**NEW ISSUE** **BOOK-ENTRY-ONLY**

# $440,000,000
# Metropolitan Transportation Authority
## Dedicated Tax Fund Variable Rate Bonds, Series 2002B

**DATED: Date of Delivery** **DUE: November 1, 2022**

The Series 2002B Bonds are being issued to refund certain dedicated tax fund bonds of MTA and to finance certain transit and commuter projects operated by MTA's affiliates and subsidiaries.

The Series 2002B Bonds -

- are MTA's special, not general, obligations, payable solely from the State taxes deposited into the Pledged Amounts Account of the Metropolitan Transportation Authority Dedicated Tax Fund as described herein, and
- are not a debt of the State or The City of New York or any other local government unit.

MTA has no taxing power.

The Series 2002B Bonds will constitute Variable Interest Rate Obligations and will initially bear interest from their date of delivery in the Weekly Mode as herein described. The Series 2002B Bonds will bear interest from the date of delivery to and including September 11, 2002 at a rate to be established by MTA and, thereafter, at the rate determined by the Remarketing Agent as herein described. MTA reserves the right at any time to convert to an Auction Rate Mode, Commercial Paper Mode, Daily Mode, Fixed Rate Mode or Term Rate Mode. **This official statement is intended to provide disclosure only to the extent the Series 2002B Bonds remain in the Weekly Mode.**

The Series 2002B Bonds are subject to mandatory or optional tender for purchase as more fully described herein. In order to provide for the payment of the purchase price in the event of a mandatory or optional tender, MTA has entered into a standby bond purchase agreement with Dexia Crédit Local in connection with the Series 2002B Bonds (the Initial Liquidity Facility). The Initial Liquidity Facility is scheduled to expire on May 7, 2010, unless extended or earlier terminated (in certain cases without notice or without the obligation of the Liquidity Facility Issuer to purchase Series 2002B Bonds that have been tendered for purchase) in accordance with its terms as described in this official statement.

The scheduled payment of principal of and interest on the Series 2002B Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Series 2002B Bonds by Financial Security Assurance Inc. (the Insurer).

FSA®

Price — 100%

The Initial Liquidity Facility does not provide security for the scheduled payment of principal of or interest or premium, if any, on the Series 2002B Bonds, and the funds drawn thereunder may not be used for such purposes. Payment of purchase price is not an obligation of MTA or the Insurer.

The Series 2002B Bonds are subject to redemption prior to maturity as described herein.

The Bank of New York is the Trustee, Paying Agent and Tender Agent for the Series 2002B Bonds.

*In the opinion of Hawkins, Delafield & Wood, Bond Counsel to MTA, under existing law and relying on certain representations by MTA and assuming the compliance by MTA with certain covenants, interest on the Series 2002B Bonds is*

- *excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986,*
- *not a preference item for a bondholder under the federal alternative minimum tax, and*
- *included in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.*

*Also in Bond Counsel's opinion, under existing law interest on the Series 2002B Bonds is exempt from personal income taxes of New York State or any political subdivisions of the State.*

The Series 2002B Bonds are offered when, as, and if issued, subject to certain conditions, and are expected to be delivered through DTC's facilities, on or about September 5, 2002.

This cover page contains certain information for general reference only. It is not intended to be a summary of the security or terms of the Series 2002B Bonds. Investors are advised to read the entire official statement, including all portions hereof included by specific reference, to obtain information essential to making an informed decision.

**Morgan Stanley**

August 27, 2002

**SUMMARY OF TERMS RELATING TO WEEKLY MODE***

| | |
|---|---|
| INTEREST PAYMENT DATES AND CALCULATION PERIOD | The first Business Day of each month, commencing October 1, 2002, on actual days over a 365-day year (366 in years when February has 29 days) |
| RECORD DATE | Opening of business on the Business Day preceding an Interest Payment Date |
| OWNERS' RIGHTS TO TENDER | On any Business Day by irrevocable written notice (or by irrevocable telephonic notice, promptly confirmed in writing) of tender to the Tender Agent and Remarketing Agent at their respective addresses specified below at least seven calendar days prior to the Purchase Date |
| NOTICE OF MODE CHANGE; MODE CHANGE DATE | Trustee to mail notice to Owners not later than 15 days before the Mode Change Date, which can be any Business Day |
| MANDATORY TENDER FOR PURCHASE | On each Mode Change Date, Expiration Tender Date, Termination Tender Date and Substitution Date |
| RATE DETERMINATION DATE | Each Wednesday, unless such Wednesday is not a Business Day, in which case the rate shall be set on the Business Day next preceding such Wednesday |
| RATE ADJUSTMENT DATE | Thursday of each week |
| TENDER AGENT'S ADDRESS FOR DELIVERY OF TENDER NOTICE | The Bank of New York<br>One Wall Street<br>Window B – 3rd Floor<br>New York, New York 10286<br>Attention: Matthew Lombardi<br><br>Phone: (212) 815-5289<br>Fax: (212) 815-3466 |
| REMARKETING AGENT'S ADDRESS FOR DELIVERY OF TENDER NOTICE | Morgan Stanley & Co. Incorporated<br>1221 Avenue of the Americas<br>30th Floor<br>New York, New York<br>Attention: Short-Term Desk<br><br>Phone: (212) 762-8104<br>Fax: (212) 762-8223 |

***The Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Series 2002B Bonds at a level above that which might otherwise prevail in the open market. The Underwriter is not obligated to do this and is free to discontinue it at any time.***

* So long as the Series 2002B Bonds are registered in the name of Cede & Co., as Bondholder and Securities Depository Nominee of DTC, mechanics for tender and redemption will be in accordance with procedures established by DTC.

# Metropolitan Transportation Authority

347 Madison Avenue
New York, New York 10017
(212) 878-7000
Website: www.mta.info



---

HAWKINS, DELAFIELD & WOOD
New York, New York
*Bond Counsel*

GOLDMAN, SACHS & CO.
New York, New York
*Financial Advisor*

**SUMMARY OF TERMS**

MTA has prepared this Summary of Terms to describe the specific terms of the Series 2002B Bonds. The information in this official statement, including the materials filed with the repositories and included by specific reference as described herein, provides a more detailed description of matters relating to MTA and to MTA's Dedicated Tax Fund Bonds. Investors should carefully review that detailed information in its entirety before making a decision to purchase any of the bonds being offered.

| | |
|---|---|
| Issuer | Metropolitan Transportation Authority, a public benefit corporation of the State of New York. |
| Bonds Being Offered | Dedicated Tax Fund Variable Rate Bonds, Series 2002B. |
| Purpose of Issue | To refund certain MTA dedicated tax fund bonds and to finance certain transit and commuter projects. MTA will retain its right to redeem prior to maturity those Refunded Bonds indicated on **Attachment 6**. |
| Maturity and Rates | The Series 2002B Bonds are Variable Interest Rate Obligations that initially bear interest in the Weekly Mode as herein described and that mature on November 1, 2022. |
| Denominations in Weekly Mode | $100,000 or any integral multiple of $5,000 in excess thereof. |
| Interest Payment Dates in Weekly Mode | The first Business Day of each month, commencing October 1, 2002. |
| Redemption | *See* DESCRIPTION OF SERIES 2002B BONDS – Redemption Provisions During The Weekly Mode ***in Part I*** for redemption information. |
| Tender | *See* DESCRIPTION OF SERIES 2002B BONDS – Tender, Presentation and Purchase Provisions of the Series 2002B Bonds During the Weekly Mode ***in Part I*** for tender provisions. |
| Sources of Payment and Security | MTA's pledged State taxes. |
| Initial Liquidity Facility | Standby Bond Purchase Agreement with Dexia Crédit Local that expires on May 7, 2010, unless extended or earlier terminated as described herein. *See* DESCRIPTION OF SERIES 2002B BONDS – Liquidity Facility ***in Part I***. |
| Credit Enhancement | FSA municipal bond insurance policy. |
| Registration of the Bonds | DTC Book-Entry-Only System. No physical certificates evidencing ownership of a bond will be delivered, except to DTC. |
| Trustee and Tender Agent | The Bank of New York. |
| Bond Counsel | Hawkins, Delafield & Wood, New York, New York. |
| Tax Status | *See* TAX MATTERS ***in Part III***. |
| Expected Ratings | Standard & Poor's: A-1+/AAA<br>Fitch: F1+/AAA<br>*See* RATINGS ***in Part III***. |
| Financial Advisor | Goldman, Sachs & Co. |
| Underwriter/Remarketing Agent | Morgan Stanley & Co. Incorporated. |
| Purchase Price/Underwriter's Discount | *See* UNDERWRITING ***in Part III***. |
| Verification Agent | Bond Logistix LLC, New York, New York |
| Counsel to the Underwriter | Jones, Day, Reavis & Pogue, New York, New York. |
| MTA Special Counsel | Nixon Peabody LLP ***and*** Squire, Sanders & Dempsey L.L.P., New York, New York. |

- ***No Unauthorized Offer*. This official statement is not an offer to sell, or the solicitation of an offer to buy, the Series 2002B Bonds, in any jurisdiction where that would be unlawful. MTA has not authorized any dealer, salesperson or anyone else to give any information or make any representation in connection with the offering of the Series 2002B Bonds, except as set forth in this official statement. No other information or representations should be relied upon.**

- ***No Contract or Investment Advice*. This official statement is not a contract and does not provide investment advice. Investors should consult their financial advisors and legal counsel with questions about this official statement and the Series 2002B Bonds being offered, or anything else related to this bond issue.**

- ***Information Subject to Change*. Information and expressions of opinion are subject to change without notice, and it should not be inferred that there have been no changes since the date of this document. Neither the delivery of, nor any sale made under, this official statement shall under any circumstances create any implication that there has been no change in MTA's affairs or in any other matters described herein.**

- ***Forward-Looking Statements*. Many statements contained in this official statement, including the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on MTA's beliefs, as well as assumptions made by, and information currently available to, the management and staff of MTA. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. The words "anticipate," "assume," "estimate," "expect," "objective," "projection," "forecast," "goal," "budget" or similar words are intended to identify forward-looking statements. The words or phrases "to date," "now," "currently," and the like are intended to mean as of the date of this official statement.**

- ***No Guarantee of Information by Underwriter*. The Underwriter has provided the following sentence for inclusion in this official statement: The Underwriter has reviewed the information in this official statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.**

- ***Bond Insurer Information*. Other than with respect to information concerning the Insurer contained under the caption DESCRIPTION OF SERIES 2002B BONDS – Bond Insurance and in Attachment 4 herein, none of the information in this official statement has been supplied or verified by the Insurer and the Insurer makes no representation or warranty, express or implied, as to**

    - the accuracy or completeness of information it has neither supplied nor verified,
    - the validity of the Series 2002B Bonds, or
    - the tax-exempt status of the interest on the Series 2002B Bonds.

- ***Initial Liquidity Facility Issuer Information*. Other than with respect to information concerning the Initial Liquidity Facility Issuer contained in Attachment 5 herein, none of the information in this official statement has been supplied or verified by the Initial Liquidity Facility Issuer and the Initial Liquidity Facility Issuer makes no representation or warranty, express or implied, as to**

    - the accuracy or completeness of information it has neither supplied nor verified,
    - the validity of the Series 2002B Bonds, or
    - the tax-exempt status of the interest on the Series 2002B Bonds.

- ***SEC Rule 15c2-12.* SEC Rule 15c2-12 does not require MTA to enter into a written agreement for the benefit of holders of the Series 2002B Bonds to provide continuing disclosure during the period that such Series 2002B Bonds bear interest in the Weekly Mode. MTA regularly files continuing disclosure in connection with other debt offerings.**

## TABLE OF CONTENTS

**Page**

***Information Included by Specific Reference.*** The following portions of MTA's 2002 Combined Continuing Disclosure Filings, dated April 19, 2002, and filed with the repositories identified in the Introduction to this official statement are included by specific reference in this official statement, along with material that updates this official statement and that is either filed with those repositories or, in the case of official statements, filed with the Municipal Securities Rulemaking Board (MSRB) prior to the delivery date of the Series 2002B Bonds, together with any supplements or amendments thereto:

- **Appendix A** – The Related Entities
- **Appendix B** – Audited Combined Financial Statements of Metropolitan Transportation Authority for the Years Ended December 31, 2001 and 2000

The following documents have also been filed with the repositories identified in the Introduction and are included by specific reference in this official statement:

- Summary of Certain Provisions of the DTF Resolution
- Definitions and Summary of Certain Provisions of the Standard Resolution Provisions

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

# INTRODUCTION

## MTA, TBTA and Other Related Entities

The Metropolitan Transportation Authority (MTA) was created by special New York State legislation in 1965, as a public benefit corporation, which means that it is a corporate entity separate and apart from the State, without any power of taxation – frequently called a "public authority." MTA is governed by board members appointed by the Governor, with the advice and consent of the State Senate.

MTA has responsibility for developing and implementing a single, integrated mass transportation policy for New York City and the seven New York metropolitan-area counties of Dutchess, Nassau, Orange, Putnam, Rockland, Suffolk and Westchester. It carries out some of those responsibilities by operating the transit and commuter systems through its subsidiary and affiliate entities: the New York City Transit Authority (the Transit Authority) and its subsidiary, the Manhattan and Bronx Surface Transit Operating Authority (MaBSTOA); the Staten Island Rapid Transit Operating Authority (SIRTOA); The Long Island Rail Road Company (LIRR); the Metro-North Commuter Railroad Company (MNCRC); and the Metropolitan Suburban Bus Authority (MSBA). MTA issues debt obligations to finance a substantial portion of the capital costs of these systems, other than MSBA.

Another affiliate of MTA, Triborough Bridge and Tunnel Authority, or TBTA, is a public benefit corporation empowered to construct and operate toll bridges and tunnels and other public facilities in New York City. TBTA issues debt obligations to finance the capital costs of its facilities and the transit and commuter systems. TBTA's surplus amounts are used to fund transit and commuter operations and capital projects.

The board members of MTA serve as the board members of the MTA' s affiliates and subsidiaries.

MTA, TBTA and the other Related Entities are described in detail in **Appendix A** to MTA's 2002 Combined Continuing Disclosure Filings, which is included by specific reference in this official statement. Also included in **Appendix A** is a description of the impact on the Related Entities of the terrorist attack on the World Trade Center (WTC).

## Where to Find Information

***Information in this Official Statement***. This official statement is organized as follows:

- This ***Introduction*** provides a general description of the MTA Dedicated Tax Fund, as well as certain information relating to the restructuring of public debt securities by MTA and its affiliates, TBTA and the Transit Authority.
- ***Part I*** provides specific information about the Series 2002B Bonds.
- ***Part II*** describes the sources of payment and security for all MTA Dedicated Tax Fund Bonds, including the Series 2002B Bonds.
- ***Part III*** provides miscellaneous information relating to the Series 2002B Bonds.
- ***Attachment 1*** sets forth certain provisions applicable to the book-entry system of registration to be used for the Series 2002B Bonds.
- ***Attachment 2*** sets forth certain defined terms used in this official statement.
- ***Attachment 3*** is the form of opinion of Bond Counsel in connection with the Series 2002B Bonds.
- ***Attachment 4*** sets forth the form of the specimen municipal bond insurance policy.
- ***Attachment 5*** sets forth certain information relating to the Initial Liquidity Facility Issuer.
- ***Attachment 6*** sets forth certain information relating to the bonds being refunded by the Series 2002A and Series 2002B Bonds.
- ***Information Included by Specific Reference*** in this official statement and identified in the Table of Contents may be obtained, as described below, from the repositories or the MSRB and from MTA.

***Information from Repositories.*** MTA files annual and other information with each Nationally Recognized Municipal Securities Information Repository. Documents filed by MTA should be available from those repositories designated as such at the time of the filing. The repositories may charge a fee for access to those documents. The current repositories are as follows:

| | |
|---|---|
| ***Bloomberg Municipal Repository***<br>100 Business Park Drive<br>Skillman, NJ 08558<br>Phone: (609) 279-3225<br>Fax: (609) 279-5962<br>Email: munis@bloomberg.com | ***FT Interactive Data***<br>Attn: NRMSIR<br>100 William Street<br>New York, NY 10038<br>Phone: (212) 771-6999<br>Fax: (212) 771-7390 (Secondary Market Information)<br>(212) 771-7391 (Primary Market Information)<br>Email: NRMSIR@FTID.com |
| **DPC Data Inc.**<br>One Executive Drive<br>Fort Lee, NJ 07024<br>Phone: (201) 346-0701<br>Fax: (201) 947-0107<br>Email: nrmsir@dpcdata.com | **Standard & Poor's J.J. Kenny Repository**<br>55 Water Street<br>45th Floor<br>New York, NY 10041<br>Phone: (212) 438-4595<br>Fax: (212) 438-3975<br>Email: nrmsir_repository@sandp.com |

***Information Included by Specific Reference.*** The information listed under the caption "Information Included by Specific Reference" in the Table of Contents, as filed with the repositories to date, is "included by specific reference" in this official statement. This means that important information is disclosed by referring to those documents and that the specified portions of those documents are considered to be part of this official statement. **This official statement, which includes those filings, should be read in its entirety in order to obtain essential information for making an informed decision in connection with the Series 2002B Bonds.**

***Information Available at No Cost.*** Information filed with the repositories is also available, at no cost, on MTA's website or by contacting MTA, Attn.: Finance Department, at the address on page (i) above. For important information about MTA's website, *see* —FURTHER INFORMATION below.

**The MTA Dedicated Tax Fund**

Pursuant to the MTA Act, there are two sources of State funding to the MTA Dedicated Tax Fund: the Dedicated Mass Transportation Trust Fund (MTTF) and the Metropolitan Mass Transportation Operating Assistance Account (MMTOA Account) within the Mass Transportation Operating Assistance Fund (MTOA Fund).

As more fully described under the caption SOURCES OF PAYMENT, current State Tax Law requires that the following be deposited in the MTTF (MTTF Receipts):

- a portion of the revenues derived from certain business privilege taxes imposed by the State on petroleum businesses,
- a portion of the motor fuel tax on gasoline and diesel fuel, and
- a portion of certain motor vehicle fees, including both registration and non-registration fees.

As more fully described under the caption SOURCES OF PAYMENT, current State Tax Law requires that the following be deposited in the MMTOA Account (MMTOA Receipts):

- a 1/4 of one percent regional sales tax,
- a temporary regional franchise tax surcharge,
- a portion of taxes on certain transportation and transmission companies, and
- an additional portion of the business privilege tax imposed on petroleum businesses.

The MTA Act requires that MTTF Receipts deposited into the MTA Dedicated Tax Fund be applied to meet debt service requirements of obligations, including the Series 2002B Bonds, issued by MTA and secured by moneys in such Fund (the bonds issued under the DTF Resolution, including the Series 2002B Bonds, are referred to collectively herein as the Bonds). That legislation also requires that MMTOA Receipts deposited into the MTA Dedicated Tax Fund be applied, to the extent that MTTF Receipts are not sufficient to meet those requirements, to meet debt service requirements of the Bonds. MTTF Receipts and MMTOA Receipts not used to meet those requirements are transferred to the Operating and Capital Costs Account to be used to pay operating and capital costs of the Transit System and SIRTOA and the Commuter System, including all amounts due under the Standby Bond Purchase Agreement, other than amounts due and payable with respect to the Bank Bonds that are on a parity with the Bonds.

In order to assist MTA in balancing its budgets for calendar year 2002, the State's enacted budget for the State fiscal year beginning April 1, 2002 advances the payment of MMTOA Receipts scheduled for the first quarter of calendar year 2003 into the fourth quarter of calendar year 2002 (approximately $231.6 million). Beginning in 2003, MTA expects that it will continue to receive annually the equivalent of four quarters of MMTOA Receipts, with the first quarter of each succeeding calendar year's receipts similarly advanced. However, this will result in little or no MMTOA Receipts being received during the first quarter of each calendar year. The State's enacted budget for the State's fiscal year beginning April 1, 2002 does not change the timing of the State's payment of, or MTA's receipt of, MTTF Receipts, which MTA anticipates will be sufficient to make monthly principal and interest deposits into the Debt Service Fund.

The requirement that the State pay MTA Dedicated Tax Fund Revenues to the MTA Dedicated Tax Fund (as well as any advances in the payment thereof) is subject to and dependent upon annual appropriations being made by the State Legislature for such purpose and the availability of moneys to fund such appropriations. The State Legislature is not obligated to make appropriations to fund the MTA Dedicated Tax Fund, and there can be no assurance that the State Legislature will make any such appropriation. The State is not restricted in its right to amend, repeal, modify or otherwise alter statutes imposing or relating to the MTA Dedicated Tax Fund Revenues or the taxes or appropriations that are the source of such Revenues.

**Debt Restructuring Program**

***Background***. As part of the process of determining funding sources for its transit and commuter capital programs for the years 2000-2004, and in order to increase bonding capacity, release existing reserve funds and simplify its current credit structure, MTA developed a program to restructure its, the Transit Authority's and TBTA's debt by consolidating most existing credits into four principal new credits:

- MTA Transportation Revenue Bonds
- MTA State Service Contract Bonds
- MTA Dedicated Tax Fund Bonds
- TBTA General Revenue Bonds and TBTA Subordinate Revenue Bonds

***Portions of Debt Restructuring Completed*.** MTA has fully defeased the resolutions relating to the following bonds and notes:

- MTA Transit Facilities Revenue Bonds and Bond Anticipation Notes
- MTA Commuter Facilities Revenue Bonds and Bond Anticipation Notes
- MTA Subordinated Commuter Facilities Revenue Bonds (Grand Central Terminal Redevelopment Project)
- Transit Authority Subordinated Transit Facilities Revenue Bonds (Livingston Plaza Project)
- MTA Transit Facilities Service Contract Bonds (1982 and 1987 Resolutions)
- MTA Commuter Facilities Service Contract Bonds (1982 and 1987 Resolutions)

***Effect of Debt Restructuring on MTA Capital Programs.*** Based on amounts currently estimated to have been generated by the completed portions of the program and expected to be generated by the remainder of the debt restructuring program, MTA estimates that approximately $4.1 billion will be available for the 2000-2004 Capital Programs. MTA annually evaluates the status of all funding sources and projects and may, from time to time, submit amendments to the 2000-2004 Capital Programs needed to bring funding sources and expected project costs into balance. ***See*** DEBT RESTRUCTURING and 2002-2003 FINANCIAL PLAN AND 2000-2004 CAPITAL PROGRAMS in **Appendix A**.

***Dedicated Tax Fund Bonds***. MTA issued its $1,246,870,000 aggregate principal amount of Dedicated Tax Fund Bonds, Series 2002A on August 15, 2002, a substantial portion of the net proceeds of which were used to refund all of the following outstanding series of dedicated tax fund bonds:

- $409,010,000 Series 1996A
- $373,920,000 Series 1998A
- $363,180,000 Series 1999A

In addition, at the time of issuance and delivery of the Series 2002A Bonds, MTA substituted the DTF Resolution for the old dedicated tax fund bond resolution (the Old DTF Resolution) as the resolution securing the $554,105,000 Series 2001A Bonds (the Series 2001A Bonds) in accordance with the Old DTF Resolution.

The Series 2002B Bonds are being issued on a parity with the Series 2002A Bonds to refund the $336,640,000 aggregate principal amount of dedicated tax fund bonds, Series 2000A (the Old Series 2000A Bonds). The Series 1996A, Series 1998A, Series 1999A and Series 2000A dedicated tax fund bonds being refunded by the Series 2002A Bonds and the Series 2002B Bonds are collectively referred to herein as the Old DTF Bonds. Approximately $118 million of the proceeds of the Series 2002A Bonds and the Series 2002B Bonds is expected to be used to finance transit and commuter projects operated by MTA’s affiliates and subsidiaries.

No bonds secured by the Old DTF Resolution will remain outstanding following the issuance of the Series 2002B Bonds.

***Release of Existing Reserve Funds***. As a result of the defeasance of the Old DTF Bonds, approximately $214 million in reserves under the Old DTF Resolution will be released to MTA, which moneys are expected to be used primarily to finance transit and commuter capital projects.

For a more detailed description of the debt restructuring, ***see*** DEBT RESTRUCTURING in **Appendix A**.

**Defined Terms**

Capitalized terms not otherwise defined in this official statement have the meanings provided by **Attachment 2**.

## PART I.  SERIES 2002B BONDS

*Part I* of this official statement, together with the Summary of Terms, provides specific information about the Series 2002B Bonds.

## FINANCING PLAN AND APPLICATION OF PROCEEDS

### Use of Proceeds

Approximately $118 million of the proceeds of the Series 2002A Bonds and the Series 2002B Bonds will be used to finance transit and commuter projects operated by MTA's affiliates and subsidiaries.

The remainder of the proceeds (net of certain financing, legal, bond insurance and miscellaneous expenses) of the Series 2002B Bonds, together with other moneys of MTA, are being used to refund all outstanding Old Series 2000A Bonds (the Refunded Bonds). Upon issuance of the Series 2002B Bonds, the Old DTF Resolution will be defeased and no further bonds or other obligations will be issued or incurred thereunder. The series designations, CUSIP numbers, maturities and principal amounts of the Refunded Bonds, together with the Old DTF Bonds refunded by the Series 2002A Bonds, and the redemption dates and redemption prices applicable thereto are set forth in **Attachment 6**.

MTA will retain its right to redeem prior to maturity those Refunded Bonds indicated on **Attachment 6**.

### Escrow of Government Securities

A portion of the net proceeds of the Series 2002B Bonds will be used to acquire direct obligations of, or obligations guaranteed by, the United States of America (Government Securities), the principal of and interest on which, when due, will provide, together with any moneys which may be deposited by MTA with The Bank of New York, acting in the capacity of successor trustee under the Old DTF Resolution (the Prior Trustee), moneys sufficient to pay the principal or redemption price of the Refunded Bonds and the interest to become due on such Refunded Bonds on and prior to their respective maturity or redemption dates.

The Government Securities and such other moneys, if any, will be deposited with the Prior Trustee upon the issuance and delivery of the Series 2002B Bonds and will be held in trust for the payment of the principal or redemption price of and interest on the Refunded Bonds. Upon making such deposit with the Prior Trustee and the issuance of certain irrevocable instructions to the Prior Trustee pursuant to the Old DTF Resolution, the Refunded Bonds will, under the terms of the Old DTF Resolution, be deemed to have been paid and will no longer be outstanding under the Old DTF Resolution and will cease to be entitled to any lien, benefit or security under the Old DTF Resolution.

### Interest Rate Swap

In connection with the issuance of the Series 2002B Bonds, MTA has entered into an interest rate swap agreement with Morgan Stanley Capital Services Inc. (the Counterparty) for the purpose of converting MTA's variable rate exposure relating to the Series 2002B Bonds to a fixed rate until September 1, 2013 (the Interest Rate Swap). The Interest Rate Swap will have a notional amount equal to the par amount of the Series 2002B Bonds and an effective date of the date of delivery of the Series 2002B Bonds. Under the terms of the Interest Rate Swap, MTA will pay a fixed rate to the Counterparty and receive a variable rate. The Interest Rate Swap will be a Qualified Swap under the DTF Resolution and, as such, MTA's scheduled interest obligations under the Interest Rate Swap will constitute Parity Swap Obligations under the DTF Resolution.

## DESCRIPTION OF SERIES 2002B BONDS

### General

***Variable Rate Bonds.*** The Series 2002B Bonds will be dated their date of delivery and will mature on November 1, 2022. The Series 2002B Bonds are Variable Interest Rate Obligations that initially bear interest from their date of delivery in the Weekly Mode. The Series 2002B Bonds will bear interest from the date of issuance to and including September 11, 2002 at a rate to be established by MTA and, thereafter, at the rate determined by the Remarketing Agent as described below. **This official statement is intended to provide disclosure only to the extent the Series 2002B Bonds remain in the Weekly Mode. In the event MTA elects to convert the Series 2002B Bonds to a different Mode, it expects to circulate a revised disclosure document relating thereto.**

Interest on the Series 2002B Bonds is paid in arrears and is computed upon the basis of a 365-day year (366 in years when February has 29 days), for the number of days actually elapsed. The maximum rate of interest on the Series 2002B Bonds (other than Bank Bonds, as hereinafter described) at any time, whether before or after the maturity thereof, is 12% per annum (the Maximum Rate). "Bank Bonds" are Series 2002B Bonds held by the Liquidity Facility Issuer as a result of a draw on the Liquidity Facility to pay the Purchase Price of Series 2002B Bonds that have been tendered and not remarketed and may bear interest at a rate of up to 25% per annum.

MTA has appointed Morgan Stanley & Co. Incorporated as Remarketing Agent in connection with the remarketing of the Series 2002B Bonds. The Remarketing Agent will determine the interest rate on the Series 2002B Bonds and will remarket Series 2002B Bonds tendered or required to be tendered for purchase on a best efforts basis. The Remarketing Agent may be removed or replaced by MTA in accordance with the Remarketing Agreement. Pursuant to the Remarketing Agreement, the Remarketing Agent will suspend its obligation to remarket Series 2002B Bonds upon the occurrence of a default by the Insurer under the Insurance Policy or upon the termination or suspension of the Liquidity Facility relating to the Series 2002B Bonds.

***Payment of Series 2002B Bonds Purchase Price.*** The Purchase Price (as hereinafter defined) of the Series 2002B Bonds that are tendered and not remarketed on any Purchase Date is payable pursuant to a standby bond purchase agreement (the Initial Liquidity Facility), by and among Dexia Crédit Local (the Initial Liquidity Facility Issuer), MTA and The Bank of New York, acting as Trustee and Tender Agent with respect to the Series 2002B Bonds.

For more information relating to the Initial Liquidity Facility Issuer, *see* **Attachment 5**.

The Initial Liquidity Facility is an obligation of the Initial Liquidity Facility Issuer as described herein. **The obligations of the Initial Liquidity Facility Issuer to purchase Series 2002B Bonds are subject to the satisfaction of certain conditions and may be terminated or suspended, in certain instances without notice or without the obligation of the Liquidity Facility Issuer to purchase Series 2002B Bonds that have been tendered for purchase.** *See* Liquidity Facility *below*.

The Purchase Price on the Series 2002B Bonds is payable solely from the proceeds of remarketing the Series 2002B Bonds by Morgan Stanley & Co. Incorporated, acting as the Remarketing Agent, and from the proceeds from draws under the Liquidity Facility. Although MTA has the option to purchase Series 2002B Bonds that have been neither remarketed nor purchased by the Liquidity Facility Issuer, it is not obligated to do so. Payment of the Purchase Price is not an obligation of MTA, the Trustee, the Tender Agent or the Insurer and failure to make that payment shall not constitute an Event of Default under the DTF Resolution. *See* Source of Funds for Purchase of Series 2002B Bonds *below.*

The Initial Liquidity Facility is scheduled to expire on May 7, 2010, unless extended or earlier terminated (in certain cases without notice) in accordance with its terms. *See* Liquidity Facility *below*.

***Credit Enhancement.*** The scheduled payment of principal of and interest on the Series 2002B Bonds when due will be guaranteed under a municipal bond insurance policy (the Insurance Policy) to be issued concurrently with the delivery of the Series 2002B Bonds by Financial Security Assurance Inc. (the Insurer). *See* Bond Insurance *below*.

***Book-Entry-Only System.*** The Series 2002B Bonds will be issued as registered bonds, registered in the name of The Depository Trust Company or its nominee (together, DTC), New York, New York, which will act as securities depository for the Series 2002B Bonds. During the period during which the Series 2002B Bonds bear interest in the Weekly Mode, individual purchases will be made in book-entry-only form, in the principal amount of \$100,000 or any integral multiple of \$5,000 in excess thereof (Authorized Denominations). So long as DTC is the registered owner of the Series 2002B Bonds, all payments on the Series 2002B Bonds will be made directly to DTC. DTC is responsible for disbursement of those payments to its participants, and DTC participants and indirect participants are responsible for making those payments to beneficial owners. *See* **Attachment 1** – Book-Entry-Only System.

***Interest Payments.*** Interest on the Series 2002B Bonds is payable on the first Business Day of each month, commencing October 1, 2002. So long as DTC is the sole registered owner of all of the Series 2002B Bonds, all interest payments will be made to DTC by wire transfer of immediately available funds, and DTC's participants will be responsible for payment of interest to beneficial owners. All Series 2002B Bonds are fully registered in Authorized Denominations.

***Transfers and Exchanges.*** So long as DTC is the securities depository for the Series 2002B Bonds, it will be the sole registered owner of the Series 2002B Bonds, and transfers of ownership interests in the Series 2002B Bonds will occur through the DTC Book-Entry-Only System.

***Trustee, Paying Agent and Tender Agent.*** The Bank of New York is Trustee, Paying Agent and Tender Agent with respect to the Series 2002B Bonds.

**Terms Relating to the Weekly Mode**

***Determination of Interest Rate in the Weekly Mode.*** The interest rate for the Series 2002B Bonds in a Weekly Mode shall be determined and made available by the Remarketing Agent to each other Notice Party at or before 5:00 P.M., New York City time, on each Wednesday or, if that Wednesday is not a Business Day, the Business Day next preceding such Wednesday (the Rate Determination Date). The interest rate shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest that, in the opinion of the Remarketing Agent, would, under then existing market conditions, result in the sale of the Series 2002B Bonds on the Rate Determination Date at a price equal to the principal amount thereof, plus accrued interest, if any. The interest rate shall be effective on Thursday and shall continue in effect through the next succeeding Wednesday (the Interest Period), provided that if any Series 2002B Bonds subject to a Weekly Mode shall be converted to another Mode prior to such Wednesday, such Weekly Mode for such Series 2002B Bond shall continue in effect only until the day preceding the applicable Mode Change Date.

In the event the Remarketing Agent fails to determine the interest rate or the method of determining the interest rate is held to be unenforceable by a court of law of competent jurisdiction, the Series 2002B Bonds will bear interest at the Alternate Rate for subsequent Interest Periods until the Remarketing Agent again makes that determination or until there is delivered to MTA and the Trustee a Favorable Opinion of Bond Counsel.

The Alternate Rate is

- the BMA Index (The Bond Market Association Municipal Swap Index released by Municipal Market Data to its subscribers), or
- if the BMA Index is no longer published, the Kenny Index (the rate determined on the basis of the Kenny 30-Day High Grade Index announced on Tuesday or the next preceding Business Day and as computed by Kenny Information Systems, Inc.), or
- if neither the BMA Index nor the Kenny Index are published, an index or a rate selected or determined by the Trustee and consented to by the Issuer and the Insurer.

No Series 2002B Bond (other than a Bank Bond) may at any time bear interest at a rate that is in excess of 12%. No Bank Bond may at any time bear interest at a rate that is in excess of 25%.

***Binding Effect.*** Each determination of the interest rate for the Series 2002B Bonds, as provided herein, shall be conclusive and binding upon the holders of the Series 2002B Bonds, MTA, the Remarketing Agent, the Tender Agent, the Liquidity Facility Issuer, the Insurer and the Trustee.

**Changes in Mode**

***General.*** All or any portion of the Series 2002B Bonds may be changed to any other Mode at the times and in the manner as summarized below.

***Notice of Intention to Change Mode.*** MTA shall give written notice to the Notice Parties of its intention to effect a change in the Mode from the Mode then prevailing (the Current Mode) to another Mode (the New Mode), together with the proposed effective date of that change in the Mode (the Mode Change Date). The notice shall be given at least 20 days prior to the Mode Change Date.

***General Provisions Applying to Changes from One Mode to Another.***

1. The Mode Change Date must be a Business Day.

2. On or prior to the date MTA provides the notice to the Notice Parties, MTA shall deliver to the Trustee (with a copy to all other Notice Parties) a letter from Bond Counsel addressed to the Trustee to the effect that it expects to be able to deliver a Favorable Opinion of Bond Counsel on the Mode Change Date.

3. No change in Mode will become effective unless all conditions precedent thereto have been met and the following items shall have been delivered to the Trustee and the Remarketing Agent by 11:00 a.m., or such later time as is acceptable to MTA, the Trustee and the Remarketing Agent, on the Mode Change Date:

   - a Favorable Opinion of Bond Counsel dated the Mode Change Date,
   - unless the existing Tender Agency Agreement and Remarketing Agreement is effective on the Mode Change Date, a Tender Agency Agreement and a Remarketing Agreement, and
   - a certificate of an authorized officer of the Tender Agent that all of the Series 2002B Bonds tendered or deemed tendered, unless otherwise redeemed, have been purchased at a price at least equal to the principal amount thereof.

4. If all conditions to the Mode change are met, the interest period for the New Mode shall commence on the Mode Change Date and the interest rate shall be determined by the Remarketing Agent.

5. In the event the foregoing conditions have not been satisfied by the Mode Change Date, the New Mode shall not take effect and the Series 2002B Bonds that are the subject of the Mode change:

   - will not be subject to mandatory tender for purchase, and
   - will continue to be in the Weekly Mode.

**Tender, Presentation and Purchase Provisions of the Series 2002B Bonds During the Weekly Mode**

***Purchase on Demand of Owners of Series 2002B Bonds in Weekly Mode.*** The Owners of the Series 2002B Bonds that are not Bank Bonds or Series 2002B Bonds registered in the name of MTA may elect to have such Series 2002B Bonds (or portions thereof in Authorized Denominations) purchased on a Business Day at a price (the Purchase Price) equal to the principal amount so tendered plus accrued interest (if the Purchase Date is not an Interest Payment Date). Owners must deliver a written notice of tender (the Tender Notice), or telephonic notice of tender to the Tender Agent and the Remarketing Agent, promptly confirmed in writing to the Tender Agent and the Remarketing Agent at their respective principal offices, not later than 4:00 p.m. on a Business Day not less than seven (7) days before the Purchase Date specified by the Owner. The Tender Notice, once transmitted to the Tender Agent and the Remarketing Agent, shall be irrevocable and that tender shall occur on the Purchase Date specified in that Tender Notice. The Tender Agent shall notify the Trustee by the close of business on the next succeeding Business Day of the receipt of any Tender Notice.

During any period that Series 2002B Bonds are registered in the name of DTC or a nominee thereof pursuant to the DTF Resolution,

- any Tender Notice delivered as described in the immediately preceding paragraph shall identify the DTC Participant through whom the beneficial owner will direct transfer,

- on or before the Purchase Date, the beneficial owner must direct (or if the beneficial owner is not a DTC Participant, cause its DTC Participant to direct) the transfer of said Series 2002B Bond on the records of DTC, and

- it shall not be necessary for Series 2002B Bonds to be physically delivered on the date specified for purchase thereof, but such purchase shall be made as if such Series 2002B Bonds had been so delivered, and the Purchase Price thereof shall be paid to DTC.

In accepting a notice of tender as provided above, the Trustee and the Tender Agent may conclusively assume that the person providing that notice of tender is the beneficial owner of Series 2002B Bonds tendered and therefore entitled to tender them. The Trustee and Tender Agent assume no liability to anyone in accepting a notice of tender from a person whom it reasonably believes to be such a beneficial owner of Series 2002B Bonds.

***Mandatory Purchase on any Mode Change Date.*** Except for Bank Bonds or Series 2002B Bonds registered in the name of MTA, the Series 2002B Bonds to be changed to any Mode from any other Mode are subject to a mandatory tender for purchase on the Mode Change Date at the Purchase Price equal to the principal amount thereof.

***Mandatory Purchase Upon Expiration Tender Date, Termination Tender Date and Substitution Date.*** Except for Bank Bonds or Series 2002B Bonds registered in the name of MTA, the Series 2002B Bonds are subject to mandatory tender for purchase on:

- the second Business Day preceding the Expiration Date of a Liquidity Facility, which is hereinafter referred to as an Expiration Tender Date;

- the fifth calendar day (or if such day is not a Business Day, the preceding Business Day) preceding the Termination Date of a Liquidity Facility, which is hereinafter referred to as a Termination Tender Date, if the Liquidity Facility permits a draw thereon on the Termination Tender Date; and

- the Substitution Date for a Liquidity Facility.

A “Substitution Date” means:

- the date that is specified in a written notice given by MTA to the Trustee and the Tender Agent as the date on which an Alternate Liquidity Facility is to be substituted for the then-existing Liquidity Facility (even if the substitution fails to occur on that date), and

- the second Business Day preceding the date that is specified in a written notice given to the Trustee and the Tender Agent in accordance with the Liquidity Facility as the date on which the assignment of the obligation of the Liquidity Facility Issuer under the Liquidity Facility is effective (even if the assignment fails to occur on that date).

***Notice of Mandatory Tender for Purchase.*** The Trustee shall, at least fifteen (15) days prior to the Expiration Tender Date, give notice of the mandatory tender on that Expiration Tender Date if it has not theretofore received confirmation that the Expiration Date has been extended.

Upon receipt of a written notice from the Liquidity Facility Issuer or MTA that the Liquidity Facility supporting the Series 2002B Bonds will terminate or the obligation of the Liquidity Facility Issuer to purchase the Series 2002B Bonds will terminate prior to its Expiration Date, the Trustee shall within one (1) Business Day give notice of the mandatory tender of the Series 2002B Bonds that is to occur on such Termination Tender Date if it has not theretofore received from the Liquidity Facility Issuer or MTA a notice stating that the event which resulted in the Liquidity Facility Issuer or MTA giving a notice of the Termination Date has been cured and that the Liquidity Facility Issuer or MTA has rescinded its election to terminate the Liquidity Facility. Notwithstanding anything to the contrary described below, that notice shall be given by Electronic Means capable of creating a written notice. Any notice given substantially as described in this paragraph shall be conclusively presumed to have been duly given, whether or not actually received by each Owner.

The Trustee shall, at least fifteen (15) days prior to the Substitution Date, give notice of the mandatory tender of the Series 2002B Bonds on the Substitution Date.

The Trustee shall, at least fifteen (15) days prior to any Mode Change Date give notice of the mandatory tender for purchase of the Series 2002B Bonds that is to occur on that date.

Except as provided in the third immediately preceding paragraph, notice of any mandatory tender of Series 2002B Bonds shall be provided by the Trustee or caused to be provided by the Trustee by mailing a copy of the notice of mandatory tender by first-class mail to each Owner of Series 2002B Bonds at the respective addresses shown on the registry books. Each notice of mandatory tender for purchase shall identify the reason for the mandatory tender for purchase and specify:

- the Mandatory Purchase Date,
- the Purchase Price,
- the place and manner of payment,
- that the Owner has no right to retain such Series 2002B Bond, and
- that no further interest will accrue from and after the Mandatory Purchase Date to such Owner.

Each notice of mandatory tender for purchase caused by a change in the Mode shall in addition specify the conditions that have to be satisfied pursuant to the DTF Resolution in order for the New Mode to become effective and the consequences that the failure to satisfy any of such conditions would have.

In the event a mandatory tender of Series 2002B Bonds shall occur at or prior to the same date on which an optional tender for purchase is scheduled to occur, the terms and conditions of the applicable mandatory tender for purchase shall control. Any notice mailed as described above shall be conclusively presumed to have been duly given, whether or not the Owner of any Series 2002B Bond receives the notice, and the failure of that Owner to receive any such notice shall not affect the validity of the action described in that notice. Failure by the Trustee to give a notice as provided under this caption would not affect the obligation of the Tender Agent to purchase the Series 2002B Bonds subject to mandatory tender for purchase on the Mandatory Purchase Date.

**Remarketing of Series 2002B Bonds; Notices**

The Remarketing Agent shall offer for sale and use its best efforts to find purchasers for (i) all Series 2002B Bonds or portions thereof as to which a Tender Notice has been given and (ii) all Series 2002B Bonds required to be tendered for purchase. No Series 2002B Bond shall be remarketed to MTA, or any affiliate of MTA, nor shall any Bank Bonds be remarketed unless the Liquidity Facility has been or will be, immediately upon such remarketing, reinstated by the amount of the reduction that occurred when such Series 2002B Bonds became Bank Bonds.

Pursuant to the Remarketing Agreement, the Remarketing Agent will suspend its obligation to remarket Series 2002B Bonds upon the occurrence of a default by the Insurer under the Insurance Policy or upon the termination or suspension of the Liquidity Facility.

***Notice of Remarketing; Registration Instructions; New Series 2002B Bonds***

(i) The Remarketing Agent shall notify the Tender Agent not later than 11:45 a.m. on the Purchase Date or Mandatory Purchase Date of the registration instructions as may be necessary to re-register Series 2002B Bonds; and

(ii) Unless otherwise required by DTC and DTC's book-entry only system applicable to the Series 2002B Bonds, the Tender Agent shall authenticate and have available for delivery to the Remarketing Agent prior to 12:30 p.m. on the Purchase Date or Mandatory Tender Date new Series 2002B Bonds for the respective purchasers thereof.

***Transfer of Funds***

(i) The Remarketing Agent shall at or before 11:45 a.m. on the Purchase Date or Mandatory Purchase Date, as the case may be, (x) notify MTA, the Trustee and the Tender Agent by Electronic Means of the amount of tendered Series 2002B Bonds that were not remarketed, and (y) confirm to the Trustee and the Tender Agent the transfer of the Purchase Price of remarketed Series 2002B Bonds to the Tender Agent in immediately available funds at or before 12:00 (noon), such information to include each pertinent Fed Wire reference number.

(ii) The Trustee shall draw on the Liquidity Facility, in accordance with the terms thereof, by 12:25 p.m. on the Purchase Date or Mandatory Purchase Date, as the case may be, in an amount equal to the Purchase Price of all Series 2002B Bonds tendered or deemed tendered less the aggregate amount of remarketing proceeds confirmed to the Trustee and the Tender Agent by the Remarketing Agent as described in clause (i) above and shall cause the proceeds of such draw to be transferred to the Tender Agent by no later than 2:30 p.m. Notwithstanding the foregoing, the Trustee shall draw on the Liquidity Facility, if any, in an amount equal to the Purchase Price of all Series 2002B Bonds tendered or deemed tendered for purchase on each Purchase Date or Mandatory Purchase Date, as the case may be, if it does not receive a confirmation from the Remarketing Agent as described in clause (i) above.

(iii) The Tender Agent shall confirm to MTA and the Trustee by 2:40 p.m. on the Purchase Date or Mandatory Purchase Date, receipt of the proceeds of any draw on the Liquidity Facility.

The Trustee shall not draw on a Liquidity Facility with respect to the Purchase Price of Bank Bonds or Series 2002B Bonds owned by MTA or any subsidiary or affiliate of MTA or the Liquidity Facility Issuer.

**Source of Funds for Purchase of Series 2002B Bonds**

On or before the close of business on the Purchase Date or the Mandatory Purchase Date, the Tender Agent shall purchase the Series 2002B Bonds from the Owners at the Purchase Price. Funds for the payment of such Purchase Price shall be derived in the order of priority indicated:

- immediately available funds transferred by the Remarketing Agent to the Tender Agent derived from the remarketing of Series 2002B Bonds; and

- immediately available funds transferred by the Trustee to the Tender Agent derived from the Liquidity Facility.

Notwithstanding the foregoing, MTA shall have the option, but shall not be obligated, to transfer immediately available funds to the Tender Agent for the payment of the Purchase Price of any Series 2002B Bond that is tendered or deemed tendered as described in this official statement and the Purchase Price of which is not paid on the Purchase Date or Mandatory Purchase Date from any of the sources identified above. None of the MTA, the Trustee, the Tender Agent nor the Remarketing Agent shall have any liability or obligation to pay or, except from the sources identified above, make available such Purchase Price. The failure to pay any such Purchase Price for Series 2002B Bonds that have been tendered or deemed tendered for purchase from any of the sources identified above shall not constitute an Event of Default under the DTF Resolution and in the case of that failure those Series 2002B Bonds shall not be purchased and shall remain in the Weekly Mode.

**Delivery of Remarketed Series 2002B Bonds**

Except as otherwise required by DTC's book-entry-only system, remarketed Series 2002B Bonds sold by the Remarketing Agent shall be delivered by the Remarketing Agent to the purchasers of those Remarketed Bonds by 3:00 p.m. on the Purchase Date or Mandatory Purchase Date, as the case may be.

**Delivery and Payment for Purchased Series 2002B Bonds; Undelivered Series 2002B Bonds**

Except as otherwise required by DTC's book-entry-only system, Series 2002B Bonds that are to be tendered shall be delivered (with all necessary endorsements) at or before 12:00 noon on the Purchase Date or Mandatory Purchase Date, as the case may be, at the office of the Tender Agent in New York, New York; provided, however, that payment of the Purchase Price of any Series 2002B Bond purchased pursuant to the optional tender provisions shall be made only if such Series 2002B Bond delivered to the Tender Agent conforms in all respects to the description thereof in the Tender Notice.

Payment of the Purchase Price will be made by wire transfer in immediately available funds by the Tender Agent by the close of business on the Purchase Date or Mandatory Purchase Date, as the case may be, or, if the Owner has not provided wire transfer instructions, by check mailed to the Owner at the address appearing in the Trustee’s books.

If Series 2002B Bonds are not delivered by 12:00 noon, the Tender Agent will hold any funds received for the purchase of the Series 2002B Bonds that are tendered or deemed tendered in trust in a separate account and shall pay such funds upon presentation. Any such amounts shall be held uninvested. Those undelivered Series 2002B Bonds shall be deemed tendered and cease to accrue interest as to the former Owners on the Purchase Date or the Mandatory Purchase Date, as the case may be, and moneys representing the Purchase Price shall be available against delivery of those Series 2002B Bonds at the principal office of the Tender Agent; provided, however, that any funds which shall be so held by the Tender Agent and which remain unclaimed by the former Owner of any such Series 2002B Bond not presented for purchase for a period of two years after delivery of those funds to the Tender Agent, shall, to the extent permitted by law, upon request in writing by MTA and the furnishing of security or indemnity to the Tender Agent’s satisfaction, be paid to MTA free of any trust or lien and thereafter the former Owner of such Series 2002B Bond shall look only to MTA and then only to the extent of the amounts so received by MTA without any interest thereon and the Tender Agent shall have no further responsibility with respect to such moneys or payment of the Purchase Price of such Series 2002B Bonds. The Tender Agent shall authenticate a replacement Series 2002B Bond for any undelivered Series 2002B Bond which may then be remarketed by the Remarketing Agent.

**Redemption Provisions During the Weekly Mode**

The Series 2002B Bonds are redeemable prior to maturity on such dates and at such prices during the Weekly Mode as are set forth below.

***Mandatory Sinking Fund Redemption.*** The Series 2002B Bonds are subject to redemption in part on November 1 of each year and in the respective principal amounts set forth below at 100% of the principal amount thereof, plus accrued interest to the redemption date, from sinking fund installments which are required to be made in amounts sufficient to redeem on November 1 of each year set forth below the principal amount of such Series 2002B Bonds specified for each of the years shown below:

| Payment Date (November 1) | Sinking Fund Installment | Payment Date (November 1) | Sinking Fund Installment |
|---|---|---|---|
| 2014 | $40,900,000 | 2019 | $50,700,000 |
| 2015 | 42,700,000 | 2020 | 52,900,000 |
| 2016 | 44,600,000 | 2021 | 55,300,000 |
| 2017 | 46,600,000 | 2022* | 57,700,000 |
| 2018 | 48,600,000 | | |

* Final maturity

***Credit Toward Mandatory Sinking Fund Redemption.*** Credit toward mandatory sinking fund installment requirements may be made as follows, and if made, will thereafter reduce the amount of Series 2002B Bonds otherwise subject to mandatory sinking fund installments on the date credit is taken:

- If MTA directs the Trustee to purchase Series 2002B Bonds with money in the Debt Service Fund (at a price not greater than par plus accrued interest to the date of purchase), then a credit of 100% of the principal amount of Series 2002B Bonds purchased will be made against the next sinking fund installment due.

- If MTA purchases or redeems Series 2002B Bonds with other available moneys, then the principal amount of those Series 2002B Bonds will be credited against future sinking fund installment requirements in any order, and in any annual amount, that the MTA may direct.

***Optional Redemption.*** The Series 2002B Bonds are subject to redemption prior to maturity as a whole or in part (in accordance with procedures of DTC, so long as DTC is the Owner, and otherwise by lot in such manner as the Trustee in its discretion deems proper), on any Business Day, subject to applicable notice, at a Redemption Price equal to the principal amount thereof, without premium, plus accrued interest up to but not including the redemption date. If any such optional redemption shall occur, MTA will redeem Bank Bonds first.

***State and City Redemption.*** Pursuant to the MTA Act, the State, upon providing sufficient funds, may require MTA to redeem the Series 2002B Bonds, prior to maturity, as a whole, on any interest payment date not less than twenty years after the date of issue of the Series 2002B Bonds, at 105% of their face value and accrued interest or at such lower redemption price provided for the Series 2002B Bonds in the case of redemption as a whole on the redemption date. The MTA Act further provides that the City, upon furnishing sufficient funds, may require MTA to redeem the Series 2002B Bonds, as a whole, but only in accordance with the terms upon which the Series 2002B Bonds are otherwise redeemable.

***Redemption of Bank Bonds.*** The Bank Bonds shall be subject to optional and mandatory redemption under the same terms and conditions as provided with respect to other Series 2002B Bonds. The Bank Bonds shall also be subject to mandatory redemption at the times and under the terms and conditions as provided in the Liquidity Facility relating to such Bank Bonds.

***Redemption in Part; Bank Bonds To Be Redeemed First.*** In the event of a redemption of less than all the Series 2002B Bonds, the Trustee shall in accordance with the DTF Resolution first select for redemption all then outstanding Bank Bonds prior to selecting for redemption any Series 2002B Bonds which are not Bank Bonds unless the Liquidity Facility Issuer shall be in default under the Liquidity Facility, in which case, the Trustee shall at the written direction of MTA, select for redemption all then outstanding Series 2002B Bonds in accordance with such direction.

***Redemption Notices.*** So long as DTC is the securities depository for the Series 2002B Bonds, the Trustee must mail redemption notices to DTC at least 30 days before the redemption date. If the Series 2002B Bonds are not held in book-entry form, then the Trustee must mail redemption notices directly to bondholders within the same time frame. A redemption of the Series 2002B Bonds is valid and effective even if DTC's procedures for notice should fail. Beneficial owners should consider arranging to receive redemption notices or other communications to DTC affecting them, including notice of interest payments through DTC participants. Any notice of optional redemption may state that it is conditional upon receipt by the trustee of money sufficient to pay the Redemption Price or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before the payment of the Redemption Price if any such condition so specified is not satisfied or if any such other event occurs. **Please note that all redemptions are final - even if beneficial owners did not receive their notice, and even if that notice had a defect.**

***Redemption Process.*** If the Trustee gives a redemption notice and holds money to pay the redemption price of the affected Series 2002B Bonds, then on the redemption date the Series 2002B Bonds called for redemption will become due and payable. Thereafter, no interest will accrue on those Series 2002B Bonds, and a bondholder's only right will be to receive payment of the redemption price upon surrender of those Series 2002B Bonds.

**Amendments**

The provisions of the DTF Resolution, with respect to the Series 2002B Bonds, may be modified or amended pursuant to the DTF Resolution by obtaining, when required by the DTF Resolution, the consent of the Owners of all Series 2002B Bonds or, in lieu thereof as permitted by the DTF Resolution, the Insurer. All Owners of the Series 2002B Bonds will be deemed to have consented to a modification or amendment if on the 30$^{th}$ day (or if such day is not a Business Day, on the next succeeding Business Day) after the date on which the Trustee mailed notice of such proposed modification or amendment to the Owners of the Series 2002B Bonds there is delivered to the Trustee –

- a certificate of the Tender Agent to the effect that all Series 2002B Bonds that have been optionally tendered for purchase by their Owners after the date on which the Trustee mailed such notice of the proposed modification or amendment have been purchased at a price equal to the Purchase Price thereof,

- a written consent of the Remarketing Agent to the proposed modification or amendment, and

- a favorable Opinion of Bond Counsel.

**Liquidity Facility**

***General Description.*** The Series 2002B Bonds are, under certain conditions, subject to optional and mandatory tender for purchase from specified sources. The purchase by the Tender Agent of Series 2002B Bonds tendered or deemed tendered for optional or mandatory purchase (the Tendered Series 2002B Bonds) will be funded only from (i) remarketing proceeds, and (ii) to the extent that remarketing proceeds are not available, proceeds available from the Liquidity Facility. Although MTA has the option to purchase Series 2002B Bonds that have been neither remarketed nor purchased by the Liquidity Facility Issuer, it is not obligated to do so. The Insurer has no obligation to pay the purchase price of the Series 2002B Bonds. *See* Tender, Presentation and Purchase Provisions of the Series 2002B Bonds During the Weekly Mode and Source of Funds for Purchase of Series 2002B Bonds *above*. *See* **Attachment 5—**Initial Liquidity Facility Issuer for information regarding the Initial Liquidity Facility Issuer.

Subject to certain conditions described below, the Initial Liquidity Facility Issuer will purchase from time to time during the period from the date of delivery of the Series 2002B Bonds to and including May 7, 2010 (unless extended) or earlier termination or suspension of the Initial Liquidity Facility, any Tendered Series 2002B Bonds which are required to be purchased due to an optional or mandatory tender for purchase that have not been remarketed at the times and in the manner set forth in the DTF Resolution. The price to be paid by the Initial Liquidity Facility Issuer pursuant to the Initial Liquidity Facility for purchased Series 2002B Bonds will be equal to the aggregate principal amount of such Series 2002B Bonds plus accrued interest thereon (up to 35 days of interest calculated at an aggregate rate not to exceed 12% per annum based on a year of 365 days), if any, other than defaulted interest, to the date of such purchase. Upon any purchase of Series 2002B Bonds with amounts realized under the Initial Liquidity Facility, the commitment of the Initial Liquidity Facility Issuer to purchase Series 2002B Bonds shall be reduced by the Purchase Price and shall be reinstated by such amount upon the repurchase of such Series 2002B Bonds from the Initial Liquidity Facility Issuer, all in accordance with the Initial Liquidity Facility.

The Initial Liquidity Facility does not provide security for the scheduled payment of principal of or interest or premium, if any, on the Series 2002B Bonds, and the funds drawn thereunder may not be used for such purposes.

**AS DESCRIBED BELOW, THE INITIAL LIQUIDITY FACILITY PROVIDES THAT THE OBLIGATION OF THE INITIAL LIQUIDITY FACILITY ISSUER TO PURCHASE SERIES 2002B BONDS TENDERED OR DEEMED TENDERED FOR PURCHASE, MAY BE IMMEDIATELY TERMINATED UPON THE OCCURRENCE OF CERTAIN EVENTS WITHOUT NOTICE TO THE OWNERS. IN SUCH EVENT, SUFFICIENT FUNDS MAY NOT BE AVAILABLE TO PURCHASE SERIES 2002B BONDS TENDERED OR DEEMED TENDERED FOR PURCHASE. FAILURE TO PAY THE PURCHASE PRICE OF SERIES 2002B BONDS TENDERED OR DEEMED TENDERED FOR PURCHASE SHALL NOT CONSTITUTE AN EVENT OF DEFAULT UNDER THE DTF RESOLUTION.**

***Immediate Termination Events.*** The occurrence of certain termination events under the Initial Liquidity Facility may result in an immediate termination of the Initial Liquidity Facility Issuer’s commitment to purchase Tendered Series 2002B Bonds or may entitle the Initial Liquidity Facility Issuer to terminate its obligations under the Initial Liquidity Facility. In the case of the following termination events, except as provided in the final paragraph of this section, the obligation of the Initial Liquidity Facility Issuer to purchase Tendered Series 2002B Bonds shall immediately terminate or suspend without notice or demand, and thereafter the Initial Liquidity Facility Issuer shall be under no obligation to purchase Tendered Series 2002B Bonds:

(a) any principal or interest due on the Series 2002B Bonds is not paid by MTA when due and such principal or interest is not paid by the Insurer when, as, and in the amounts required to be paid pursuant to the terms of the Insurance Policy; or

(b) (i) any material provision of the Insurance Policy relating to the obligation of the Insurer to make payments thereunder at any time for any reason ceases to be valid and binding on the Insurer in accordance with the terms of the Insurance Policy or is declared to be null and void by the New York Department of Insurance or a final non-appealable order of a court or other governmental agency of appropriate jurisdiction, or (ii) the validity or enforceability thereof is contested by the Insurer in writing or any governmental agency or authority, or the Insurer denies in writing that it has any or further liability or obligation under the Insurance Policy; or

(c) certain acts of bankruptcy or insolvency relating to the Insurer or any substantial part of its property; or

(d) the Insurer shall default in any payment or payments of amounts payable by it under any insurance policies insuring any publicly rated securities (other than the Insurance Policy) when due, and such default shall continue for a period of ten (10) days after a demand for payment made in accordance with the terms of such insurance policy (unless the obligation of the Insurer to pay is being contested by the Insurer in good faith by appropriate proceedings).

Upon the occurrence of a termination event specified in paragraph (a), (b)(i), (c), or (d) above, the obligation of the Initial Liquidity Facility Issuer to purchase Series 2002B Bonds shall immediately terminate without notice or demand. The Initial Liquidity Facility Issuer is to give written notice of the same to the Trustee, the Insurer, MTA and the Remarketing Agent; provided, that the Initial Liquidity Facility Issuer shall incur no liability or responsibility whatsoever by reason of its failure to give such notice and such failure shall in no way affect the termination of the Initial Liquidity Facility Issuer's commitment and its obligation to purchase Tendered Series 2002B Bonds pursuant to the Initial Liquidity Facility.

Upon the occurrence of a termination event described in clause (b)(ii) above, the obligation of the Initial Liquidity Facility Issuer to purchase Tendered Series 2002B Bonds is immediately and automatically suspended, without notice, until a final nonappealable order of a court having jurisdiction in the premises shall be entered declaring the Insurance Policy and the obligations of the Insurer thereunder are upheld in their entirety. In the event such order is entered declaring the Insurance Policy null and void, or declaring that the Insurer does not have any further liability or obligation under the Insurance Policy, then the Initial Liquidity Facility Issuer's obligation to purchase Tendered Series 2002B Bonds shall immediately terminate. In the event such order is entered declaring that the Insurance Policy and the obligations of the Insurer thereunder are upheld in their entirety, the Initial Liquidity Facility Issuer's obligation to purchase Tendered Series 2002B Bonds shall be automatically reinstated.

In addition, upon the occurrence of an event described in clause (c) or (d) above which with the passage of time, the giving of notice, or both, would become a termination event, the obligation of the Initial Liquidity Facility Issuer to purchase Tendered Series 2002B Bonds is automatically and immediately suspended, without notice, to MTA, the Trustee, the Tender Agent or the Insurer. If such event is remedied prior to becoming a termination event specified in clause (c) or (d) above, the Initial Liquidity Facility Issuer's obligation to purchase Tendered Series 2002B Bonds shall be automatically reinstated.

Upon the occurrence any of the termination or suspension events specified above –

- the Series 2002B Bonds ***will not*** be subject to mandatory tender for purchase, and
- the Remarketing Agent will suspend its obligation to remarket any Series 2002B Bonds that have been optionally tendered for purchase by their holders.

In the case of certain other termination events under the Initial Liquidity Facility, the Initial Liquidity Facility Issuer may terminate its commitment to purchase Tendered Series 2002B Bonds by giving written notice to MTA, the Trustee, the Tender Agent and the Insurer, specifying the date on which the Initial Liquidity Facility Issuer's commitment to purchase Tendered Series 2002B Bonds shall terminate (not less than 30 days after the date of receipt of such notice by the Trustee). In such event –

- the Series 2002B Bonds will be subject to mandatory tender for purchase on the Termination Tender Date, and
- the Remarketing Agent will suspend its obligation to remarket Tendered Series 2002B Bonds.

***See*** **Tender, Presentation and Purchase Provisions of the Series 2002B Bonds During the Weekly Mode; Remarketing of Series 2002B Bonds; Notices; and Sources of Funds for Purchase of Series 2002B Bonds** ***above*****.**

**Bond Insurance**

The following information has been furnished by the Insurer for use in this official statement. Reference is made to **Attachment 4** for a specimen of the Insurance Policy. MTA has granted to the Insurer certain rights authorized under Section A-202 of the DTF Resolution, including the right to be deemed the sole Owner of the Series 2002B Bonds whenever the approval, consent or action of the Owners is required. *See* Definitions and Summary of Certain Provisions of the Standard Resolution Provisions *included by specific reference herein.*

***Bond Insurance Policy.*** Concurrently with the issuance of the Series 2002B Bonds, the Insurer will issue the Insurance Policy. The Insurance Policy guarantees the scheduled payment of principal of and interest on the Series 2002B Bonds when due as set forth in the form of the Insurance Policy included as **Attachment 4** to this official statement.

The Insurance Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

***Financial Security Assurance Inc.*** The Insurer is a New York domiciled insurance company and a wholly owned subsidiary of Financial Security Assurance Holdings Ltd. (Holdings). Holdings is an indirect subsidiary of Dexia, S.A., a publicly held Belgian corporation, and of Dexia Crédit Local, the Initial Liquidity Facility Issuer. Dexia Crédit Local is a direct wholly-owned subsidiary of Dexia, S.A. For additional information, ***see*** **Attachment 5** – Initial Liquidity Facility Issuer. Dexia, S.A., through its bank subsidiaries, is primarily engaged in the business of public finance in France, Belgium and other European countries. No shareholder of Holdings or the Insurer is liable for the obligations of the Insurer.

At June 30, 2002, the Insurer's total policyholders' surplus and contingency reserves were approximately $1,710,044,000 and its total unearned premium reserve was approximately $898,579,000 in accordance with statutory accounting principles. At June 30, 2002 the Insurer's total shareholders' equity was approximately $1,817,013,000 and its total net unearned premium reserve was approximately $744,499,000 in accordance with generally accepted accounting principles.

The financial statements included as exhibits to the annual and quarterly reports filed by Holdings with the Securities and Exchange Commission are hereby incorporated herein by reference. Also incorporated herein by reference are any such financial statements so filed from the date of this official statement until the termination of the offering of the Series 2002B Bonds. Copies of materials incorporated by reference will be provided upon request to Financial Security Assurance Inc.: 350 Park Avenue, New York, New York 10022, Attention: Communications Department (telephone (212) 826-0100).

The Insurance Policy does not protect investors against changes in market value of the Series 2002B Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. The Insurer makes no representation regarding the Series 2002B Bonds or the advisability of investing in the Series 2002B Bonds. The Insurer makes no representation regarding the official statement, nor has it participated in the preparation hereof, except that the Insurer has provided to MTA the information presented under this caption and in **Attachment 4** for inclusion in this official statement.

**Debt Service on the Dedicated Tax Fund Bonds**

**Table 1** sets forth, on a cash basis for each State fiscal year ending March 31, (i) the debt service on the outstanding DTF Bonds, (ii) the debt service on the Series 2002B Bonds, and (iii) the debt service on all Bonds outstanding under the DTF Resolution after issuance of the Series 2002B Bonds.

**Table 1**[1]

**Aggregate Debt Service**
**(000's omitted)**

| Year Ending March 31[2] | Debt Service On Dedicated Tax Fund Bonds: Outstanding DTF Bonds[3] | Series 2002B[4] | Aggregate DTF Resolution[4] |
|---|---|---|---|
| 2003 | $ 50,921 | $ 8,663 | $ 59,584 |
| 2004 | 123,438 | 17,909 | 141,347 |
| 2005 | 123,429 | 17,819 | 141,248 |
| 2006 | 123,451 | 17,864 | 141,315 |
| 2007 | 123,438 | 17,864 | 141,302 |
| 2008 | 123,440 | 17,909 | 141,349 |
| 2009 | 123,425 | 17,819 | 141,244 |
| 2010 | 123,452 | 17,864 | 141,316 |
| 2011 | 123,441 | 17,864 | 141,305 |
| 2012 | 123,441 | 17,909 | 141,350 |
| 2013 | 123,425 | 17,819 | 141,244 |
| 2014 | 123,494 | 17,733 | 141,227 |
| 2015 | 82,801 | 57,962 | 140,763 |
| 2016 | 82,793 | 58,138 | 140,932 |
| 2017 | 82,752 | 58,235 | 140,987 |
| 2018 | 82,727 | 58,459 | 141,186 |
| 2019 | 82,756 | 58,569 | 141,325 |
| 2020 | 82,786 | 58,714 | 141,500 |
| 2021 | 82,799 | 58,825 | 141,624 |
| 2022 | 82,722 | 59,093 | 141,815 |
| 2023 | 82,740 | 59,249 | 141,990 |
| 2024 | 142,966 | -- | 142,966 |
| 2025 | 142,967 | -- | 142,967 |
| 2026 | 142,966 | -- | 142,966 |
| 2027 | 142,969 | -- | 142,969 |
| 2028 | 142,970 | -- | 142,970 |
| 2029 | 142,965 | -- | 142,965 |
| 2030 | 142,965 | -- | 142,965 |
| 2031 | 142,966 | -- | 142,966 |
| 2032 | 142,967 | -- | 142,967 |
| 2033 | 142,968 | | 142,968 |
| TOTAL | $3,583,342 | $732,280 | $4,315,622 |

(1) Totals may not add due to rounding.

(2) Based on the State's fiscal year ending March 31.

(3) Includes the Series 2001A Bonds and the Series 2002A Bonds.

(4) Assumes interest at a rate of 4.06% per annum on the Series 2002B Bonds until September 1, 2013 based on the Interest Rate Swap, and 4.00% thereafter. *See* DESCRIPTION OF SERIES 2002B BONDS — Redemption Provisions During the Weekly Mode — *Mandatory Sinking Fund Redemption* for a listing of the sinking fund installments in the years 2014 through 2022 for the Series 2002B Bonds.

## PART II. MTA DEDICATED TAX FUND BONDS

*Part II* of this official statement describes the sources of payment and security structure for all MTA Dedicated Tax Fund Bonds, including the Series 2002B Bonds.

## SOURCES OF PAYMENT

Under State Law, MTA receives money from certain dedicated taxes and fees described in this section. This money is deposited into MTA's Dedicated Tax Fund and is pledged by MTA for the payment of its Dedicated Tax Fund Bonds.

**Revenues from Dedicated Taxes**

***MTA Revenues from PBT, Motor Fuel Tax and Motor Vehicle Fees (MTTF Receipts).*** In 1991, as part of a program to address the need for continued capital investment in the State's transportation infrastructure, the State Legislature established a State fund, called the PBT Dedicated Tax Funds Pool, from which money is apportioned by statutory allocation under current State Tax Law to a State fund, called the Dedicated Mass Transportation Trust Fund (MTTF).

The PBT is the business privilege tax imposed on petroleum businesses operating in the State. PBT taxes generally consist of

- a basic tax which varies based on product type,
- a supplemental tax which, in general, is applied at a uniform rate, and
- a petroleum business carrier tax.

A significant portion of net PBT receipts from the basic tax and all of the supplemental tax and the carrier tax are required by current law to be deposited in the PBT Dedicated Funds Pool. In addition, a portion of the motor fuel tax on gasoline and diesel fuel and a portion of certain motor vehicle fees, including both registration and non-registration fees, are required by law to be deposited in the PBT Dedicated Funds Pool.

Thirty-four percent of the PBT Dedicated Funds Pool is currently deposited in the MTTF for MTA's benefit. Subject to appropriation by the Legislature, money in that account is required by law to be transferred to the MTA Dedicated Tax Fund, held by MTA. Amounts transferred from the MTTF Account to the MTA's Dedicated Tax Fund constitute "MTTF Receipts."

A more detailed description of the MTTF Receipts is set forth in **Appendix A** (included herein by specific reference) under the caption MTA DEDICATED TAX FUND REVENUES under the following headings:

- MTTF Receipts – Dedicated Petroleum Business Tax,
- MTTF Receipts – Petroleum Business Carrier Tax,
- MTTF Receipts – Motor Fuel Tax, and
- MTTF Receipts – Motor Vehicle Fees.

***MTA Revenues from Special Tax-Supported Operating Subsidies (MMTOA Receipts).*** Like other mass transit systems in the nation, the Transit System and Commuter System have historically operated at a deficit and have been dependent upon substantial amounts of general operating subsidies from the State, as well as the City and Federal governments. Over time, the ongoing needs of State mass transportation systems led the State to supplement the general operating subsidies with additional operating subsidies supported by special State taxes.

Starting in 1980, in response to anticipated operating deficits of State mass transportation systems, the State Legislature enacted a series of taxes, portions of the proceeds of which have been and are to be deposited in a special State Fund – the ***Mass Transportation Operating Assistance Fund*** - to fund the operations of mass transportation systems. The Metropolitan Mass Transportation Operating Assistance Account, or MMTOA Account, was established in that State Fund to support operating expenses of transportation systems in the Transportation District, including the Transit Authority, MaBSTOA and the commuter railroads operated by MTA's subsidiaries, LIRR and MNCRC.

Since the creation of the MMTOA Account, MTA has requested and received in each year significant payments from that Account in order to meet operating expenses of the transit and commuter systems. It is expected that payments from the MMTOA Account will continue to be essential to the operations of the transit and commuter systems. Although a variety of taxes have been used to fund the special tax-supported operating subsidies, the taxes levied for this purpose, which MTA refers to collectively as the "MMTOA Taxes," currently include:

- ***MMTOA PBT***. The products that are subject to the tax, the tax rates, and the transactions excluded from the tax are identical to those of the basic PBT tax dedicated to the PBT Dedicated Funds Pool and the MTTF Account in that Pool. Pursuant to State law, a portion of the PBT Basic Tax is deposited in the MMTOA Account.

- ***District Sales Tax***. The District Sales Tax consists of a one-quarter of one percent (1/4%) sales and compensating use tax imposed on sales and uses of certain tangible personal property and services applicable only within MTA's transportation district.

- ***Franchise Taxes***. Also deposited in the MMTOA Account is a legislatively-allocated portion of two taxes imposed on certain transportation and transmission companies (such as trucking, telegraph and local telephone companies) —

  - an annual franchise tax based on the amount of the taxpayer's issued capital stock, and

  - an annual franchise tax on the taxpayer's gross earnings from all sources calculated to be in the State pursuant to statutory formulae.

- ***Temporary Franchise Surcharge***. The Temporary Franchise Surcharge is imposed on the portion of the franchise and other taxes of certain corporations, banks and insurance, utility, transportation and transmission companies attributable (according to various complex formulae) to business activity carried on within MTA's transportation district. In accordance with State Tax Law, the tax revenue generated under these provisions, after the deduction of administrative costs, is to be deposited to the MMTOA Account, as taxes are received.

In order to assist MTA in balancing its budgets for calendar year 2002, the State's enacted budget for the State fiscal year beginning April 1, 2002 advances the payment of MMTOA Receipts scheduled for the first quarter of calendar year 2003 into the fourth quarter of calendar year 2002 (approximately $231.6 million). Beginning in 2003, MTA expects that it will continue to receive annually the equivalent of four quarters of MMTOA Receipts, with the first quarter of each succeeding calendar year's receipts similarly advanced. However, this will result in little or no MMTOA Receipts being received during the first quarter of each calendar year. The State's enacted budget for the State's fiscal year beginning April 1, 2002 does not change the timing of the State's payment of, or MTA's receipt of, MTTF Receipts, which MTA anticipates will be sufficient to make monthly principal and interest deposits into the Debt Service Fund.

A more detailed description of the MMTOA Taxes is set forth in **Appendix A** (included herein by specific reference) under the caption MTA DEDICATED TAX FUND REVENUES – MMTOA Account – Special Tax Supported Operating Subsidies.

***Five-Year Summary of MTTF Receipts and MMTOA Receipts***. **Table 2** sets forth a five-year summary (based on the State's fiscal year ending March 31) of the following:

- actual collections by the State of receipts for each of the sources of revenues that, subject to appropriation and allocation among MTA and other non-MTA transit agencies, could become receipts of the MTA Dedicated Tax Fund,
- amount of MTTF Receipts and MMTOA Receipts, and
- debt service coverage ratio based upon MTTF Receipts, and MTTF Receipts plus MMTOA Receipts.

**Table 2**

| Dedicated Taxes ($ millions) | 1998 | 1999 | 2000 | 2001 | 2002 |
|---|---|---|---|---|---|
| | State Fiscal Year ending March 31, | | | | |
| **MTTF** | | | | | |
| PBT | $ 257.2 | $ 277.0 | $ 272.9 | $ 264.1 | $ 298.7 |
| Motor Fuel Tax | -0- | -0- | -0- | 53.4 | 56.8 |
| Motor Vehicle Fees | -0- | -0- | -0- | -0- | 25.5 |
| **Total Available MTTF Taxes**(1) | $ 257.2 | $ 277.0 | $ 272.9 | $ 317.5 | $ 381.0 |
| **MTTF Receipts**(2) | $ 257.4 | $ 278.2 | $ 275.2 | $ 314.9 | $ 373.4 |
| **MMTOA** | | | | | |
| PBT | $ 59.1 | $ 63.8 | $ 62.2 | $ 59.5 | $ 68.0 |
| District Sales Tax | 305.9 | 321.4 | 345.6 | 368.2 | 364.7 |
| Franchise Taxes | 73.1 | 64.9 | 70.5 | 70.1 | 82.9 |
| Temporary Franchise Surcharges | 600.8 | 547.0 | 586.9 | 563.2 | 483.4 |
| **Total Available MMTOA Taxes** (3) | $1,038.9 | $997.1 | $1,065.2 | $1,061.0 | $ 999.0 |
| **MMTOA Receipts**(4) | $ 690.4 | $878.6 | $ 818.6 | $ 755.2 | $ 755.2 |
| **Total Pledged Revenues (MTTF Receipts plus MMTOA Receipts)** | $ 947.8 | $1,156.8 | $1,093.8 | $1,070.1 | $1,128.6 |
| **Debt Service**(5) | $ 31.2 | $ 57.1 | $ 77.7 | $106.9 | $106.8 |
| **Debt Service Coverage Ratio – MTTF Receipts Only** | 8.25x | 4.87x | 3.54x | 2.95x | 3.50x |
| **Debt Service Coverage Ratio – MTTF Receipts plus MMTOA Receipts** | 30.38x | 20.26x | 14.08x | 10.01x | 10.57x |

(1) Represents the amount of MTTF taxes collected by the State that was deposited into the Dedicated Mass Transportation Trust Fund, or MTTF.

(2) Represents the amount in the MTTF that was, subject to appropriation, paid to MTA by deposit into the MTA Dedicated Tax Fund, thereby becoming MTTF Receipts. The amount of MTTF Receipts in any State fiscal year could be greater than the amount collected for deposit into the MTTF due to, among other things, investment earnings or surplus amounts retained in the MTTF that were not paid out in prior years.

(3) Represents the amount of MMTOA taxes collected by the State that was deposited into the MMTOA Account. Amounts in the MMTOA Account are available, subject to appropriation, to pay operating expenses of the various public transportation systems throughout the Transportation District, including MTA. The difference between Total Available MMTOA Taxes and MMTOA Receipts generally represents the amount appropriated for operating expenses of the various non-MTA systems in the Transportation District, as well as $161.1 million per year appropriated to MTA and other transportation agencies, primarily in accordance with the Section 18-b Program as described in Appendix A under the caption REVENUES OF THE RELATED ENTITIES – State and Local General Operating Subsidies.

(4) Represents the amount in the MMTOA Account that was, subject to appropriation, requested by, and paid to, MTA for deposit into the MTA Dedicated Tax Fund, thereby becoming MMTOA Receipts. The amount of MMTOA Receipts in any State fiscal year could be greater than the amount collected for deposit into the MMTOA Account due to, among other things, investment earnings or surplus amounts retained in the MMTOA Account that were not paid out in prior years.

(5) Represents debt service on bonds outstanding under the Old DTF Resolution.

**Factors Affecting Revenues from Dedicated Taxes**

***Legislative Changes***. The requirement that the State pay MTA Dedicated Tax Fund Revenues to the MTA Dedicated Tax Fund is subject to and dependent upon annual appropriations being made by the State Legislature for such purpose and the availability of moneys to fund such appropriations. The State Legislature is not obligated to make appropriations to fund the MTA Dedicated Tax Fund, and there can be no assurance that the State Legislature will make any such appropriation. The State is not restricted in its right to amend, repeal, modify or otherwise alter statutes imposing or relating to the MTA Dedicated Tax Fund Revenues or the taxes or appropriations that are the source of such Revenues.

***Litigation***. Aspects relating to the imposition and collection of the Dedicated Taxes have from time to time been and may continue to be the subject of administrative claims and litigation by taxpayers. *See* LITIGATION for a discussion of a recent case, *Moran Towing Corporation v. Urbach*.

***Economic Conditions***. Many of the Dedicated Taxes are dependent upon economic and demographic conditions in the State and in MTA's transportation district, and therefore there can be no assurance that historical data with respect to collections of the Dedicated Taxes will be indicative of future receipts.

***Government Assistance***. The level of government assistance to MTA through Dedicated Taxes may be affected by several different factors:

- The Legislature may not bind or obligate itself to appropriate revenues during a future legislative session, and appropriations approved during a particular legislative session generally have no force or effect after the close of the State fiscal year for which the appropriations are made. However, in the case of the PBT that is deposited as a portion of the MTTF Receipts, the Legislature has expressed its intent in the State Finance Law to enact for each State fiscal year an appropriation for the current and the next year. *See the heading* Appropriation by the Legislature *below*.

- The State is not bound or obligated to continue to pay operating subsidies to the transit or commuter systems or to continue to impose any of the taxes currently funding those subsidies.

***Information Relating to the State of New York***. Information relating to the State of New York, including the Annual Information Statement of the State, as amended or supplemented, is on file with each Nationally Recognized Municipal Securities Information Repository with which the State was required to file, and the State has committed to update that information to the holders of its general obligation bonds, in the manner specified in SEC Rule 15c2-12. Prospective purchasers of MTA's Dedicated Tax Fund Bonds wishing to obtain that information may refer to those filings regarding currently available information about the State. The State has not obligated itself to provide continuing disclosure in connection with the offering of MTA's Dedicated Tax Fund Bonds. MTA makes no representations about State information or its continued availability.

## SECURITY STRUCTURE

The Dedicated Tax Fund Bonds, including the Series 2002B Bonds, are MTA's special obligations payable as to principal, redemption premium, if any, and interest solely from the security, sources of payment and funds specified in the MTA's "Dedicated Tax Fund Obligation Resolution," which includes the Standard Resolution Provisions, adopted on March 26, 2002 (referred to herein as the "DTF Resolution"). Payment of principal of or interest on the Bonds may not be accelerated in the event of a default.

MTA Dedicated Tax Fund Bonds are secured primarily by the SOURCES OF PAYMENT described above, and are *not* secured by

- the general fund or other funds and revenues of the State, or
- the other funds and revenues of MTA or any of its affiliates or subsidiaries.

The Bonds are *not* a debt of the State or The City of New York, or any other local governmental unit. MTA has no taxing power.

Summaries of certain provisions of the DTF Resolution and the Standard Resolution Provisions have been filed with the repositories listed under INTRODUCTION – Information from Repositories, and are available on MTA's website. The provisions of the DTF Resolution are materially different from the provisions of the Old DTF Resolution.

**The Pledge Effected by the DTF Resolution**

***Trust Estate***. The DTF Resolution provides that there are pledged to the payment of principal and redemption premium of, interest on, and sinking fund installments for, the Bonds and Parity Debt, in accordance with their terms and the provisions of the DTF Resolution, subject only to the provisions permitting the application of that money for the purposes and on the terms and conditions permitted in the DTF Resolution, the following, referred to as the "trust estate":

- the proceeds of the sale of the Bonds, until those proceeds are paid out for an authorized purpose,
- the Pledged Amounts Account in the MTA Dedicated Tax Fund (which includes MTTF Receipts and MMTOA Receipts), any money on deposit in that Account and any money received and held by MTA and required to be deposited in that Account, and
- all funds, accounts and subaccounts established by the DTF Resolution (except funds, accounts and subaccounts established pursuant to Supplemental Resolution, and excluded by such Supplemental Resolution from the Trust Estate as security for all DTF Bonds, in connection with Variable Interest Rate Obligations, Put Obligations, Parity Debt, Subordinated Indebtedness or Subordinated Contract Obligations), including the investments, if any, thereof.

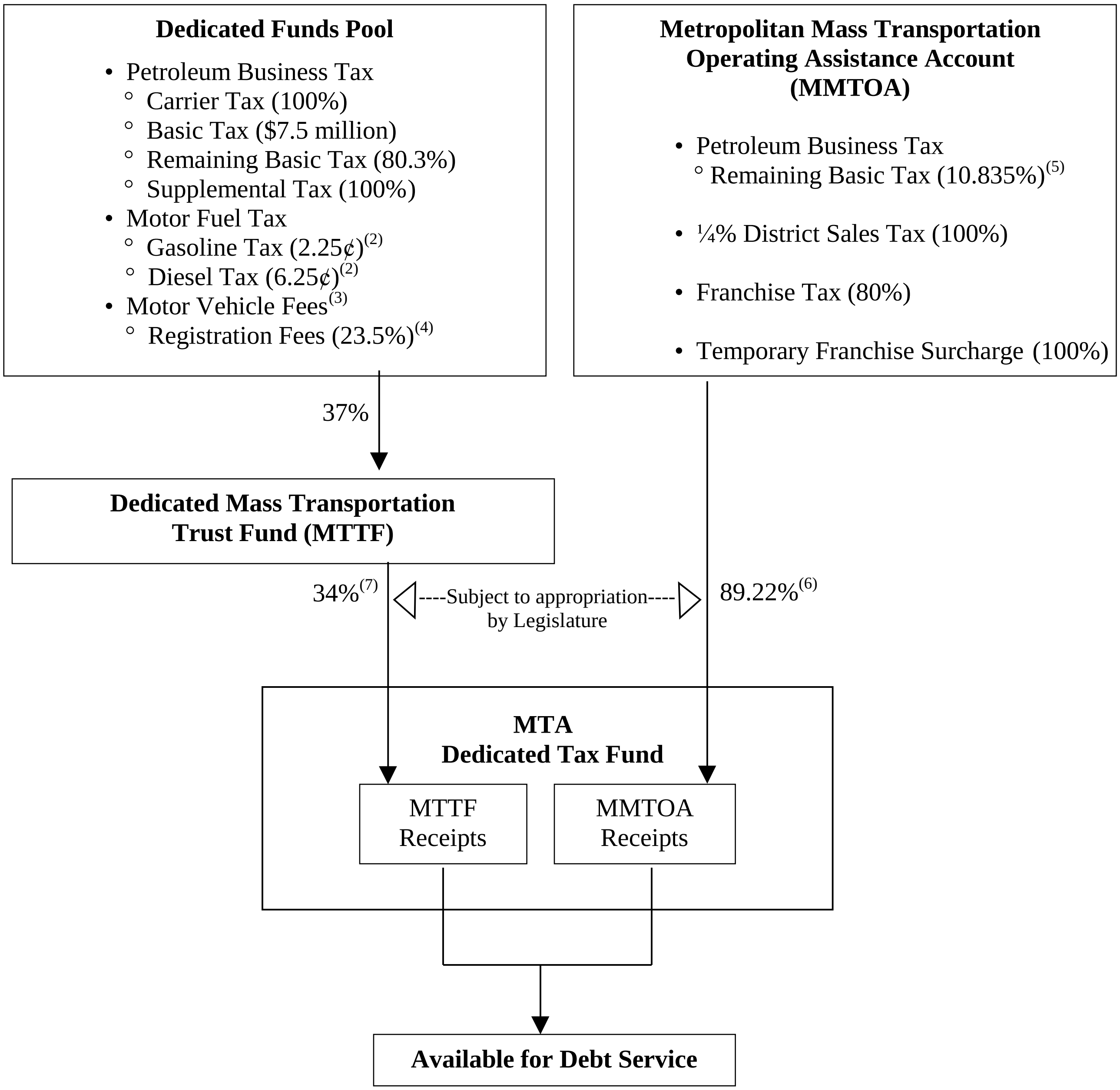
The DTF Resolution provides that the trust estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the DTF Resolution, and all corporate action on the part of MTA to that end has been duly and validly taken.

**Flow of Funds**

The DTF Resolution establishes a Proceeds Fund held by MTA, and a Debt Service Fund held by the Trustee. *See* **Attachment 4** for a description of the provisions of the DTF Resolution governing the deposits to and withdrawals from the Funds and Accounts. Amounts held by MTA or the Trustee in any of such Funds shall be held in trust separate and apart from all other funds and applied solely for the purposes specified in the DTF Resolution or any Supplemental Resolution thereto.

The following two charts summarize (i) the flow of taxes into the MTA Dedicated Tax Fund, and (ii) the flow of MTA Dedicated Tax Fund Revenues through the MTA Dedicated Tax Fund and the Funds and Accounts established under the DTF Resolution. *See* **Appendix A** – MTA DEDICATED TAX FUND REVENUES for a more detailed description of the MTA Dedicated Taxes.

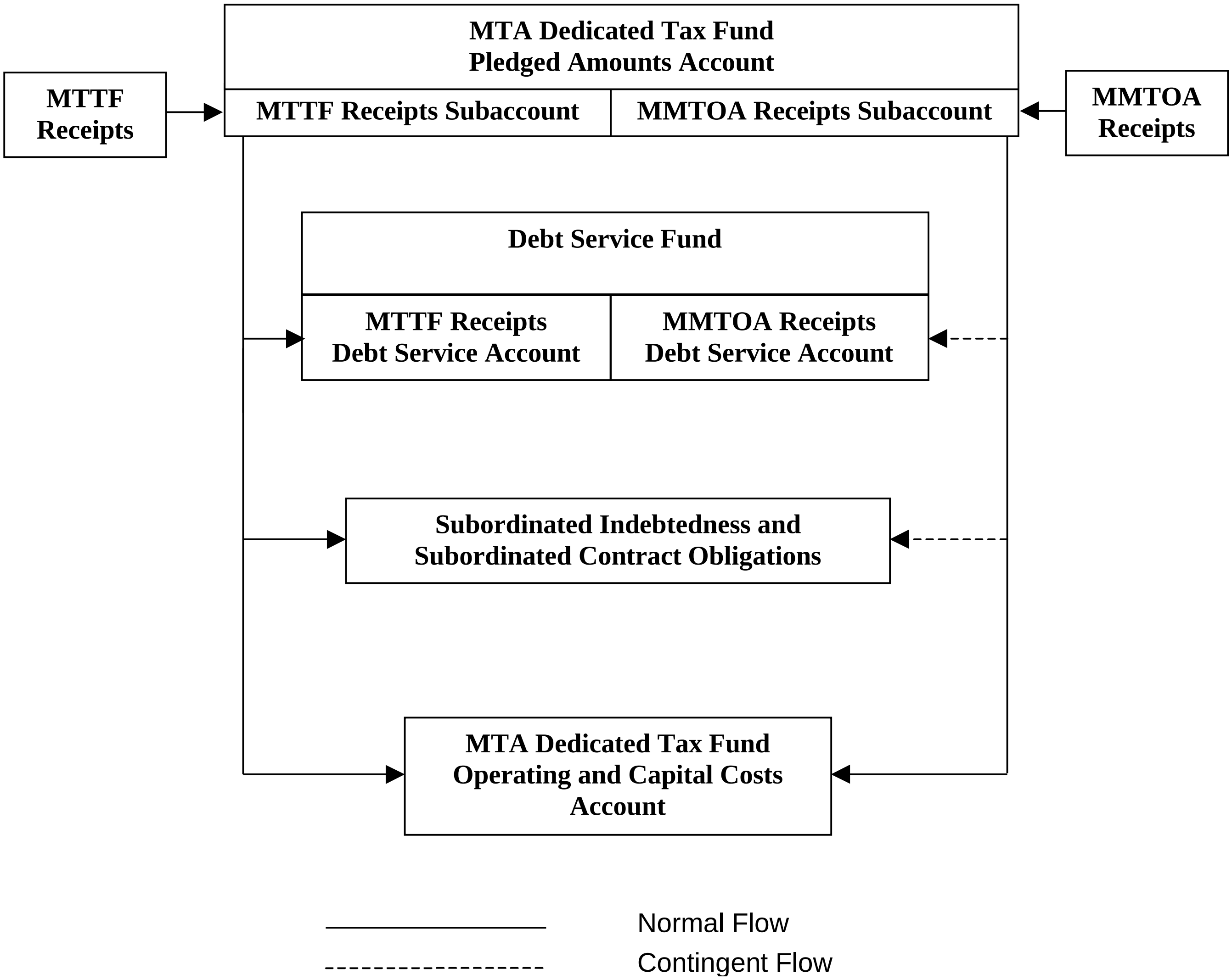
## MTA DEDICATED TAX FUND BONDS – SOURCES OF REVENUE
## (As of March 31, 2002[1])




**Notes**

(1) Parenthetical amounts and percentages, as well as flow of fund percentages, indicate the amount or percent of that tax or fund deposited for the year ended March 31, 2002 in the respective fund or account. The allocations shown may be changed at any time by the State Legislature.
(2) Effective April 1, 2003 the Gasoline Tax and Diesel Tax earmarked for the Dedicated Funds Pool both increase by 1.75¢ per gallon.
(3) In accordance with legislation enacted with the 2000-01 Enacted Budget, additional non-registration Motor Vehicle Fees are to be deposited into Dedicated Funds Pool in amounts equal to $28.4 million, $67.9 million and $170.1 million for State Fiscal Years 2002-03, 2003-04 and 2004-05, respectively.
(4) Increased to 54.5% on April 1, 2002.
(5) The foregoing percentage does not include the 8.865% share of the Basic Tax that is deposited in an account for certain upstate transportation entities.
(6) Percentage based on payments made in State Fiscal Year 2000-2001.
(7) Percentage of Dedicated Funds Pool.

**MTA DEDICATED TAX FUND BONDS – RESOLUTION FLOW OF FUNDS**




**All amounts on deposit in the Pledged Amounts Account – MTTF Receipts Subaccount are paid out before any amounts on deposit in the Pledged Amounts Account – MMTOA Receipts Subaccount are paid out.**

**Amounts paid out from any fund or account for an authorized purpose (excluding transfers to any other pledged fund or account) are free and clear of the lien and pledge created by the DTF Resolution.**

### Debt Service Fund

Pursuant to the DTF Resolution, the Trustee holds the Debt Service Fund, consisting of the MTTF Receipts DS Account and the MMTOA Receipts DS Account. Moneys in the Debt Service Fund are applied by the Trustee to the payment of Debt Service on the Bonds in the manner, and from the accounts and subaccounts, more fully described under SUMMARY OF CERTAIN PROVISIONS OF THE DTF RESOLUTION – Debt Service Fund included herein by specific reference.

MTA is required to make monthly deposits to the appropriate account of the Debt Service Fund of interest (1/5th of the next semiannual payment) and principal (1/10th of the next annual payment), first from MTTF Receipts and then, to the extent of any deficiency, from MMTOA Receipts.

### Covenants

***Additional Bonds***. The DTF Resolution permits MTA to issue additional Bonds from time to time to pay or provide for the payment of Capital Costs and to refund Outstanding Bonds.

Under the DTF Resolution, MTA may issue one or more Series of Bonds for the payment of Capital Costs, provided, in addition to satisfying certain other requirements, MTA delivers a certificate that evidences MTA's compliance with the additional bonds test set forth in the DTF Resolution.

Such certificate must set forth:

> (A) for any 12 consecutive calendar months ended not more than six months prior to the date of such certificate: (i) MTTF Receipts, (ii) MMTOA Receipts, and (iii) investment income received during such period on amounts on deposit in the Pledged Amounts Account, the MTTF Receipts Subaccount, the MMTOA Receipts Subaccount and the Debt Service Fund; and
>
> (B) the greatest amount for the then current or any future Debt Service Year of the sum of (a) Calculated Debt Service on all Outstanding Obligations, including the proposed Capital Cost Obligations and any proposed Refunding Obligations being treated as Capital Cost Obligations, but excluding any Obligations or Parity Debt to be refunded with the proceeds of such Refunding Obligations, plus (b) additional amounts, if any, payable with respect to Parity Debt; and then state:
>
> > (x) that the sum of the MTTF Receipts and investment income (other than investment income on the MMTOA Receipts Subaccount) set forth in clause (A) above is not less than 1.35 times the amount set forth in accordance with clause (B) above and
> >
> > (y) that the sum of the MTTF Receipts, MMTOA Receipts and investment income set forth in clause (A) above is not less than 2.5 times the amount set forth in clause (B) above.

*See* SUMMARY OF CERTAIN PROVISIONS OF THE DTF RESOLUTION—Special Provisions for Capital Cost Obligations included herein by specific reference for a description of further provisions which apply to the additional bonds test if the percentage of available existing taxes deposited into the MTA Dedicated Tax Fund is increased or additional taxes are added to the amounts so deposited.

For a discussion of the requirements relating to the issuance of Refunding Bonds, *see* SUMMARY OF CERTAIN PROVISIONS OF THE DTF RESOLUTION—Special Provisions for Refunding Obligations included herein by specific reference.

**Parity Debt**

MTA may incur Parity Debt pursuant to the terms of the DTF Resolution which, subject to certain exceptions, would be secured by a pledge of, and a lien on, the Trust Estate on a parity with the lien created by the DTF Resolution with respect to Bonds. Parity Debt may be incurred in the form of a Parity Reimbursement Obligation, a Parity Swap Obligation or any other contract, agreement or other obligation of MTA designated as constituting "Parity Debt" in a certificate of an Authorized Officer delivered to the Trustee.

**Appropriation by the Legislature**

The State Constitution provides that the State may not expend money without an appropriation, except for the payment of debt service on general obligation bonds or notes issued by the State. An appropriation is an authorization approved by the State Legislature to expend money. The State Constitution requires all appropriations of State funds, including funds in the MTTF and MMTOA Account, to be approved by the State Legislature at least every two years. In addition, the State Finance Law provides, except as described below, that appropriations shall cease to have force and effect, except as to liabilities incurred thereunder, at the close of the State Fiscal Year for which they were enacted and that to the extent of liabilities incurred thereunder, such appropriations shall lapse on the succeeding September 15th. The State Legislature may not be bound in advance to make any appropriation, and there can be no assurances that the State Legislature will appropriate the necessary funds as anticipated. MTA expects that the State Legislature will make appropriations from amounts on deposit in the MTTF and MMTOA Account in order to make payments when due.

The State Legislature has expressed its intent in the State Finance Law to enact for each State Fiscal Year in the future in an annual budget bill an appropriation from the MTTF (with respect to the PBT portion only) to the MTA Dedicated Tax Fund for the then current State Fiscal Year and an appropriation of the amounts projected by the Director of the Budget to be deposited in the MTA Dedicated Tax Fund from the MTTF (with respect to the PBT portion only) for the next succeeding State Fiscal Year. In any State Fiscal Year, if the Governor fails to submit or if the State Legislature fails to enact a current year appropriation from the MTTF (with respect to the PBT portion) to the MTA Dedicated Tax Fund, MTA is required to notify the State of amounts required to be disbursed from the appropriation made during the preceding State Fiscal Year for payment in the current State Fiscal Year. The Comptroller may not make any payments from the MTTF to the MTA Dedicated Tax Fund from such prior year appropriation prior to May 1st of the current State Fiscal Year. Until such time as payments pursuant to such appropriation are made in full, revenues in the MTTF shall not be paid over to any entity other than MTA.

In order to reduce the risk that the State Legislature may fail to make an annual appropriation or that such appropriation may be delayed to the MTA Dedicated Tax Fund, the adopted State budget for 2002-03 includes two appropriations from the MTTF to the MTA Dedicated Tax Fund. One such appropriation is for the State Fiscal Year which ends March 31, 2003 and the other such appropriation is for the succeeding State Fiscal Year which ends March 31, 2004. The appropriation for the 2002-03 State Fiscal Year took effect on April 1, 2002. MTA has periodically availed itself of such prior year's appropriation to meet operating costs in response to delays in the adoption of the State budget in such years.

A budgetary imbalance in the present or any future State Fiscal Year could affect the ability and willingness of the State Legislature to appropriate and the availability of moneys to make the payments from the MTTF and the MMTOA Account. However, MTA believes that any failure by the State Legislature to make appropriations as contemplated would have a serious impact on the ability of the State and its public benefit corporations to raise funds in the public credit markets.

**Agreement of the State**

The MTA Act prohibits MTA from filing a petition in bankruptcy under Chapter 9 of the Federal Bankruptcy Code or such successor chapters or sections as may from time to time be in effect and the State has pledged that so long as any notes, bonds or lease obligations of the MTA are outstanding, it will not limit or alter the denial of authority to MTA to so file.

Under the MTA Act, the State pledges to and agrees with the holders of any notes, bonds or lease obligations issued or incurred by the MTA, including the Bonds, that the State will not limit or alter the rights vested in the MTA to fulfill the terms of any agreements made by the MTA with the holders of its notes, bonds and lease obligations, including the Bonds, or in any way impair the rights and remedies of such holders. Notwithstanding the foregoing, in accordance with State law, nothing in the DTF Resolution shall be deemed to restrict the right of the State to amend, repeal, modify or otherwise alter statutes imposing or relating to the MTA Dedicated Tax Fund Revenues or the taxes or appropriations which are the source of such Revenues. No default under the DTF Resolution would occur solely as a result of the State exercising its right to amend, repeal, modify or otherwise alter such taxes or appropriations.

## PART III. OTHER INFORMATION ABOUT THE SERIES 2002B BONDS

*Part III* of this official statement provides miscellaneous additional information relating to the Series 2002B Bonds.

### TAX MATTERS

Hawkins, Delafield & Wood is Bond Counsel for the Series 2002B Bonds. Their opinion under existing law, relying on certain statements by MTA and assuming compliance by MTA with certain covenants, is that interest on the Series 2002B Bonds is:

- excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986,
- not a preference item for a bondholder under the federal alternative minimum tax, and
- included in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.

Their opinion is also that under existing law interest on the Series 2002B Bonds is exempt from personal income taxes of New York State or any political subdivisions of the State. *See* **Attachment 3** to this official statement for the form of the opinion that Bond Counsel expects to deliver when the Series 2002B Bonds are delivered.

The Internal Revenue Code of 1986 imposes requirements on the Series 2002B Bonds that MTA must continue to meet after the Series 2002B Bonds are issued. These requirements generally involve the way that Series 2002B Bond proceeds must be used and invested. If MTA does not meet these requirements, it is possible that a bondholder may have to include interest on the Series 2002B Bonds in its federal gross income on a retroactive basis to the date of issue. MTA has covenanted to do everything necessary to meet the requirements of the Internal Revenue Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Series 2002B Bonds. This is possible if a bondholder is

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Series 2002B Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that something may happen in the future that could change the tax treatment of the interest on the Series 2002B Bonds or affect the market price of the Series 2002B Bonds. For example, the Internal Revenue Code could be changed.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Series 2002B Bonds, or under State, local or foreign tax law.

## VERIFICATION OF MATHEMATICAL COMPUTATIONS

The accuracy of (i) the mathematical computations of the adequacy of the maturing principal of and interest earned on the Government Securities to be held by the Prior Trustee to provide for the payment of principal or redemption prices of and interest on the Refunded Bonds when due, and (ii) the mathematical computations supporting the conclusion that the Series 2002B Bonds are not "arbitrage bonds" under the Internal Revenue Code of 1986 will be verified by Bond Logistix LLC. Such verifications will be based upon information supplied to Bond Logistix LLC on behalf of MTA by Morgan Stanley & Co. Incorporated, the Underwriter.

## LEGALITY FOR INVESTMENT

The MTA Act provides that the Series 2002B Bonds are securities in which the following investors may properly and legally invest funds, including capital in their control or belonging to them:

- all public officers and bodies of the State and all municipalities and political subdivisions in the State,
- all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking business,
- all administrators, guardians, executors, trustees and other fiduciaries, and
- all other persons whatsoever who are now or who may hereafter be authorized to invest in the obligations of the State.

Certain of those investors, however, may be subject to separate restrictions which limit or prevent their investment in the Series 2002B Bonds.

## LITIGATION

There is no pending litigation concerning the bonds being offered, except for ***Moran Towing Corporation v. Urbach***, a case against the State challenging the constitutionality of limited aspects of the petroleum business tax law. MTA does not believe that an adverse decision in ***Moran Towing*** would have a material impact on the collection of MTTF Receipts based upon New York State Division of Budget estimates of a one-time refund liability of approximately $1.5 million and a reduction in MTTF Receipts of approximately $150,000 annually thereafter.

MTA is the defendant in numerous claims and actions, as are its affiliates and subsidiaries, including the Transit Authority, LIRR, MNCRC and TBTA. Certain of these claims and actions, either individually or in the aggregate, are potentially material to MTA, its affiliates or subsidiaries. MTA does not believe that any of these claims or actions would affect the application of the sources of payment for the Series 2002B Bonds. A summary of certain of these potentially material claims and actions is set forth in **Appendix A** – THE RELATED ENTITIES – Litigation.

## FINANCIAL ADVISOR

Goldman, Sachs & Co. is MTA's financial advisor for the Series 2002B Bonds and the debt restructuring. The financial advisor has provided MTA advice on the plan of financing and reviewed the pricing of the Series 2002B Bonds. The financial advisor has not independently verified the information contained in this official statement and does not assume responsibility for the accuracy, completeness or fairness of such information. The financial advisor's fees for serving as financial advisor is contingent upon the issuance of the Series 2002B Bonds.

## UNDERWRITING

Morgan Stanley & Co. Incorporated expects to enter into an agreement, subject to certain conditions, to purchase from MTA the Series 2002B Bonds at an expected aggregate purchase price of $438,830,765.78, reflecting an Underwriter's discount of $1,169,234.22, and to reoffer such Series 2002B Bonds at par. The Underwriter's obligations are subject to certain conditions precedent, and it will be obligated to purchase all such Series 2002B Bonds if any Series 2002B Bonds are purchased. An affiliate of the Underwriter has entered into the Interest Rate Swap. The Underwriter is also the Remarketing Agent.

## RATINGS

The Summary of Terms identifies the ratings of the credit rating agencies that are expected to be assigned to the Series 2002B Bonds. Those ratings reflect only the views of the organizations assigning them. An explanation of the significance of the ratings from each identified agency may be obtained as follows:

| | |
|---|---|
| Fitch Ratings<br>One State Street Plaza<br>New York, New York 10004<br>(212) 908-0500 | Standard & Poor's Ratings Services<br>55 Water Street<br>New York, New York 10041<br>(212) 438-2000 |

MTA has furnished to each rating agency rating the bonds being offered information, including information not included in this official statement, about MTA and the bonds. Generally, rating agencies base their ratings on that information and on independent investigations, studies and assumptions made by each rating agency. There can be no assurance that ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by a rating agency if, in the judgment of that rating agency, circumstances warrant the revision or withdrawal. Those circumstances may include, among other things, changes in or unavailability of information relating to MTA or the bonds. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the bonds.

*The expected ratings on the bonds identified in the Summary of Terms reflect the ratings of the bank and the bond insurer providing liquidity support and credit enhancement for the Series 2002B Bonds.*

## LEGAL MATTERS

All legal proceedings in connection with the issuance of the bonds being offered are subject to the approval of the nationally-recognized bond counsel firm identified on the cover page and in the Summary of Terms. The form of the opinion of Bond Counsel is **Attachment 3** to this official statement.

Certain legal matters regarding MTA will be passed upon by its General Counsel. In addition, certain legal matters will be passed upon by MTA's special counsel or the counsel to the Underwriter, or both, as also indicated in the Summary of Terms.

## NO CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12

Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, does not require MTA to undertake to provide continuing disclosure during the period that the Series 2002B Bonds bear interest in the Weekly Mode.

## FURTHER INFORMATION

MTA may place a copy of this official statement on its website at "*www.mta.info*." No statement on the MTA's website or any other website is included by specific reference herein.

Although MTA has prepared the information on its website for the convenience of those seeking that information, no decision in reliance upon that information should be made. Typographical or other errors may have occurred in converting the original source documents to their digital format, and MTA assumes no liability or responsibility for errors or omissions contained on any website. Further, MTA disclaims any duty or obligation to update or maintain the availability of the information contained on any website or any responsibility or liability for any damages caused by viruses contained within the electronic files on any website. MTA also assumes no liability or responsibility for any errors or omissions or for any updates to dated information contained on any website.

**METROPOLITAN TRANSPORTATION AUTHORITY**

By: /s/ Gary G. Caplan
Director, Budgets and Financial Management

## ATTACHMENT 1

## BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company (DTC), New York, NY, will act as securities depository for the Series 2002B Bonds. The Series 2002B Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2002B Bond will be issued for each maturity of the Series 2002B Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC. If, however, the aggregate principal amount of any maturity of the Series 2002B Bonds exceeds $500 million, one Bond of such maturity will be issued with respect to each $500 million of principal amount, and an additional Bond will be issued with respect to any remaining principal amount of such maturity.

2. DTC, the world's largest depository, 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 and provides asset servicing for over two million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants (Direct Participants) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. 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 (NSCC, GSCC, MBSCC, and EMCC, 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 both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Series 2002B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2002B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2002B Bond (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. Beneficial Owners are, however, 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 Series 2002B 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 Series 2002B Bonds, except in the event that use of the book-entry system for the Series 2002B Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2002B Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2002B Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2002B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2002B Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. 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. Beneficial Owners of Series 2002B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2002B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2002B Bond documents. For example, Beneficial Owners of the Series 2002B Bonds may wish to ascertain that the nominee holding the Series 2002B Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2002B Bonds of any 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.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2002B Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to MTA 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 Series 2002B Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds and principal and interest payments on the Series 2002B 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 MTA or the Trustee, on payable 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 Trustee or MTA, 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 MTA or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Series 2002B Bonds purchased or tendered, through its Participant, to the Tender/Remarketing Agent, and shall effect delivery of such Series 2002B Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2002B Bonds, on DTC's records, to the Tender/Remarketing Agent. The requirement for physical delivery of Series 2002B Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2002B Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2002B Bonds to the Tender/Remarketing Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Series 2002B Bonds at any time by giving reasonable notice to MTA or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2002B Bonds are required to be printed and delivered.

11. MTA may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depository). In that event, certificates for the Series 2002B Bonds will be printed and delivered

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT MTA BELIEVES TO BE RELIABLE, BUT MTA TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

## ATTACHMENT 2

## DEFINITIONS

This Attachment 2 contains definitions of certain terms used in this official statement. Capitalized terms not otherwise defined in this official statement have the meanings set forth in the Summary of Certain Provisions of the DTF Resolution or the Definitions and Summary of Certain Provisions of the Standard Resolution Provisions that are included by specific reference in this official statement.

**Alternate Liquidity Facility** means a Liquidity Facility that is issued in substitution for a then-existing Liquidity Facility in accordance with, and pursuant to, the DTF Resolution, as the same may be amended or supplemented from time to time.

**Auction Rate Mode** means the mode during which any Series 2002B Bonds bear interest at an auction rate.

**Authorized Denominations** means $100,000 and any integral multiple of $5,000 in excess thereof.

**Bank Bond** means any Series 2002B Bond during any period commencing on the day such Series 2002B Bond is owned by or held on behalf of the Liquidity Facility Issuer or its permitted assignee as a result of such Series 2002B Bond having been purchased pursuant to the DTF Resolution from the proceeds of a draw under the Liquidity Facility and ending when such Series 2002B Bond is, pursuant to the provisions of the Liquidity Facility, no longer deemed to be a Bank Bond.

**Business Day** means a day other than (i) a Saturday and Sunday, (ii) a day on which the Trustee, the Tender Agent, the Remarketing Agent, the Insurer, the Liquidity Facility Issuer or banks and trust companies in New York, New York are authorized or required to remain closed, or (iii) a day on which the New York Stock Exchange is closed.

**Commercial Paper Mode** means the mode during which Series 2002B Bonds bear interest at a commercial paper rate or rates.

**DTC** means The Depository Trust Company, New York, New York, or its successors.

**Daily Mode** means the mode during which Series 2002B Bonds bear interest at a daily rate.

**Electronic Means** means telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

**Expiration Date** means the stated expiration date of the Liquidity Facility, or such stated expiration date as it may be extended from time to time as provided therein; provided, however, that the "Expiration Date" shall not mean any date upon which a Liquidity Facility is no longer effective by reason of its Termination Date, the date on which all Series 2002B Bonds bear interest in an Auction Rate Mode or Fixed Rate Mode or the expiration of such Liquidity Facility by reason of the obtaining of an Alternate Liquidity Facility.

**Favorable Opinion of Bond Counsel** means, with respect to any action the occurrence of which requires such an opinion, an unqualified Counsel's Opinion to the effect that such action is permitted under the Issuer Act and the DTF Resolution and that such action will not impair the exclusion of interest on such Series 2002B Bonds from gross income for purposes of federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Series 2002B Bonds).

**Fixed Rate Mode** means the mode during which Series 2002B Bonds bear interest at a fixed rate until their maturity date.

**Interest Payment Date** means the first Business Day of each calendar month.

**Interest Period** means the period of time that any interest rate remains in effect, which period shall be the period from and including the date of the delivery of the Series 2002B Bonds to and including the following Wednesday and thereafter commencing on each Thursday to and including the earlier of the Wednesday of the following week or the day preceding any Mandatory Purchase Date or the maturity date.

**Liquidity Facility** means any Credit Facility which is obtained by MTA pursuant to the DTF Resolution and that provides for the payment of the Purchase Price of Series 2002B Bonds tendered or deemed tendered to the Tender Agent during the term thereof, as the same may be amended or supplemented from time to time. Each Initial Liquidity Facility constitutes a Liquidity Facility.

**Liquidity Facility Issuer** means the issuer of a Liquidity Facility.

**Mandatory Purchase Date** means (i) any Mode Change Date, (ii) the Substitution Date, (iii) the Expiration Tender Date and (iv) the Termination Tender Date.

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

**Mode Change Date** means the date one Mode terminates and another Mode begins.

**Notice Parties** means MTA, the Trustee, the Remarketing Agent, the Tender Agent, the Insurer and the related Liquidity Facility Issuer.

**Purchase Date** means any Business Day upon which a Series 2002B Bond is optionally tendered for purchase by its holder in accordance with the DTF Resolution.

**Record Date** means the opening of business on the Business Day next preceding an Interest Payment Date.

**Remarketing Agent** means Morgan Stanley & Co. Incorporated or any successor Remarketing Agent.

**Remarketing Agreement** means the remarketing agreement entered into by and between MTA and the Remarketing Agent with respect to the Series 2002B Bonds pursuant to which the Remarketing Agent has agreed to remarket the Series 2002B Bonds on the Purchase Date or the Mandatory Purchase Date at a price of not less than 100% of the principal amount thereof.

**Tender Agent** means The Bank of New York or any successor Tender Agent.

**Termination Date** means, with respect to a Liquidity Facility, (i) the date on which such Liquidity Facility shall terminate pursuant to its terms or otherwise be terminated prior to its Expiration Date or (ii) the date on which the obligation of the Liquidity Facility Issuer to provide a loan shall terminate; provided, however, that "Termination Date" shall not mean any date upon which a Liquidity Facility is no longer effective by reason of its Expiration Date.

**Term Rate Mode** means the mode during which Series 2002B Bonds bear interest at a fixed rate until the next mandatory purchase date.

**Trustee** means The Bank of New York or any successor Trustee.

## ATTACHMENT 3

## FORM OF OPINION OF BOND COUNSEL

**Upon delivery of the Series 2002B Bonds in definitive form, Hawkins, Delafield & Wood, New York, New York, Bond Counsel to MTA, proposes to render its final approving opinion in substantially the following form:**

[Date of Closing]

Metropolitan Transportation Authority
347 Madison Avenue
New York, New York 10017

Ladies and Gentlemen:

We have examined a certified copy of the record of proceedings of the Metropolitan Transportation Authority (the "MTA") and other proofs submitted to us relative to the issuance of $440,000,000 aggregate principal amount of Metropolitan Transportation Authority Dedicated Tax Fund Variable Rate Bonds, Series 2002B (the "Series 2002B Bonds").

All terms defined in the Resolution (hereinafter defined) and used herein shall have the respective meanings assigned in the Resolution, except where the context hereof otherwise requires.

The Series 2002B Bonds are issued under and pursuant to the Constitution and statutes of the State of New York (the "State"), including the Metropolitan Transportation Authority Act, being Title 11 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended to the date of this opinion letter (herein called the "Issuer Act"), and under and pursuant to proceedings of MTA duly taken, including a resolution adopted by the members of MTA on March 26, 2002 entitled "Dedicated Tax Fund Obligation Resolution", as supplemented by a resolution of said members adopted on June 26, 2002 (collectively, the "Resolution").

The Series 2002B Bonds are dated, mature, are payable, bear interest at a variable rate and are subject to redemption and tender, all as provided in the Resolution.

A portion of the proceeds of the Series 2002B Bonds is being used to refund certain of the outstanding bonds of MTA issued pursuant to the Dedicated Tax Fund Bond Resolution, adopted by the MTA on July 31, 1996, as supplemented (the "Prior Resolution"), which bonds are described in the hereinafter defined Escrow Agreement as being refunded with proceeds of the Series 2002B Bonds (the "Refunded Bonds"). A portion of the proceeds of the Series 2002B Bonds together with any other amounts made available by MTA (collectively, the "Defeasance Deposit") has been used to purchase direct obligations of the United States of America in an aggregate amount sufficient, together with any amounts held uninvested, to pay when due the principal or applicable redemption price of and interest due and to become due on said Refunded Bonds (the "Defeasance Requirement"). Such Defeasance Deposit is being held in trust under an escrow agreement, dated September 5, 2002 (the "Escrow Agreement"), by and between MTA and The Bank of New York, as escrow agent thereunder and as successor trustee under the Prior Resolution (the "Prior Trustee"). MTA has given the Prior Trustee, in form satisfactory to it, irrevocable instructions to give notice in accordance with the Prior Resolution of the redemption of those Refunded Bonds being redeemed prior to maturity and the deposit of the Defeasance Deposit. Bond Logistix LLC has prepared a report stating that it has reviewed the accuracy of the mathematical computations of the adequacy of the Defeasance Deposit, as invested, to pay in full the Defeasance Requirement when due. We have undertaken no independent verification of the adequacy of the Defeasance Deposit.

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Series 2002B Bonds in order that interest on the Series 2002B Bonds be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. We have examined the Arbitrage and Use of Proceeds Certificate of the MTA, dated the date hereof (the "Arbitrage and Use of Proceeds Certificate"), in which the MTA has made representations, statements of intention and reasonable expectation, certifications of fact and covenants relating to the federal tax status of interest on the Series 2002B Bonds, including, but not limited to, certain representations with respect to the use of the proceeds of the Series 2002B Bonds and the investment of certain funds. The Arbitrage and Use of Proceeds Certificate obligates the MTA to take certain actions necessary to cause interest on the Series 2002B Bonds to be excluded from gross income pursuant to Section 103 of the Code. Noncompliance with the requirements of the Code could cause interest on the Series 2002B Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance, irrespective of the date on which such noncompliance occurs or is ascertained. The MTA has covenanted in the Resolution to maintain the exclusion of the interest on the Series 2002B Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In rendering the opinion in paragraph 6 hereof, we have relied upon and assumed the material accuracy of the representations, statements of intention and reasonable expectation and certifications of fact contained in the Arbitrage and Use of Proceeds Certificate with respect to matters affecting the exclusion of interest on the Series 2002B Bonds from gross income for federal income tax purposes under Section 103 of the Code and compliance by the MTA with procedures and covenants set forth in the Arbitrage and Use of Proceeds Certificate as to such tax matters.

We have also examined one of said Series 2002B Bonds as executed and, in our opinion, the form of said Series 2002B Bond and its execution are regular and proper.

We are of the opinion that:

1. MTA is duly created and validly existing under the laws of the State, including the Constitution of the State and the Issuer Act.

2. MTA has the right and power under the Issuer Act to adopt the Resolution. The Resolution has been duly and lawfully adopted by MTA, is in full force and effect, is valid and binding upon MTA, and is enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Trust Estate, subject only to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.

3. The Series 2002B Bonds have been duly and validly authorized and issued in accordance with the laws of the State, including the Constitution of the State and the Issuer Act, and in accordance with the Resolution, and are valid and binding special obligations of MTA, enforceable in accordance with their terms and the terms of the Resolution, payable solely from the Trust Estate as provided in the Resolution, and are entitled to the benefits of the Issuer Act and the Resolution. MTA has no taxing power and the Series 2002B Bonds are not debts of the State or of any other political subdivision thereof. MTA reserves the right to issue additional Obligations and to incur Parity Debt on the terms and conditions, and for the purposes, provided in the Resolution, on a parity as to security and payment with the Series 2002B Bonds.

4. The MTA, the holders of the Series 2002B Bonds, or the holders of any evidence of indebtedness of the MTA do not and will not have a pledge of or lien on (i) the dedicated mass transportation trust fund established by Section 89-c of the State Finance Law, (ii) the metropolitan mass transportation operating assistance account established in the mass transportation operating assistance fund pursuant to Section 88-a of the State Finance Law, or (iii) the taxes or moneys deposited therein.

5. The Series 2002B Bonds are securities in which all public officers and bodies of the State and all municipalities and political subdivisions, all insurance companies and associations and other persons carrying on an insurance business, all banks, bankers, trust companies, savings banks and savings associations, including savings and loan associations, building and loan associations, investment companies and other persons carrying on a banking

business, all administrators, guardians, executors, trustees and other fiduciaries, and all other persons who are or may be authorized to invest in bonds or other obligations of the State, may properly and legally invest funds including capital in their control or belonging to them to the extent that the legality of such investment is governed by the laws of the State; and which may be deposited with and shall be received by all public officers and bodies of the State and all municipalities and political subdivisions for any purpose for which the deposit of bonds or other obligations of the State is or may be authorized.

6. Under existing statutes and court decisions (i) interest on the Series 2002B Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Series 2002B Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

7. Under existing statutes, interest on the Series 2002B Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof.

8. The Escrow Agreement has been duly authorized, executed and delivered by MTA, and, assuming the due authorization, execution and delivery of by the Prior Trustee, the Escrow Agreement is a valid and binding obligation of MTA, enforceable in accordance with its terms. The Refunded Bonds have been paid within the meaning and with the effect expressed in the Prior Resolution, and the covenants, agreements and other obligations of MTA to the holders of the Refunded Bonds have been discharged and satisfied.

The opinions expressed in paragraphs 2 and 3 above are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws heretofore or hereafter enacted affecting creditors' rights and are subject to the application of principles of equity relating to or affecting the enforcement of contractual obligations, whether such enforcement is considered in a proceeding in equity or at law.

Except as stated in paragraphs 6 and 7, we express no opinion regarding any other federal, state, local or foreign tax consequences with respect to the Series 2002B Bonds. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Series 2002B Bonds, or under state, local and foreign tax law.

We express no opinion as to the accuracy or sufficiency of any financial or other information which has been or will be supplied to purchasers of the Series 2002B Bonds.

This opinion letter is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. This opinion letter is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion letter to reflect any future actions, facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any reason whatsoever.

Very truly yours,

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

FINANCIAL SECURITY ASSURANCE®

# MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS:

Policy No.: -N

Effective Date:

Premium:

FINANCIAL SECURITY ASSURANCE INC. ("Financial Security"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of Financial Security, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which Financial Security shall have received Notice of Nonpayment, Financial Security will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by Financial Security, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in Financial Security. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by Financial Security is incomplete, it shall be deemed not to have been received by Financial Security for purposes of the preceding sentence and Financial Security shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, Financial Security shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by Financial Security hereunder. Payment by Financial Security to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of Financial Security under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless Financial Security shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to Financial Security which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

Financial Security may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to Financial Security pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to Financial Security and shall not be deemed received until received by both and (b) all payments required to be made by Financial Security under this Policy may be made directly by Financial Security or by the Insurer's Fiscal Agent on behalf of Financial Security. The Insurer's Fiscal Agent is the agent of Financial Security only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of Financial Security to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, Financial Security agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to Financial Security to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of Financial Security, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, FINANCIAL SECURITY ASSURANCE INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

[Countersignature] FINANCIAL SECURITY ASSURANCE INC.

By ______________________ By ______________________
Authorized Officer

A subsidiary of Financial Security Assurance Holdings Ltd.
350 Park Avenue, New York, N.Y. 10022-6022
(212) 826-0100

Form 500NY (5/90)

## ATTACHMENT 5

## INITIAL LIQUIDITY FACILITY ISSUER

## DEXIA CRÉDIT LOCAL

Dexia Crédit Local 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 more than 17 billion euros as of March 14, 2001, 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. Worldwide, Dexia federates group entities involved in this business and spearheads their development. Dexia has recognized expertise in local sector financing and project finance. It is backed by a network of specialized banks, which employ 2,500 professionals.

Through this network of subsidiaries, affiliates and branches, Dexia is present in almost all of the countries of the European Union. It is progressively expanding its activities to Asia Pacific, South America and the Caribbean, and countries around the Mediterranean. Dexia, known as Dexia Public Finance Bank until March 8, 2001, 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 Crédit Local, Paris. Dexia is the leading local authority lender in Europe, funding its lending activities in 2001 primarily through the issuance of euro and U.S. dollar-denominated bonds. In 2001, total funding raised by Dexia and Dexia Municipal Agency was 12.4 billion euros.

The acquisition by the Dexia Group of Financial Security Assurance Holdings Ltd. ("FSA Holdings"), the holding company for FSA was completed on July 5, 2000. As of December 31, 2001, Dexia had total consolidated assets of 155.5 billion euros, outstanding medium and long term loans to customers of 129 billion euros and shareholders' equity of nearly 3.3 billion euros (Tier I plus Tier II), and for the year then ended had consolidated net income of 644 million euros, determined in accordance with generally accepted accounting principles in France. Dexia maintains its records and prepares its financial statements in euros. At December 31, 2001, the exchange rate was 1.0000 euro equals 0.8813 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 Crédit Local, New York Agency, 445 Park Avenue, 8th 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.

**[THIS PAGE INTENTIONALLY LEFT BLANK]**

# ATTACHMENT 6
# INFORMATION RELATING TO THE REFUNDED BONDS

* Bonds indicated by an asterisk are sinking fund payments.
** Refunded Bonds indicated by a double asterisk in the final official statement are callable bonds escrowed to maturity which MTA has retained its right to redeem prior to maturity.
T Bonds indicated by a T are maturities of term bonds.

The following tables provide information regarding the Refunded Bonds. The initial table indicates the bonds which these Series 2002B Bonds refunded. Following the Series 2002B table are the bonds that were refunded by the Series 2002A Bonds.

## SERIES 2002B REFUNDED BONDS

| Series | CUSIP † | Maturity Date | Coupon | Refunded Principal Amount | | Redemption Date | Redemption Price |
|---|---|---|---|---|---|---|---|
| 2000A | 59259NEB5 | 4/1/03 | 4.700% | $ 5,280,000 | | Maturity | N/A |
| 2000A | 59259NEC3 | 4/1/04 | 4.850% | 5,530,000 | | Maturity | N/A |
| 2000A | 59259NED1 | 4/1/05 | 4.950% | 5,800,000 | | Maturity | N/A |
| 2000A | 59259NEE9 | 4/1/06 | 5.050% | 6,085,000 | | Maturity | N/A |
| 2000A | 59259NEF6 | 4/1/07 | 5.125% | 6,390,000 | | Maturity | N/A |
| 2000A | 59259NEG4 | 4/1/08 | 5.200% | 6,710,000 | | Maturity | N/A |
| 2000A | 59259NEH2 | 4/1/09 | 5.250% | 7,045,000 | | Maturity | N/A |
| 2000A | 59259NEJ8 | 4/1/10 | 5.300% | 7,450,000 | | Maturity | N/A |
| 2000A | 59259NEK5 | 4/1/11 | 5.400% | 7,925,000 | | 4/1/2010 | 100.00% |
| 2000A | 59259NEL3 | 4/1/12 | 5.500% | 8,330,000 | | 4/1/2010 | 100.00% |
| 2000A | 59259NEM1 | 4/1/13 | 5.600% | 8,810,000 | | 4/1/2010 | 100.00% |
| 2000A | 59259NDP5 | 4/1/14 | 6.125% | 6,110,000 | | 4/1/2010 | 100.00% |
| 2000A | 59259NEQ2 | 4/1/14 | 5.625% | 3,190,000 | | 4/1/2010 | 100.00% |
| 2000A | 59259NDQ3 | 4/1/15 | 6.125% | 5,395,000 | | 4/1/2010 | 100.00% |
| 2000A | 59259NER0 | 4/1/15 | 5.750% | 4,460,000 | | 4/1/2010 | 100.00% |
| 2000A | 59259NDR1 | 4/1/16 | 6.125% | 9,070,000 | | 4/1/2010 | 100.00% |
| 2000A | 59259NES8 | 4/1/16 | 5.800% | 1,375,000 | | 4/1/2010 | 100.00% |
| 2000A | 59259NDS9 | 4/1/17 | 6.125% | 10,300,000 | | 4/1/2010 | 100.00% |
| 2000A | 59259NET6 | 4/1/17 | 5.850% | 775,000 | | 4/1/2010 | 100.00% |
| 2000A | 59259NDT7 | 4/1/18 | 5.875% | 10,110,000 | | 4/1/2010 | 100.00% |
| 2000A | 59259NEU3 | 4/1/18 | 5.900% | 1,645,000 | | 4/1/2010 | 100.00% |
| 2000A | 59259NDU4 | 4/1/19 | 5.875% | 9,920,000 | | 4/1/2010 | 100.00% |
| 2000A | 59259NEV1 | 4/1/19 | 5.900% | 2,525,000 | | 4/1/2010 | 100.00% |
| 2000A | 59259NDV2 | 4/1/20 | 5.875% | 7,650,000 | | 4/1/2010 | 100.00% |
| 2000A | 59259NEW9 | 4/1/20 | 5.900% | 5,525,000 | | 4/1/2010 | 100.00% |
| 2000A | 59259NDW0 | 4/1/21 | 5.875% | 13,990,000 | | 4/1/2010 | 100.00% |
| 2000A | | 4/1/22 | 5.875% | 14,775,000 | * | 4/1/2010 | 100.00% |
| 2000A | | 4/1/23 | 5.875% | 15,640,000 | * | 4/1/2010 | 100.00% |
| 2000A | | 4/1/24 | 5.875% | 16,560,000 | * | 4/1/2010 | 100.00% |
| 2000A | 59259NDY6 | 4/1/25 | 5.875% | 4,490,000 | T | 4/1/2010 | 100.00% |

† CUSIP numbers have been assigned by an organization not affiliated with MTA and are included solely for the convenience of bondholders. MTA is neither responsible for the selection of these CUSIP numbers nor makes any representation as to their accuracy.

## ATTACHMENT 6
## INFORMATION RELATING TO THE REFUNDED BONDS

* Bonds indicated by an asterisk are sinking fund payments.
** Refunded Bonds indicated by a double asterisk in the final official statement are callable bonds escrowed to maturity which MTA has retained its right to redeem prior to maturity.
T Bonds indicated by a T are maturities of term bonds.

### SERIES 2002B REFUNDED BONDS (CONTINUED)

| Series | CUSIP † | Maturity Date | Coupon | Refunded Principal Amount | | Redemption Date | Redemption Price |
|---|---|---|---|---|---|---|---|
| 2000A | 59259NDX8 | 4/1/25 | 6.000% | $ 13,045,000 | T | 4/1/2010 | 100.00% |
| 2000A | | 4/1/26 | 6.000% | 18,580,000 | * | 4/1/2010 | 100.00% |
| 2000A | | 4/1/27 | 6.000% | 19,695,000 | * | 4/1/2010 | 100.00% |
| 2000A | | 4/1/28 | 6.000% | 20,875,000 | * | 4/1/2010 | 100.00% |
| 2000A | | 4/1/29 | 6.000% | 22,130,000 | * | 4/1/2010 | 100.00% |
| 2000A | 59259NEP4 | 4/1/30 | 6.000% | 23,455,000 | T | 4/1/2010 | 100.00% |
| | | | | $ 336,640,000 | | | |

† CUSIP numbers have been assigned by an organization not affiliated with MTA and are included solely for the convenience of bondholders. MTA is neither responsible for the selection of these CUSIP numbers nor makes any representation as to their accuracy.

## ATTACHMENT 6
## INFORMATION RELATING TO THE REFUNDED BONDS

* Bonds indicated by an asterisk are sinking fund payments.
** Refunded Bonds indicated by a double asterisk in the final official statement are callable bonds escrowed to maturity which MTA has retained its right to redeem prior to maturity.
T Bonds indicated by a T are maturities of term bonds.

### SERIES 2002A REFUNDED BONDS

| Series | CUSIP † | Maturity Date | Coupon | Refunded Principal Amount | | Redemption Date | | Redemption Price |
|---|---|---|---|---|---|---|---|---|
| 1996A | 59259NAG8 | 4/1/03 | 4.600% | $ 8,530,000 | | Maturity | | N/A |
| 1996A | 59259NAH6 | 4/1/04 | 4.700% | 8,920,000 | | Maturity | | N/A |
| 1996A | 59259NAJ2 | 4/1/05 | 6.000% | 9,340,000 | | Maturity | | N/A |
| 1996A | 59259NAK9 | 4/1/06 | 6.000% | 9,905,000 | | Maturity | | N/A |
| 1996A | 59259NAL7 | 4/1/07 | 5.000% | 10,495,000 | | Maturity | | N/A |
| 1996A | 59259NAM5 | 4/1/08 | 5.100% | 11,025,000 | | Maturity | ** | N/A |
| 1996A | 59259NAN3 | 4/1/09 | 5.250% | 11,580,000 | | Maturity | ** | N/A |
| 1996A | 59259NAP8 | 4/1/10 | 5.300% | 12,195,000 | | Maturity | ** | N/A |
| 1996A | 59259NAT0 | 4/1/11 | 6.250% | 12,835,000 | | Maturity | | N/A |
| 1996A | 59259NAU7 | 4/1/12 | 6.250% | 13,640,000 | | Maturity | | N/A |
| 1996A | 59259NAV5 | 4/1/13 | 6.250% | 14,495,000 | | Maturity | | N/A |
| 1996A | 59259NAW3 | 4/1/14 | 6.250% | 15,400,000 | | Maturity | | N/A |
| 1996A | 59259NAX1 | 4/1/15 | 5.500% | 16,360,000 | | 10/1/2010 | | 100.00% |
| 1996A | 59259NAQ6 | 4/1/16 | 5.500% | 17,260,000 | | 10/1/2010 | | 100.00% |
| 1996A | | 4/1/17 | 6.000% | 18,210,000 | * | Maturity | | N/A |
| 1996A | | 4/1/18 | 6.000% | 19,305,000 | * | Maturity | | N/A |
| 1996A | | 4/1/19 | 6.000% | 20,460,000 | * | Maturity | | N/A |
| 1996A | 59259NAY9 | 4/1/20 | 6.000% | 21,690,000 | T | Maturity | | N/A |
| 1996A | 59259NAR4 | 4/1/21 | 5.250% | 22,990,000 | T | 10/1/2010 | | 100.00% |
| 1996A | | 4/1/22 | 5.250% | 24,195,000 | * | 10/1/2010 | | 100.00% |
| 1996A | | 4/1/23 | 5.250% | 25,465,000 | * | 10/1/2010 | | 100.00% |
| 1996A | | 4/1/24 | 5.250% | 26,805,000 | * | 10/1/2010 | | 100.00% |
| 1996A | | 4/1/25 | 5.250% | 28,215,000 | * | 10/1/2010 | | 100.00% |
| 1996A | 59259NAS2 | 4/1/26 | 5.250% | 29,695,000 | T | 10/1/2010 | | 100.00% |
| | | | | $ 409,010,000 | | | | |
| | | | | | | | | |
| 1998A | 59259NBD4 | 4/1/03 | 5.000% | $ 7,225,000 | | Maturity | | N/A |
| 1998A | 59259NBE2 | 4/1/04 | 5.000% | 7,585,000 | | Maturity | | N/A |
| 1998A | 59259NBF9 | 4/1/05 | 5.000% | 7,965,000 | | Maturity | | N/A |
| 1998A | 59259NBG7 | 4/1/06 | 5.250% | 8,365,000 | | Maturity | | N/A |
| 1998A | 59259NBH5 | 4/1/07 | 5.250% | 8,800,000 | | Maturity | | N/A |
| 1998A | 59259NBJ1 | 4/1/08 | 5.250% | 9,265,000 | | Maturity | | N/A |

† CUSIP numbers have been assigned by an organization not affiliated with MTA and are included solely for the convenience of bondholders. MTA is neither responsible for the selection of these CUSIP numbers nor makes any representation as to their accuracy.

# ATTACHMENT 6
# INFORMATION RELATING TO THE REFUNDED BONDS

* Bonds indicated by an asterisk are sinking fund payments.
** Refunded Bonds indicated by a double asterisk in the final official statement are callable bonds escrowed to maturity which MTA has retained its right to redeem prior to maturity.
T Bonds indicated by a T are maturities of term bonds.

## SERIES 2002A REFUNDED BONDS (CONTINUED)

| Series | CUSIP † | Maturity Date | Coupon | Refunded Principal Amount | | Redemption Date | | Redemption Price |
|---|---|---|---|---|---|---|---|---|
| 1998A | 59259NBK8 | 4/1/09 | 5.000% | $ 9,750,000 | | Maturity | ** | N/A |
| 1998A | 59259NBL6 | 4/1/10 | 5.000% | 10,235,000 | | Maturity | ** | N/A |
| 1998A | 59259NBM4 | 4/1/11 | 5.250% | 10,750,000 | | Maturity | ** | N/A |
| 1998A | 59259NBN2 | 4/1/12 | 5.250% | 11,315,000 | | Maturity | ** | N/A |
| 1998A | 59259NBP7 | 4/1/13 | 5.250% | 11,910,000 | | Maturity | ** | N/A |
| 1998A | 59259NBQ5 | 4/1/14 | 5.250% | 12,535,000 | | Maturity | ** | N/A |
| 1998A | 59259NBR3 | 4/1/15 | 5.500% | 13,190,000 | | Maturity | | N/A |
| 1998A | 59259NBS1 | 4/1/16 | 5.500% | 13,915,000 | | Maturity | | N/A |
| 1998A | | 4/1/17 | 4.500% | 14,680,000 | * | 10/1/2015 | | 100.00% |
| 1998A | 59259NBT9 | 4/1/18 | 4.500% | 15,340,000 | T | 10/1/2015 | | 100.00% |
| 1998A | | 4/1/19 | 5.000% | 16,035,000 | * | 10/1/2015 | | 100.00% |
| 1998A | | 4/1/20 | 5.000% | 16,835,000 | * | 10/1/2015 | | 100.00% |
| 1998A | | 4/1/21 | 5.000% | 17,675,000 | * | 10/1/2015 | | 100.00% |
| 1998A | | 4/1/22 | 5.000% | 18,560,000 | * | 10/1/2015 | | 100.00% |
| 1998A | 59259NBU6 | 4/1/23 | 5.000% | 19,490,000 | T | 10/1/2015 | | 100.00% |
| 1998A | | 4/1/24 | 4.750% | 20,460,000 | * | 10/1/2015 | | 100.00% |
| 1998A | | 4/1/25 | 4.750% | 21,435,000 | * | 10/1/2015 | | 100.00% |
| 1998A | | 4/1/26 | 4.750% | 22,450,000 | * | 10/1/2015 | | 100.00% |
| 1998A | | 4/1/27 | 4.750% | 23,520,000 | * | 10/1/2015 | | 100.00% |
| 1998A | 59259NBV4 | 4/1/28 | 4.750% | 24,635,000 | T | 10/1/2015 | | 100.00% |
| | | | | $ 373,920,000 | | | | |
| 1999A | 59259NCH4 | 4/1/03 | 4.000% | $ 6,805,000 | | Maturity | | N/A |
| 1999A | 59259NCJ0 | 4/1/04 | 4.000% | 7,075,000 | | Maturity | | N/A |
| 1999A | 59259NCK7 | 4/1/05 | 4.100% | 7,360,000 | | Maturity | | N/A |
| 1999A | 59259NCL5 | 4/1/06 | 4.250% | 7,660,000 | | Maturity | | N/A |
| 1999A | 59259NCN1 | 4/1/07 | 5.000% | 5,705,000 | | Maturity | | N/A |
| 1999A | 59259NCM3 | 4/1/07 | 4.300% | 2,280,000 | | Maturity | | N/A |
| 1999A | 59259NCQ4 | 4/1/08 | 5.000% | 6,305,000 | | Maturity | | N/A |
| 1999A | 59259NCP6 | 4/1/08 | 4.400% | 2,065,000 | | Maturity | | N/A |
| 1999A | 59259NCS0 | 4/1/09 | 5.000% | 5,175,000 | | Maturity | | N/A |
| 1999A | 59259NCR2 | 4/1/09 | 4.500% | 3,600,000 | | Maturity | | N/A |

† CUSIP numbers have been assigned by an organization not affiliated with MTA and are included solely for the convenience of bondholders. MTA is neither responsible for the selection of these CUSIP numbers nor makes any representation as to their accuracy.

# ATTACHMENT 6
# INFORMATION RELATING TO THE REFUNDED BONDS

* Bonds indicated by an asterisk are sinking fund payments.
** Refunded Bonds indicated by a double asterisk in the final official statement are callable bonds escrowed to maturity which MTA has retained its right to redeem prior to maturity.
T Bonds indicated by a T are maturities of term bonds.

## SERIES 2002A REFUNDED BONDS (CONTINUED)

| Series | CUSIP [†] | Maturity Date | Coupon | Refunded Principal Amount | | Redemption Date | | Redemption Price |
|---|---|---|---|---|---|---|---|---|
| 1999A | 59259NCU5 | 4/1/10 | 5.250% | $ 5,400,000 | | Maturity | ** | N/A |
| 1999A | 59259NCT8 | 4/1/10 | 4.600% | 3,795,000 | | Maturity | ** | N/A |
| 1999A | 59259NCV3 | 4/1/11 | 5.250% | 9,655,000 | | Maturity | ** | N/A |
| 1999A | 59259NCX9 | 4/1/12 | 5.250% | 8,325,000 | | Maturity | ** | N/A |
| 1999A | 59259NCW1 | 4/1/12 | 4.800% | 1,835,000 | | Maturity | ** | N/A |
| 1999A | 59259NCY7 | 4/1/13 | 5.250% | 10,685,000 | | Maturity | ** | N/A |
| 1999A | 59259NCZ4 | 4/1/14 | 5.250% | 11,250,000 | | Maturity | ** | N/A |
| 1999A | 59259NDB6 | 4/1/15 | 5.250% | 8,380,000 | | 10/1/2014 | | 100.00% |
| 1999A | 59259NDA8 | 4/1/15 | 5.000% | 3,460,000 | | 10/1/2014 | | 100.00% |
| 1999A | 59259NDD2 | 4/1/16 | 5.250% | 9,390,000 | | 10/1/2014 | | 100.00% |
| 1999A | 59259NDC4 | 4/1/16 | 5.000% | 3,060,000 | | 10/1/2014 | | 100.00% |
| 1999A | 59259NDE0 | 4/1/17 | 5.000% | 13,100,000 | | 10/1/2014 | | 100.00% |
| 1999A | 59259NDF7 | 4/1/18 | 5.125% | 13,750,000 | | 10/1/2014 | | 100.00% |
| 1999A | 59259NDG5 | 4/1/19 | 5.125% | 14,455,000 | | 10/1/2014 | | 100.00% |
| 1999A | | 4/1/20 | 5.250% | 15,200,000 | * | 10/1/2014 | | 100.00% |
| 1999A | | 4/1/21 | 5.250% | 15,995,000 | * | 10/1/2014 | | 100.00% |
| 1999A | | 4/1/22 | 5.250% | 16,835,000 | * | 10/1/2014 | | 100.00% |
| 1999A | 59259NDH3 | 4/1/23 | 5.250% | 17,720,000 | T | 10/1/2014 | | 100.00% |
| 1999A | | 4/1/24 | 5.000% | 18,650,000 | * | 10/1/2014 | | 100.00% |
| 1999A | | 4/1/25 | 5.000% | 19,585,000 | * | 10/1/2014 | | 100.00% |
| 1999A | | 4/1/26 | 5.000% | 20,560,000 | * | 10/1/2014 | | 100.00% |
| 1999A | | 4/1/27 | 5.000% | 21,590,000 | * | 10/1/2014 | | 100.00% |
| 1999A | | 4/1/28 | 5.000% | 22,670,000 | * | 10/1/2014 | | 100.00% |
| 1999A | 59259NDJ9 | 4/1/29 | 5.000% | 23,805,000 | T | 10/1/2014 | | 100.00% |
| | | | | $ 363,180,000 | | | | |

[†] CUSIP numbers have been assigned by an organization not affiliated with MTA and are included solely for the convenience of bondholders. MTA is neither responsible for the selection of these CUSIP numbers nor makes any representation as to their accuracy.

**[THIS PAGE INTENTIONALLY LEFT BLANK]**