

NIAGARA TOBACCO ASSET SECURITIZATION CORPORATION
AUTHORITY MEASUREMENT REPORT

The major proceeds of the Tobacco Settlement are controlled and maintained by M & T Bank and Trustee and Bank of America. We continue to operate on a fixed budget covering operational expenses.

Niagara Tobacco Asset Securitization Corporation relies on the terms and payment thereof from the major tobacco corporations to insure re-payment of interest and other expenses associated with securitization of these funds. It is assumed with more smokers purchasing cigarettes from Indian Reservations, due to the increased tax associated with purchase of domestic cigarettes, and the continued dispute from the major tobacco corporations regarding the amount due pursuant to the initial Tobacco Settlement and funds being withheld in the Disputed Payment Account, Niagara Tobacco Asset Securitization Corporation will, in the future, have to rely on reserve assets to cover the debt incurred by securitization. We will continue to monitor the amount withheld and deposited into the Disputed Payment Account and continue to seek resolution and full payment from the major tobacco corporations to satisfy the Tobacco Settlement Agreement.