$400,000,000
Metropolitan Transportation Authority
Transportation Revenue Variable Rate Refunding Bonds, Series 2002D
$200,000,000 Transportation Revenue Variable Rate Refunding Bonds, Subseries 2002D-1
$200,000,000 Transportation Revenue Variable Rate Refunding Bonds, Subseries 2002D-2

DATED: Date of Delivery

The Subseries 2002D-1 Bonds and the Subseries 2002D-2 Bonds (collectively, the Series 2002D Bonds) are being issued to refund bonds of MTA and New York City Transit Authority.

The Series 2002D Bonds -

- are MTA’s special, not general, obligations, payable solely from the transit and commuter systems revenues and other sources pledged to bondholders as described in this official statement, 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 2002D Bonds will constitute Variable Interest Rate Obligations and will bear interest from their date of delivery in the Weekly Mode as herein described. The Series 2002D Bonds will bear interest from the date of delivery to and including June 5, 2002 at a rate 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 2002D Bonds remain in the Weekly Mode.

The Series 2002D Bonds of each Subseries are subject to mandatory or optional tender for purchase as more fully described herein. In order to provide for the payment of purchase price in the event of a mandatory or optional tender, MTA has entered into a standby bond purchase agreement with Westdeutsche Landesbank Girozentrale in connection with the Subseries 2002D-1 Bonds and a standby bond purchase agreement with Dexia Crédit Local in connection with the Subseries 2002D-2 Bonds (collectively, the Initial Liquidity Facilities). The Initial Liquidity Facilities are scheduled to expire on May 27, 2005, unless extended or earlier terminated (in certain cases without notice or without the obligation of the related Liquidity Facility Issuer to purchase Series 2002D Bonds that have been tendered for purchase) in accordance with their terms as described in this official statement.

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

Price — 100%

The Initial Liquidity Facilities do not provide security for the scheduled payment of principal of or interest or premium, if any, on the Series 2002D 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.

JPMorgan Chase Bank is the Trustee, Paying Agent and Tender Agent for the Series 2002D 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 2002D 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 2002D Bonds is exempt from personal income taxes of New York State or any political subdivisions of the State.

The Series 2002D 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 May 30, 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 2002D Bonds. Investors are advised to read the entire official statement, including all portions included by specific reference, to obtain information essential to making an informed decision.

Bear, Stearns & Co. Inc.

May 17, 2002
### SUMMARY OF TERMS RELATING TO WEEKLY MODE*

<table>
<thead>
<tr>
<th>INTEREST PAYMENT DATES AND CALCULATION PERIOD</th>
<th>The first Business Day of each month, commencing July 1, 2002, on actual days over a 365-day year (366 in years when February has 29 days)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RECORD DATE</td>
<td>Opening of business on the Business Day preceding an Interest Payment Date</td>
</tr>
<tr>
<td>OWNERS’ RIGHTS TO TENDER</td>
<td>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</td>
</tr>
<tr>
<td>NOTICE OF MODE CHANGE; MODE CHANGE DATE</td>
<td>Trustee to mail notice to Owners not later than 15 days before the Mode Change Date, which can be any Business Day</td>
</tr>
<tr>
<td>MANDATORY TENDER FOR PURCHASE</td>
<td>On each Mode Change Date, Expiration Tender Date, Termination Tender Date and Substitution Date</td>
</tr>
<tr>
<td>RATE DETERMINATION DATE</td>
<td>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</td>
</tr>
<tr>
<td>RATE ADJUSTMENT DATE</td>
<td>Thursday of each week</td>
</tr>
<tr>
<td>TENDER AGENT’S ADDRESS FOR DELIVERY OF TENDER NOTICE</td>
<td>JPMorgan Chase Bank Institutional Trust Services 450 West 33rd Street New York, New York 10001 Attention: William B. Dodge</td>
</tr>
<tr>
<td></td>
<td>Phone: (212) 946-3341 Fax: (212) 946-8158</td>
</tr>
<tr>
<td>REMARKETING AGENT’S ADDRESS FOR DELIVERY OF TENDER NOTICE</td>
<td>Bear, Stearns &amp; Co. Inc. 383 Madison Avenue, 11th Floor New York, New York 10179 Attention: Kyle Pulling</td>
</tr>
<tr>
<td></td>
<td>Phone: (212) 272-4930 Fax: (212) 272-5948</td>
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The Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Series 2002D 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 2002D 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.
MTA has prepared this Summary of Terms to describe the specific terms of the Series 2002D 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 Transportation Revenue Variable Rate Refunding 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** ............................... Transportation Revenue Variable Rate Refunding Bonds, Series 2002D.

**Purpose of Issue** ................................. The Series 2002D Bonds are being issued to refund bonds of MTA and New York City Transit Authority.

**Details** ................................................ MTA is issuing the Subseries 2002D-1 Bonds maturing on November 1, 2029 in the aggregate principal amount shown on the cover of this official statement. MTA is issuing the Subseries 2002D-2 Bonds maturing on November 1, 2032 in the aggregate principal amount shown on the cover of this official statement. The Series 2002D Bonds constitute Variable Interest Rate Obligations and will bear interest from their date of delivery in the Weekly Mode 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 upon satisfaction of certain conditions, including delivery of a Bond Counsel opinion.

**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 July 1, 2002.

**Redemption** ........................................... See REDEMPTION PROVISIONS DURING THE WEEKLY MODE in Part I for redemption information.


**Sources of Payment and Security** .............. MTA’s pledged transportation revenues from transit and commuter system operations, TBTA operating surplus, subsidies from governmental entities and certain other sources, all as described in Part II.

**Initial Liquidity Facilities** ........................ In order to provide for the payment of purchase price in the event of a mandatory or optional tender, as described herein, MTA has entered into a standby bond purchase agreement with respect to each Subseries of the Series 2002D Bonds (collectively, the Initial Liquidity Facilities).
Subseries 2002D-1 Standby Bond Purchase Agreement — Westdeutsche Landesbank Girozentrale.

Subseries 2002D-2 Standby Bond Purchase Agreement — Dexia Crédit Local.

The Initial Liquidity Facilities are scheduled to expire on May 27, 2005, unless extended or earlier terminated (in certain cases without notice or without obligation of the related Initial Liquidity Facility Issuer to purchase Series 2002D Bonds that have been tendered for purchase) in accordance with their terms as described herein. The Initial Liquidity Facilities do not provide security for the payment of principal of and interest or premium, if any, on the Series 2002D Bonds, and the funds drawn thereunder may not be used for such purpose. Neither MTA nor the Insurer is obligated to pay the purchase price of the Series 2002D Bonds tendered for purchase.

Credit Enhancement ................................ Municipal bond insurance policy from Financial Security Assurance Inc.

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 ...................... JPMorgan Chase Bank.


Tax Status ....................................... See TAX MATTERS in Part III.

Expected Series 2002D-1 Ratings ............. Moody’s: Aaa/VMIG 1
Standard & Poor’s: AAA/A-1+
Fitch: AAA/F1+
See RATINGS in Part III.

Expected Series 2002D-2 Ratings ............. Moody’s: Aaa/VMIG 1
Standard & Poor’s: AAA/ A-1+
Fitch: AAA/F1+
See RATINGS in Part III.


Verification Agent ............................. Samuel Klein & Co.

Underwriter/Remarketing Agent .............. Bear, Stearns & Co. Inc.

Purchase Price/Underwriter’s Discount ...... See UNDERWRITING in Part III.


MTA Special Counsel ........................... Nixon Peabody LLP, 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 2002D 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 2002D Bonds, except as set forth 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 2002D 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.

• **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 2002D 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 2002D Bonds, or
  • the tax-exempt status of the interest on the Series 2002D Bonds.

• **Initial Liquidity Facility Issuer Information.** Other than with respect to information concerning the Initial Liquidity Facility Issuers contained in Attachment 5 herein, none of the information in this official statement has been supplied or verified by the Initial Liquidity Facility Issuers and no Initial Liquidity Facility Issuer makes any 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 2002D Bonds, or
  • the tax-exempt status of the interest on the Series 2002D 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 2002D Bonds to provide continuing disclosure during the period that such Series 2002D Bonds bear interest in the Weekly Mode. MTA regularly files continuing disclosure in connection with other debt offerings.
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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 2002D 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
- **Appendix C** – Audited Consolidated Financial Statements of the New York City Transit 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 Transportation Resolution
- Form of the Interagency Agreement
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 certain 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 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 2002D Bonds.
- Part II describes the sources of payment and security for all MTA Transportation Revenue Bonds, including the Series 2002D Bonds.
- Part III provides miscellaneous information relating to the Series 2002D Bonds.
- Attachment 1 sets forth certain provisions applicable to the book-entry system of registration to be used for the Series 2002D 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 2002D 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 Issuers.
- Attachment 6 sets forth certain information relating to the bonds being refunded by the Series 2002D 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**  
100 Business Park Drive  
Skillman, NJ 08558  
Phone: (609) 279-3225  
Fax: (609) 279-5962  
Email: munis@bloomberg.com

**FT Interactive Data**  
Attn: NRMSIR  
100 William Street  
New York, NY 10038  
Phone: (212) 771-6999  
Fax: (212) 771-7390 (Secondary Market Information)  
(212) 771-7391 (Primary Market Information)  
Email: NRMSIR@FTID.com

**DPC Data Inc.**  
One Executive Drive  
Fort Lee, NJ 07024  
Phone: (201) 346-0701  
Fax: (201) 947-0107  
Email: nrmsir@dpcdata.com

**Standard & Poor's J.J. Kenny Repository**  
55 Water Street  
45th Floor  
New York, NY 10041  
Phone: (212) 438-4595  
Fax: (212) 438-3975  
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 2002D 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 Part III – FURTHER INFORMATION below.

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 maximize 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,
- TBTA General Revenue Bonds and TBTA Subordinate Revenue Bonds, and
- MTA Dedicated Tax Fund Bonds.
On February 12, 2002, MTA submitted new bond resolutions to the Metropolitan Transportation Authority Capital Program Review Board (Review Board) for approval. The new resolutions were approved by the Review Board on February 27, 2002. On March 26, 2002, the MTA and TBTA Boards approved the new resolutions.

**Transportation Revenue Bonds.** Transportation Revenue Bonds and Notes, including the Series 2002D Bonds, together with approximately $450 million of other moneys, are expected to be issued to refund all of the following outstanding bonds and notes (the Old Farebox Bonds):

- MTA Transit Facilities Revenue Bonds (including $500 million in commercial paper bond anticipation notes),
- MTA Commuter Facilities Revenue Bonds (including $250 million in commercial paper bond anticipation notes),
- MTA Subordinated Commuter Facilities Revenue Bonds (Grand Central Terminal Redevelopment Project), and
- Transit Authority Subordinated Transit Facilities Revenue Bonds (Livingston Plaza Project).

MTA expects to issue the following approximate aggregate principal amounts of Transportation Revenue Bonds and Notes to accomplish the defeasance in full of the Old Farebox Bonds:

- Pursuant to a bond purchase agreement entered into on May 9, 2002, $2,894,185,000 tax-exempt fixed rate Series 2002A Bonds (the Series 2002A Bonds) on or about May 30, 2002,
- $210.5 million tax-exempt auction rate Series 2002B Bonds (the Series 2002B Bonds) that are expected to be issued and delivered on or about the same date as the Series 2002A Bonds,
- $219.6 million taxable auction rate Series 2002C Bonds (the Series 2002C Bonds) that are expected to be issued and delivered on or about the same date as the Series 2002A Bonds,
- these Series 2002D Bonds that are expected to be issued and delivered on or about the same date as the Series 2002A Bonds,
- $400 million tax-exempt Series 2002E Bonds (the Series 2002E Bonds) that are expected to be issued and delivered on or about July 2, 2002, and
- $750 million of commercial paper in the form of Transportation Revenue Bond Anticipation Notes (the Series 2002 Commercial Paper) to replace the outstanding $500 million of transit commercial paper and $250 million of commuter commercial paper that are expected to replace the old commercial paper as it matures during June 2002.


*It is expected that the Series 2002A, Series 2002B, Series 2002C and Series 2002D Bonds will be issued and delivered on or about the same date. It is expected that the Series 2002 Commercial Paper will be issued and delivered during June 2002. Purchasers of the Series 2002D Bonds should note that, until the Series 2002E Bonds and the Series 2002 Commercial Paper are issued and delivered and all of the above-referenced Old Farebox Bonds are fully defeased or paid, the resolution securing the Transportation Revenue Bonds will be subject to the pledges and agreements under the resolutions securing the Old Farebox Bonds (collectively, the Old Farebox Resolutions).*

In addition, though not part of the debt restructuring, MTA expects to issue additional Transportation Revenue Bonds in the fall of 2002 to pay the outstanding $807.2 million of TBTA bond anticipation notes maturing January 1, 2003 that were issued to finance certain transit and commuter
projects, plus accrued interest. Also, MTA expects to issue substantial amounts of additional Transportation Revenue Bonds thereafter to fund its ongoing capital programs. See Appendix A – “2002-2003 FINANCIAL PLAN AND 2000-2004 CAPITAL PROGRAM.”

**Release of Existing Reserve Funds.** Once the restructuring of the Old Farebox Bonds has been accomplished and the Old Farebox Resolutions fully defeased, approximately $387 million in reserves under the Old Farebox Resolutions will be released to the MTA and is 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 2002D BONDS

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

REFUNDING PLAN AND APPLICATION OF PROCEEDS

Use of Proceeds

The Series 2002A – E Bonds and the Series 2002 Commercial Paper, together with other moneys of MTA, are being issued to refund all outstanding Old Farebox Bonds. The series designations, CUSIP numbers, maturities and principal amounts of Old Farebox Bonds that are being refunded with the proceeds of the Series 2002D Bonds (the Refunded Bonds), and the redemption dates and redemption prices applicable thereto are set forth in Attachment 6.

Escrow of Government Securities

The proceeds of the Series 2002D Bonds (exclusive of financing, bond insurance, legal and miscellaneous expenses) 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 JPMorgan Chase Bank, acting in the capacity of trustee under each of the Old Farebox Resolutions (collectively, the Prior Trustees), 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 Trustees upon the issuance and delivery of the Series 2002D 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 Trustees and the issuance of certain irrevocable instructions to the Prior Trustees pursuant to the Old Farebox Resolutions, the Refunded Bonds will, under the terms of the Old Farebox Resolutions, be deemed to have been paid and will no longer be Outstanding (as defined in the Old Farebox Resolutions) and will cease to be entitled to any lien, benefit or security under the Old Farebox Resolutions.

Interest Rate Swaps

In connection with the issuance of the Series 2002B Bonds and the Series 2002D Bonds, MTA has entered into three interest rate swap agreements with Bear Stearns Capital Markets, Inc. (the Counterparty), for the purpose of converting MTA’s variable rate exposure relating to the Series 2002B Bonds and the Series 2002D Bonds to a fixed rate for periods ending not later than January 1, 2007 (the Interest Rate Swaps). The Interest Rate Swaps will have a notional amount equal to the par amount of the Series 2002B Bonds and the Series 2002D Bonds and an effective date equal to the date of delivery of the Series 2002B Bonds. Under the terms of each Interest Rate Swap, MTA will pay a fixed rate to the Counterparty and receive a variable rate. Each Interest Rate Swap will be a Qualified Swap under the General Resolution Authorizing Transportation Revenue Obligations, adopted by members of MTA on March 26, 2002, as amended and supplemented (the Transportation Resolution), and, as such, MTA’s periodic payment obligations under each Interest Rate Swap will constitute Parity Swap Obligations under the Transportation Resolution.
DESCRIPTION OF SERIES 2002D BONDS

Unless the context otherwise indicates, references in the following description to the “Series 2002D Bonds” apply to the Subseries 2002D-1 Bonds and the Subseries 2002D-2 Bonds independently. Purchase Price with respect to tendered Subseries 2002D-1 Bonds and Subseries 2002D-2 Bonds is payable under separate Initial Liquidity Facilities with different Initial Liquidity Facility Issuers. Actions may be taken, or determinations made, with respect to one Subseries that are not taken or made with respect to the other.

General

Variable Rate Bonds. The Subseries 2002D-1 Bonds will be dated their date of delivery and will mature on November 1, 2029. The Subseries 2002D-2 Bonds will be dated their date of delivery and will mature on November 1, 2032. The Series 2002D Bonds will constitute Variable Interest Rate Obligations and will bear interest from their date of delivery in the Weekly Mode. The Series 2002D Bonds will bear interest from the date of issuance to and including June 5, 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 2002D Bonds remain in the Weekly Mode. In the event MTA elects to convert the Series 2002D Bonds to a different Mode, it expects to circulate a revised disclosure document relating thereto.

Interest on the Series 2002D 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 2002D 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 2002D Bonds held by the Liquidity Facility Issuer as a result of a draw on the Liquidity Facility to pay the Purchase Price of Series 2002D Bonds that have been tendered and not remarketed and may bear interest at a rate of up to 25% per annum.

MTA has appointed Bear, Stearns & Co. Inc. as Remarketing Agent in connection with the remarketing of the Series 2002D Bonds. The Remarketing Agent will determine the interest rate on each Subseries of the Series 2002D Bonds separately and will remarket Series 2002D Bonds tendered or required to be tendered for purchase on a best efforts basis. The Remarketing Agent may be removed or replaced by MTA for either or both Subseries in accordance with the Remarketing Agreement. Pursuant to the Remarketing Agreement, the Remarketing Agent will suspend its obligation to remarket Series 2002D Bonds upon the occurrence of a default by the Insurer under the Insurance Policy or upon the termination of the Liquidity Facility relating to such Series 2002D Bonds.

Payment of Series 2002D Bonds Purchase Price. The Purchase Price of the Subseries 2002D-1 Bonds that are tendered and not remarketed on any Purchase Date is payable pursuant to a standby bond purchase agreement (the Subseries 2002D-1 Initial Liquidity Facility), by and among Westdeutsche Landesbank Girozentrale (the Subseries 2002D-1 Initial Liquidity Facility Issuer), MTA and JPMorgan Chase Bank, acting as Trustee and Tender Agent with respect to the Subseries 2002D-1 Bonds.

The Purchase Price of the Subseries 2002D-2 Bonds that are tendered and not remarked on any Purchase Date is payable pursuant to a standby bond purchase agreement (the Subseries 2002D-2 Initial Liquidity Facility; the Subseries 2002D-1 Initial Liquidity Facility and the Subseries 2002D-2 Initial Liquidity Facility being collectively referred to herein as the Initial Liquidity Facilities), by and among Dexia Crédit Local (the Subseries 2002D-2 Initial Liquidity Facility Issuer; the Subseries 2002D-1 Initial Liquidity Facility Issuer and the Subseries 2002D-2 Initial Liquidity Facility Issuer being collectively referred to herein as the Initial Liquidity Facility Issuers), MTA and JPMorgan Chase Bank, acting as Trustee and Tender Agent with respect to the Subseries 2002D-2 Bonds.
For more information relating to the Initial Liquidity Facility Issuers, see Attachment 5.

The Initial Liquidity Facilities are obligations of the individual banks as described herein, and one bank is not responsible for the obligations of the other bank under the Initial Liquidity Facilities. The obligations of the Initial Liquidity Facility Issuers to purchase Series 2002D 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 related Liquidity Facility Issuer to purchase Series 2002D Bonds that have been tendered for purchase. See Liquidity Facilities below.

The Purchase Price on the Subseries 2002D-1 Bonds is payable solely from the proceeds of remarketing the Subseries 2002D-1 Bonds by Bear, Stearns & Co. Inc., acting as the Remarketing Agent with respect to the Subseries 2002D-1 Bonds, and from the proceeds from draws under the Liquidity Facility relating to the Subseries 2002D-1 Bonds. Although MTA has the option to purchase Subseries 2002D-1 Bonds that have been neither remarketed nor purchased by the Liquidity Facility Issuer for the Subseries 2002D-1 Bonds, 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 such payment shall not constitute an Event of Default under the Transportation Resolution. See Source of Funds for Purchase of Series 2002D Bonds below.

The Initial Liquidity Facilities are scheduled to expire on May 27, 2005, unless extended or earlier terminated (in certain cases without notice) in accordance with their respective terms. See Liquidity Facilities below.

Credit Enhancement. The scheduled payment of principal of and interest on the Series 2002D 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 2002D Bonds by Financial Security Assurance Inc. (the Insurer). See Bond Insurance below.

Book-Entry Only System. The Series 2002D 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 2002D Bonds. During the period during which the Series 2002D 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 2002D Bonds, all payments on the Series 2002D 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 2002D Bonds is payable on the first Business Day of each month, commencing July 1, 2002. So long as DTC is the sole registered owner of all of the Series 2002D 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 2002D Bonds are fully registered in Authorized Denominations.

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

**Trustee, Paying Agent and Tender Agent.** JPMorgan Chase Bank is Trustee, Paying Agent and Tender Agent with respect to the Series 2002D Bonds.

**Terms Relating to the Weekly Mode**

**Determination of Interest Rate in the Weekly Mode.** The interest rate for the Series 2002D 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 such Wednesday is not a Business Day, the Business Day next preceding such Wednesday (the Rate Determination Date). Such 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 2002D 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 2002D Bonds subject to a Weekly Mode shall be converted to another Mode prior to such Wednesday, such Weekly Mode for such Series 2002D 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 2002D Bonds will bear interest at the Alternate Rate for subsequent Interest Periods until such time as the Remarketing Agent again makes such 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 2002D 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 2002D Bonds, as provided herein, shall be conclusive and binding upon the holders of the Series 2002D Bonds of such Subseries, MTA, the Remarketing Agent, the Tender Agent, each Liquidity Facility Issuer, the Insurer and the Trustee.
Changes in Mode

**General.** Any Series 2002D 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) specified in such written notice, together with the proposed effective date of such change in the Mode (the Mode Change Date). Such 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 to the effect that all of the Series 2002D Bonds of the Subseries 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 2002D Bonds of a Subseries 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 2002D Bonds During the Weekly Mode**

**Purchase on Demand of Owners of Series 2002D Bonds in Weekly Mode.** The Owners of the Series 2002D Bonds that are not Bank Bonds may elect to have such Series 2002D 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) upon delivery of 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. Such Tender Notice, once transmitted to the Tender Agent and the Remarketing Agent, shall be irrevocable with respect to the tender for which such Tender Notice was delivered and such tender shall occur on the Purchase Date specified in such 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 2002D Bonds are registered in the name of DTC or a nominee thereof pursuant to the Transportation 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 2002D Bond on the records of DTC, and

- it shall not be necessary for Series 2002D Bonds to be physically delivered on the date specified for purchase thereof, but such purchase shall be made as if such Series 2002D 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 such notice of tender is the beneficial owner of Series 2002D 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 2002D Bonds.

**Mandatory Purchase on any Mode Change Date.** Except for Bank Bonds, the Series 2002D 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, the Series 2002D Bonds are subject to mandatory tender for purchase on:

- the second Business Day preceding the Expiration Date of a Liquidity Facility, which second Business Day 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 fifth calendar day is hereinafter referred to as a Termination Tender Date, if the Liquidity Facility permits a draw thereon on the Termination Tender Date;

- 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 with respect to the Series 2002D Bonds of a Subseries, give notice of the mandatory tender of that Subseries on such 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 related Liquidity Facility Issuer or MTA that the Liquidity Facility supporting a Subseries of the Series 2002D Bonds will terminate or the obligation of such Liquidity Facility Issuer to purchase the Series 2002D Bonds of a Subseries thereunder will terminate prior to its Expiration Date, the Trustee shall within one (1) Business Day give notice of the mandatory tender of the Series 2002D Bonds of such Subseries that is to occur on such Termination Tender Date if it has not theretofore received from the related 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, such 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 with respect to a Liquidity Facility relating to any Subseries of the Series 2002D Bonds, give notice of the mandatory tender of the Series 2002D Bonds of such Subseries on the Substitution Date.

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

Except as provided in the third immediately preceding paragraph, notice of any mandatory tender of Series 2002D Bonds of a Subseries 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 2002D Bonds of such Subseries 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 2002D 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 applicable to the Series 2002D Bonds of a subseries shall in addition specify the conditions that have to be satisfied pursuant to the Transportation 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 2002D Bonds of a Subseries 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 2002D Bond receives the notice, and the failure of such Owner to receive any such notice shall not affect the validity of the action described in such 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 2002D Bonds of a Subseries subject to mandatory tender for purchase on the Mandatory Purchase Date.
Remarketing of Series 2002D Bonds of a Subseries; Notices

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

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

Notice of Remarketing; Registration Instructions; New Series 2002D 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 2002D Bonds; and

(ii) Unless otherwise permitted by DTC and DTC’s book-entry only system applicable to a Subseries of the Series 2002D 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 2002D Bonds of a Subseries 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 2002D Bonds that were not successfully remarketed, and (y) confirm to the Trustee and the Tender Agent the transfer of the Purchase Price of remarketed Series 2002D Bonds to the Tender Agent in immediately available funds at or before 12:00 (noon), such information to include pertinent Fed Wire reference number.

(ii) The Trustee shall draw on the related 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 2002D Bonds of the Subseries 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 2002D Bonds of the Subseries 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 related Liquidity Facility.

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

On or before the close of business on the Purchase Date or the Mandatory Purchase Date with respect to Series 2002D Bonds of a Subseries, the Tender Agent shall purchase such Series 2002D 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 2002D Bonds; and

- immediately available funds transferred by the Trustee to the Tender Agent derived from the Liquidity Facility relating to such Series 2002D Bonds.

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 2002D 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 2002D 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 Transportation Resolution and in the case of such failure such Series 2002D Bonds shall not be purchased and shall remain in the Weekly Mode.

Delivery of Remarked Series 2002D Bonds

Except as otherwise required or permitted by DTC’s book-entry-only system, remarsted Series 2002D Bonds sold by the Remarketing Agent shall be delivered by the Remarketing Agent to the purchasers of those Remarked 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 2002D Bonds of a Subseries; Undelivered Series 2002D Bonds

Except as otherwise required or permitted by DTC’s book-entry only system, Series 2002D 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, that payment of the Purchase Price of any Series 2002D Bond purchased pursuant to the optional tender provisions shall be made only if such Series 2002D Bond so 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 2002D Bonds are not delivered by 12:00 noon, the Tender Agent will hold any funds received for the purchase of the Series 2002D 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. Such undelivered Series 2002D 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 2002D 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 2002D Bond not
presented for purchase for a period of two years after delivery of such 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 2002D 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 2002D Bonds. The Tender Agent shall
authenticate a replacement Series 2002D Bond for any undelivered Series 2002D Bond which may then be
remarketed by the Remarketing Agent.

**Redemption Provisions During the Weekly Mode**

The Series 2002D 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 respective Subseries of Series 2002D 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 respective Series 2002D Bonds specified for each of the
years shown below:

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<td>114,800,000*</td>
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* 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
2002D Bonds otherwise subject to mandatory sinking fund installments on the date credit is taken:

- If MTA directs the Trustee to purchase Series 2002D 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 2002D Bonds purchased will be made against the
  next sinking fund installment due.
If MTA purchases or redeems Series 2002D Bonds with other available moneys, then the principal amount of those Series 2002D Bonds will be credited against future requirements in any order, and in any annual amount, that the MTA may direct.

**Optional Redemption.** The Series 2002D 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 such 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 2002D 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 2002D Bonds, at 105% of their face value and accrued interest or at such lower redemption price provided for the Series 2002D 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 2002D Bonds, as a whole, but only in accordance with the terms upon which the Series 2002D 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 2002D Bonds of a Subseries. 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 2002D Bonds of a Subseries, the Trustee shall in accordance with the Transportation Resolution first select for redemption all then outstanding Bank Bonds prior to selecting for redemption any Series 2002D Bonds of such Subseries which are not Bank Bonds unless the related Liquidity Facility Issuer shall be in default under the related Liquidity Facility, in which case, the Trustee shall at the written direction of MTA, select for redemption all then outstanding Series 2002D Bonds of such Subseries in accordance with such direction.

**Redemption Notices.** So long as DTC is the securities depository for the Series 2002D Bonds, the Trustee must mail redemption notices to DTC at least 30 days before the redemption date. If the Series 2002D 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 2002D 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 2002D Bonds, then on the redemption date the Series 2002D Bonds called for redemption will become due and payable. Thereafter, no interest will accrue on those Series 2002D Bonds, and a bondholder’s only right will be to receive payment of the redemption price upon surrender of those Series 2002D Bonds.
Amendments

The provisions of the Transportation Resolution, with respect to a Subseries of the Series 2002D Bonds, may be modified or amended pursuant to the Transportation Resolution by obtaining, when required by the Transportation Resolution, the consent of the Owners of all Series 2002D Bonds of such Subseries and the Insurer. All Owners of the Series 2002D Bonds of a Subseries will be deemed to have consented to a modification or amendment if on the 30th 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 2002D Bonds of such Subseries there is delivered to the Trustee –

- a certificate of the Tender Agent to the effect that all Series 2002D Bonds of such Subseries 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 Facilities

**General Description.** The Series 2002D Bonds are, under certain conditions, subject to optional and mandatory tender for purchase from specified sources. The purchase by the Tender Agent of Series 2002D Bonds of a Subseries tendered or deemed tendered for optional or mandatory purchase (the Tendered Series 2002D 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 relating to the Series 2002D Bonds of such Subseries. Although MTA has the option to purchase Subseries 2002D Bonds that have been neither remarketed nor purchased by the related Liquidity Facility Issuer, it is not obligated to do so. See Tender, Presentation and Purchase Provisions of the Series 2002D Bonds During the Weekly Mode and Source of Funds for Purchase of Series 2002D Bonds above.

Unless the context otherwise indicates, references in the following descriptions to the “Series 2002D Bonds” apply to the Subseries 2002D-1 Bonds and Subseries 2002D-2 Bonds independently and the references to “Initial Liquidity Facility” and “Initial Liquidity Facility Issuer” apply to the Subseries 2002D-1 Initial Liquidity Facility and Subseries 2002D-1 Initial Liquidity Facility Issuer or the Subseries 2002D-2 Initial Liquidity Facility and the Subseries 2002D-2 Initial Liquidity Facility Issuer, as appropriate.

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 2002D Bonds to and including May 27, 2005 (unless extended) or earlier termination of the Initial Liquidity Facility, any Tendered Series 2002D 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 Transportation Resolution. The price to be paid by the Initial Liquidity Facility Issuer pursuant to the Initial Liquidity Facility for purchased Series 2002D Bonds will be equal to the aggregate principal amount of such Series 2002D 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 2002D Bonds with amounts realized under the Initial Liquidity Facility, the commitment of the Initial Liquidity Facility Issuer to purchase Series 2002D Bonds shall be reduced by the Purchase Price and shall be reinstated by such amount upon the repurchase of such Series 2002D Bonds from the Initial Liquidity Facility Issuer, all in accordance with the Initial Liquidity Facility.
Neither of the Initial Liquidity Facilities provides security for the scheduled payment of principal of or interest or premium, if any, on the Series 2002D Bonds, and the funds drawn thereunder may not be used for such purposes.

**AS DESCRIBED BELOW, EACH INITIAL LIQUIDITY FACILITY PROVIDES THAT THE OBLIGATION OF THE RESPECTIVE INITIAL LIQUIDITY FACILITY ISSUER TO PURCHASE SERIES 2002D 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 2002D BONDS TENDERED OR DEEMED TENDERED FOR PURCHASE. FAILURE TO PAY THE PURCHASE PRICE OF SERIES 2002D BONDS TENDERED OR DEEMED TENDERED FOR PURCHASE SHALL NOT CONSTITUTE AN EVENT OF DEFAULT UNDER THE TRANSPORTATION RESOLUTION.**

**Immediate Termination Events.** The occurrence of certain termination events under the Initial Liquidity Facilities may result in an immediate termination of the Initial Liquidity Facility Issuers’ commitment to purchase Tendered Series 2002D 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 2002D Bonds shall immediately terminate without notice or demand, and thereafter the Initial Liquidity Facility Issuer shall be under no obligation to purchase Tendered Series 2002D Bonds:

(a) any principal or interest due on the Series 2002D 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 2002D 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 2002D Bonds pursuant to the Initial Liquidity Facility.

Upon the occurrence of a termination event described in clause (b)(ii), the obligation of the Initial Liquidity Facility Issuer to purchase Tendered Series 2002D 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 2002D 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 2002D 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 2002D Bonds is automatically and immediately suspended, without notice, to the 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 2002D Bonds shall be automatically reinstated.

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

- the Series 2002D Bonds of a Subseries will not be subject to mandatory tender for purchase, and

- the Remarketing Agent will suspend its obligation to remarket any Series 2002D Bonds of such Subseries 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 2002D 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 2002D Bonds shall terminate (not less than 30 days after the date of receipt of such notice by the Trustee). In such event –

- the Series 2002D 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 2002D Bonds.

See Tender, Presentation and Purchase Provisions of the Series 2002D Bonds During the Weekly Mode; Remarketing of Series 2002D Bonds of a Subseries; Notices; and Sources of Funds for Purchase of Series 2002D 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. The MTA has granted to the Insurer certain rights authorized under Section A-202 of the Transportation Resolution, including the right to be deemed the sole Owner of the Series 2002D 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 2002D Bonds, the Insurer will issue the Insurance Policy. The Insurance Policy guarantees the scheduled payment of principal of and interest on the Series 2002D 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 Subseries 2002D-2 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 Issuers – Dexia Crédit Local. 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 March 31, 2002, the Insurer’s total policyholders’ surplus and contingency reserves were approximately $1,644,743,000 and its total unearned premium reserve was approximately $841,749,000 in accordance with statutory accounting principles. At March 31, 2002 the Insurer’s total shareholders’ equity was approximately $1,746,106,000 and its total net unearned premium reserve was approximately $693,860,000 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 2002D 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 2002D 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 2002D Bonds or the advisability of investing in the Series 2002D 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 Transportation Revenue Bonds**

**Table 1** sets forth, on a cash basis, the debt service on the Old Farebox Bonds, the Series 2002A Bonds, estimated debt service on the Series 2002B, Series 2002C, Series 2002D and Series 2002E Bonds, and, on an aggregate basis, all Transportation Revenue Bonds after the issuance of the Series 2002E Bonds.
### Table 1

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

<table>
<thead>
<tr>
<th>Year Ending November 15</th>
<th>Debt Service on Outstanding Old Farebox Bonds(2)</th>
<th>Series 2002A</th>
<th>Estimated Series 2002B – E(3)</th>
<th>Aggregate Debt Service(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$356,467</td>
<td>$67,018</td>
<td>$27,535</td>
<td>$94,552</td>
</tr>
<tr>
<td>2003</td>
<td>372,697</td>
<td>146,220</td>
<td>67,905</td>
<td>214,125</td>
</tr>
<tr>
<td>2004</td>
<td>355,480</td>
<td>186,315</td>
<td>92,785</td>
<td>279,100</td>
</tr>
<tr>
<td>2005</td>
<td>355,469</td>
<td>177,948</td>
<td>101,153</td>
<td>279,101</td>
</tr>
<tr>
<td>2006</td>
<td>355,821</td>
<td>184,871</td>
<td>94,228</td>
<td>279,099</td>
</tr>
<tr>
<td>2007</td>
<td>355,416</td>
<td>177,950</td>
<td>101,154</td>
<td>279,104</td>
</tr>
<tr>
<td>2008</td>
<td>355,908</td>
<td>177,914</td>
<td>101,188</td>
<td>279,102</td>
</tr>
<tr>
<td>2009</td>
<td>355,446</td>
<td>177,819</td>
<td>101,277</td>
<td>279,096</td>
</tr>
<tr>
<td>2010</td>
<td>355,930</td>
<td>177,589</td>
<td>101,532</td>
<td>279,121</td>
</tr>
<tr>
<td>2011</td>
<td>355,513</td>
<td>177,385</td>
<td>101,549</td>
<td>278,934</td>
</tr>
<tr>
<td>2012</td>
<td>355,851</td>
<td>177,792</td>
<td>102,479</td>
<td>280,272</td>
</tr>
<tr>
<td>2013</td>
<td>355,571</td>
<td>214,301</td>
<td>64,823</td>
<td>279,124</td>
</tr>
<tr>
<td>2014</td>
<td>355,667</td>
<td>214,556</td>
<td>64,568</td>
<td>279,124</td>
</tr>
<tr>
<td>2015</td>
<td>355,317</td>
<td>214,565</td>
<td>64,600</td>
<td>279,165</td>
</tr>
<tr>
<td>2016</td>
<td>342,065</td>
<td>214,601</td>
<td>64,542</td>
<td>279,142</td>
</tr>
<tr>
<td>2017</td>
<td>234,082</td>
<td>214,420</td>
<td>64,886</td>
<td>279,306</td>
</tr>
<tr>
<td>2018</td>
<td>228,095</td>
<td>215,741</td>
<td>63,337</td>
<td>279,078</td>
</tr>
<tr>
<td>2019</td>
<td>228,105</td>
<td>206,550</td>
<td>71,182</td>
<td>277,732</td>
</tr>
<tr>
<td>2020</td>
<td>228,109</td>
<td>175,788</td>
<td>103,493</td>
<td>279,281</td>
</tr>
<tr>
<td>2021</td>
<td>228,596</td>
<td>171,783</td>
<td>107,002</td>
<td>278,786</td>
</tr>
<tr>
<td>2022</td>
<td>197,125</td>
<td>167,700</td>
<td>114,332</td>
<td>282,031</td>
</tr>
<tr>
<td>2023</td>
<td>170,708</td>
<td>216,729</td>
<td>63,039</td>
<td>279,767</td>
</tr>
<tr>
<td>2024</td>
<td>170,749</td>
<td>216,744</td>
<td>63,072</td>
<td>279,816</td>
</tr>
<tr>
<td>2025</td>
<td>137,243</td>
<td>216,656</td>
<td>63,264</td>
<td>279,921</td>
</tr>
<tr>
<td>2026</td>
<td>137,280</td>
<td>217,278</td>
<td>62,688</td>
<td>279,966</td>
</tr>
<tr>
<td>2027</td>
<td>107,740</td>
<td>217,278</td>
<td>62,758</td>
<td>280,035</td>
</tr>
<tr>
<td>2028</td>
<td>49,744</td>
<td>217,299</td>
<td>62,860</td>
<td>280,159</td>
</tr>
<tr>
<td>2029</td>
<td>31,386</td>
<td>217,113</td>
<td>62,487</td>
<td>279,660</td>
</tr>
<tr>
<td>2030</td>
<td>--</td>
<td>218,443</td>
<td>63,377</td>
<td>281,820</td>
</tr>
<tr>
<td>2031</td>
<td>--</td>
<td>209,128</td>
<td>61,249</td>
<td>270,377</td>
</tr>
<tr>
<td>2032</td>
<td>--</td>
<td>179,775</td>
<td>143,396</td>
<td>323,171</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$7,487,578</strong></td>
<td><strong>$5,965,269</strong></td>
<td><strong>$2,484,098</strong></td>
<td><strong>$8,449,367</strong></td>
</tr>
</tbody>
</table>

(1) Totals may not add due to rounding.

(2) For purposes of calculating debt service on outstanding Old Farebox Bonds and Aggregate Debt Service, MTA has not included debt service on the $750 million of commercial paper (or related parity obligations) or the $807.2 million TBTA notes maturing January 1, 2003 will be refinanced with Transportation Revenue Bonds. The interest rate on the variable rate Subordinated Commuter Facilities Revenue Bonds, Series 2000A Old Farebox Bonds is assumed to be 5.50%.

(3) Assumes interest at the rate of 5.50% per annum on the Series 2002B Bonds, 7.00% per annum on the Series 2002C Bonds, 5.50% per annum on the Series 2002D Bonds, and 5.50% per annum on the Series 2002E Bonds all issued in the principal amounts described in INTRODUCTION – Debt Restructuring Program.
PART II. SOURCES OF PAYMENT AND SECURITY FOR MTA TRANSPORTATION REVENUE BONDS

Part II of this official statement describes the sources of payment and security structure for all MTA Transportation Revenue Bonds, including the Series 2002D Bonds.

SOURCES OF PAYMENT

Pledged Transportation Revenues

Under New York law, the Transportation Revenue Bonds are MTA’s special obligations, which means that they are payable solely from the money pledged for payment under the “General Resolution Authorizing Transportation Revenue Obligations”, adopted March 26, 2002 (referred to herein as the “Transportation Resolution”). They are not MTA’s general obligations. Summaries of certain provisions of the Transportation Resolution and the form of the Interagency Agreement have been filed with the repositories listed under INTRODUCTION – Information from Repositories, and are available on MTA’s website.

MTA receives “transportation revenues,” directly and through certain subsidiaries (currently, LIRR and MNCRC) and affiliates (currently, the Transit Authority and MaBSTOA), and its receipts from many of these sources are pledged for the payment of Transportation Revenue Bonds. The Transportation Resolution provides that bondholders are to be paid from pledged revenues prior to the payment of operating or other expenses, and as described in more detail below. MTA has covenanted to impose fares and other charges so that pledged revenues, together with other available moneys, will be sufficient to cover all debt service and operating and capital costs of the systems. See FACTORS AFFECTING REVENUES – Ability to Comply with Rate Covenant and Pay Operating and Maintenance Expenses below.

Table 2 sets forth the following for each of the last 5 years on a cash basis and for the current year on a budgeted basis:

- by general category, the amount of pledged revenues (calculated in accordance with the new Transportation Resolution). A general description of the pledged revenues in the general categories referenced in Table 2 follows the table, and a more detailed description is set forth in Appendix A under the heading Revenues of the Related Entities,
- the amount of debt service on the Old Farebox Bonds, and
- the amount of transit and commuter operating expenses.

The following pro forma table gives effect to the combined revenues of the Transit System and Commuter System as if the new Transportation Revenue Bond credit has been in place before the debt restructuring and is based on the historical audited financial statements of MTA and its subsidiaries, LIRR and MNCRC, and the Transit Authority and its subsidiary MaBSTOA. The pro forma information contained in the table has been prepared by MTA management based upon historical financial statements and notes (the last two calendar years of which are incorporated by specific reference herein) which should be read in connection with this pro forma information. This pro forma information may not be indicative of future results of operations and financial condition.
## Table 2
Pro Forma Summary of Pledged Revenues (Calculated in Accordance with the Transportation Resolution) and Expenses
Historical Cash Basis and Budgeted (in millions)

<table>
<thead>
<tr>
<th>Years Ended December 31,</th>
<th>1997</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002 Budgeted(^{(1)})</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues from Systems Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fares from Transit System</td>
<td>$2,047</td>
<td>$1,994</td>
<td>$2,000</td>
<td>$2,116</td>
<td>$2,141</td>
<td>$2,103</td>
</tr>
<tr>
<td>Fares from Commuter System</td>
<td>621</td>
<td>640</td>
<td>656</td>
<td>688</td>
<td>698</td>
<td>704</td>
</tr>
<tr>
<td>Other Income(^{(2)})</td>
<td>78</td>
<td>70</td>
<td>101</td>
<td>121</td>
<td>138</td>
<td>145</td>
</tr>
<tr>
<td><strong>Subtotal – Operating Revenues</strong></td>
<td>$2,746</td>
<td>$2,704</td>
<td>$2,757</td>
<td>$2,925</td>
<td>$2,977</td>
<td>$2,952</td>
</tr>
<tr>
<td><strong>Revenues from TBTA Surplus</strong></td>
<td>316</td>
<td>371</td>
<td>363</td>
<td>360</td>
<td>311</td>
<td>229</td>
</tr>
<tr>
<td><strong>Revenues from Governmental Sources</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>State and Local General Operating Subsidies</td>
<td>376</td>
<td>372</td>
<td>379</td>
<td>404</td>
<td>424</td>
<td>412</td>
</tr>
<tr>
<td>Special Tax-Supported Operating Subsidies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DTF Excess(^{(3)})</td>
<td>235</td>
<td>232</td>
<td>213</td>
<td>205</td>
<td>256</td>
<td>226</td>
</tr>
<tr>
<td>MMTOA Receipts</td>
<td>705</td>
<td>839</td>
<td>670</td>
<td>785</td>
<td>778</td>
<td>1,113</td>
</tr>
<tr>
<td>Urban Tax</td>
<td>82</td>
<td>173</td>
<td>173</td>
<td>180</td>
<td>216</td>
<td>138</td>
</tr>
<tr>
<td><strong>Subtotal Special Tax-Supported Operating Subsidies</strong></td>
<td>1,022</td>
<td>1,244</td>
<td>1,056</td>
<td>1,170</td>
<td>1,250</td>
<td>1,477</td>
</tr>
<tr>
<td>Station Maintenance and Service Reimbursements</td>
<td>269</td>
<td>219</td>
<td>294</td>
<td>270</td>
<td>278</td>
<td>305</td>
</tr>
<tr>
<td>Revenues from Investment of Capital Program Funds(^{(4)})</td>
<td>151</td>
<td>197</td>
<td>147</td>
<td>155</td>
<td>137</td>
<td>34</td>
</tr>
<tr>
<td><strong>Subtotal – Non-Operating Revenues(^{(5)})</strong></td>
<td>2,134</td>
<td>2,403</td>
<td>2,239</td>
<td>2,359</td>
<td>2,400</td>
<td>2,457</td>
</tr>
<tr>
<td><strong>Total Pro Forma Transportation Resolution Pledged Revenues</strong></td>
<td>$4,880</td>
<td>$5,107</td>
<td>$4,996</td>
<td>$5,284</td>
<td>$5,377</td>
<td>$5,409</td>
</tr>
<tr>
<td><strong>Debt Service(^{(6)})</strong></td>
<td>$252</td>
<td>$302</td>
<td>$343</td>
<td>$380</td>
<td>$378</td>
<td>$324</td>
</tr>
<tr>
<td>Transit Operating Expenses</td>
<td>$2,908</td>
<td>$3,012</td>
<td>$3,222</td>
<td>$3,521</td>
<td>$3,589</td>
<td>$3,834</td>
</tr>
<tr>
<td>Commuter Operating Expenses</td>
<td>1,096</td>
<td>1,132</td>
<td>1,219</td>
<td>1,346</td>
<td>1,347</td>
<td>1,449</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$4,004</td>
<td>$4,144</td>
<td>$4,441</td>
<td>$4,867</td>
<td>$4,936</td>
<td>$5,283</td>
</tr>
<tr>
<td><strong>Total Operating Expenses and Debt Service</strong></td>
<td>$4,256</td>
<td>$4,446</td>
<td>$4,784</td>
<td>$5,247</td>
<td>$5,314</td>
<td>$5,607</td>
</tr>
</tbody>
</table>

\(^{(1)}\) 2002 budgeted numbers exclude WTC-related insurance recoveries and cash advances from the JPMorgan Chase line of credit that was established in anticipation of the receipt of WTC-related insurance recoveries.

\(^{(2)}\) Other income in the case of the Transit System includes advertising revenues, interest income on certain operating funds, station concessions, Transit Adjudication Bureau collections rental income and miscellaneous. Other income in the case of the Commuter System includes advertising revenues, interest income on certain operating funds, concession revenues (excluding Grand Central Terminal and Pennsylvania Station concessions), rental income and miscellaneous.

\(^{(3)}\) Calculated by subtracting the debt service payments on the MTA Dedicated Tax Fund bonds from the MTTF Receipts described in APPENDIX A under the caption MTA DEDICATED TAX FUND REVENUES.

\(^{(4)}\) Represents investment income on capital program funds held by MTA for the benefit of the transit and commuter capital programs on an accrual basis. The 2002 budgeted number assumes the application of a significant portion of these funds to the cash defeasance of certain bonds during the debt restructuring.

\(^{(5)}\) Sum of Revenues from TBTA Surplus, Governmental Sources (including State and Local General Operating Subsidies and Special Tax-Supported Operating Subsidies), Station Maintenance and Service Reimbursements, and Revenues from Investment of Capital Program Funds.

\(^{(6)}\) Actuals for the years 1997-2001 based upon payments to bondholders made on July 1 of the current year and January 1 of the following year; assumes debt service on the Old Farebox Bonds before, and the new Transportation Revenue Bonds after, the completion of the debt restructuring in July, 2002 for the 2002 budgeted number.
The following should be noted in Table 2:

- “Fares from Transit System” declined between 1997 and 1998 primarily due to the extension of MetroCard discounts and the implementation of free intermodal transfers.

- The level of TBTA Surplus available to the Transit and Commuter Systems is scheduled to decline following the debt restructuring due primarily to the fact that certain TBTA bonds outstanding prior to the debt restructuring were secured in the first instance by certain mortgage recording tax revenues and then, to the extent of any deficiency, by TBTA net revenues. The bonds secured by the mortgage recording taxes are being defeased in full and replaced by bonds secured by TBTA net revenues. The mortgage recording taxes that are no longer pledged under the bond resolutions after the debt restructuring will be paid to MTA for headquarters purposes, including transit and commuter purposes.

- “MMTOA Receipts” in 1998 are higher than they should have been due to an unintended advancement of certain revenues into the 1998 fiscal year and the correction of that advancement in the following year. The increased amount reflected in the 2002 budgeted column reflects the planned advancement of the payment of MMTOA Receipts from the first quarter of 2003 into the fourth quarter of 2002 (approximately $300 million) proposed in the Governor’s Executive Budget for the 2002-2003 State fiscal year. Beginning in 2003, if this proposal is enacted, MTA would continue to receive annually four quarters of MMTOA Receipts, with the first quarter of each succeeding year’s receipts similarly advanced. MTA will monitor the effect of not having MMTOA Receipts available during the first quarter of the calendar year on its cash flow needs to determine if future working capital borrowings may be necessary.

- The “Urban Tax” collection reflects the activity level of certain residential and commercial real estate transactions in the City.

- The uneven receipt of “Station Maintenance and Service Reimbursements” reflects the late payment of certain amounts in 1998 that were subsequently paid in 1999.

- “Revenues from Investment of Capital Program Funds” increased in 1998 primarily due to increased bond issuance during this period. Substantially all of the Investment Income is generated from bond proceeds, such as reserve funds and funds held in anticipation of expenditure on project costs. Since one of the goals of the debt restructuring is to eliminate debt service reserve funds, it is expected that Investment Income will decrease substantially after the restructuring is completed.

- 2002 Budgeted Total Operating Expenses and Debt Service are higher than Total Pro Forma Transportation Resolution Pledged Revenues; however, additional non-pledged revenues, including mortgage recording taxes, concession revenues at Pennsylvania Station and Grand Central Terminal, and the drawdown of cash balances are expected to result in balanced budgets for 2002.

**Description of Pledged Revenues**

Each of the following revenues is described in more detail in Appendix A under the caption “Revenues of the Related Entities.”
Revenues from Systems Operations.

- **Fares from the transit and commuter systems** – For transit, while the basic fare of $1.50 per trip on its subway and buses has been constant since 1995, a variety of discounted fare arrangements has lowered the average fare to substantially less than that ($1.06 in 2001); and for commuter, fares are set in accordance with formulae that vary in relation to the distance traveled on a specific trip, with discounts for off-peak hours, for purchasers of weekly or monthly tickets (with additional discounts for joint tickets including $60 and $63 MetroCards), and for senior citizens and the handicapped.

- **Other Income** – MTA receives revenues from concessions to vendors and from advertising and other space it rents in subway and commuter rail cars, buses, stations and other facilities. Concession revenues from Grand Central Terminal (the main station for MNCRC) and Pennsylvania Station (the main station for LIRR), however, are not included within these amounts pledged.

Revenues from TBTA Surplus. TBTA is required by law to transfer its annual operating surpluses (generally, tolls and other operating revenues from bridges and tunnels after payment of operating expenses and debt service costs) to MTA, and a statutory formula determines how MTA allocates that money between the transit and commuter systems.

Revenues from Governmental Sources.

- **General operating subsidies from the State and local governments** – Under the State’s Section 8-b program, MTA receives –
  
  o subsidies for transit from the State and matching subsidies from New York City, and  
  
  o subsidies for commuter from the State and matching subsidies from New York City and the seven counties in MTA district.

- **Special tax-supported operating subsidies** – MTA receives subsidies from a number of sources including –
  
  o portions of the following dedicated taxes pledged but not ultimately needed to pay debt service on MTA’s Dedicated Tax Fund bonds—
    
    ➢ the state-wide business privilege tax imposed on petroleum businesses in the State, referred to as the PBT,
    
    ➢ the motor fuel tax on gasoline and diesel fuel, and
    
    ➢ certain motor vehicle fees, including both registration and non-registration fees; and
  
  o portions of the following mass transportation operating assistance or MTOA taxes, which state law requires first be used to pay debt service on MTA’s Dedicated Tax Fund bonds if the dedicated taxes described above are insufficient—
    
    ➢ the regional PBT (in addition to the state-wide portion described above), which is referred to as the MTOA PBT,
    
    ➢ the sales and compensating use tax within the MTA transportation district,
two franchise taxes imposed on certain transportation and transmission companies, and

- a temporary surcharge on a portion of the franchise tax imposed on certain corporations, banks, insurance, utility and transportation companies attributable to business activities within the transportation district; and

- a portion of the amounts collected by the City for the benefit of the transit system from certain mortgage transfer and recording taxes.

**Station maintenance and service reimbursements** – MTA is reimbursed by the City and the seven counties in the MTA district with respect to commuter stations located in each respective jurisdiction, for the cost of staffing the stations, maintaining the stations and appurtenant land and buildings, and insurance. In addition, the City provides for the policing of the transit system and contributes to support the Transit Authority’s paratransit, senior-citizen and school-children programs. Also, MNCRC receives certain payments from the Connecticut Department of Transportation for its share of the operating deficits of the New Haven rail line.

**Revenues from Investment Income and Miscellaneous.** MTA earns income, as do its subsidiaries and affiliates, from the temporary investment of money held in those of MTA’s various funds and accounts that are pledged to holders of Transportation Revenue Obligations.

**Factors Affecting Revenues**

**Ridership.** The level of fare revenues depends to a large extent on MTA’s ability to maintain and/or increase ridership levels on the transit and commuter systems. Those ridership levels are affected by safety, the quality and efficiency of systems operations, as well as by financial and economic conditions in the New York metropolitan area.

**Fare Policy.** MTA determines the rate or rates of fares charged to users of the commuter system, and the Transit Authority and MaBSTOA, together with MTA, do the same for the transit system. After adopting operating expense budgets and assessing the availability of governmental subsidies, each makes a determination of fares necessary to operate on a self-sustaining cash basis in compliance with State law and covenants in the Transportation Resolution. Considering the impact of increased fares on riders and on the regional economy, MTA’s policy is to attempt to reduce costs or obtain additional revenues from other sources, mainly governmental sources, before increasing fares. As a result, even though MTA does not generally need other governmental approvals before setting fares, the amount and timing of fare increases may be affected by the Federal, State and local government financial conditions, as well as by budgetary and legislative processes. MTA’s obligation to obtain approval of fare increases on the New Haven line from the Connecticut Department of Transportation can also affect the amount and timing of fare increases.

**Ability to Comply with Rate Covenant and Pay Operating and Maintenance Expenses.** MTA’s transit and commuter systems have depended, and are expected to continue to depend, upon government subsidies to meet capital and operating needs. Thus, even though MTA is legally obligated by the rate covenant to raise fares sufficiently to cover all capital and operating costs, there can be no assurance that there is any level at which transit and commuter system fares would produce revenues sufficient to comply with the rate covenant, particularly if the current level (or the assumed level in the budgets prepared in connection with 2002 and the forecasts prepared in connection with 2003) of collection of dedicated taxes, operating subsidies, and expense reimbursements were to be discontinued or substantially reduced.

**Operating Results and Projections.** MTA projects that the budgets for the transit system and the commuter system will be balanced on a cash basis for the current calendar year. After that, both systems may be forced to institute cost reductions or take other actions to close projected budget gaps.
2002-2003 Financial Plan. MTA had previously adopted a financial plan for the years 2000 through 2004 for itself and the Related Entities which paralleled the various Capital Programs for the 2000 through 2004 period. In the case of the LIRR, MNCRC, the Transit Authority and MaBSTOA, the financial plan had projected significant operating deficits for 2003 and 2004 which MTA anticipated would be closed by a variety of actions taken before or during those years. As a result of the extraordinary circumstances relating to the terrorist attack on the WTC and its aftermath, the MTA determined that it was appropriate to limit the scope of its financial plan to the 2002-2003 period (the 2002-2003 Financial Plan). The 2002-2003 Financial Plan reflects a balanced budget for 2002 for the MTA and the Related Entities, including LIRR, MNCRC, the Transit Authority and MaBSTOA, assuming, among other things, the receipt of an advance payment of approximately $300 million of MMTOA Receipts proposed in the Governor’s Executive Budget for the State’s 2002-2003 fiscal year. See SOURCES OF PAYMENT – Pledged Transportation Revenues in Part II. The 2002-2003 Financial Plan also reflects a budget gap currently projected at $663.3 million for MTA and the Related Entities for 2003. MTA continues to explore measures to close this projected gap.


TBTA Operating Surplus. The amount of TBTA operating surplus to be used for the transit and commuter systems is affected by a number of factors, including traffic volume, the timing and amount of toll increases, the operating and capital costs of TBTA’s facilities, and the amount of debt service payable from its operating revenues, including debt service on obligations issued for the benefit of MTA’s affiliates and subsidiaries and TBTA’s own capital needs.

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

- Subsidy payments by the State may be made only if and to the extent that appropriations have been made by the Legislature, and money is available to fund those appropriations.

- 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.

- 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.

- The financial condition of the States of New York and Connecticut, and the City and counties in MTA’s district, could affect the ability or willingness of the States and local governments to continue to provide general operating subsidies, the City and local governments to continue to provide reimbursements and station maintenance payments, and the State to continue to make special appropriations.

- Successful court challenges to the State taxes that are the sources of various State and City operating subsidies to MTA could adversely affect the amount of pledged revenues generated by such State taxes.
**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 not a part of this official statement. Such information 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 Transportation Revenue 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 Transportation Revenue Bonds. MTA makes no representations about State information or its continued availability.

**SECURITY**

**General**

MTA Transportation Revenue Bonds, including the Series 2002D Bonds, are MTA’s special obligations payable as to principal (including sinking fund installments), redemption premium, if any, and interest from the security, sources of payment, and funds specified the Transportation Resolution.

- The payment of principal (including sinking fund installments, if any), redemption premium, if any, and interest on MTA Transportation Revenue Bonds is secured by, among other sources described below, the *transportation revenues* discussed in the preceding section “sources of payment,” which are, together with certain other revenues, referred to as “pledged revenues.”
- Holders of MTA’s Transportation Revenue Bonds are to be paid prior to the payment, from pledged revenues, of operating or other expenses of MTA, the Transit Authority, MaBSTOA, the LIRR and MNCRC. However, MTA’s ability to generate major portions of the pledged revenues depends upon its payment of operating and other expenses.
- MTA Transportation Revenue 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 Transportation Resolution and the form of the Interagency Agreement have been filed with the repositories listed under INTRODUCTION – Information from Repositories, and are available on MTA’s website. The provisions of the new Transportation Resolution are materially different from the Old Farebox Resolutions.

**Pledge Effected by the Resolution**

The Transportation Resolution provides that there are pledged to the payment of principal and redemption premium of, interest on, and sinking fund installments for, the Transportation Revenue Bonds and Parity Debt, in accordance with their terms and the provisions of the Transportation Resolution the following, referred to as the “trust estate”:

- all pledged revenues as described above;
- the net proceeds of certain agreements pledged by MTA to the payment of transit and commuter capital projects;
- the proceeds from the sale of Transportation Revenue Bonds, until those proceeds are paid out for an authorized purpose;
- all funds, accounts and subaccounts established by the Transportation Resolution (except those established by a supplemental obligation resolution for variable interest rate obligations, put obligations, parity debt, subordinated contract obligations or subordinated debt); and
• the Interagency Agreement dated as of April 9, 2002, among MTA, LIRR, MNCRC, the Transit Authority and MaBSTOA.

The trustee may directly enforce an undertaking to operate the transit system and the commuter system to ensure compliance with the Transportation Resolution.

Under the Transportation Resolution, the operators of the transit and commuter systems are obligated to transfer to the trustee for deposit into the Revenue Fund virtually all pledged revenues as soon as practicable following receipt, or with respect to revenues in the form of cash and coin, immediately after being counted and verified. The pledge of money located in the State of Connecticut may not be effective until that money is deposited under the Transportation Resolution.

As described above under INTRODUCTION – Debt Restructuring Program, the Transportation Resolution will be subject to the pledges and agreements under the Old Farebox Resolutions until the Series 2002E Bonds and the Series 2002 Commercial Paper are issued and delivered (currently expected to be on or about July 2, 2002). See Summary of Certain Provisions of the Transportation Resolution – the Pledge Effected by the Resolution included by specific reference herein.

**Flow of Revenues**

The Transportation Resolution creates the following funds and accounts:

- Revenue Fund (held by the trustee)
- Debt Service Fund (held by the trustee), and
- Proceeds Fund (held by MTA).

The Transportation Resolution requires the trustee promptly upon receipt of the pledged revenues in the Revenue Fund, to deposit the revenues into the following funds and accounts, in the amounts and in the order of priority, as follows:

- to the Debt Service Fund, the net amount, if any, required to make the amount in the Debt Service Fund equal to the accrued debt service for Transportation Revenue Bonds and Parity Debt to the last day of the current calendar month;
- to pay, or accrue to pay, principal of and interest on any Subordinated Indebtedness or for payment of amounts due under any Subordinated Contact Obligation;
- to MTA for deposit in the Proceeds Fund, as directed by one of MTA’s authorized officers, to fund Capital Costs of the transit and commuter systems; and
- to accounts held by MTA or any of the Related Transportation Entities for payment of operating expenses or any other authorized purpose, as specified in writing to the trustee by one of MTA’s authorized officers.

All amounts paid out by MTA or the trustee either for an authorized purpose (excluding transfers to any other pledged fund or account) or under the last bullet point above are free and clear of the lien and pledge created by the Transportation Resolution.
The following chart illustrates the basic elements of the flow of revenues described above:

Transportation Revenue Obligations - Flow of Pledged Revenues

PLEDGED REVENUES

REVENUE FUND
(Held by the Trustee)

BOND AND PARITY DEBT
DEBT SERVICE ACCOUNTS
(Held by the Trustee)

SUBORDINATED INDEBTEDNESS AND
SUBORDINATED CONTRACT
OBLIGATIONS

PROCEEDS FUND
(Held by MTA)

OPERATING EXPENSES OR ANY
OTHER AUTHORIZED PURPOSE

Transportation Resolution Funds

Normal Flow
Discretionary Flow
Covenants

Rate Covenants. MTA must fix the transit and commuter fares and other charges and fees to be sufficient, together with other money legally available or expected to be available, including from government subsidies –

- to pay the debt service on all the Transportation Revenue Bonds;
- to pay any Parity Debt;
- to pay any Subordinated Indebtedness and amounts due on any Subordinated Contract Obligations; and
- to pay, when due, all operating and maintenance expenses and other obligations of its transit and commuter affiliates and subsidiaries.

See SOURCES OF PAYMENT - Factors Affecting Revenues.

Operating and Maintenance Covenants.

- MTA, MaBSTOA, Transit Authority, MNCRC and LIRR are required at all times to operate, or cause to be operated, the systems properly and in a sound and economical manner and maintain, preserve, reconstruct and keep the same or cause the same to be maintained, preserved, reconstructed and kept in good repair, working order and condition.
- Nothing in the Transportation Resolution prevents MTA from ceasing to operate or maintain, or from leasing or disposing of, all or any portion of the systems if, in MTA’s judgment it is advisable to do so—if the operation is not essential to the maintenance and continued operation of the rest of the systems and this arrangement does not materially interfere with MTA’s ability to comply with MTA’s rate covenants.

Additional Bonds. The Transportation Resolution permits MTA to issue additional Transportation Revenue Bonds and to issue or enter into Parity Debt, from time to time to pay or provide for the payment of qualifying costs, without meeting any specific debt-service-coverage level, as long as MTA certifies to meeting the rate covenant described above for the year in which the additional debt is being issued. Under the Transportation Resolution, MTA may only issue additional Transportation Revenue Bonds if those bonds are issued to fund projects pursuant to an approved capital program.

There is no covenant with bondholders limiting the aggregate principal amount of additional Transportation Revenue Bonds or Parity Debt that MTA may issue. There is a limit under current New York law that covers the Transportation Revenue Bonds and certain other securities. See Appendix A—“THE RELATED ENTITIES—Public Debt Securities—General—Current Statutory Ceiling” for a description of the current statutory cap.

Refunding Bonds. MTA may issue Transportation Revenue Bonds to refund all or any portion of the Transportation Revenue Bonds or Parity Debt. Transportation Revenue Bonds may also be issued to refund any pre-existing indebtedness of any Related Entity.

Non-Impairment. Under New York law, the State has pledged to MTA that it will not limit or change MTA’s powers or rights in such a way that would impair the fulfillment of MTA’s promises to holders of the Transportation Revenue Bonds.

No Bankruptcy. New York law specifically prohibits MTA or its transit system affiliates or commuter system subsidiaries from filing a bankruptcy petition under Chapter 9 of the U.S. Federal
Bankruptcy Code. As long as any Transportation Revenue Bonds are outstanding, the State has covenanted not to change the law to permit MTA or its affiliates or subsidiaries to file such a petition.
PART III. OTHER INFORMATION ABOUT THE SERIES 2002D BONDS

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

TAX MATTERS

Hawkins, Delafield & Wood is Bond Counsel for the Series 2002D 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 2002D 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 2002D Bonds is exempt from personal income taxes of New York State and 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 2002D Bonds are delivered.

The Internal Revenue Code imposes requirements on the Series 2002D Bonds that MTA must continue to meet after the Series 2002D Bonds are issued. These requirements generally involve the way that Series 2002D 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 2002D 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 2002D 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 2002D 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 2002D Bonds or affect the market price of the Series 2002D Bonds. For example, the Internal Revenue Code could be changed.

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

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

- 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 2002D Bonds.

LITIGATION

There is no pending litigation concerning the bonds being offered.

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 holders of the obligations. A summary of certain of these potentially material claims and actions is set forth in Appendix A – “THE RELATED ENTITIES – Litigation,” as that filing may be amended or supplemented to date.

FINANCIAL ADVISOR

Goldman, Sachs & Co. is MTA’s financial advisor for the Series 2002D Bonds and the debt restructuring. The financial advisor has provided MTA advice on the plan of financing and reviewed the pricing of the Series 2002D 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 2002D Bonds.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

The arithmetical accuracy of (a) the mathematical computations of the adequacy of the outstanding maturing amount of principal of and interest on the Government Securities and other available moneys to be deposited in escrow to pay the maturing amounts or redemption prices of the Refunded Bonds on their respective maturity or redemption dates, together with all payments of interest thereon coming due on or prior to such dates and (b) mathematical computations supporting the conclusion of Bond Counsel that the Series 2002D Bonds are not “arbitrage bonds” under Section 148 of the Code, will be verified by Samuel Klein & Co., Certified Public Accountants.

UNDERWRITING

Bear, Stearns & Co. Inc. has agreed, subject to certain conditions, to purchase from MTA the Series 2002D Bonds at an aggregate purchase price of $398,924,342.77, reflecting an Underwriter’s
discount of $1,075,657.23, and to reoffer such Series 2002D Bonds at par. Bear, Stearns & Co. Inc.’s obligation to purchase the Series 2002D Bonds is subject to certain conditions precedent, and it will be obligated to purchase all such Series 2002D Bonds if any Series 2002D Bonds are purchased.

RATINGS

The Summary of Terms identifies the ratings of the credit rating agencies that have assigned their ratings to the Series 2002D 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:

Moody’s Investors Service, Inc.
99 Church Street
New York, New York 10007
(212) 553-0300

Standard & Poor’s Ratings Services
55 Water Street
New York, New York 10041
(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 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 each respective subseries of 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 provide continuing disclosure during the period that the Series 2002D 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
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ATTACHMENT 1
BOOK-ENTRY ONLY SYSTEM

1. The Depository Trust Company (DTC), New York, NY, will act as securities depository for the Series 2002D Bonds. The Series 2002D 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 2002D Bond will be issued for each maturity of the Series 2002D 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 2002D 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 2002D Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2002D Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2002D 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 2002D 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 2002D Bonds, except in the event that use of the book-entry system for the Series 2002D Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2002D 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 2002D 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 2002D Bonds;
DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2002D
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 2002D Bonds may wish to take certain
steps to augment the transmission to them of notices of significant events with respect to the Series 2002D
Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2002D Bond
documents. For example, Beneficial Owners of the Series 2002D Bonds may wish to ascertain that the
nominee holding the Series 2002D 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 2002D 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 2002D 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 2002D 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 2002D 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
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 2002D Bonds purchased or
tendered, through its Participant, to the Tender/Remarketing Agent, and shall effect delivery of such
Series 2002D Bonds by causing the Direct Participant to transfer the Participant’s interest in the
Series 2002D Bonds, on DTC’s records, to the Tender/Remarketing Agent. The requirement for physical
delivery of Series 2002D Bonds in connection with an optional tender or a mandatory purchase will be
deemed satisfied when the ownership rights in the Series 2002D Bonds are transferred by Direct Participants
on DTC’s records and followed by a book-entry credit of tendered Series 2002D Bonds to the
Tender/Remarketing Agent’s DTC account.
10. DTC may discontinue providing its services as depository with respect to the Series 2002D 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 2002D 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 2002D 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.
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 Transportation Revenue Obligations 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 Transportation Resolution, as the same may be amended or supplemented from time to time.

Auction Rate Mode means the mode during which any Series 2002D 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 2002D Bond of a Subseries during any period commencing on the day such Series 2002D Bond is owned by or held on behalf of the Liquidity Facility Issuer or its permitted assignee as a result of such Series 2002D Bond having been purchased pursuant to the Transportation Resolution from the proceeds of a draw under the Liquidity Facility and ending when such Series 2002D 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 2002D 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 2002D 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, with respect to a Liquidity Facility with respect to the Series 2002D Bonds of a Subseries, the stated expiration date of such 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 2002D Bonds of such Subseries 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 Transportation Resolution and that such action will not impair the exclusion of interest on such Series 2002D 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 2002D Bonds).

**Fixed Rate Mode** means the mode during which Series 2002D 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 2002D 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 Transportation Resolution and that provides for the payment of the Purchase Price of Series 2002D Bonds of a Subseries 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, with respect to Series 2002D Bonds of a Subseries, 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 with respect to any Series 2002D Bond of a Subseries, any Business Day upon which such Series 2002D Bond is optionally tendered for purchase by its holder in accordance with the Transportation Resolution.

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

**Remarketing Agent** means Bear, Stearns & Co. Inc. 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 2002D Bonds of a Subseries pursuant to which the Remarketing Agent has agreed to remarket the Series 2002D Bonds of such Subseries 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 JPMorgan Chase Bank or any successor Tender Agent.

ATTACHMENT 2-2
**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 2002D Bonds bear interest at a fixed rate until the next mandatory purchase date.

**Transportation Resolution** means the General Resolution Authorizing Transportation Revenue Obligations, adopted by members of MTA on March 26, 2002, as amended and supplemented.

**Trustee** means JPMorgan Chase Bank or any successor Trustee.
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ATTACHMENT 3
FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Series 2002D 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 record of proceedings of the Metropolitan Transportation Authority (the “MTA”) and other proofs submitted to us relative to the issuance of $400,000,000 aggregate principal amount of Metropolitan Transportation Authority Transportation Revenue Bonds, Series 2002D (the “Series 2002D Bonds”).

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

The Series 2002D Bonds are issued under and pursuant to the Constitution and statutes of the State (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 “General Resolution Authorizing Transportation Revenue Obligations”, as supplemented by a resolution of said members adopted on March 26, 2002 (collectively, the “Resolution”).

The Series 2002D Bonds are dated, mature, are payable, bear interest and are subject to redemption, all as provided in the Resolution.

A portion of the proceeds of the Series 2002D Bonds is being used to refund certain of the outstanding bonds of MTA and the Transit Authority issued, in the case of MTA, pursuant to the Transit Resolution, and in the case of the Transit Authority, pursuant to the Livingston Plaza Resolution (the Transit Resolution and the Livingston Plaza Resolution, collectively, the “Prior Lien Resolutions”), such bonds having been issued in multiple series and as described in the hereinafter defined Escrow Agreements as being refunded with proceeds of the Series 2002D Bonds (collectively, the “Refunded Bonds”). A portion of the proceeds of the Series 2002D Bonds, together with any other amounts made available by MTA (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 escrow agreements, each dated May 30, 2002 (collectively, the “Escrow Agreements”), by and between MTA or the Transit Authority, as applicable, and JPMorgan Chase Bank, as escrow agent thereunder and as trustee under each of the Prior Lien Resolutions (the “Prior Trustees”). The MTA and the Transit Authority, as applicable, have given the Prior Trustees, in form satisfactory to them, irrevocable instructions to give notice in accordance with each of the Prior Lien Resolutions of the redemption of those Refunded Bonds being redeemed prior to maturity and the deposit of the Defeasance Deposit. Samuel Klein & Co., certified public
accountants, have prepared a report stating that they have 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 2002D Bonds in order that interest on the Series 2002D 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 2002D Bonds, including, but not limited to, certain representations with respect to the use of the proceeds of the Series 2002D 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 2002D Bonds to be excluded from gross income pursuant to Section 103 of the Code. Noncompliance with the requirements of the Code may cause interest on the Series 2002D 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 2002D 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 (i) 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 from gross income for federal income tax purposes pursuant to Section 103 of the Code of interest on the Series 2002D Bonds, and (ii) 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 2002D Bonds as executed and, in our opinion, the form of said Series 2002D 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, including the prior pledge of any Prior Lien Obligations which remain outstanding. We express no opinion as to the effectiveness of the pledge of moneys located in the State of Connecticut until such moneys are deposited in the Revenue Fund.

3. The Series 2002D 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 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 2002D 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 2002D Bonds.

4. The Interagency Agreement has been duly and lawfully authorized, executed and delivered by MTA and the other parties thereto, is in full force and effect, is valid and binding upon MTA and the other parties thereto, and is enforceable in accordance with its terms.

5. The Series 2002D 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 2002D Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Series 2002D 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 2002D Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof.

8. The Escrow Agreements have each been duly authorized, executed and delivered by MTA, or the Transit Authority, as applicable, and, assuming the due authorization, execution and delivery of each of them by the Prior Trustees, each of the Escrow Agreements is a valid and binding obligation of MTA, or the Transit Authority, as applicable, enforceable in accordance with its respective terms. The Refunded Bonds have been paid within the meaning and with the effect expressed in the Prior Lien Resolutions, and the covenants, agreements and other obligations of MTA, or the Transit Authority, as applicable, to the holders of the Refunded Bonds have been discharged and satisfied.

The opinions expressed in paragraphs 2, 3 and 4 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 2002D 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 federal income tax treatment of interest on the Series 2002D 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 2002D 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,
ATTACHMENT 4

SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY
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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

BONDS:

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 of, 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. Financial Security shall promptly, if 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 accrued or future 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(s) 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, in its sole discretion, 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 telexed 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]

By ____________________________  By ____________________________

Authorized Officer

FINANCIAL SECURITY ASSURANCE INC.

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 ISSUERS
WESTDEUTSCHE LANDESBANK GIROZENTRALE

• BACKGROUND INFORMATION

Westdeutsche Landesbank Girozentrale (“WestLB”), which traces its history to 1832, was created by the merger of two central banks, or Landesbanks (German State Banks), in the State of North Rhine-Westphalia, the Federal Republic of Germany (“Germany”) on January 1, 1969. As a German universal bank, WestLB provides commercial and investment banking services regionally, nationally and internationally to public, corporate and bank customers. WestLB is the largest of the Landesbanks and, on the basis of total assets at December 31, 2000, was the fifth largest bank in Germany. At December 31, 2000, WestLB had total assets of approximately 304 billion euro (US$ 283 billion).

WestLB also performs the functions of a state and municipal bank for the State of North Rhine-Westphalia and acts as the central bank of the Sparkassen (savings banks) in North Rhine-Westphalia (Germany’s most populous state). It conducts a comprehensive range of wholesale banking business and has the power to issue mortgage bonds, municipal bonds and other bonds and is one of the largest continuous issuers of long term debt in Germany. In its capacity as central bank, WestLB acts as the clearing and depository bank for the savings banks in North Rhine-Westphalia. As a state bank, WestLB provides trustee services for state-supported lending programs for housing, regional economic assistance, middle market firms and environmental protection. Internationally, the WestLB Group (the “Group”) operates through an extensive network of banking subsidiaries, branches and representative offices to provide a range of financial services to its clients.

Pursuant to a guaranty obligation (Gewährträgerhaftung) set forth in Section 37 of the North Rhine-Westphalia Savings Bank Act and Section 5 of the Ordinances of WestLB, North Rhine-Westphalia together with the other guarantors specified therein (including regional authorities and savings bank associations) are jointly and severally liable without restriction for all obligations of WestLB, including all obligations of WestLB New York. The guaranty obligation gives creditors a direct claim against North Rhine-Westphalia only if the claims of the creditors have not first been satisfied out of the assets of WestLB, including the assets of WestLB New York.

In addition to being liable under the guaranty obligation, North Rhine-Westphalia, having established WestLB, is responsible to WestLB for the performance of WestLB’s obligations, including all obligations of WestLB New York. This maintenance obligation (Anstaltslast), while not a formal guaranty affording creditors of WestLB a direct claim against North Rhine-Westphalia, requires North Rhine-Westphalia to keep WestLB in a position to perform its functions and to enable it, in the event of financial difficulties, to perform its obligations, when due.

• THE NEW YORK BRANCH

The New York Branch of WestLB (“WestLB New York”) is licensed and subject to supervision and regulation by the Superintendent of Banks of the State of New York. WestLB New York is examined by the New York State Banking Department and is subject to banking laws and regulations applicable to a foreign bank that operates a New York branch. In addition to being subject to New York banking laws and regulations, WestLB and WestLB New York are also subject to the International Banking Act of 1978 (the “IBA”) and the Foreign Bank Supervision Enhancement Act of 1991, and WestLB is subject to federal regulation under the IBA and the Bank Holding Company Act of 1956.
• SUMMARY OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

The Bank’s total assets decreased by 1% (from 308 billion euros in 1999) to 304 billion euros in the 2000 business year. WestLB’s total business volume expanded in 2000 by 1% (from 396 billion euros in 1999) to 399 billion euros in 2000. WestLB’s capital and reserves increased by 5% to 14,672 million euros at the end of 2000 (as compared to 13,963 million euros at the end of 1999).

WestLB’s operating profit after risk provisions/result of evaluation of 529 million euros (U.S.$ 492 million) decreased by 14% from the previous year. Interest surplus decreased by 12% (from 2,010 million euros in 1999 to 1,768 million euros in 2000). Commission surplus increased by 63% (from 366 million euros in 1999 to 597 million euros in 2000). Staff expenses increased by 17% to 1,061 million euros (U.S.$ 987 million) in 2000, with other administrative expenses showing an increase of 17% to 936 million euros (U.S.$ 871 million) in 2000. As a result, WestLB’s operating result before risk provisions/result of evaluation of 809 million euros in 2000 increased by 4% (776 million euros in 1999).

• UNITED STATES AND GERMAN EXCHANGE RATES, AND GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The financial information for the year ended December 31, 2000 is derived from the audited statements of WestLB, does not include the consolidated subsidiaries of the WestLB Group and has been prepared in accordance with accounting principles, practices, laws and regulations generally accepted in Germany. German accounting principles differ in certain respects from accounting principles generally accepted in the United States.

Unless indicated otherwise, currency amounts are stated in Euro (“Euros”) or United States dollars (“USS” or “U.S. dollars”). Merely for the convenience of the reader, this summary contains translations of certain Euro amounts into U.S. dollars at specified rates. These translations should not be construed as representations that the Euro amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollar amounts at the rate indicated. Unless otherwise indicated, the translations of Euro into U.S. dollars have been made at Euro 1.00 = US$ 0.9305, which was the official (Frankfurt fixing) exchange rate on December 29, 2000, the last trading day in 2000. In certain instances, figures reflect the effect of rounding.

This information relates to and has been obtained from WestLB. The delivery of the official statement shall not create any implication that there has been no change in the affairs of WestLB since the date hereof or that the information contained or referred to herein is correct as of any time subsequent to its date.
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.

ATTACHMENT 5-4
ATTACHMENT 6

INFORMATION RELATING TO THE REFUNDED BONDS
**ATTACHMENT 6**
**SERIES 2002D BONDS**
**INFORMATION RELATING TO THE REFUNDED BONDS**

Bonds indicated by a single asterisk reflect the sum of the respective mandatory sinking fund redemptions.

<table>
<thead>
<tr>
<th>Old Farebox</th>
<th>Resolution</th>
<th>Series</th>
<th>CUSIP #</th>
<th>Maturity Date</th>
<th>Coupon</th>
<th>Refunded Principal Amount</th>
<th>Redemption Date</th>
<th>Redemption Price</th>
<th>Remaining Principal Outstanding</th>
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<tbody>
<tr>
<td>Transit Facilities Revenue Bonds</td>
<td>1997A</td>
<td>592598ZE9</td>
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<td>1997A</td>
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<td></td>
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$20,450,000 $ -

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<th>Refunded Principal Amount</th>
<th>Redemption Date</th>
<th>Redemption Price</th>
<th>Remaining Principal Outstanding</th>
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<tr>
<td></td>
<td>1997B-2</td>
<td>592598C46</td>
<td>7/1/2002</td>
<td>4.250%</td>
<td>$345,000</td>
<td>Maturity</td>
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<td>-</td>
<td></td>
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<tr>
<td></td>
<td>1997B-2</td>
<td>592598C46</td>
<td>7/1/2002</td>
<td>3.900%</td>
<td>$675,000</td>
<td>Maturity</td>
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<td></td>
<td>1997B-2</td>
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<td>7/1/2002</td>
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<td>$485,000</td>
<td>Maturity</td>
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<td>Maturity</td>
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<td>Maturity</td>
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<td>592598C46</td>
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<td>4.250%</td>
<td>$345,000</td>
<td>Maturity</td>
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<tr>
<td></td>
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<td>$485,000</td>
<td>Maturity</td>
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Transit Authority 1990 649715AR0 1/1/2021 6.000% $16,155,000 7/1/2002 100.00 $ -

Subordinated Transit Facilities Revenue Bonds (Livingston Plaza Project) 1993 649715BD0 1/1/2003 4.800% $9,790,000 Maturity N/A $ -
<table>
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<tr>
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$75,650,000 $ -

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† CUSIP numbers have been assigned by an organization not affiliated with MTA and are included solely for the convenience of bondholders. MTA is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness.

‡ Will be defeased by other Series 2002 Bonds or cash on hand.