the duty of the City to assess, levy and cause to be collected amounts sufficient to pay the judgment. Decisions indicate that judicial enforcement of statutes such as this provision in the General Municipal Law is within the discretion of a court. Other judicial decisions also indicate that a money judgment against a municipality may not be enforceable against municipal property devoted to public use.

The rights of the owners of Bonds to receive interest, principal and redemption premium, if any, from the City could be adversely affected by a restructuring of the City’s debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of City securities (including the Bonds) to payment from money retained in the Fund or from other sources would be recognized if a petition were filed by or on behalf of the City under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors’ rights; such money might then be available for the payment of all City creditors generally. Judicial enforcement of the City’s obligation to make payments

into the Fund, of the obligation to retain money in the Fund, of the rights of holders of bonds and notes of the City to money in the Fund, of the obligations of the City under the City Covenants and of the State under the State Covenant and the State Pledge and Agreement (in each case, as defined in “—Certain Covenants and Agreements”) may be within the discretion of a court. For further information concerning rights of owners of Bonds against the City, see “SECTION VIII: INDEBTEDNESS—Indebtedness of the City and Certain Other Entities” included herein by specific reference.

Certain Covenants and Agreements

The City will covenant that: (i) a separate fund or funds for the purpose of paying principal of and interest on bonds and interest on notes of the City (including required payments into, but not from, City sinking funds) shall be maintained by an officer or agency of the State or by a bank or trust company; and (ii) not later than the last day of each month, there shall be on deposit in a separate fund or funds an amount sufficient to pay principal of and interest on bonds and interest on notes of the City due and payable in the next succeeding month. The City currently uses the debt service payment mechanism described above to perform these covenants. The City will also covenant to include as terms of the variable rate Bonds the respective provisions applicable thereto and to comply with such provisions and the statutory restrictions.

The State pledges and agrees in the Financial Emergency Act that the State will not take any action that will impair the power of the City to comply with the covenants described in the preceding paragraph (the “City Covenants”) or any right or remedy of any owner of the Bonds to enforce the City Covenants (the “State Pledge and Agreement”). The City will covenant to make continuing disclosure with respect to the Bonds (the “Undertaking”) to the extent summarized in “SECTION III: MISCELLANEOUS—Continuing Disclosure Undertaking”. In the opinion of Bond Counsel, the enforceability of the City Covenants, the Undertaking and the State Pledge and Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted and may also be subject to the exercise of the State’s police powers and of judicial discretion in appropriate cases. The City Covenants, the Undertaking and the State Pledge and Agreement shall be of no force and effect with respect to any Bond if there is a deposit in trust with a bank or trust company of sufficient cash or cash equivalents to pay when due all principal of, applicable redemption premium, if any, and interest on such Bond.

Use of Proceeds

The proceeds of the Bonds will be used for capital purposes, including expenses of the City in connection with the issuance and sale of the Bonds.

Optional Redemption

The Adjustable Rate Bonds are subject to redemption prior to maturity at the option of the City, in whole or in part, (a) if bearing interest at a Daily, Commercial Paper, Weekly or Auction Rate, on any potential Conversion Date of such Multi-Modal Bonds, or (b) if bearing interest as Bank Bonds or at the highest rate provided by law for interest on accrued claims against municipalities on any date, in each case on 30 days’ notice to Bondholders at the principal amount thereof plus any interest accrued and unpaid thereon.

The Adjustable Rate Bonds of a Subseries and maturity bearing interest at a Fixed Rate will be subject to redemption at the option of the City, beginning on the tenth anniversary of a Conversion to the Fixed Rate, in whole or in part, by lot within each maturity, on any date upon 30 days’ notice to Bondholders, at a redemption price of 100% plus accrued interest to the date of redemption.

In the event that less than all the Adjustable Rate Bonds of a Rate Mode, Subseries and maturity subject to redemption are to be redeemed, the Bonds shall be selected for redemption in the following manner: (i) first, from the Bonds, if any, of any Rate Mode, Subseries and maturity subject to such redemption which are held by or for the Subseries Bank, (ii) second, from other Bonds bearing interest as Bank Bonds or at the highest rate provided by law for interest on accrued claims against municipalities, and (iii) third, by lot.

Prior to Conversion to a Fixed Rate, such optional redemption provisions may be amended if the City receives a Favorable Opinion of Bond Counsel.

The City may select Subseries, Rate Modes and amounts of Adjustable Rate Bonds for optional redemption in its sole discretion.

On and after any redemption date, interest will cease to accrue on the Bonds called for redemption.

The QZABs are not subject to optional redemption.

Mandatory Redemption

The Adjustable Rate Bonds are Term Bonds subject to mandatory redemption upon 30 days' notice to Bondholders, by lot within each stated maturity, on each March 1 at a redemption price equal to the principal amount thereof, plus accrued interest, without premium, in the amounts set forth in the chart on the following page for each respective Subseries:

<u>March 1</u>	<u>Subseries H-1</u>	<u>Subseries H-2</u>	<u>Subseries H-3</u>	<u>Subseries H-4</u>	<u>Subseries H-5</u>	<u>Subseries H-6</u>	<u>Subseries H-7</u>	<u>Subseries H-8</u>
2006	\$3,405,000	\$5,065,000	\$5,065,000	\$3,375,000	\$1,685,000	\$3,375,000	\$1,685,000	\$3,375,000
2007	3,450,000	5,150,000	5,150,000	3,435,000	1,715,000	3,435,000	1,715,000	3,435,000
2008	3,525,000	5,255,000	5,255,000	3,505,000	1,750,000	3,505,000	1,750,000	3,505,000
2009	3,590,000	5,385,000	5,385,000	3,590,000	1,795,000	3,590,000	1,795,000	3,590,000
2010	3,690,000	5,540,000	5,535,000	3,690,000	1,845,000	3,690,000	1,845,000	3,690,000
2011	3,795,000	5,730,000	5,695,000	3,795,000	1,895,000	3,795,000	1,895,000	3,795,000
2012	3,920,000	5,895,000	5,880,000	3,920,000	1,960,000	3,920,000	1,960,000	3,920,000
2013	4,055,000	6,105,000	6,095,000	4,055,000	2,025,000	4,055,000	2,025,000	4,055,000
2014	4,205,000	6,310,000	6,335,000	4,205,000	2,100,000	4,205,000	2,100,000	4,205,000
2015	4,370,000	6,555,000	6,560,000	4,370,000	2,185,000	4,370,000	2,185,000	4,370,000
2016	4,540,000	6,810,000	6,835,000	4,540,000	2,270,000	4,540,000	2,270,000	4,540,000
2017	4,725,000	7,090,000	7,100,000	4,740,000	2,360,000	4,725,000	2,360,000	4,725,000
2018	4,920,000	7,385,000	7,385,000	4,940,000	2,460,000	4,920,000	2,460,000	4,920,000
2019	5,490,000	8,240,000	8,240,000	5,510,000	2,745,000	5,490,000	2,745,000	5,490,000
2020	2,020,000	3,030,000	3,030,000	2,030,000	1,015,000	2,020,000	1,010,000	2,020,000
2021	2,110,000	3,165,000	3,165,000	2,110,000	1,065,000	2,110,000	1,055,000	2,110,000
2022	2,205,000	3,305,000	3,305,000	2,205,000	1,110,000	2,215,000	1,100,000	2,205,000
2023	2,305,000	3,460,000	3,460,000	2,305,000	1,160,000	2,310,000	1,150,000	2,305,000
2024	2,410,000	3,615,000	3,615,000	2,410,000	1,215,000	2,425,000	1,205,000	2,410,000
2025	2,525,000	3,785,000	3,785,000	2,525,000	1,270,000	2,530,000	1,260,000	2,525,000
2026	2,640,000	3,965,000	3,965,000	2,640,000	1,330,000	2,650,000	1,320,000	2,640,000
2027	2,765,000	4,150,000	4,150,000	2,765,000	1,380,000	2,775,000	1,385,000	2,765,000
2028	2,895,000	4,340,000	4,340,000	2,895,000	1,445,000	2,905,000	1,455,000	2,895,000
2029	3,030,000	4,545,000	4,545,000	3,030,000	1,515,000	3,030,000	1,525,000	3,030,000
2030	3,170,000	4,755,000	4,755,000	3,170,000	1,585,000	3,170,000	1,595,000	3,185,000
2031	3,320,000	4,980,000	4,980,000	3,320,000	1,660,000	3,320,000	1,670,000	3,330,000
2032	3,475,000	5,215,000	5,215,000	3,475,000	1,735,000	3,475,000	1,745,000	3,490,000
2033	3,640,000	5,460,000	5,460,000	3,640,000	1,820,000	3,640,000	1,830,000	3,645,000
2034 (1)	3,810,000	5,715,000	5,715,000	3,810,000	1,905,000	3,810,000	1,905,000	3,830,000

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(1) Final maturity.

At the option of the City, there shall be applied to or credited against any of the required amounts the principal amount of any such Term Bonds that have been defeased, purchased or redeemed and not previously so applied or credited.

Defeased Term Bonds shall at the option of the City no longer be entitled, but may be subject, to the provisions thereof for mandatory redemption.

Mandatory and Optional Tender

The Adjustable Rate Bonds are subject to mandatory and optional tender as described in “APPENDIX B—MULTI-MODAL BONDS.”

Credit Facilities

Each of the Banks listed on the inside cover page hereof has agreed to provide a Credit Facility in the form of a standby letter of credit with respect to the Subseries of Bonds designated on the inside cover page hereof for such Bank. For a description of certain provisions of the Credit Facilities to be provided by the Banks, see “APPENDIX B—MULTI-MODAL BONDS—Credit Facilities.” For information regarding the Banks, “APPENDIX C—THE BANKS.”

Bond Certificates

Book-Entry Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. Reference to the Bonds under the caption “Bond Certificates” shall mean all Bonds that are deposited with DTC from time to time. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) and deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its direct participants (“Direct Participants”) deposit with DTC. DTC also facilitates the settlement among Direct Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Direct Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, also subsidiaries of DTCC, as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (under this caption, “*Book-Entry Only System*,” a “Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to Bonds. Under its usual procedures, DTC mails an omnibus proxy (the "Omnibus Proxy") to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Payment of redemption proceeds and principal and interest on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Fiscal Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Fiscal Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Fiscal Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City or the Fiscal Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

No assurance can be given by the City that DTC will make prompt transfer of payments to the Participants or that Participants will make prompt transfer of payments to Beneficial Owners. The City is not responsible or liable for payment by DTC or Participants or for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or Participants.

For every transfer and exchange of the Bonds, the Beneficial Owners may be charged a sum sufficient to cover any tax, fee or other charge that may be imposed in relation thereto.

Unless otherwise noted, certain of the information contained in this subsection "*Book-Entry Only System*" has been extracted from information furnished by DTC. Neither the City nor the underwriters of the Bonds make any representation as to the completeness or the accuracy of such information or as to the absence of material adverse changes in such information subsequent to the date hereof.

SECTION III: MISCELLANEOUS

Supplemental Certificates

For any one or more of the following purposes and at any time or from time to time, the City may enter into a supplement to the Certificate:

- (a) to cure any ambiguity, supply any omission or cure or correct any defect or inconsistent provision relating to the Multi-Modal Bonds;
- (b) to identify particular Multi-Modal Bonds for purposes not inconsistent with the Certificate, including credit or liquidity support, remarketing, serialization and defeasance; or
- (c) to insert such provisions with respect to the Multi-Modal Bonds as are necessary or desirable and are not to the prejudice of the Bondholders.

Each supplement is conditioned upon delivery to the City of a Favorable Opinion of Bond Counsel.

Tax Exemption

In the opinion of Sidley Austin Brown & Wood LLP, New York, New York, as Bond Counsel, except as provided in the following sentence, interest on the Adjustable Rate Bonds will not be includable in the gross income of the owners of the Adjustable Rate Bonds for purposes of federal income taxation under existing law. Interest on the Adjustable Rate Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the Adjustable Rate Bonds in the event of a failure by the City to comply with applicable requirements of the Internal Revenue Code of 1986, as amended, (the "Code"), and covenants regarding use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the United States Treasury; and no opinion is rendered by Sidley Austin Brown & Wood LLP as to the exclusion from gross income of the interest on the Adjustable Rate Bonds for federal income tax purposes on or after the date on which any action is taken under the Adjustable Rate Bond proceedings upon the approval of counsel other than such firm.

Interest on the Adjustable Rate Bonds will be exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

Interest on the Adjustable Rate Bonds will not be a specific preference item for purposes of the federal individual or corporate alternative minimum tax. The Code contains other provisions that could result in tax consequences, upon which Sidley Austin Brown & Wood LLP renders no opinion, as a result of ownership of such Adjustable Rate Bonds or the inclusion in certain computations (including, without limitation, those related to the corporate alternative minimum tax) of interest that is excluded from gross income. Interest on the Adjustable Rate Bonds owned by a corporation will be included in the calculation of the corporation's federal alternative minimum tax liability.

Ownership of tax-exempt obligations may result in collateral tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, certain foreign corporations doing business in the United States, certain S Corporations with excess passive income, individual recipients of Social Security or railroad retirement benefits, taxpayers eligible for the earned income tax credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Adjustable Rate Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

Legislation affecting municipal securities is constantly being considered by the United States Congress. There can be no assurance that legislation enacted after the date of issuance of the Adjustable Rate Bonds will not have an adverse effect on the tax-exempt status of the Adjustable Rate Bonds. Legislative or regulatory actions and proposals may also affect the economic value of the tax exemption or the market price of the Adjustable Rate Bonds.

Qualified Zone Academy Bonds

The QZABs are issued pursuant to Section 1397E of the Code. See Appendix D for information regarding certain federal income tax consequences to holders of QZABs.

Ratings

The QZABs have been rated “A2” by Moody’s Investors Service (“Moody’s”), “A” by Standard & Poor’s Ratings Services (“Standard & Poor’s”) and “A+” by Fitch, Inc. (“Fitch”). The ratings on each Subseries of Adjustable Rate Bonds are expected to be received prior to the closing and will depend on the rating of the Bank which has provided the Credit Facility for such Subseries. Such ratings reflect only the views of Moody’s, Standard & Poor’s and Fitch from which an explanation of the significance of such ratings may be obtained. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely. Any such downward revision or withdrawal could have an adverse effect on the market prices of such bonds. On July 16, 1998, Standard & Poor’s revised its rating of City bonds to A– from BBB+. On September 13, 2000, Standard & Poor’s revised its rating of City bonds upward to A. On November 26, 2002, Standard & Poor’s issued a negative outlook on City bonds and on May 27, 2003 changed the outlook to stable. Moody’s rating of City bonds was revised in August 2000 upward to A2 from A3. On November 15, 2001, Moody’s issued a negative outlook on City bonds. On January 28, 2004, Moody’s revised the outlook on City bonds from negative to stable. On March 8, 1999, Fitch revised its rating of City bonds upward to A from A– and on September 15, 2000, Fitch revised its rating to A+. On December 23, 2002, Fitch issued a negative outlook on City bonds. Fitch changed its outlook to stable on December 8, 2003.

Legal Opinions

The legality of the authorization and issuance of the Bonds will be covered by the approving legal opinion of Sidley Austin Brown & Wood LLP, New York, New York, Bond Counsel to the City. Reference should be made to the form of such opinion set forth in Appendix E hereto for the matters covered by such opinion and the scope of Bond Counsel’s engagement in relation to the issuance of the Bonds. Such firm is also acting as counsel for and against the City in certain other unrelated matters.

Certain legal matters will be passed upon for the City by its Corporation Counsel.

Morgan, Lewis & Bockius LLP, New York, New York, Special Counsel to the City, will pass upon certain legal matters in connection with the preparation of this Official Statement. A description of those matters and the nature of the review conducted by that firm is set forth in its opinion and accompanying memorandum which are on file at the office of the Corporation Counsel. Such firm is also acting as counsel against the City in certain unrelated matters.

Certain legal matters will be passed upon by Clifford Chance US LLP, New York, New York, counsel for the Underwriters. Such firm is also acting as counsel for and against the City in certain unrelated matters.

Underwriting

The Subseries H-1 and H-5 Bonds are being purchased for reoffering by Bear, Stearns & Co. Inc. (“Bear Stearns”) who has agreed, subject to certain conditions, to purchase such Bonds from the City at an aggregate underwriter’s discount of \$74,000.91 and to make an initial public offering of such Bonds at prices that are not in excess of the initial public offering price set forth on the inside cover page of this Official Statement. Bear Stearns will be obligated to purchase all such Bonds if any such Bonds are purchased. The Subseries H-2 Bonds are being purchased for reoffering by Citigroup Global Markets Inc. who has agreed, subject to certain conditions, to purchase such Bonds from the City at an aggregate underwriter’s discount of \$9,002.72 and to make an initial public offering of such Bonds at prices that are not in excess of the initial public offering price set forth on the inside cover page of this Official Statement. Citigroup Global Markets Inc. will be obligated to purchase all such Bonds if any such Bonds are purchased. The Subseries H-3 Bonds are being purchased for reoffering by Morgan Stanley & Co. Incorporated who has agreed, subject to certain conditions, to purchase such Bonds from the City at an aggregate underwriter’s discount of \$9,002.72 and to make an initial public offering of such Bonds at prices that are not in excess of the initial public offering price set forth on the inside cover page of this Official Statement. Morgan Stanley & Co. Incorporated will be obligated to purchase all such Bonds if any such Bonds are purchased. The Subseries H-4 and H-7 Bonds are being purchased for reoffering by UBS

Financial Services Inc. (“UBS”) who has agreed, subject to certain conditions, to purchase such Bonds from the City at an aggregate underwriter’s discount of \$9,002.72 and to make an initial public offering of such Bonds at prices that are not in excess of the initial public offering price set forth on the inside cover page of this Official Statement. UBS will be obligated to purchase all such Bonds if any such Bonds are purchased. The Subseries H-6 Bonds are being purchased for reoffering by Goldman, Sachs & Co. who has agreed, subject to certain conditions, to purchase such Bonds from the City at an aggregate underwriter’s discount of \$6,113.91 and to make an initial public offering of such Bonds at prices that are not in excess of the initial public offering price set forth on the inside cover page of this Official Statement. Goldman, Sachs & Co. will be obligated to purchase all such Bonds if any such Bonds are purchased. The Subseries H-8 Bonds are being purchased for reoffering by Merrill Lynch, Pierce, Fenner & Smith Incorporated who has agreed, subject to certain conditions, to purchase such Bonds from the City at an aggregate underwriter’s discount of \$6,113.91 and to make an initial public offering of such Bonds at prices that are not in excess of the initial public offering price set forth on the inside cover page of this Official Statement. Merrill Lynch, Pierce, Fenner & Smith Incorporated will be obligated to purchase all such Bonds if any such Bonds are purchased. The Subseries H-9 Bonds are being purchased for reoffering by M.R. Beal & Co. who has agreed, subject to certain conditions, to purchase such Bonds from the City at an aggregate underwriter’s discount of \$162,678.35 and to make an initial public offering of such Bonds at prices that are not in excess of the initial public offering price set forth on the inside cover page of this Official Statement. M.R. Beal & Co. will be obligated to purchase all such Bonds if any such Bonds are purchased.

The Bonds may be offered and sold to certain dealers (including the Underwriters) at prices lower than such public offering prices, and such public offering prices may be changed from time to time by the Underwriters.

Certain of the Underwriters hold substantial amounts of City bonds and notes and MAC bonds and may, from time to time during and after the offering of the Bonds to the public, purchase and sell City bonds and notes (including the Bonds) and MAC bonds for their own accounts or for their accounts or for the accounts of others, or receive payments or prepayments thereon.

Continuing Disclosure Undertaking

As authorized by the Act, and to the extent that (i) Rule 15c2-12 (the “Rule”) of the Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as amended (the “1934 Act”) requires the underwriters (as defined in the Rule) of securities offered hereby (under this caption, if subject to the Rule, the “securities”) to determine, as a condition to purchasing the securities, that the City will covenant to the effect of the Undertaking, and (ii) the Rule as so applied is authorized by a federal law that as so construed is within the powers of Congress, the City agrees with the record and beneficial owners from time to time of the outstanding securities (under this caption, if subject to the Rule, “Bondholders”) to provide:

(a) within 185 days after the end of each fiscal year, to each nationally recognized municipal securities information repository and to any New York State information depository, core financial information and operating data for the prior fiscal year, including (i) the City’s audited general purpose financial statements, prepared in accordance with generally accepted accounting principles in effect from time to time, and (ii) material historical quantitative data on the City’s revenues, expenditures, financial operations and indebtedness generally of the type found in Sections IV, V and VIII and under the captions “1999-2003 Summary of Operations” in Section VI and “Pension Systems” in Section IX of the City’s Official Statement dated February 12, 2004 included herein by specific reference; and

(b) in a timely manner, to each nationally recognized municipal securities information repository or to the Municipal Securities Rulemaking Board, and to any New York State information depository, notice of any of the following events with respect to the securities, if material:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;

- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax-exempt status of the security;
- (7) modifications to rights of security holders;
- (8) bond calls;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the securities;
- (11) rating changes; and
- (12) failure of the City to comply with clause (a) above.

Event (3) is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (3) may not be applicable, since the terms of the securities do not provide for “debt service reserves.”

Events (4) and (5). The City does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the securities, unless the City applies for or participates in obtaining the enhancement.

Event (6) is relevant only to the extent interest on the securities is tax-exempt.

Event (8). The City does not undertake to provide the above-described event notice of a mandatory scheduled redemption, not otherwise contingent upon the occurrence of an event, if (i) the terms, dates and amounts of redemption are set forth in detail in the final official statement (as defined in the Rule), (ii) the only open issue is which securities will be redeemed in the case of a partial redemption, (iii) notice of redemption is given to the Bondholders as required under the terms of the securities and (iv) public notice of redemption is given pursuant to Exchange Act Release No. 23856 of the SEC, even if the originally scheduled amounts are reduced prior to optional redemptions or security purchases.

At the date hereof, there is no New York State information depository and the nationally recognized municipal securities information repositories are: Bloomberg Municipal Repository, 100 Business Park Drive, Skillman, New Jersey 08558; Standard & Poor’s Securities Evaluations, Inc., 55 Water Street, 45th Floor, New York, New York 10041; DPC Data Inc., One Executive Drive, Fort Lee, New Jersey 07024; and FT Interactive Data, 100 William Street, New York, New York 10038, Attn: NRMSIR.

No Bondholder may institute any suit, action or proceeding at law or in equity (“Proceeding”) for the enforcement of the Undertaking or for any remedy for breach thereof, unless such Bondholder shall have filed with the Corporation Counsel for the City evidence of ownership and a written notice of and request to cure such breach, and the City shall have refused to comply within a reasonable time. All Proceedings shall be instituted only as specified herein, in the federal or State courts located in the Borough of Manhattan, State and City of New York, and for the equal benefit of all holders of the outstanding securities benefitted by the same or a substantially similar covenant, and no remedy shall be sought or granted other than specific performance of the covenant at issue.

Any amendment to the Undertaking may only take effect if:

- (a) the amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the City, or type of business conducted; the Undertaking, as amended, would have complied with the requirements of the Rule at the time of award of the securities after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and the amendment does not materially impair the interests of Bondholders, as determined by parties unaffiliated with the City (such as, but without limitation, the City’s financial advisor or bond counsel); and the annual financial information containing (if applicable) the amended operating data

or financial information will explain, in narrative form, the reasons for the amendment and the “impact” (as that word is used in the letter from the staff of the SEC to the National Association of Bond Lawyers dated June 23, 1995) of the change in the type of operating data or financial information being provided; or

(b) all or any part of the Rule, as interpreted by the staff of the SEC at the date of the Undertaking, ceases to be in effect for any reason, and the City elects that the Undertaking shall be deemed terminated or amended (as the case may be) accordingly.

For purposes of the Undertaking, a beneficial owner of a security includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise has or shares investment power which includes the power to dispose, or to direct the disposition of, such security, subject to certain exceptions, as set forth in the Undertaking. An assertion of beneficial ownership must be filed, with full documentary support, as part of the written request to the Corporation Counsel described above.

THE CITY OF NEW YORK

DEFINITIONS

“*Adjustable Rate Bonds*” means the Multi-Modal Bonds that are not Auction Rate Bonds.

“*Authorized Denominations*” means (i) during the Initial Rate Period for the Adjustable Rate Bonds, any Daily Rate Period, any Commercial Paper Rate Period, or any Weekly Rate Period, \$100,000 or any integral multiple of \$5,000 in excess of \$100,000, (ii) during any Term Rate Period or the Fixed Rate Period, \$5,000 or any integral multiple thereof and (iii) during the Auction Rate Mode, except as otherwise may be specified in the Certificate, \$25,000 and any integral multiple thereof.

“*Authorized Officer*” means the Deputy Comptroller for Public Finance of the City, and, when used with reference to the performance of any act, the discharge of any duty or the execution of any certificate or other document, any officer, employee or other person authorized to perform such act, discharge such duty or execute such certificate or other document.

“*Bank of New York*” means The Bank of New York, the provider of a Credit Facility for the Subseries H-1, H-2, H-3 and H-4 Bonds.

“*Bank Bond*” or “*Purchased Bond*” means any Multi-Modal Bond held pursuant to a Liquidity Facility. The terms of Purchased Bonds are not described in detail in this Official Statement.

“*Bondholder*” or “*Holder*” or “*Owner*” means any person who shall be the registered owner of any Multi-Modal Bonds.

“*Book Entry Form*” or “*Book Entry System*” means a form or system under which physical Multi-Modal Bond certificates in fully registered form are registered only in the name of the Securities Depository, with the physical certificates “immobilized” in the custody of the Securities Depository.

“*Business Day*” means a day other than (i) a Saturday and Sunday or (ii) a day on which the City, the New York Stock Exchange, the Fiscal Agent, the Tender Agent, the Auction Agent, the Broker-Dealers, the Remarketing Agents or banks and trust companies in New York, New York, are authorized or required to remain closed.

“*Certificate*” means the Certificate of the Deputy Comptroller for Public Finance of the City, with respect to the Bonds, including all Exhibits, Schedules and Appendices.

“*City Account*” means the account so designated and established within the Purchase and Remarketing Fund.

“*Commercial Paper Mode*” means a Rate Mode in which each Multi-Modal Bond for its respective Commercial Paper Rate Period bears interest at a Commercial Paper Rate.

“*Commercial Paper Rate*” means the rate at which Multi-Modal Bonds bear interest during the Commercial Paper Rate Period.

“*Commercial Paper Rate Period*” means, with respect to a particular Multi-Modal Bond, a period of one to 365 days during which such Multi-Modal Bond bears interest at a Commercial Paper Rate; and the first day immediately following the last day of each Commercial Paper Rate Period shall in all events be a Business Day.

“*Conversion*” means a change in the Rate Mode of a Multi-Modal Bond or a change from one Auction Period to another Auction Period for an Auction Rate Bond.

“*Conversion Date*” means the date of a Conversion or proposed Conversion.

“*Conversion Notice*” means a notice of a change in the Interest Rate Mode or Auction Period.

“*Credit Facility*” means a Standby Agreement that specifies no Liquidity Conditions and provides for the purchase of Bonds in the event of the City’s failure to pay interest or principal when due.

“*Daily Rate*” means the rate at which Multi-Modal Bonds bear interest during a Daily Rate Period.

“*Daily Rate Mode*” means a Rate Mode in which Multi-Modal Bonds bear interest at a Daily Rate.

“*Daily Rate Period*” means a period commencing on one Business Day and extending to, but not including, the next succeeding Business Day, during which Multi-Modal Bonds bear interest at the Daily Rate.

“*Default Notice*” means, with respect to a notice given by a Standby Purchaser pursuant to a Standby Agreement to the effect that an event of default thereunder has occurred and that the Liquidity Facility issued by such Standby Purchaser will terminate on the date specified in such notice.

“*Dexia*” means Dexia Credit Local, acting through its New York Agency, the provider of a Credit Facility for the Subseries H-5 Bonds.

“*Direct Participant*” means a participant in the book-entry system of recording ownership interests in the Multi-Modal Bonds.

“*DTC*” means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, in its capacity as Depository for the Multi-Modal Bonds, or any successor Depository for any Multi-Modal Bonds; and includes each nominee thereof.

“*Electronic Means*” means telephone, telecopy, telegraph, telex, internet, electronic mail, facsimile transmission or any other similar means of electronic communication. Any communication by telephone as an Electronic Means shall be promptly confirmed in writing or by one of the other means of electronic communication authorized herein.

“*Expiration Date*” when used in connection with a particular Liquidity Facility means the date on which such Liquidity Facility will expire, as such date may be extended from time to time.

“*Favorable Opinion of Bond Counsel*” shall mean an opinion of nationally recognized bond counsel, to the effect that the action proposed to be taken is authorized or permitted by the Certificate and will not adversely affect the exclusion of interest on the Tax-Exempt Bonds from gross income for purposes of federal income taxation.

“*Fiduciary*” means each Fiscal Agent, Paying Agent, Tender Agent or Auction Agent.

“*Fiscal Agent*” means The Bank of New York and its successors as the City’s fiscal agent.

“*Fitch*” means Fitch, Inc., and its successors and assigns; references to Fitch are effective so long as Fitch is a Rating Agency.

“*Fixed Rate*” means the rate at which Multi-Modal Bonds bear interest to maturity (or earlier redemption or Conversion).

“*Fixed Rate Mode*” means a Rate Mode in which Multi-Modal Bonds bear interest at a Fixed Rate.

“*Fixed Rate Period*” means the period from and including the Conversion Date and extending to the date of conversion, redemption or maturity.

“*Fleet*” means Fleet National Bank, the provider of a Credit Facility for the Subseries H-6 Bonds.

“*Initial Rate*” means each rate per annum at which Multi-Modal Bonds will bear interest during the Initial Rate Period, as set forth in the Certificate.

“*Initial Rate Period*” means the period commencing on the Issue Date and extending to and including the date set forth in the Certificate as the last day of the Initial Rate Period.

“*Interest Payment Date*” means with respect to (i) each Initial Rate Period, any Daily Rate Period, any Weekly Rate Period, or any case not specified, the first Business Day of each month, (ii) any Commercial Paper Rate Period of six months or less, the Business Day next succeeding the last day of the Rate Period, (iii) any Commercial Paper Rate Period exceeding six months, the first Business Day of the sixth month and the Business Day next succeeding the last day of the Rate Period, (iv) any Term Rate Period, each March 1 and September 1 and the Business Day following the Period, or as specified by the

City and (v) the Fixed Rate Period, March 1 and September 1 of each year, commencing as determined by the City. If any such date is not a Business Day, the Interest Payment Date shall be the succeeding Business Day. With respect to all Bonds, interest shall be payable on each Mandatory Tender Date, redemption date or maturity date.

“*Issue Date*” means March 11, 2004.

“*KBC*” means KBC Bank, N.V., acting through its New York Branch, the provider of a Credit Facility for the Subseries H-7 Bonds.

“*LFL*” means the Local Finance Law of the State, as in effect from time to time.

“*Liquidity Condition*” means an event of immediate termination or suspension as specified in a Liquidity Facility that is not a Credit Facility, under which condition the Standby Purchaser is not obligated to purchase Multi-Modal Bonds and, accordingly, such Bonds are not subject to tender for purchase. All the initial Liquidity Facilities are Credit Facilities, so Liquidity Conditions and their consequences are not further described in this Official Statement.

“*Liquidity Enhanced Bonds*” means the Subseries H-1 through H-8 Bonds bearing interest at their Initial Rates and any Multi-Modal Bonds in the Daily Rate Mode, Weekly Rate Mode, Commercial Paper Mode or Term Rate Mode.

“*Liquidity Facility*”, “*Standby Agreement*” or “*Alternate Standby Agreement*” means an agreement providing, to the extent required by the LFL, for the purchase of any Liquidity Enhanced Bonds, as in effect from time to time. Each initial Standby Agreement is a Credit Facility provided by a Subseries Bank.

“*Mandatory Tender Date*” means any date on which a Multi-Modal Bond is subject to mandatory tender in accordance with the Certificate.

“*Maximum Rate*” means, with respect to (i) the Liquidity Enhanced Bonds, 9%, (ii) Bank Bonds, 25% or (iii) all other Bonds, such rate not exceeding 25% as may be specified by supplemental certificate.

“*Mode*” means the Daily Rate Mode, Commercial Paper Rate Mode, Weekly Rate Mode, Term Rate Mode, Fixed Rate Mode or Auction Rate Mode.

“*Moody’s*” means Moody’s Investors Service, and its successors and assigns; references to Moody’s are effective so long as Moody’s is a Rating Agency.

“*Multi-Modal Bonds*” means \$800,000,000 of the City’s General Obligation Bonds, Fiscal 2004 Series H, consisting of Subseries H-1 through H-8.

“*Optional Tender Date*” means any Business Day during a Daily Rate Period or the first day of a Weekly Rate Period.

“*Paying Agent*” means the Fiscal Agent and any additional paying agent for the Multi-Modal Bonds designated by the City.

“*Purchase Account*” means the account so designated in the Purchase and Remarketing Fund.

“*Purchase and Remarketing Fund*” means the Fiscal 2004 Series H Bonds Purchase and Remarketing Fund established pursuant to the Certificate.

“*Purchase Price*” means: (i) when used in relation to Tendered Bonds other than Multi-Modal Bonds tendered upon a Conversion from the Fixed Rate Mode, 100% of the principal amount of any Multi-Modal Bond tendered or deemed tendered to the Tender Agent for purchase pursuant to the Certificate; and (ii) when used in relation to Tendered Bonds mandatorily tendered upon Conversion from the Fixed Rate Mode, an amount equal to the Redemption Price that would be payable if such Multi-Modal Bonds had been called for redemption on the Conversion Date; in each case, plus (unless otherwise provided for) accrued and unpaid interest thereon to the date of purchase.

“*Rate*” means the Initial Rate, any Daily Rate, Commercial Paper Rate, Weekly Rate, Term Rate, Purchased Bond Rate, the Fixed Rate or the Auction Rate.

“*Rate Mode*” means the Daily Rate Mode, Commercial Paper Rate Mode, Weekly Rate Mode, Term Rate Mode, Fixed Rate Mode or Auction Rate Mode.

“*Rate Period*” means each Initial Rate Period, any Daily Rate Period, any Commercial Paper Rate Period, any Weekly Rate Period, any Term Rate Period, the Fixed Rate Period or any Auction Period.

“*Rating Agency*” means each nationally recognized statistical rating organization that has, at the request of the City, a rating in effect for the Multi-Modal Bonds.

“*Rating Category*” means one of the generic rating categories of any Rating Agency without regard to any refinement or gradation of such rating by a numerical modifier or otherwise.

“*Rating Confirmation*” means a written notice from each Rating Agency that its rating on the Multi-Modal Bonds will not be suspended, withdrawn or reduced (by Moody’s) or reduced in Rating Category (by other Rating Agencies) solely as a result of action proposed to be taken under the Certificate.

“*Record Date*” means, with respect to each Interest Payment Date (unless otherwise specified by the City), (i) during the Initial Rate Period, any Daily Rate Period, any Commercial Paper Rate Period, any Weekly Rate Period or any Auction Period, the close of business on the Business Day preceding such Interest Payment Date, and (ii) during any Term Rate Period or the Fixed Rate Period, the close of business on the 15th day of the calendar month immediately preceding any Interest Payment Date.

“*Remarketing Agent*” means each remarketing agent for Liquidity Enhanced Bonds.

“*Remarketing Agreement*” means each Remarketing Agreement between the City and a Remarketing Agent.

“*Remarketing Proceeds Account*” means the account so designated and in the Purchase and Remarketing Fund pursuant to the Certificate.

“*Reset Date*” means the date on which the interest rate on an Adjustable Rate Bond is to be determined.

“*S&P*” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. and its successors and assigns; references to S&P are effective so long as S&P is a Rating Agency.

“*Securities Depository*” or “*Depository*” or “*DTC*” means The Depository Trust Company and its nominees, successors and assigns or any other securities depository selected by the City which agrees to follow the procedures required to be followed by such securities depository in connection with the Bonds.

“*Series 2004 H Bonds*”, “*Series H Bonds*” or “*Fiscal 2004 Series H Bonds*” means the City’s General Obligation Bonds, Fiscal 2004 Series H, to be issued March 11, 2004.

“*Standby Purchaser*”, “*Liquidity Provider*”, “*Subseries Bank*” or “*Bank*” means any provider of a Standby Agreement then in effect for Liquidity Enhanced Bonds. Initially, the Standby Purchasers for the respective Subseries are:

Subseries H-1:	Bank of New York
Subseries H-2:	Bank of New York
Subseries H-3:	Bank of New York
Subseries H-4:	Bank of New York
Subseries H-5:	Dexia
Subseries H-6:	Fleet
Subseries H-7:	KBC
Subseries H-8:	WestLB

“*Subseries Bank*” means Bank of New York, Dexia, Fleet, KBC and WestLB and any other Standby Purchaser that is a bank.

“*Subseries*” shall mean each Subseries in which the Series 2004 H Bonds are issued, or such other Subseries of Series 2004 H Bonds as may be identified from time to time.

“*TBMA Municipal Index*” means the TBMA Municipal Swap Index disseminated by Municipal Market Data, a Thomson Financial Services Company or its successor; or, if at the time a Weekly Rate is to be determined Municipal Market Data has not provided the relevant information on the TBMA Municipal Index for the most recent Wednesday, then the rate determined by Municipal Market Data on the Tuesday next preceding the beginning of the Weekly Rate Period for which such Weekly Rate is to be determined.

“*Tender Agent*” means the Fiscal Agent and any additional Tender Agent appointed by the City.

“*Tender Date*” means each Optional Tender Date or Mandatory Tender Date.

“*Tender Notice*” means the notice delivered by the Holder of a Liquidity Enhanced Bond subject to optional tender pursuant to the Certificate.

“*Tendered Bond*” means a Liquidity Enhanced Bond or portion thereof of an Authorized Denomination mandatorily tendered or tendered at the option of the Holder thereof for purchase in accordance with the Certificate, including a Multi-Modal Bond or portion thereof deemed tendered, but not surrendered on the applicable Tender Date.

“*Term Rate*” means the rate at which Multi-Modal Bonds bear interest during a Term Rate Period.

“*Term Rate Mode*” means a Rate Mode in which Multi-Modal Bonds bear interest at a Term Rate.

“*Term Rate Period*” means a period commencing on a Conversion Date or a date immediately following a Term Rate Period and extending for a period specified by the City.

“*Termination Date*” means the date on which a Liquidity Facility will terminate as set forth in a Default Notice delivered by or for the Subseries Bank in accordance with the Standby Agreement.

“*Weekly Rate*” means the rate at which Multi-Modal Bonds bear interest during a Weekly Rate Period.

“*Weekly Rate Mode*” means a Rate Mode in which a Multi-Modal Bonds bear interest at a Weekly Rate.

“*Weekly Rate Period*” means, unless otherwise specified by an Authorized Officer of the City, a period commencing on a Conversion Date or the Wednesday of a calendar week and extending to and including the next succeeding Tuesday.

“*WestLB*” means WestLB AG, acting through its New York Branch, the provider of a Credit Facility for the Subseries H-8 Bonds.

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MULTI-MODAL BONDS

The Multi-Modal Bonds are subject to the provisions summarized below. The Adjustable Rate Bonds may be converted to Auction Rate Bonds as described below in “Conversion to an Alternate Rate Mode.” Other provisions relating to Auction Rate Bonds are not described herein. Capitalized terms used in this “APPENDIX B—MULTI-MODAL BONDS” which are not otherwise defined in the Official Statement are defined in “APPENDIX A—DEFINITIONS.”

General

\$800,000,000 aggregate principal amount of the City’s General Obligation Bonds, Fiscal 2004 Series H, are to be issued as Multi-Modal Bonds designated as Subseries H-1 through H-8 (“Adjustable Rate Bonds”).

The Subseries H-2, H-3, H-5, H-6 and H-8 Bonds will bear interest at the Initial Rate from March 11, 2004 to and including March 16, 2004 and thereafter at a Weekly Rate until converted to a different Rate Mode. The Subseries H-1, H-4 and H-7 Bonds will bear interest at a Daily Rate until converted to a different Rate Mode. The Adjustable Rate Bonds will be issued as Liquidity Enhanced Bonds backed by Credit Facilities, are subject to mandatory tender for purchase as described under “Mandatory Tender for Purchase” and so long as such Bonds are in a Daily Rate Mode or Weekly Rate Mode, are subject to optional tender for purchase as described under “Optional Tender for Purchase.” The Multi-Modal Bonds will continue in a Rate Mode until converted to another Rate Mode and will bear interest at a rate determined in accordance with the procedures for determining the interest rate during such Rate Mode. See “Conversion to an Alternate Rate Mode” and “Interest Rates and Reset Dates” below.

During the Initial Rate Period for the Liquidity Enhanced Bonds, a Daily Rate Period, a Commercial Paper Rate Period or a Weekly Rate Period, interest will be computed on the basis of a 365-day or 366-day year for the actual number of days elapsed and during a Term Rate Period and the Fixed Rate Period, interest will be computed on the basis of a 360-day year of twelve 30-day months.

Interest on the Multi-Modal Bonds will be payable on each Interest Payment Date to the registered owner thereof as shown on the registration books kept by the Fiscal Agent at the close of business on the applicable Record Date.

Interest payable on Liquidity Enhanced Bonds will be the interest accruing and unpaid through and including the day preceding the Interest Payment Date.

Conversion to an Alternate Rate Mode

Subject to the conditions in the Certificate, the City may convert all or a portion of the Multi-Modal Bonds in one Rate Mode to a different Rate Mode by delivering a notice (the “Conversion Notice”) to, as applicable, the Remarketing Agent, the Standby Purchaser, DTC, the Broker-Dealers, the Auction Agent, the Fiscal Agent and the Tender Agent specifying the Multi-Modal Bonds to be converted, the conversion date (the “Conversion Date”) and the Rate Mode that will be effective on the Conversion Date. The Conversion Date for Liquidity Enhanced Bonds is a Business Day that is either an Interest Payment Date or the first day of a Rate Period. The Conversion Date for Adjustable Rate Bonds in the Fixed Rate Mode is a potential optional redemption date. The City must deliver such Conversion Notice not less than 15 days prior to the Conversion Date or a shorter period if acceptable to the Fiscal Agent and DTC. The Tender Agent is to give written notice to the registered owner of each Liquidity Enhanced Bond of the City’s election to convert to another Rate Mode and the Conversion Date. Such notice is to be given, by first-class mail, not later than three calendar days after receipt by the Tender Agent of the Conversion Notice.

The Tender Agent, no later than three days after receipt of the Conversion Notice, is to give notice by first-class mail to the Holders of Liquidity Enhanced Bonds to be converted, which notice must state

(i) the Conversion Date; (ii) the Rate Mode to be effective on such Conversion Date; (iii) the ratings expected to be effective on the Liquidity Enhanced Bonds to be converted after such Conversion Date; (iv) that the Rate Mode will not be converted unless the City receives on the Conversion Date a Favorable Opinion of Bond Counsel; (v) the name and address of the principal corporate trust offices of the Fiscal Agent and Tender Agent; (vi) that the Liquidity Enhanced Bonds to be converted will be subject to mandatory tender for purchase on the Conversion Date at the Purchase Price; (vii) that upon the Conversion, if there is on deposit with the Tender Agent on the Conversion Date an amount sufficient to pay the Purchase Price of the Liquidity Enhanced Bonds so converted, such Bonds not delivered to the Tender Agent will be deemed to have been properly tendered for purchase and will cease to represent a right on behalf of the Holder thereof to the payment of principal of or interest thereon and shall represent only the right to payment of the Purchase Price on deposit with the Tender Agent, without interest accruing thereon from and after the Conversion Date; and (viii) that upon the Conversion to the Commercial Paper Rate Mode, Term Rate Mode, Fixed Rate Mode or the Auction Rate Mode, from and after the Conversion Date the Adjustable Rate Bonds so converted will no longer be subject to optional tender for purchase.

If less than all of the Adjustable Rate Bonds of a Subseries then subject to a particular Rate Mode are to be converted to a new Rate Mode, the particular Multi-Modal Bonds which are to be converted to a new Rate Mode will be selected by the Fiscal Agent (or, if the City so elects, the City) subject to the provisions of the Certificate regarding Authorized Denominations.

If a Favorable Opinion of Bond Counsel cannot be obtained, or if the election to convert was withdrawn by the City, or if the Remarketing Agent has notified the Fiscal Agent, the City and the Standby Purchaser that it has been unable to remarket the Multi-Modal Bonds on the Conversion Date, the Multi-Modal Bonds will bear interest in the previous Rate Mode or, at the option of the City and in compliance with the provisions of the Certificate regarding conversion of Rate Modes, any other Rate Mode selected by the City.

Interest Rates and Reset Dates

General. The rate at which the Adjustable Rate Bonds will bear interest during any Rate Period will be the lowest rate of interest that, if borne by the Adjustable Rate Bonds for such Rate Period, in the judgment of the Remarketing Agent, having due regard for the prevailing financial market conditions for bonds or other securities which are comparable as to Federal income tax treatment, credit and maturity or tender dates with the Adjustable Rate Bonds, would enable the Adjustable Rate Bonds to be sold at a price equal to the principal amount thereof, plus accrued interest, thereon, if any. No Rate Period for Liquidity Enhanced Bonds will extend beyond the scheduled Expiration Date of the Liquidity Facility then in effect.

Maximum Rate. The Liquidity Enhanced Bonds may not bear interest at a rate greater than the Maximum Rate.

Daily Rate. The Daily Rate for any Business Day is to be determined by the Remarketing Agent and announced by 10:00 a.m., New York City time, on such Business Day. For any day which is not a Business Day, the Daily Rate will be the Daily Rate for the immediately preceding Business Day.

If (i) a Daily Rate for a Daily Rate Period has not been determined by the Remarketing Agent, (ii) no Remarketing Agent is serving under the Certificate, (iii) the Rate so established is held to be invalid or unenforceable with respect to a Daily Rate Period, or (iv) pursuant to the Remarketing Agreement the Remarketing Agent is not then required to establish a Daily Rate, the Daily Rate for such Daily Rate Period will be the TBMA Municipal Index (or, if necessary, the yield determined by a generally accepted comparable successor index designated by the City) on the Reset Date.

Weekly Rate. Unless otherwise specified by the City, the Weekly Rate is to be determined by the Remarketing Agent and announced by 4:00 p.m., New York City time, on each Tuesday, and if such Tuesday is not a Business Day, then the next preceding Business Day.

If (i) a Weekly Rate has not been determined by the Remarketing Agent, (ii) no Remarketing Agent is serving under the Certificate, (iii) the Weekly Rate determined by the Remarketing Agent is held to be invalid or unenforceable with respect to a Weekly Rate Period, or (iv) pursuant to the Remarketing Agreement, the Remarketing Agent is not then required to establish a Weekly Rate, the Weekly Rate will be the TBMA Municipal Index (or, if necessary, the yield determined by a generally accepted comparable successor index designated by the City) on the Reset Date.

Commercial Paper Rate. The Commercial Paper Rate Period for each Adjustable Rate Bond in a Commercial Paper Rate Mode is to be determined by the Remarketing Agent and announced by 12:30 p.m., New York City time, on the first day of each Commercial Paper Rate Period. Commercial Paper Rate Periods may be from 1 to 365 days. If the Remarketing Agent fails to specify the next succeeding Commercial Paper Rate Period, such Commercial Paper Rate Period will be the shorter of (i) seven days or (ii) the period remaining to and including the final maturity date of the Adjustable Rate Bonds. Each Adjustable Rate Bond in a Commercial Paper Rate Mode is to bear interest during a particular Commercial Paper Rate Period at a rate per annum equal to the interest rate determined above corresponding to the Commercial Paper Rate Period. An Adjustable Rate Bond can have a Commercial Paper Rate Period and bear interest at a Commercial Paper Rate that differs from other Adjustable Rate Bonds in the Commercial Paper Rate Mode.

If (i) a Commercial Paper Rate for a Commercial Paper Rate Period has not been determined by the Remarketing Agent, (ii) no Remarketing Agent is serving under the Certificate, (iii) the Commercial Paper Rate determined by the Remarketing Agent is held to be invalid or unenforceable with respect to a Commercial Paper Rate Period, or (iv) pursuant to the Remarketing Agreement, the Remarketing Agent is not then required to establish a Commercial Paper Rate, the Commercial Paper Rate will be the TBMA Municipal Index on the Reset Date.

Term Rate. The Term Rate for any Term Rate Period is to be determined by the Remarketing Agent not later than a date two Business Days prior to the Conversion Date or the first day of the next Term Rate Period. If the Remarketing Agent is unable to remarket all of the Adjustable Rate Bonds at the interest rate determined by the Remarketing Agent pursuant to the previous sentence, the Remarketing Agent may at any time prior to the first day of a Term Rate Period increase the interest rate to the lowest rate of interest that would enable the Adjustable Rate Bonds to be sold on such first day at a price of par, plus accrued interest, if any. No less than 20 Business Days prior to the end of each Term Rate Period, the City must deliver to the Fiscal Agent, the Tender Agent and the Remarketing Agent written notice of the City's determination of the next succeeding Term Rate Period, which Term Rate Period is to end on the day preceding a Business Day. However, if the City fails to specify the next succeeding Term Rate Period, such Term Rate Period will be the same period as the immediately preceding Term Rate Period but not later than a day preceding a Business Day that is prior to the maturity date.

If for any reason, the interest rate for the Adjustable Rate Bonds in the Term Rate Mode is not determined by the Remarketing Agent in the manner specified above, the interest rate will be equal to Municipal Market Data General Obligation Yield on bonds with the then long-term ratings as the Bonds that mature on a date that is as nearly as practical the same date as the date on which the new Term Rate Period for such Adjustable Rate Bonds will end. Such interest rate will be based upon the index for the most recent period for which information is available on the Reset Date. If such index or a comparable successor index is no longer published, the interest rate on such Adjustable Rate Bonds will be the interest rate then in effect on such Adjustable Rate Bonds.

Fixed Rate. The Fixed Rate for any Fixed Rate Period is to be determined by the Remarketing Agent or other investment banking firm or firms with which the City has entered into an agreement for the purchase, as underwriters, of the Multi-Modal Bonds on the Conversion Date to the Fixed Mode as agreed to by the City. If a Fixed Rate has not been determined as aforesaid for any reason, then the former Rate Period will continue in effect, unless the City elects another Rate Mode in accordance with the Certificate.

Once the Multi-Modal Bonds are converted to bear interest at the Fixed Rate, the Multi-Modal Bonds will not be converted to bear interest at any other rate until such time as the Adjustable Rate Bonds are subject to optional redemption. Once the Multi-Modal Bonds in the Fixed Rate Mode are subject to optional redemption, the City may on any potential optional redemption date convert the interest rate on all or part of such Multi-Modal Bonds to an Auction Rate or, provided a Liquidity Facility is in effect to the extent required by the LFL, a Daily Rate, a Weekly Rate, a Commercial Paper Rate or a Term Rate. If for any reason a new interest rate is not determined, then the former Rate Mode will continue in effect, unless the City elects another Rate Mode in accordance with the Certificate.

Optional Tender for Purchase

General. So long as a Credit Facility is in effect, an Adjustable Rate Bond or any portion thereof equal to an Authorized Denomination may be tendered for purchase, at the Purchase Price, at the option of its registered owner on any Business Day during a Daily Rate Mode or the first day of a Weekly Rate Period (the “Optional Tender Date”) upon giving notice of the registered owner’s election to tender in the manner and at the times described below. Notice of an election to tender an Adjustable Rate Bond registered in the name of DTC is to be given by the DTC Participant on behalf of the Beneficial Owner of the Adjustable Rate Bond and will not be given by DTC. Notice of the election to tender for purchase of an Adjustable Rate Bond registered in any other name is to be given by the registered owner of such Adjustable Rate Bond or its attorney-in-fact.

The notice must state the name of the registered owner of the Beneficial Owner and the principal amount of the Adjustable Rate Bond, the aggregate principal amount of such Adjustable Rate Bond to be tendered for purchase and the Business Day on which such Adjustable Rate Bond or portion thereof to be tendered for purchase is to be purchased.

A DTC Participant or the registered owner of an Adjustable Rate Bond must give written notice of its irrevocable election to tender such Adjustable Rate Bond or a portion thereof for purchase at its option to the Tender Agent and the Remarketing Agent at their respective principal offices, in the case of Adjustable Rate Bonds bearing interest in a Daily Rate Mode, by no later than 11:00 a.m. on any Business Day which such Adjustable Rate Bond or portion thereof is to be purchased and in the case of Adjustable Rate Bonds bearing interest in a Weekly Rate Mode by no later than 12:00 noon, New York City time, on the Business Day prior to the commencement date of the next Weekly Period for such Bonds. In addition, the registered owner of an Adjustable Rate Bond is required to deliver such Bond to the Tender Agent at its principal corporate trust office at or prior to 1:00 p.m., New York City time, on such Optional Tender Date.

The Multi-Modal Bonds in a Commercial Paper Mode, Term Mode, Fixed Rate Mode or an Auction Rate Mode are not subject to optional tender for purchase.

Mandatory Tender for Purchase

So long as a Credit Facility is in effect, the Liquidity Enhanced Bonds which are affected by the following actions are subject to mandatory tender and purchase at the Purchase Price on the following dates (each, a “Mandatory Tender Date”):

- (a) on each Conversion Date for the Adjustable Rate Bonds being converted to a different Rate Mode (other than immediately following the Initial Rate Period);
- (b) on the Business Day following each Rate Period for the Adjustable Rate Bonds in the Commercial Paper Rate Mode or the Term Rate Mode;
- (c) at least three Business Days prior to the Expiration Date of the Credit Facility in effect with respect to a Subseries of Adjustable Rate Bonds, which will be drawn upon to pay the Purchase Price of tendered Adjustable Rate Bonds, unless such Credit Facility has been extended, or a substitute delivered with Rating Confirmation at least 15 days prior to such Expiration Date;

- (d) unless clause (c) is applicable or a Rating Confirmation is provided, at least two Business Days before the effective date of a substitute Credit Facility with respect to a Subseries of Adjustable Rate Bonds, on which date the Credit Facility in effect prior to the substitute Credit Facility will be drawn upon to pay the Purchase Price of tendered Adjustable Rate Bonds that are not remarketed;
- (e) on a Business Day that is not less than one Business Day prior to the Termination Date of a Credit Facility relating to a Subseries of Adjustable Rate Bonds specified in the Default Notice delivered by the Standby Purchaser or its agent in accordance with the Credit Facility; and
- (f) upon any failure by the City to provide funds to the Fiscal Agent for the payment of principal or interest by 12:00 noon on the maturity or mandatory redemption date or Interest Payment Date, in which event the Fiscal Agent shall cause (i) a draw to be made upon each Standby Purchaser pursuant to each Credit Facility for the immediate purchase of the applicable Bonds and (ii) notice of mandatory tender to be given to each Holder of such Bonds, effective on the same day or, if funds are not available therefor until the next Business Day pursuant to the Credit Facility because of late delivery of the draw notice, then on such next Business Day.

Whenever Adjustable Rate Bonds are to be tendered for purchase in accordance with (a) above, the Tender Agent is to give notice to the Holders of Adjustable Rate Bonds indicating that such Bonds are subject to mandatory tender for purchase on the date specified in such notice. The Tender Agent is to give notice by first-class mail and not later than three calendar days after receipt by the Tender Agent of the Conversion Notice from the City. The failure of any Holder of any portion of Adjustable Rate Bonds to receive such notice will not affect the validity of such Conversion to a new Rate Mode.

Whenever Adjustable Rate Bonds are to be tendered for purchase in accordance with (c), (d) or (e) above, the Tender Agent is to give notice to the Holders of Adjustable Rate Bonds indicating that such Bonds are subject to mandatory tender for purchase on the date specified in such notice. The Tender Agent is to give such notice by first-class mail and not less than five calendar days prior to the effective date of the expiration or earlier termination of the affected Liquidity Facility then in effect or of the effective date of a substitute Liquidity Facility or prior to the date specified in the Default Notice. The failure of any Holder of any portion of Adjustable Rate Bonds to receive such notice will not affect the validity of the proceedings in connection with the effectiveness of the affected Liquidity Facility.

Bonds Deemed Purchased

The Adjustable Rate Bonds or portions thereof required to be purchased upon a tender at the option of the registered owner thereof or upon a mandatory tender will be deemed to have been tendered and purchased for all purposes of the Certificate, irrespective of whether such Adjustable Rate Bonds have been presented and surrendered to the Tender Agent, if on the Tender Date money sufficient to pay the Purchase Price thereof are held by the Tender Agent. The former registered owner of a Tendered Bond or an Adjustable Rate Bond deemed to have been tendered and purchased will have no claim thereunder or under the Certificate or otherwise for payment of any amount other than the Purchase Price, and such Adjustable Rate Bond or portion thereof will no longer be Outstanding for purposes of the Certificate.

The Bank of New York has been appointed as Tender Agent (the “Tender Agent”) for the Adjustable Rate Bonds.

Purchase Price and Payment

On each Tender Date, a Tendered Bond will be purchased at the applicable Purchase Price. The Purchase Price of a Tendered Bond is the principal amount of the Adjustable Rate Bond to be tendered or the amount payable to the registered owner of a Purchased Bond following receipt by such owner of a purchase notice from the Remarketing Agent, plus accrued and unpaid interest from the immediately preceding Interest Payment Date. If the date of purchase is an Interest Payment Date, then the Purchase Price will not include accrued and unpaid interest, which will be paid to the Holder of record on the applicable Record Date.

The Purchase Price of a Tendered Bond held in a book-entry-only system will be paid, in same-day funds, to DTC in accordance with DTC's standard procedures for effecting same-day payments, as described herein under the heading "Book-Entry Only System." Payment will be made without presentation and surrender of the Tendered Bonds to the Tender Agent and DTC will be responsible for effecting payment of the Purchase Price to the DTC Participants.

The Purchase Price of any other Adjustable Rate Bond will be paid, in same-day funds, only after presentation and surrender of the Adjustable Rate Bond to the Tender Agent at its Delivery Office. Payment will be made by 3:00 p.m., New York City time, on the Tender Date on which an Adjustable Rate Bond is presented and surrendered to the Tender Agent.

The Purchase Price is payable solely from, and in the following order of priority, the proceeds of the remarketing of Adjustable Rate Bonds tendered for purchase, money made available by the Standby Purchaser under the Liquidity Facility then in effect and money furnished by or on behalf of the City (which has no obligation to do so).

No Extinguishment

Bonds held by any Standby Purchaser or by the Fiscal Agent or the Tender Agent for the account of any Standby Purchaser following payment of the purchase price of such Bonds by the Fiscal Agent or the Tender Agent with money provided by any Standby Purchaser shall not be deemed to be retired, extinguished or paid and shall for all purposes remain outstanding.

Inadequate Funds for Tender

If the funds available for purchase of Bonds backed by a Standby Purchaser are inadequate for the purchase of all such Bonds tendered on any Tender Date, then all Liquidity Enhanced Bonds so backed shall bear interest from such date at the highest rate provided by law for interest on accrued claims against municipalities as of such date and shall no longer be subject to optional or mandatory tender for purchase (except upon Conversion); and the Tender Agent shall immediately: (i) return all such undefeased Tendered Bonds to the owners thereof; (ii) return all money received for the purchase of such Bonds to the persons providing such money; and (iii) give written notice to all such Bondowners. As long as no Liquidity Condition exists, the obligation to deposit funds in sufficient amounts to purchase such Bonds from either proceeds of the applicable Liquidity Facility or remarketing proceeds shall remain enforceable pursuant to the terms thereof and hereof, and shall only be discharged at such time as funds are deposited with the Tender Agent in an amount sufficient to purchase all such Bonds that were required to be purchased on such Tender Date, together with any interest which has accrued to the subsequent purchase date.

Remarketing of Bonds Upon Tender

Pursuant to the Remarketing Agreements, each Remarketing Agent is required to use its best efforts to remarket a Tendered Bond on its Tender Date at a price equal to the Purchase Price or, if such Adjustable Rate Bonds are being remarketed upon their conversion from the Term Rate Mode or the Fixed Rate Mode, such Bonds will be remarketed at a price equal to par. The Certificate and the Remarketing Agreements set forth, among other things, conditions to the Remarketing Agents' obligations to remarket Tendered Bonds.

By 10:30 a.m., with respect to Adjustable Rate Bonds in the Weekly Rate Mode, and 12:00 p.m. with respect to Adjustable Rate Bonds in the Daily Rate Mode, New York City time, on each Tender Date, the Remarketing Agent is to give notice by telephone to the Fiscal Agent, the Tender Agent, the Standby Purchaser and the City specifying the principal amount of Bonds which have been tendered for purchase and remarketed, along with the principal amount of Tendered Bonds, if any, for which it has not arranged a remarketing. The Tender Agent is, on such Tender Date, to obtain funds under the applicable Liquidity Facility in accordance with its terms in an amount equal to the difference between the Purchase Price of the Tendered Bonds subject to purchase and the remarketing proceeds available to the Tender Agent.

Defeasance

For the purpose of determining whether Multi-Modal Bonds shall be deemed to have been defeased, the interest to come due on such Multi-Modal Bonds shall be calculated at the maximum applicable rate; and if, as a result of such Multi-Modal Bonds having borne interest at less than the maximum rate for any period, the total amount on deposit for the payment of interest on such Multi-Modal Bonds exceeds the total amount required, the balance shall be paid to the City. In addition, Multi-Modal Bonds shall be deemed defeased only if there shall have been deposited money in an amount sufficient for the timely payment of the maximum amount of principal of and interest on such Multi-Modal Bonds that could become payable to the Bondholders upon the exercise of any applicable optional or mandatory tender for purchase.

Credit Facilities

For each Subseries of Adjustable Rate Bonds that is not defeased and is subject to optional or mandatory tender for purchase, the City shall, as required by law, keep in effect one or more letter of credit agreements or liquidity facility agreements for the benefit of the Bondholders of such Subseries, which shall require a financially responsible party or parties other than the City to purchase all or any portion of such Adjustable Rate Bonds duly tendered by the holders thereof for repurchase prior to the maturity of such Adjustable Rate Bonds. A financially responsible party or parties, for the purposes of this paragraph, shall mean a person or persons determined by the Mayor and the Comptroller of the City to have sufficient net worth and liquidity to purchase and pay for on a timely basis all of the Adjustable Rate Bonds which may be tendered for repurchase by the holders thereof. The initial Liquidity Facilities are all Credit Facilities.

Each owner of an Adjustable Rate Bond bearing interest at a Daily, Weekly, Commercial Paper Rate or Term Rate (and not defeased) will be entitled to the benefits and subject to the terms of the Liquidity Facility for such Bond. Subject to the terms of each Liquidity Facility, the Liquidity Provider agrees to make available to the Tender Agent, upon receipt of an appropriate demand for payment, the Purchase Price for Adjustable Rate Bonds of the stated Subseries. Each Liquidity Provider’s commitments under the Liquidity Facility will be sufficient to pay the Purchase Price of the Adjustable Rate Bonds as follows:

<u>Subseries Bank</u>	<u>Subseries</u>	<u>Credit Facility Scheduled Expiration Date</u>
Bank of New York.....	H-1, H-2, H-3 and H-4	November 1, 2006
Dexia	H-5	February 1, 2007
Fleet	H-6	February 1, 2007
KBC	H-7	February 1, 2007
WestLB	H-8	February 1, 2007

No Subseries Bank is responsible for another Subseries Bank’s performance of its obligations under a Liquidity Facility.

Mandatory purchase by a Liquidity Provider of Adjustable Rate Bonds shall occur under the circumstances provided therefor, including, so long as a Credit Facility is in effect, failure to extend or replace the Credit Facility relating to such Subseries of Adjustable Rate Bonds, a failure of the City to make timely provision for interest or principal due on any such Adjustable Rate Bond and (at the option of the Liquidity Provider) other events, including without limitation breaches of covenants, defaults on other bonds of the City or other entities, and events of insolvency. Notwithstanding the other provisions of the Adjustable Rate Bonds and the Certificate, upon the purchase of an Adjustable Rate Bond by a Liquidity Provider, all interest accruing thereon from the last date for which interest was paid shall accrue for the benefit of and be payable to such Liquidity Provider.

If a Liquidity Facility is to be extended or replaced, the City shall, not later than 15 days before the effective date of such extension or replacement, deliver to the Fiscal Agent and the Tender Agent Written

Notice of the extension or replacement. The City shall give Written Notice to each affected Bondholder at least ten days prior to any extension or substitution.

To the extent described in the Liquidity Facilities, if any decrease in the ratings applicable to debt of the Liquidity Provider adversely affects the interest rate payable by the City on any Adjustable Rate Bonds, the City shall have the right to seek a substitute provider or providers to assume the rights and obligations of such Liquidity Provider. The holders of the affected Adjustable Rate Bonds shall be notified of any assumption of a Liquidity Provider's rights and obligations.

The preceding is a summary of certain provisions expected to be included in the initial Liquidity Facilities (all of which are Credit Facilities) and proceedings under which the Multi-Modal Bonds are to be issued as Adjustable Rate Bonds, and is subject in all respects to the underlying documents, copies of which will be available for inspection during business hours at the office of the Fiscal Agent. Information regarding The Bank of New York, Dexia Credit Local, acting through its New York Agency, Fleet National Bank, KBC Bank N.V., acting through its New York Branch and WestLB AG, acting through its New York Branch is included herein as "APPENDIX C—THE BANKS." Neither the City nor the Underwriters make any representation with respect to the information in "APPENDIX C—THE BANKS."

THE BANKS

The information contained in this Appendix C with respect to each bank described herein has been furnished by the bank for which such information is furnished. No party other than such bank is responsible for such information.

THE BANK OF NEW YORK

The Bank of New York (the “Bank”) is the principal subsidiary of The Bank of New York Company, Inc. (NYSE: BK), a financial holding company (the “Company”). The Company provides a complete range of banking and other financial services to corporations and individuals worldwide through its basic businesses, namely, Securities Servicing and Global Payment Services, Corporate Banking, BNY Asset Management and Private Client Services, Retail Banking, and Financial Market Services. Additional information on the Company is available at www.bankofny.com.

The Bank of New York was founded in 1784 by Alexander Hamilton and is the nation’s oldest bank. The Bank is a state chartered New York banking corporation and a member of the Federal Reserve System. Its business is subject to examination and regulation by federal and state banking authorities.

The Bank has long-term senior debt ratings of “AA-”/“Aa2” and short-term ratings of “A1+/P1” from Standard & Poor’s Ratings Services and Moody’s Investors Service, Inc., respectively.

The Bank of New York’s principal office is located at One Wall Street, New York, New York 10286. A copy of the most recent annual report and 10-K of the Company may be obtained from the Bank’s Public Relations Department, One Wall Street, 31st Floor, (212) 635-1569 or by visiting the Bank’s website.

DEXIA CREDIT LOCAL

Dexia Credit Local (“Dexia”) is a subsidiary of the Dexia Group, which was created in 1996. The Dexia Group is a major European banking organization that is the product of several cross-border mergers. Dexia is an authentically European bank in terms of both its management organization and the scope of its different lines of business. The Dexia Group is listed on the Brussels, Paris and Luxembourg stock exchanges. With a stock market capitalization of nearly 14 billion euros as of December 31, 2002, the Dexia Group ranks in the top third of the Euronext 100 companies.

Dexia specializes in the Dexia Group’s first line of business — public and project finance and financial services for the public sector. Dexia has recognized expertise in local public sector financing and project finance. It is backed by a network of specialized banks, which employ over 3,000 professionals. Through this network of subsidiaries, affiliates and branches, Dexia is present in almost all of the countries of the European Union as well as Central Europe and the United States of America. Dexia also has operations in Latin America, the Asian-Pacific Region including Australia, and the countries around the Mediterranean.

Dexia is a bank with its principal office located in Paris, France. In issuing the facility, Dexia will act through its New York Agency, which is licensed by the Banking Department of the State of New York as an unincorporated agency of Dexia Credit Local, Paris. Dexia is the leading local authority lender in Europe, funding its lending activities in 2002 primarily through the issuance of euro and U.S. dollar-denominated bonds. In 2002, total funding raised by Dexia and Dexia Municipal Agency was 11.2 billion euros.

The Dexia Group is the owner of Financial Security Assurance Holdings Ltd. (“FSA Holdings”), the holding company for Financial Security Assurance Inc. a leading financial guaranty insurer.

As of December 31, 2002, Dexia had total consolidated assets of 168.8 billion euros, outstanding medium and long term loans to customers of 141.8 billion euros and shareholders’ equity of nearly 3.4 billion euros (Tier I plus Tier II), and for the year then ended had consolidated net income of 454 million

euros. These figures were determined in accordance with generally accepted accounting principles in France. Dexia maintains its records and prepares its financial statements in euros. At December 31, 2002, the exchange rate was 1.0000 euro equals 1.0492 United States dollar. Such exchange rate fluctuates from time to time.

Dexia is rated Aa2 long-term and P-1 short-term by Moody's, AA long-term and A-1+ short-term by S&P, and AA+ long-term and F1+ short-term by Fitch.

Dexia will provide without charge a copy of its most recent publicly available annual report. Written requests should be directed to: Dexia Credit Local, New York Agency, 445 Park Avenue, 7th Floor, New York, New York 10022, Attention: General Manager. The delivery of this information shall not create any implication that the information contained or referred to herein is correct as of any time subsequent to its date.

FLEET NATIONAL BANK

General

The following information concerning Fleet National Bank (the "Bank") has been provided by representatives of the Bank.

The Bank is a national banking association which, directly or through its subsidiaries, is engaged in retail banking, commercial banking and investment management and other financial services activities. As of September 30, 2003, the Bank had total assets of \$188.8 billion, total deposits of \$140.7 billion and total equity capital of \$19.5 billion.

On October 27, 2003, Bank of America Corporation ("Bank of America") and FleetBoston Financial Corporation ("FleetBoston") entered into an Agreement and Plan of Merger pursuant to which FleetBoston will merge with and into Bank of America, with Bank of America as the surviving corporation. Under terms of the agreement, FleetBoston's stockholders will receive .5553 of a share of Bank of America common stock for each of their shares. The agreement has been approved by the Boards of Directors of both companies and is subject to regulatory and shareholder approvals. The parties expect to complete the transaction in the first half of 2004. On a pro forma basis, the combined entity would have had total assets of approximately \$964 billion as of September 30, 2003.

The Bank is a wholly-owned subsidiary of FleetBoston, a diversified financial services company. FleetBoston's three major domestic business lines are:

- *Personal Financial Services* — provides consumer retail banking, small business banking and credit card services, as well as retail brokerage;
- *Regional Commercial Financial Services and Investment Management* — provides financial services to middle market corporations, including credit, cash management and trade services; provides asset management and personal financial planning services to high-net-worth customers, including estate settlement and deposit and credit products; provides proprietary and third party mutual funds and other investment products to retail and institutional customers, and retirement planning, large institutional asset management and not-for-profit investment services; and
- *National Commercial Financial Services* — provides financial services to large corporations, including leasing and commercial real estate, asset-based and industry lending, cash management, loan syndications, global trade services, foreign exchange, interest rate risk management and mergers and acquisitions.

FleetBoston's other lines of business are International Banking, which includes FleetBoston's international operations in Latin America, and Capital Markets, which includes brokerage market-making, execution and clearing, and principal investing.

Additional Information

The foregoing summary information is provided for convenience purposes only. Important additional information with respect to FleetBoston and the Bank is contained in the following documents:

(a) FleetBoston's Annual Report on Form 10-K for the year ended December 31, 2002, on file with the Securities and Exchange Commission.

(b) FleetBoston's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003, June 30, 2003 and September 30, 2003, on file with the Securities and Exchange Commission.

(c) FleetBoston's Current Reports on Form 8-K filed with the Securities and Exchange Commission on January 10, 2003, January 16, 2003, February 18, 2003, April 16, 2003, July 16, 2003, July 31, 2003, October 16, 2003, October 28, 2003, December 8, 2003 and January 15, 2004.

(d) Unaudited financial information in the Call Reports of the Bank for the periods ended December 31, 2002, March 31, 2003, June 30, 2003 and September 30, 2003, each as filed with the Federal Deposit Insurance Corporation.

The Bank will provide, upon written request, copies of such reports to any purchaser or prospective purchaser of the Bonds. The Bank also refers any purchaser or prospective purchaser of the Bonds to (i) all annual, quarterly and current reports filed with the Securities and Exchange Commission by FleetBoston subsequent to those reports described above and (ii) all Call Reports of the Bank for periods subsequent to those described above.

KBC BANK N.V.

KBC Bank N.V., New York Branch ("KBC NYB") is an unincorporated branch of KBC Bank N.V., a naamloze vennootschap (public company of limited liability) organized under the laws of Belgium, whose principal office is located in Brussels, Belgium. KBC Bank N.V. conducts operations through additional offices and agencies in the United States and around the world. Created on June 4, 1998 through the combination of two predecessor Belgian banks, Kredietbank N.V. and CERA Bank C.V., KBC Bank N.V. is subject to regulation by the Belgium Banking Commission and to Belgian banking and accounting law. KBC Bank N.V. maintains its records and prepares its financial statements in accordance with accounting principles generally accepted in Belgium. Such records and financial statements are maintained and prepared in Euro currency (EUR).

One of the largest commercial banks in Belgium, KBC Bank N.V. operates as a universal bank, engaged in commercial and investment banking, and offers comprehensive financial services. In contrast with the two other major Belgian banks, KBC Bank N.V.'s branches in Belgium are located exclusively in Flanders and Brussels. KBC Bank N.V. is indirectly represented through CBC Banque S.A., a majority-owned subsidiary with branches in the Walloon region and Brussels.

KBC NYB was originally established in 1977 as a New York Branch of Kredietbank N.V., and has been relicensed by the Banking Department of the State of New York as a New York Branch of KBC Bank N.V. to provide a full range of services in New York. In addition to handling foreign exchange transactions, KBC NYB is active in international payment transactions and the clearing of commercial payments and professional transactions in U.S. Dollars. KBC NYB is also involved in providing financial services, particularly credit, for European (including Belgian) companies operating in the United States, as well as for United States corporations.

Selected Consolidated Financial Data of KBC Bank N.V.

	Year Ended December 31, 2002 (EUR Millions)
Total Assets	EUR 221,731
Amounts Owed to Customers	137,375
Loans and Advances to Customers	98,775
Capital and Reserves	8,429
Net Income	1,034

Conversion Rate: As of December 31, 2002, EUR 1.007 = US\$1.00

KBC NYB will provide, upon written request and without charge, a copy of KBC Bank N.V.'s Annual Report for the year ended December 31, 2002. Written requests should be directed to: KBC Bank N.V., New York Branch, 125 West 55th Street, 10th Floor, New York, New York 10019, Attention: Controller.

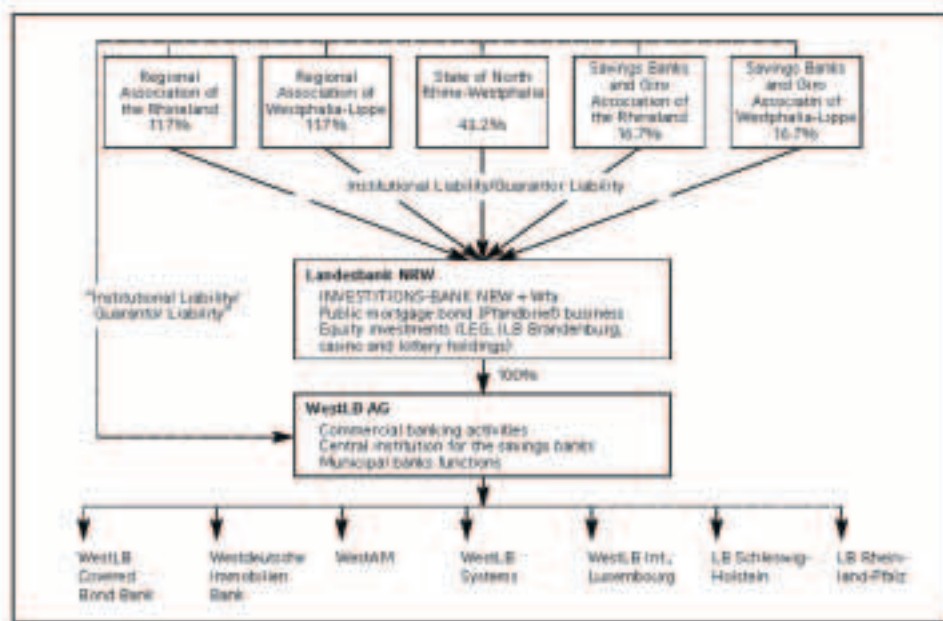
The delivery of this Official Statement shall not create any implication that there has been no change in the affairs of KBC Bank N.V. since December 31, 2002 or that information contained or referred to in this Appendix C is current as of any time subsequent to such date.

WestLB AG

Establishment and Domicile

WestLB AG is a wholly owned subsidiary of Landesbank Nordrhein-Westfalen (“Landesbank NRW”) and is domiciled in Düsseldorf (Herzogstrasse 15, 40217 Düsseldorf) and Münster (Friedrichstrasse 1, 48145 Münster). — Pursuant to the “Gesetz zur Neuregelung der Rechtsverhältnisse der öffentlich-rechtlichen Kreditinstitute in Nordrhein-Westfalen” dated 2nd July, 2002 (the “Restructuring Law”), which became effective on 1st August, 2002, the public legal form of the former Westdeutsche Landesbank Girozentrale (“WestLB”) was changed into a joint stock company (WestLB AG). On the same day and according to the Restructuring Law, the public mission business of the former WestLB was generally separated from its competitive operations (the “Restructuring”):

- On 1st August, 2002, a new public law institution under the name of Landesbank Nordrhein-Westfalen was established under the same ownership as the former WestLB (Article 1 section 1 Restructuring Law).
- The public functions and the Pfandbrief (mortgage bond) business of the former WestLB were transferred to the newly created Landesbank NRW. The spin-off became effective retroactively per 1st January, 2002; as of this date, all transactions of the spun-off operations were deemed to have been carried out for the account of Landesbank NRW. The spin-off was based on 31st December, 2001 closing balance sheet of the former WestLB. For the assets and liabilities spun off and transferred to Landesbank NRW, Landesbank NRW is the universal legal successor (Article 1 section 2 Restructuring Law).
- Pursuant to Article 1 section 6 of the Restructuring Law the shares in WestLB were transferred from its owners to Landesbank NRW by way of a contribution in kind.
- Finally WestLB's public legal form was changed into a joint stock company under German law (Article 1 section 8 Restructuring Law). The conversion of WestLB into a joint stock company was completed with the entry in the commercial registers of Düsseldorf (HRB 42975) and Münster (HRB 6400) on 30th August, 2002. With the registration its name has changed to “WestLB AG”. Under German law, despite this change of legal form, the former WestLB and WestLB AG have the same legal identity. All branches, representative offices and foreign subsidiaries are maintained by WestLB AG. WestLB AG currently maintains branches in Berlin, Cologne, Dortmund, Frankfurt, Hamburg, Hong Kong, Istanbul, London, Madrid, Milan, New York, Paris, Shanghai, Singapore, Sydney, Tokyo and Toronto and representative offices in Bangkok, Belgrade, Caracas, Chicago, Dubai, Houston, Jakarta, Johannesburg, Kiev, Los Angeles, Mexico-City, Mumbai/India, Nizhny Novgorod, Peking, Prague, Santiago de Chile, Seoul, St. Petersburg, Taipeh and Zurich. It may establish further branches and representative offices and close existing ones.
- In addition, on 1st August, 2002, Westdeutsche Landesbausparkasse (“LBS”), a former division of WestLB which conducted the business of a building and loan association, was spun off into a newly established financial institution under public law owned by the former owners of WestLB and became a legally separate entity (Article 2 section 1 Restructuring Law). LBS became an independent public-law institution and, because the savings banks associations in North Rhine-Westphalia saw LBS's business as a strategic addition to their portfolio, they acquired it soon afterwards.



Since it has the same legal identity, WestLB AG is liable for all obligations of the former WestLB except those which have been spun off to Landesbank NRW and LBS. Pursuant to Article 1 section 3 and Article 2 section 6 Restructuring Law, Landesbank NRW, WestLB AG and LBS are jointly and severally liable for all obligations of the former WestLB incurred prior to 1st August, 2002 and due before and including 31st December, 2006. For obligations of the former WestLB and WestLB AG incurred on and after 1st August, 2002, WestLB AG alone is liable.

Legal Form

WestLB AG has legal capacity by virtue of its entry in the Commercial Register. It is a credit institution in the legal form of a joint stock company under German law (Aktiengesellschaft).

Objects and Purpose

According to its statutes, WestLB AG conducts all types of banking business as well as complementary business including the acquisition and holding of equity investments. It has the tasks of a central bank for the savings banks and a municipal bank. As part of the savings bank organisation, the purpose also includes the development and provision of bank products for savings banks and public-sector clients.

Business

As a German universal bank, WestLB AG provides commercial and investment banking services regionally, nationally and internationally to public, corporate and bank customers. As of 31st December, 2002, WestLB AG (group) had total assets of approximately EUR 265.6 billion.

WestLB AG also performs the functions of a municipal bank for the State of North Rhine-Westphalia and acts as the central bank of the Sparkassen (savings banks) in the State of North Rhine-Westphalia. It conducts a comprehensive range of wholesale banking business and has the power to issue bonds and notes with the exception of Pfandbriefe. In addition, WestLB AG acts as the clearing and depository bank for the savings banks in the State of North Rhine-Westphalia. Internationally, the WestLB AG Group (the “Group”) operates through an extensive network of banking subsidiaries, branches and representative offices to provide a range of financial services to its clients.

Liability for WestLB AG Obligations/Institutional Liability and Guarantor Liability

Under the current laws of Germany and the State of North Rhine-Westphalia, the owners of Landesbank NRW, namely the State of North Rhine-Westphalia, the Landschaftsverbände Rheinland und

Westfalen-Lippe (Regional associations of the Rhineland and of Westphalia-Lippe), the Rheinischer Sparkassen- und Giroverband and Westfälisch-Lippischer Sparkassen- und Giroverband (Regional Associations of the savings banks in the Rhineland and in Westphalia-Lippe) are jointly and severally liable for the obligations of WestLB AG (“Guarantor Liability”). However, recourse to the owners of the Landesbank NRW is possible only in the event that the assets of WestLB AG are insufficient to satisfy WestLB AG’s obligations.

A creditor will have a direct claim against the owners if the claims of the creditors have not first been satisfied out of the assets of WestLB AG.

The owners of Landesbank NRW also have an obligation to maintain WestLB AG in a financial position which enables it to carry out its functions. This obligation (“Institutional Liability”) requires the owners to provide funds to WestLB AG that may be necessary to enable it to fulfil its functions and to meet its liabilities. Creditors of WestLB AG do not, however, have a direct claim against the owners for the enforcement of this obligation.

In December 1999, the European Banking Federation lodged a complaint with the European Commission alleging that the regimes of Guarantor Liability and Institutional Liability constitute illegal state aid in violation of the European Community Treaty. On 17th July, 2001, there was a public announcement of an agreement in principle between the European Commission, the Federal Republic of Germany and the German Länder, whereby a four-year transition period had been agreed upon for the abolition of the Guarantor Liability and Institutional Liability.

Pursuant to this agreement and Article 1, section 11 of the Restructuring Law, the owners of Landesbank NRW shall be liable for all obligations of WestLB AG agreed by 18th July, 2005. Liability for those obligations agreed by 18th July, 2001 shall be unlimited in time; liability for those obligations agreed thereafter, but at the latest by 18th July, 2005, shall only apply to obligations whose maturity does not go beyond 31st December 2015. According to the Restructuring Law the owners of Landesbank NRW shall immediately honour their obligations from Guarantor Liability vis-à-vis the creditors of obligations agreed by 18th July, 2005, as soon as they have stated, when these liabilities come due, in due manner and in writing that the creditors of these liabilities cannot be satisfied out of the assets of WestLB AG. Until and including 18th July, 2005, the owners of Landesbank NRW shall ensure that WestLB AG is able to honour its obligations (Institutional Liability).

Guarantors

The present guarantors and their shares in the capital of Landesbank NRW are as follows:

	<u>in millions of Euro</u>	<u>%</u>
State of North Rhine-Westphalia.	215.8	43.2
Regional Association of the Rhineland	58.8	11.7
Regional Association of Westphalia-Lippe	58.8	11.7
Savings and Giro Association of the Rhineland	83.3	16.7
Savings and Giro Association of Westphalia-Lippe	<u>83.3</u>	<u>16.7</u>
	<u>500.0</u>	<u>100.0</u>

Share Capital

The share capital of WestLB AG amounts to Euro 950,500.000 and is divided into 9,505,000 shares. All shares are registered shares.

To strengthen WestLB AG’s capital base, the former owners of Westdeutsche Landesbank Girozentrale resolved in 2002 to increase WestLB AG’s capital by 1.25 billion. The capital increase was carried out on 2nd January, 2003, in the form of silent contributions. Repayment of the silent contributions will occur in five equal instalments, with the amounts contributed being converted into shares of WestLB AG. In order for the increase to take place, the shareholders of the Bank gave the Managing Board the authority to increase the Bank’s capital by issuing new shares in exchange for cash

or in-kind contributions. All increases are subject to Supervisory Board approval and must be completed by 31st December, 2007. The silent contributions made comply with the statutory requirements for core capital as set forth in § 10 of the German Banking Act (KWG), as well as in the Basel Capital Accord.

The Group's capital and reserves are as follows:

	<u>WestLB Group</u> 31st Dec., 2002 EUR millions	<u>WestLB GZ Group</u> 31st Dec., 2001 EUR millions
Subscribed capital	950.5	1,183.8
Capital reserves including:	2,034.8	3,318.1
– special reserves pertaining to the Wfa .	—	3,016.6
Reserves from retained earnings		
– reserves required under WestLB's articles and bylaws	409.3	529.5
– other reserves	973.9	1,359.9
Group reserves	625.8	2,398
Equalising items for shares of other shareholders	2.5	62.1
Equity capital pursuant to the German Commercial Code (HGB) . . .	4,996.8	8,851.4
Fund for general bank risks	261.9	597.3
Subordinated liabilities	5,067.0	6,829.6
Profit participation capital	2,535.2	3,421.3
Other capital and reserves	7,864.1	10,848.2
Total capital and reserves	12,860.9	19,699.6

Capitalisation

The audited capitalisation of WestLB AG as at 31st December, 2002 is as follows:

	<u>31st Dec. 2002</u>	<u>31st Dec. 2002</u>	<u>1st Jan. 2002</u>	<u>1st Jan. 2002</u>
		(in millions of EUR)		
Long-term-debt				
Bonds and notes		7,539,9		7,385,1
Other Liabilities		10,613,7		12,395,1
Total long-term-debt		18,153,6		19,780,2
Short-term-debt		197,508,3		193,630,2
Total debt		215,661,9		213,410,4
Equity				
– Paid in capital	950,5	950,5	950,5	950,5
– Capital reserves	2,034,8	2,034,8	2,034,8	2,034,8
– Retained earnings reserves required by WestLB's Statutes	409,3		409,3	
– Other reserves	973,9		1,583,9	
– Total reserves from retained earnings .		1,383,2		1,993,2
– Funds for general banking risks	82,0	82,0	82,0	82,0
– Participation certificates	2,424,7	2,424,7	2,425,7	2,425,7
– Subordinated liabilities	4,977,2	4,977,2	5,347,2	5,347,2
Total equity		11,852,4		12,833,4
– Contingent liabilities		14,756,0		17,279,2
– Irrevocable credit commitments		74,925,7		91,051,7

From 1st January, 2003 to 15th November, 2003, WestLB AG raised the amounts of EUR 9,840,000,000.–, USD 715,000,000.–, GBP 100,000,000.–, Yen 5,000,000,000.– CHF 500,000,000.– SKK 700,000,000.– LVL 5,500,000.– and HKD 90,000,000.– through the issues of Floating Rate Notes and Fixed Rate Notes with maturities ranging from 1 to 12 years.

Save as disclosed above, there has been no material change in the capitalisation of WestLB AG since 31st December, 2002.

Executive Bodies of WestLB AG

The executive bodies of WestLB AG are the Supervisory Board, the General Meeting and the Managing Board.

Supervisory Board

The Supervisory Board consists of 20 members. Ten members have been appointed by Landesbank NRW in its capacity as sole shareholder of WestLB AG. The other members are employee representatives appointed in accordance with the Codetermination Act of 4th May, 1976. The Supervisory Board supervises the conduct of business by the Managing Board of WestLB AG.

Delegated by Landesbank NRW:

Dr Bernd Lüthje, Chairman of the Managing Board, Landesbank NRW, Düsseldorf/Münster (Chairman of the Supervisory Board)

Jean-Pascal Beaufret, Chief Financial Officer, Alcatel, Paris

Dr. Karlheinz Bentele, President, Savings Banks and Giro Association of the Rhineland, Düsseldorf

Jochen Dieckmann, Minister of Finance of the State of Northrhine-Westphalia, Düsseldorf

Dr. Rolf Gerlach, President, Savings and Giro Association of Westphalia-Lippe, Münster

Dr. Karl-Ludwig Kley, Member of the Board of Deutsche Lufthansa AG, Cologne

Heinz-Peter Krämer, Chairman of the Managing Board, Kreissparkasse Köln, Cologne

Dr. Siegfried Luther, Vice-Chairman of the Managing Board, Bertelsmann AG, Gütersloh

Udo Molsberger, Director, Regional Association of the Rhineland, Cologne

Dr. Hans-Ulrich Predeick, Erster Landesrat, Regional Association of Westphalia-Lippe, Münster

Employee representatives:

Thorsten Ellwanger, Assistant Vice President, WestLB AG, Hamburg

Horst-Wolfgang Klophaus, Authorised Signatory, WestLB AG, Düsseldorf

Gerd-Uwe Löschmann, WestLB AG, Düsseldorf, Deputy Chairman

Manfred Matthewes, Bank Employee, WestLB AG, Düsseldorf

Heinz-Günter Sander, Bank Employee, WestLB AG, Düsseldorf

Elisabeth Weber, Bank Employee, WestLB AG, Düsseldorf

Bernd Fiegler, ver.di Vereinte Dienstleistungsgewerkschaft, Düsseldorf

Franz-Georg Schröermeyer, ver.di Vereinte Dienstleistungsgewerkschaft, Münster

Christiane Stascheit, ver.di Vereinte Dienstleistungsgewerkschaft, Düsseldorf

After the close of the financial year, the members of the Supervisory Board receive an adequate remuneration determined by a resolution of the General Meeting.

General Meeting

The ordinary General Meeting is held within the first eight months of each financial year. It is called by the Managing Board and held at the domicile of the company. The General Meeting resolves on all matters assigned to it by law or by the statutes. A quorum will be constituted if more than 50 per cent. of the share capital is represented. Resolutions are taken by a simple majority of the votes cast, unless a higher majority is mandatorily required by law or by the statutes.

Managing Board

The Managing Board represents WestLB AG in court and out of court. It has not less than two and not more than eight members. The Chairman of the Managing Board and the other members of the Managing Board are appointed by the Supervisory Board. Resolutions of the Managing Board are taken by a simple majority of the votes cast. In the case of an equality of votes, the Chairman will have the casting vote. WestLB AG is represented by two members of the Managing Board or by one member of the Managing Board together with a holder of a general commercial power of representation (*Prokurist*).

The members of the Managing Board are at present:

Dr. Thomas R. Fischer	Chairman
Matthijs van den Adel	
Klaus-Michael Geiger	
Dr. Manfred Puffer	
Robert Restani	Deputy Member
Gerhard Roggemann	
Rainer Schmitz	Deputy Member

The members of the Managing Board may be reached at the address of WestLB AG.

Annual Accounts and Annual Report

The financial year is the calendar year. WestLB AG prepares an annual report within the first eight months of each year.

Employees

As at 30th June, 2003, WestLB AG had 7,432 employees.

Auditors

PwC Deutsche Revision Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Moskauer Strasse 19, 40227 Düsseldorf, Federal Republic of Germany were the auditors of WestLB AG for the financial year ended 31st December, 2002 and of the former Westdeutsche Landesbank Girozentrale for the financial years ended 31st December, 2001 and 31st December, 2000, respectively. The above auditors have issued, in each case, an unqualified audit report.

Recent Developments and Outlook

At the end of April 2003, additional loss risks from a foreign leasing company exposure required additional risk provisioning which was subsequently included in WestLB AG's individual and group accounts, increasing the net loss after tax for the year ended 31st December, 2002 shown by WestLB AG and the WestLB Group to EUR 610m and EUR 1,730m, respectively. The risks resulting from this exposure were provided for in the annual accounts for the year ended 31st December, 2002.

The circumstances relating to such loss risks have been reviewed both internally and externally by the Bundesanstalt für Finanzdienstleistungsaufsicht (“BaFin”) (the German Federal Financial Supervisory Authority). BaFin has forwarded files to the Düsseldorf state prosecutor’s office which examined whether the facts called for a criminal investigation. In November 2003 the said prosecutor’s office launched a preliminary investigation and affirmed an initial suspicion against persons responsible in connection with the BoxClever deal. Given the complex nature of the transaction, this procedure is not unusual. WestLB AG will cooperate closely with the prosecutor’s office and has volunteered to do so accordingly.

At the meeting of the Supervisory Board of WestLB AG on 2nd July, 2003, Jürgen Sengera and Andreas Seibert were absolved of their duties as Managing Board Chairman of WestLB AG and Member of the Managing Board of WestLB AG, respectively.

At the same meeting, the Supervisory Board unanimously appointed Dr. Johannes Ringel new Managing Chairman of WestLB AG. It was intended that Dr. Ringel would fulfil this function until a new permanent successor was appointed by the Supervisory Board.

Furthermore, the Supervisory Board addressed WestLB AG’s future strategy. The focus was on defining the strategy development process as well as the cornerstones of a future structure that will allow WestLB AG to maintain and expand its competitive market position beyond 2005, the year in which institutional liability and guarantor liability will be abolished.

The shareholder and employee representatives on the Supervisory Board agree with the Managing Board that WestLB AG should implement a strategy building on three strong pillars. WestLB AG will be an international commercial bank with a clear focus on Europe as well as a competence centre for medium-sized enterprises and the savings banks.

The discharge of the Supervisory Board for the year ended 31st December, 2002 was granted in a special Shareholders’ Meeting on 3rd July, 2003.

On 1st August, 2003, Standard & Poor’s Ratings Services changed the long-term counterparty credit rating of WestLB AG, and therefore also the rating of the Programme, to AA.

Despite a good operating result, WestLB AG reported a loss for the first six months of 2003. The operating result before risk provisions/result of evaluation rose by EUR 313.9 million to EUR 480.4 million (+188.5 per cent.) on a mark-to-market basis. Risk provisions amounted to EUR 615.2 million. In the first six months of 2003, market value reserves amounted to EUR 163.4 million. In addition, WestLB AG has further substantial market value reserves in its trading portfolio. WestLB AG continues to report according to HGB, but plans to switch over to IAS reporting in 2005.

At its meeting on 23rd October, 2003 the Supervisory Board of WestLB AG unanimously appointed Dr. Thomas R. Fischer as the new Chairman of the Managing Board of WestLB AG. The Supervisory Board also unanimously appointed Dr. Matthijs van den Adel as Chief Risk Officer and Rainer Schmitz as Employee Relations Director. Rainer Schmitz took up his duties with immediate effect as a deputy member of the Managing Board. Dr. Matthijs van den Adel joined the Board on 1st January, 2004.

Dr. Johannes Ringel handed over the reins of Chairman to Dr. Thomas R. Fischer on 1st January, 2004.

WestLB AG will again report a significant loss for the year ended 31st December, 2003. However, as the audited figures for the year ended 31st December, 2003 are, as at the date hereof, unavailable, the precise amount of losses cannot yet be determined. Only once audited figures are available will WestLB AG be able to finalise the value of its participations and incorporate any additional charges for provisions against bad and doubtful debts.

WestLB AG’s operating result, on the other hand, is stable and continues to show a clearly positive trend. WestLB AG is of the opinion that the operating profit for the year ended 31st December, 2003 will be significantly better than for the year ended 31st December, 2002.

The preparations for obtaining a competitive rating for the period after the elimination of the state guarantees are now fully underway. In addition to eliminating all risks from WestLB AG's balance sheet, these preparations include implementing the business model for 2005, which will help to strengthen the earnings base of the Bank in a sustained way.

For the financial year 2004 WestLB AG has budgeted for an operating profit of up to EUR 716 million.

At an extraordinary meeting held on 2nd February, 2004, the Supervisory Board of WestLB AG appointed Dr. Norbert Emmerich to the Managing Board of WestLB AG. Dr. Emmerich will take up his appointment on 1st May, 2004.

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QUALIFIED ZONE ACADEMY BONDS

The zero-coupon Bonds maturing on March 11, 2020 are qualified zone academy bonds (“QZABs”). This appendix summarizes certain material federal income tax consequences relating to an investment in QZABs. The summary only addresses such consequences to an initial purchaser of a QZAB (a “QZAB Bondholder”), and is based upon the current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, treasury regulations, administrative pronouncements and judicial decisions, all of which are subject to change, possibly with retroactive effect. **This summary does not purport to be a complete discussion of all federal income tax consequences relating to making an investment in QZABs. The discussion herein concerning certain federal income tax consequences with respect to an investment in QZABs is included for general information only. All persons are urged to consult their own tax advisors to determine the specific tax consequences of making an investment in QZABs, including, any state, local or federal income tax consequences.**

A QZAB is a taxable bond issued by a state or local government the proceeds of which are used to improve certain eligible public schools. Under existing law and provided that the requirements of the Code are met, and subject to the discussion below, a QZAB Bondholder that is an “eligible taxpayer” (as defined below) is generally allowed a nonrefundable annual federal income tax credit in an amount equal to a credit rate (as published daily by the Treasury Department and determined for a QZAB on the first day on which there is a binding contract in writing for the sale or exchange of such bond, the “Credit Rate”) multiplied by the outstanding principal amount of such bond owned by an eligible taxpayer on each Credit Allowance Date (defined below). These annual credits are deemed paid on the last day of the one-year period beginning on the date of issuance of the QZAB and the last day of each successive one-year period thereafter, until maturity of such QZAB (each annual date being a “Credit Allowance Date”). Compliance with the requirements of the Code with respect to a QZAB generally will be established at the time of issuance of such QZAB, except in the case of the 95% Requirement (as defined below).

General

A “qualified zone academy bond” generally includes a bond issued as part of an issue 95% or more of the proceeds of which are used for a “qualified purpose” with respect to a “qualified zone academy” established by a local education agency (the “95% Requirement”), which qualified zone academy is located within the jurisdiction of the state or local government issuing such qualified zone academy bond. If the issuer of the qualified zone academy bond is unable to actually spend 95% of the proceeds of such qualified zone academy bond for a “qualified purpose”, the issuer may apply certain “remedial actions” to cure an unexpected failure to meet the 95% Requirement and, thereby, preserve the qualification of such bond as a qualified zone academy bond.

In addition, the issuer must certify on the date of issue that it has written assurances that a “private business contribution requirement” will be met and that it has the written approval of the “eligible local education agency” (within the meaning of Section 9101 of the Elementary and Secondary Education Act of 1965) for the bond issuance. The Treasury Department and the Internal Revenue Service intend that these certifications will be respected and may be relied upon by owners of a qualified zone academy bond if the certifications are reasonably made. For this purpose, the private business contribution requirement is met if the local education agency that established the qualified zone academy has written commitments from private entities to make “qualified contributions”.

Eligible Taxpayer

An “eligible taxpayer” includes only (i) a bank (within the meaning of Section 581 of the Code), (ii) an insurance company to which subchapter L of the Code applies, and (iii) a corporation actively engaged in the business of lending money.

Limitation on Credit

The allowable tax credit may not exceed the sum of the QZAB Bondholder's regular tax liability and alternative minimum tax liability under Section 55 of the Code less, in general, the QZAB Bondholder's other tax credits (except refundable tax credits set forth in subpart C of part IV of subchapter A of the Code).

Deductions of Unused Credit Amount

If a QZAB Bondholder cannot use all of the credit otherwise allocable for the taxable year, under the Treasury Regulations, such QZAB Bondholder is allowed a deduction for the taxable year that includes the Credit Allowance Date (or, at the option of the QZAB Bondholder, the next succeeding taxable year) from taxable income equal to the unused portion of the credit deemed paid on such Credit Allowance Date.

Credit Amount Included in Income as Deemed Interest

Section 1397E(g) of the Code requires a QZAB Bondholder to include the amount of the credit (determined without reference to the limitation described above under "Limitation on Credit") in gross income. The Treasury Regulations thereunder provide that the QZAB Bondholder must treat such amount as if it were a payment of qualified stated interest on each Credit Allowance Date, which an accrual method taxpayer must accrue as income over the one-year period that ends on the Credit Allowance Date. If such an accrual method QZAB Bondholder sells or exchanges a QZAB before any given Credit Allowance Date, the QZAB Bondholder must accrue such interest income up to the date of sale or exchange.

Original Issue Discount

For federal income tax purposes, original issue discount ("OID") is the excess of the stated redemption price at maturity of a QZAB over its issue price, if such excess equals or exceeds a *de minimis* amount (generally $\frac{1}{4}$ of 1% of the QZAB's stated redemption price at maturity multiplied by the number of complete years to its maturity from its issue date or, in the case of a QZAB providing for the payment of any amount other than qualified stated interest (as defined below) prior to maturity, multiplied by the weighted average maturity of such QZAB). The issue price of a QZAB equals the first price at which a substantial amount of such QZAB has been sold (ignoring sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). The stated redemption price at maturity of a QZAB is the sum of all payments provided by the QZAB other than "qualified stated interest" payments. The term "qualified stated interest" generally means stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate.

Payments of qualified stated interest on a QZAB are taxable to a holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the holder's regular method of tax accounting). A holder of an original issue discount QZAB must include OID in income as ordinary interest for United States federal income tax purposes as it accrues under a constant yield method in advance of receipt of the cash payments attributable to such income, regardless of such holder's regular method of tax accounting. Under the OID rules, holders generally will have to include in income increasingly greater amounts of OID in successive accrual periods. A holder's adjusted basis in a QZAB is to be increased by the amount of such accruing OID for purposes of determining taxable gain or loss on the sale or other disposition of a QZAB for federal income tax purposes. Prospective investors should consult their own tax advisors concerning the calculation of OID with regard to a QZAB.

Holders may generally, upon election, include in income all interest (including stated interest, acquisition discount, OID, *de minimis* OID, market discount, *de minimis* market discount, and unstated interest, as adjusted by any amortizable bond premium or acquisition premium) that accrues on a debt instrument by using the constant yield method applicable to OID, subject to certain limitations and exceptions.

State and Local Tax Matters

Potential holders of a QZAB are urged to consult with their tax advisors regarding the state and local tax consequences of owning a QZAB. No opinion of bond counsel will be rendered regarding the state and local tax consequences of owning a QZAB.

Credit Rate

The applicable Credit Rate for the QZABs is 5.30%.

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March 11, 2004

HONORABLE WILLIAM C. THOMPSON, JR.
 COMPTROLLER
 The City of New York
 Municipal Building
 New York, New York 10007

Dear Comptroller Thompson:

We have acted as counsel to The City of New York (the “City”), a municipal corporation of the State of New York (the “State”), in the issuance of its General Obligation Bonds, Fiscal 2004 Series H (the “Bonds”), including multi-modal bonds (the “Tax-Exempt Bonds”) and zero-coupon bonds due in 2020 (the “QZABs”).

The Bonds are issued pursuant to the provisions of the Constitution of the State, the Local Finance Law of the State, and the Charter of the City, and in accordance with a certificate of the Deputy Comptroller for Public Finance and related proceedings (the “Certificate”).

Based on our examination of existing law, such legal proceedings and such other documents as we deem necessary to render this opinion, we are of the opinion that:

1. The Bonds have been duly authorized, executed and issued in accordance with the Constitution and statutes of the State and the Charter of the City and constitute valid and legally binding obligations of the City for the payment of which the City has validly pledged its faith and credit, and all real property within the City subject to taxation by the City is subject to the levy by the City of *ad valorem* taxes, without limit as to rate or amount, for payment of the principal of and interest on the Bonds.

2. Interest on the Tax-Exempt Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City.

3. Except as provided in the following sentence, interest on the Tax-Exempt Bonds is not includable in the gross income of the owners of the Tax-Exempt Bonds for purposes of federal income taxation under existing law. Interest on the Tax-Exempt Bonds will be includable in the gross income of the owners thereof retroactive to the date of issue of the Bonds in the event of a failure by the City to comply with the applicable requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and the covenants regarding use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the United States Treasury; and we render no opinion as to the exclusion from gross income of interest on the Tax-Exempt Bonds for federal income tax purposes on or after the date on which any action is taken under the Certificate upon the approval of counsel other than ourselves.

4. Interest on the Tax-Exempt Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum tax. The Code contains other provisions that could

result in tax consequences, upon which we render no opinion, as a result of ownership of such Bonds or the inclusion in certain computations (including without limitation those related to the corporate alternative minimum tax) of interest that is excluded from gross income.

5. Subject to the restrictions described below, QZABs are “qualified zone academy bonds” within the meaning of the Code, eligible for the income tax credit set forth in Section 1397E of the Code. The amount of the tax credit is included in gross income of the eligible taxpayer. In rendering this opinion, we have relied without independent investigation upon representations of the City and the Chancellor of The New York City School District (the “Chancellor”) with respect to material facts solely within the knowledge of each and to the effect that each has taken actions necessary for the QZABs to be “qualified zone academy bonds.” Our opinion is subject to the City’s and the Chancellor’s compliance with all requirements of the Code that must be satisfied after issuance of the QZABs so that the QZABs qualify or continue to qualify as “qualified zone academy bonds.” The City and the Chancellor have covenanted in their respective tax certificates to comply with such requirements. Failure by the City or the Chancellor to comply with such requirements may cause the QZABs to be disqualified as “qualified zone academy bonds.” The Code and the regulations, rulings and court decisions, if any, upon which the foregoing opinion is based are subject to change, which could result in the prospective or retroactive disallowance of the tax credit. We express no opinion as to (a) whether any holder of a QZAB is an eligible taxpayer under the Code who may be entitled to claim the tax credit, (b) the outstanding principal amount of any QZAB as of any credit allowance date, (c) tax consequences resulting from ownership of QZABs under other provisions of the Code, or (d) the QZABs being “qualified zone academy bonds” on or after the date on which any action is taken under the Certificate upon the approval of counsel other than ourselves.

The rights of the owners of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted, to the extent constitutionally applicable, and the enforcement of related contractual and statutory covenants of the City and the State may also be subject to the exercise of the State’s police powers and of judicial discretion in appropriate cases.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions. Such opinions may be adversely affected by actions taken or events occurring, including a change in law, regulation or ruling (or in the application or official interpretation of any law, regulation or ruling) after the date hereof. We have not undertaken to determine, or to inform any person, whether such actions are taken or such events occur and we have no obligation to update this opinion in light of such actions or events.

Very truly yours,

