

This AMENDMENT TO MEMORANDUM OF UNDERSTANDING, dated as of April ~~24~~, 2014 (“Amendment”), by and among the STATE OF NEW YORK, acting by and through the Director of the Budget of the State of New York (the “State”) and the POWER AUTHORITY OF THE STATE OF NEW YORK (“NYPA”), a corporate municipal instrumentality and political subdivision of the State (collectively, the “Parties”).

WHEREAS, on February 23, 2009, NYPA and the State entered into a Memorandum of Understanding (the “2009 MOU”), providing the framework for a temporary intra-governmental transfer of assets from NYPA to the State;

WHEREAS, as set forth in the 2009 MOU, NYPA had certain Available Monies referred to in the MOU as “Asset A” in the amount of \$103 million, and “Asset B” in the amount of \$215 million, and NYPA agreed to provide temporary asset transfers in amounts equal to Asset A, with such Asset A transfer rendered to the State in September, 2009 and Asset B, with such Asset B transfer rendered to the State in February 2009, in accordance with authorizing legislation the form of which is attached to the 2009 MOU as the first page of Appendix A;

WHEREAS, as further specified in the 2009 MOU, the State (1) agreed to include in the Executive Budget for each Fiscal Year commencing with the 2009-10 Fiscal Year an appropriation in the amount of Asset A through the 2014-15 Fiscal Year, and an appropriation in the amount of Asset B through the 2017-18 Fiscal Year, substantially in the form attached to the 2009 MOU as Appendix B (entitled in pertinent part “CONTINGENT AND OTHER APPROPRIATIONS NEW YORK POWER AUTHORITY ASSET TRANSFER”), and (2) included legislation in the Enacted Budget for the 2009-10 Fiscal Year, entitled “A BUDGET BILL submitted by the Governor in accordance with Article VII of the Constitution” the form of which is attached to the 2009 MOU as the second page of Appendix A (the “Article VII Bill”);

WHEREAS, commencing with the 2009-10 Fiscal Year and each year thereafter, the State has included in the Executive Budget the appropriation previously mentioned;

WHEREAS, the State agreed, subject to appropriation by the New York State Legislature, to return Asset A to NYPA no later than September 30, 2014 and to return Asset B to NYPA no later than September 30, 2017, provided however that the State agreed to return such assets to NYPA sooner under certain conditions as specified in the 2009 MOU; and

WHEREAS, the Parties now desire to modify the 2009 MOU to specify revised terms as provided for herein.

NOW, THEREFORE, and in recognition of the foregoing, the Parties state their mutual understandings as follows:

1. The text appearing under “ARTICLE III, SPECIAL COVENANT” of the 2009 MOU is deleted and replaced with the following text:

Section 3.1. Appropriation Covenant. The State hereby agrees to include in the Executive Budget for each Fiscal Year commencing with the 2014-

15 Fiscal Year and continuing, in the case of Asset A, through the 2018-19 Fiscal Year, and in the case of Asset B, through the 2017-18 Fiscal Year as requested appropriations substantially in the form attached hereto as Appendix B, an amount equal to any portion of either Asset Transfer that has not been returned to NYPA.

Subject to appropriation by the New York State Legislature, the State hereby agrees to return Asset A to NYPA in five (5) annual installments, which shall be made no later than September 30th of each of the following five State fiscal years (2014-15 through 2018-19) and in such amounts as set forth below:

| | |
|----------------------------|--------------|
| State Fiscal Year 2014-15: | \$18,000,000 |
| State Fiscal Year 2015-16: | \$21,000,000 |
| State Fiscal Year 2016-17: | \$21,000,000 |
| State Fiscal Year 2017-18: | \$21,000,000 |
| State Fiscal Year 2018-19: | \$22,000,000 |

Subject to appropriation by the New York State Legislature, the State hereby agrees to return Asset B to NYPA not later than September 30, 2017.

Any appropriation of monies for the return of any portion of Asset A prior to the installments provided for in this Article III, or Asset B prior to September 30, 2017, shall be made only upon a certification by the Director of the Budget, following a certification by NYPA to the Director of the Budget that monies available to NYPA are insufficient to meet NYPA's obligations with respect to, (i) in the case of Asset A, NYPA's operating or capital programs or to pay debt service on its debt obligations, provided that in no event shall such certification by NYPA exceed the unrepaid balance of Asset A, and (ii) in the case of Asset B, compliance with the Authority's payment obligations related to the transfer and disposal of nuclear spent fuel as required by federal or state statute or regulation, provided that in no event shall such certification by NYPA exceed in the aggregate an amount equal to \$215,000,000.

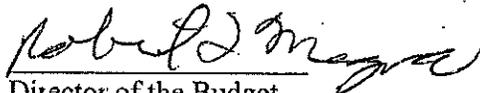
Notwithstanding the foregoing, prior to the return to NYPA of amounts equal to Asset B, the State will seek additional appropriations of monies for transfer to NYPA and may take other actions, which together will be sufficient, as determined by the Director of the Budget in consultation with NYPA, to enable NYPA to maintain the asset value on its financial statements at the current value of Asset B or at a higher amount.

2. The text appearing under "Appendix B" of the 2009 MOU is deleted and replaced with text substantially in the form attached hereto as Exhibit A.
3. Unless otherwise defined herein, all capitalized terms used herein shall have the meanings given to them in the 2009 MOU.

4. Except as expressly modified by or set forth in this MOU, the 2009 MOU shall remain unmodified and in full force and effect.
5. This Amendment shall be effective as of the date the fully executed Amendment is approved/ratified by NYPA's Board of Trustees.

STATE OF NEW YORK, acting by and through
the Director of the Budget of the State
of New York

By:

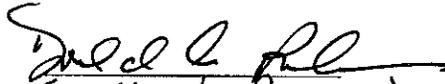

Director of the Budget

Dated:

4/21/14

**POWER AUTHORITY OF THE STATE
OF NEW YORK**

By:


Executive Vice President & Chief Financial Officer

Dated:

April 27, 2014

Exhibit A

Appendix B

MISCELLANEOUS -- ALL STATE DEPARTMENTS AND AGENCIES

NEW YORK POWER AUTHORITY ASSET TRANSFER

STATE OPERATIONS 20__ - __

For payment according to the following schedule:

| | APPROPRIATIONS | REAPPROPRIATIONS |
|--------------------|----------------|------------------|
| General Fund | 318,000,000 | 0 |
| | ----- | ----- |
| All Funds | 318,000,000 | 0 |
| | ===== | ===== |

SCHEDULE

NEW YORK POWER AUTHORITY ASSET TRANSFER PROGRAM 318,000,000

General Fund
State Purposes Account - 10050

For deposit to the appropriate account or accounts of the New York power authority pursuant to a plan submitted by the New York power authority and approved by the director of the budget. Notwithstanding section 40 of the state finance law, this appropriation shall remain in place until a subsequent appropriation is made available. The sum of \$103,000,000 is hereby appropriated to the New York power authority for deposit to the appropriate account or accounts. Such appropriation shall be made available either: (i) pursuant to a repayment agreement submitted by the New York power authority and approved by the director of the budget, or (ii) upon certification of the director of the budget at the request of the New York power authority when and to the extent that the

authority certifies to the director that the monies available to the authority are not sufficient to meet the authority's obligations with respect to its debt service or operating or capital programs ... 103,000,000

For deposit to the appropriate account or accounts of the New York power authority pursuant to a plan submitted by the New York power authority and approved by the director of the budget. Notwithstanding section 40 of the state finance law, this appropriation shall remain in place until a subsequent appropriation is made available. The sum of \$215,000,000 is hereby appropriated to the New York power authority for deposit to the appropriate account or accounts. Such appropriation shall only be made available upon certification of the director of the budget, at the request of the New York power authority when and to the extent that the authority certifies to the director that such monies are necessary to comply with the authority's expenses related to the transfer and disposal of nuclear spent fuel as required by federal or state statute 215,000,000
