Execution Copy
[2021 Confirm]

Citibank, N.A.
333 West 34th Street, 2nd Floor
New York, NY 10001

February 14, 2011

Novation Confirmation

Deutsche Bank AG, New York Branch
60 Wall Street
New York, NY 10005
Attention: Derivative Documentation
Telephone: 44 20 7547 4755
Facsimile: 44 20 7545 9761
E-mail: Derivative.Documentation@db.com

Kentucky Asset/Liability Commission
Office of Financial Management
702 Capitol Avenue, Suite 76
Frankfort, KY 40601
Attention: Executive Director
Facsimile No.: (502) 564-7416
Telephone No.: (502) 564-2924

Ladies and Gentlemen:

The purpose of this letter is to confirm the terms and conditions of the Novation Transaction entered into between the parties and effective from the Novation Date specified below. This Novation Confirmation constitutes a "Confirmation" as referred to in the New Agreement specified below.

1. The definitions and provisions contained in the 2004 ISDA Novation Definitions (the "Definitions") and the terms and provisions of the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and amended from time to time, are incorporated in this Novation Confirmation. In the event of any inconsistency between (i) the Definitions, (ii) the 2006 ISDA Definitions and/or (iii) the Novation Agreement and this Novation Confirmation, this Novation Confirmation will govern.

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

Novation Trade Date:	February 14, 2011
Novation Date:	February 14, 2011
Novated Amount:	USD 68,410,000
Transferor:	Citibank, N.A.
Transferee:	Deutsche Bank AG, New York Branch
Remaining Party:	Kentucky Asset/Liability Commission

REF: MS13165
NYK 1383915-3.071371.0010

New Agreement (between Transferee and Remaining Party):	ISDA Master Agreement dated as of February 14, 2011

3. The terms of the Old Transaction to which this Novation Confirmation relates, for identification purposes, are as follows:

Notional Amount of Old Transaction:	USD 71,310,000
Trade Date of Old Transaction:	May 16, 2007
Effective Date of Old Transaction:	May 31, 2007
Termination Date of Old Transaction:	November 1, 2021

4. The terms of the New Transaction to which this Novation Confirmation relates shall be as specified in Sections 2, 3 and 4 of the copy of the Old Confirmation attached hereto as Exhibit A.

First Full Calculation Period:	Applicable, commencing on February 1, 2011.

5. Miscellaneous Provisions.

Non-Reliance: Applicable. In connection with this Novation Confirmation and the Novation Transaction, the Remaining Party agrees that (a) the Transferor and the Transferee are acting and have acted solely as a principal and not as an agent, advisor or fiduciary of the Remaining Party, (b) the Transferor and the Transferee have not assumed a fiduciary responsibility in favor of the Remaining Party with respect to this Novation Confirmation or the Novation Transaction and (c) nothing in this Novation Confirmation or in any prior relationship between the Transferor or the Transferee and the Remaining Party will be deemed to create an advisory, fiduciary or agency relationship between Transferor or the Transferee and the Remaining Party in respect of this Novation Transaction (whether or not the Transferor or the Transferee, or any affiliate of the Transferor or the Transferee, has provided or is currently providing other services to the Remaining Party on related or other matters). In addition, the Remaining Party acknowledges that it has (i) determined, without reliance upon the Transferor or the Transferee or any of their affiliates, the financial and economic risks and merits, as well as the legal, tax and accounting characterizations and consequences, of this Novation Transaction and it is capable of assuming such risks and (ii) consulted with its own legal, tax, accounting and financial advisors to determine whether the Novation Transaction set forth in this Novation Confirmation is in its best interest and made an independent analysis and decision to enter into the Novation Transaction based on such advice.

6. ***Release of the Swap Insurance Policy.*** The Transferor relinquishes its rights to make a claim under, or receive payment pursuant to, the terms of Surety Bond Number 07010231, dated May 16, 2007 (the "Policy") and releases Financial Guaranty Insurance Company ("FGIC") from its obligations to the Remaining Party thereunder. Each of the Remaining Party and the Transferee understands and acknowledges that the Policy will, therefore, have no further force or effect with respect to the Transferee and will no longer insure any of the Remaining Party's payment obligations under the Old Agreement or New Agreement with respect to the Old Transaction or the New Transaction. Each of the Remaining Party and the Transferee hereby agrees that the Policy shall be deemed cancelled. Each of the Transferor, the Transferee and the Remaining Party hereby acknowledges and agrees that any amount payable by the Remaining Party to the Transferee on the Payment Date next following the Novation Date shall not be insured by FGIC. Each of the Transferor, the Transferee and the Remaining Party hereby acknowledges and agrees that the New Transaction is not an insured Transaction and none of FGIC, MBIA Insurance Corporation ("MBIA") or National Public Finance Guarantee Corporation ("National") have any rights under the Old Agreement, the New Agreement, the Old Transaction and the New Transaction, including but not limited to any right to consent to amendments to the Old Agreement, the New Agreement, the Old Transaction and the New Transaction.

7. ***Documents to be Delivered.*** The following documents shall be delivered by the Remaining Party to the Transferor and the Transferee promptly upon execution of this Novation Confirmation:

(a) an opinion of counsel to the Remaining Party with respect to the enforceability of this Novation Confirmation against the Remaining Party;

(b) evidence reasonably satisfactory to the Transferor and the Transferee of (i) the authority of the Remaining Party to enter into this Novation Confirmation and (ii) the authority and genuine signature of the individual signing this Novation Confirmation on behalf of the Remaining Party to execute the same; and

(c) a certified copy of the resolution or resolutions (or the equivalent thereof) of the governing body of the Remaining Party, certified by an appropriate official of the Remaining Party, pursuant to which the Remaining Party is authorized to enter into this Novation Confirmation.

8. ***Account Details.***

Payments to Transferee:

Account With: DB Trust Co. Americas, New York
ABA: 21001033
SWIFT Code: BKTRUS33
Favor Of: Deutsche Bank AG, New York
Account Number: 01 473 969

Payments to Remaining Party:

The Bank of New York Mellon Trust
ABA #021000018
For Credit to GLA: 211065
For Final Credit to TAS: 204182
Account Name: ALCO Hedge Payment Fund
Attn: Amy Anders 502-566-6913

9. ***Novation Payment.*** In full consideration of this Novation Confirmation, the Transferee shall pay to the Transferor on February 16, 2011 the amount of USD 5,976,000 (the "Novation Payment"). The Novation Payment shall be paid by the Transferee to the Transferor in immediately available funds to the following account:

Citibank, N.A.
ABA#: 021000089
Account #: 00167679
Financial Futures
Reference: MS13165

If you have any questions regarding this Confirmation, please contact the Swap Operations Department in New York at 212-723-6320.

The parties confirm their acceptance to be bound by this Novation Confirmation as of the Novation Date by executing a copy of this Novation Confirmation and returning it to us. The Transferor, by its execution of a copy of this Novation Confirmation, agrees to the terms of the Novation Confirmation as it relates to the Old Transaction. The Transferee, by its execution of a copy of this Novation Confirmation, agrees to the terms of the Novation Confirmation as it relates to the New Transaction.

Yours sincerely,

CITIBANK, N.A.

By: _____
Name:
Title:

Confirmed as of the
date first above written:

DEUTSCHE BANK AG, NEW YORK BRANCH

By: _____
Name:
Title:

KENTUCKY ASSET/LIABILITY COMMISSION

By: _____
Name:
Title:

The undersigned, National Public Finance Guarantee Corporation (formerly known as MBIA Insurance Corp. of Illinois), as reinsurer and administrator of the Policy pursuant to the Reinsurance Agreement, effective as of September 30, 2008 (the "Reinsurance Agreement"), by and between MBIA and FGIC, and the Assignment and Assumption Agreement, effective as of January 1, 2009 (the "Assignment Agreement" and collectively with the Reinsurance Agreement, the "National Agreements"), by and between MBIA and National, hereby (i) represents that it is the authorized agent of FGIC pursuant to the terms of the National Agreements and that it is authorized to act on FGIC's behalf with respect to this Novation Confirmation pursuant to the National Agreements, (ii) consents to this Novation Confirmation (as required by Part 1(l)(vi) of the Old Agreement) and (iii) acknowledges the provisions of Paragraph 6 of this Novation Confirmation and receipt of a copy of the Policy for cancellation.

NATIONAL PUBLIC FINANCE GUARANTEE CORPORATION,
as reinsurer and as agent for Financial Guaranty Insurance Company

By: _____
Name: SUDIP MUKHERJEE
Title: DIRECTOR

REF: MS13165
NYK 1383915-3.071371.0010

Exhibit A

Execution Copy
[2021]

Citibank, N.A.
333 West 34th Street, 2nd Floor
New York, NY 10001

citigroup

May 16, 2007

Transaction

Kentucky Asset/Liability Commission
Office of Financial Management
76 Capitol Annex Bldg.
Frankfort, KY 40601

Attention: Executive Director
Facsimile No.: (502) 564-7416
Telephone No.: (502) 564-2924

Tax ID #: 61-0600439

Ladies and Gentlemen:

The purpose of this letter agreement is to confirm the terms and conditions of the transaction (the "Transaction") entered into between Citibank, N.A., New York ("Party A") and Kentucky Asset/Liability Commission ("Party B") on the Trade Date specified below.

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

1. This Confirmation shall supplement, form a part of, and be subject to, the Master Agreement, dated as of May 16, 2007 (including the Schedule thereto, the "Agreement"), between Party A and Party B. All provisions contained in such Master Agreement will govern this Confirmation except as expressly modified below.

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

Notional Amount:	USD 71,310,000, reducing on the dates and in the amounts set forth in Annex I hereto.
Trade Date:	May 16, 2007
Effective Date:	May 31, 2007
Termination Date:	November 1, 2021
FIXED AMOUNTS:	
Fixed Rate Payer:	Party B
Fixed Rate Payer Payment Dates:	Quarterly, one (1) Business Day prior to each February 1, May 1, August 1 and November 1, commencing on August 1, 2007 and terminating on the Termination Date.

Fixed Rate Payer Period End Dates:	Quarterly, on each February 1, May 1, August 1 and November 1, commencing on August 1, 2007 and terminating on the Termination Date. No Adjustment shall apply to Period End Dates.
Fixed Rate:	4.042%
Fixed Rate Day Count Fraction	30/360
FLOATING AMOUNTS:	
Floating Rate Payer:	Party A
Floating Rate Payer Payment Dates:	Quarterly, one (1) Business Day prior to each February 1, May 1, August 1 and November 1, commencing on August 1, 2007 and terminating on the Termination Date.
Floating Rate Payer Period End Dates:	Quarterly, on each February 1, May 1, August 1 and November 1, commencing on August 1, 2007 and terminating on the Termination Date. No Adjustment shall apply to Period End Dates.
Floating Rate Option:	The sum of (i) 67.00% of USD-LIBOR-BBA and (ii) 0.52%.
Designated Maturity:	Three months, except with respect to the initial Calculation Period, Linear Interpolation shall apply.
Floating Rate Reset Date:	The Effective Date and each February 1, May 1, August 1 and November 1 thereafter. As specified in the Definitions, the rate for each Reset Date shall be the rate which appears on the Telerate Page 3750 as of 11:00 a.m., London time, on the day that is two London Banking Days preceding that Reset Date.
Floating Rate Day Count Fraction:	Actual/Actual
Method of Averaging:	Inapplicable
Compounding:	Inapplicable
Business Days:	New York

3. ***Optional Termination.*** Party B may, on any Business Day (the "Optional Termination Date"), terminate and cash settle this Transaction by providing at least two (2) Business Days prior written notice to Party A. The amount due with respect to any such termination shall be determined by Party A in its sole discretion. If Party B elects to dispute such amount, the amount due with respect to such termination shall be determined pursuant to Section 6 of the Master Agreement as if (a) the Optional Termination Date is the Early Termination Date, (b) Party B is the sole Affected Party (for all purposes other than an election to terminate), (c) this Transaction is the sole Affected Transaction, and (d) Market Quotation and Second Method are selected for purposes of Payments on Early Termination. Party B agrees that it shall not optionally terminate this Transaction unless (i) it has or will have on the Optional Termination Date, sufficient funds available to pay any Settlement Amount which may be due and payable as a result of such early termination, and (ii) if Party B has any other Transactions in full force and effect with Party A and Party B is not simultaneously terminating each such other Transaction, such optional termination of this Transaction will not result in a violation of Party A's credit practices or policies or exposure limitations, in the sole discretion of Party A. Notwithstanding anything herein to the contrary, the parties will be obligated to pay any accrued and unpaid amounts that would otherwise be due on the Optional Termination Date.

4. ***Netting of Payments.*** For purposes of this Transaction only, Part 3(f) of the Schedule to the Agreement shall be amended in its entirety to read as follows:

"Netting of Payments. Notwithstanding anything in the Agreement, Section 2(c) of this Agreement shall be deleted in its entirety. The parties intend that all payments under this Transaction shall be gross

payments, in that each party shall make the payment required by it (Party A shall make payments of Floating Amounts and Party B shall make payments of Fixed Amounts) without regard to any payment by the other party under this Transaction or any other Transaction."

5. ***Additional Termination Event.*** For purposes of this Transaction only, the following events shall constitute Additional Termination Events under Section 5(b)(iii) of the Agreement for which Party B shall be the sole Affected Party:

(a) Party B fails, on or prior to May 31, 2007, to deliver swap insurance with respect to its regularly scheduled payment obligations under the Agreement with respect to this Transaction and with respect to any Settlement Amounts due from Party B under the Agreement upon the termination of this Transaction by or at the direction of the Insurer (as hereinafter defined), from a nationally recognized monoline municipal bond insurer rated at least AAA by S&P and Aaa by Moody's acceptable to Party A (the "Insurer") pursuant to a swap insurance policy in form and substance reasonably acceptable to Party A.

(b) Party B fails to deliver to Party A, on or prior to the dates required by Paragraph 6 hereof, any of the documents set forth in Paragraph 6.

6. ***Documents to be Delivered.***

(a) The following documents shall be delivered by Party B to Party A on or prior to May 22, 2007:

(i) a certified copy of the resolution or resolutions (or the equivalent thereof) of the governing body of Party B, certified by an appropriate official of Party B, pursuant to which Party B is authorized to enter into this Transaction;

(ii) evidence reasonably satisfactory to Party A of the (A) authority of Party B to enter into this Transaction, and (B) the authority and genuine signature of the individual signing this Confirmation, on behalf of Party B to execute the same; and

(iii) an opinion of counsel to Party B with respect to the enforceability of this Transaction.

(b) The following documents shall be delivered by Party B to Party A on or prior to May 31, 2007:

(i) the Swap Insurance Policy;

(ii) an opinion of counsel to Insurer with respect to the enforceability of the Swap Insurance Policy; and

(iii) an opinion of counsel to Party B with respect to the enforceability of the Trust Indenture and the Financing Agreement (each as defined in the Agreement).

7. ***Account Details.***

Payments to Party A:	Citibank, N.A., New York ABA#: 021000089 Account #: 00167679 Financial Futures Reference: MS13165
Payments to Party B:	The Bank of New York ABA #021000018 For Credit to GLA: 211065 For Final Credit to TAS: 204169

Account Name: ALCo Hedge Payment Fund
Attn: Amy Anders 502-566-6913

If you have any questions regarding this letter agreement, please contact the Swap Operations Department in New York at 212-723-6320.

REF: MS13165
NYK 1098688-6.071371.0011

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us or by sending to us a letter substantially similar to this letter, which letter sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms.

Yours sincerely,

CITIBANK, N.A., NEW YORK

By: _____
Name: John D. Heppolette
Title: Vice President

Confirmed as of the
date first above written:

KENTUCKY ASSET/LIABILITY COMMISSION

By: _____
Name:
Title:

REF: MS13165
NYK 1098688-6.071371.0011

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing the copy of this Confirmation enclosed for that purpose and returning it to us or by sending to us a letter substantially similar to this letter, which letter sets forth the material terms of the Transaction to which this Confirmation relates and indicates agreement to those terms.

Yours sincerely,

CITIBANK, N.A., NEW YORK

By: _____
Name:
Title:

Confirmed as of the
date first above written:

KENTUCKY ASSET/LIABILITY COMMISSION

By: _____
Name:
Title:

REF: MS13165

NYK 1098688-4.071371.0011

ANNEX I
to Confirmation, dated May 16, 2007,
between Citibank, N.A., New York
and Kentucky Asset/Liability Commission

From & Including	To But Excluding	Notional Amount (USD)	Notional Reduction Amount (USD)
Effective Date	11/1/2007	71,310,000	1,035,000
11/1/2007	11/1/2008	70,275,000	600,000
11/1/2008	11/1/2009	69,675,000	620,000
11/1/2009	11/1/2010	69,055,000	645,000
11/1/2010	11/1/2011	68,410,000	670,000
11/1/2011	11/1/2012	67,740,000	700,000
11/1/2012	11/1/2013	67,040,000	730,000
11/1/2013	11/1/2014	66,310,000	760,000
11/1/2014	11/1/2015	65,550,000	790,000
11/1/2015	11/1/2016	64,760,000	820,000
11/1/2016	11/1/2017	63,940,000	11,770,000
11/1/2017	11/1/2018	52,170,000	11,780,000
11/1/2018	11/1/2019	40,390,000	12,925,000
11/1/2019	11/1/2020	27,465,000	13,420,000
11/1/2020	11/1/2021	14,045,000	14,045,000