



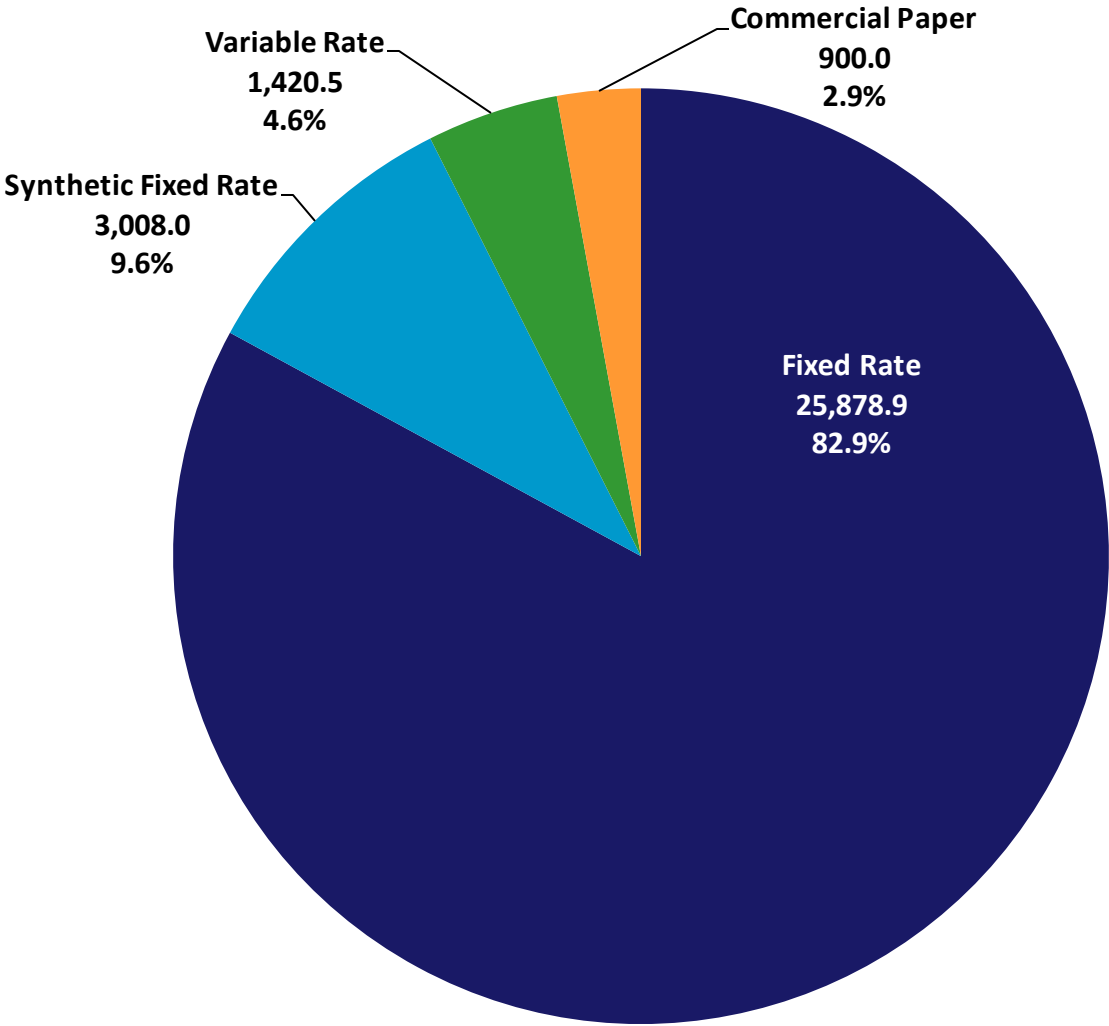
Metropolitan Transportation Authority

Report to the Finance Committee 2012 Year End Review

MTA Finance Department
Patrick McCoy, Director
January 28, 2013

Outstanding indebtedness totals \$31.2 billion*

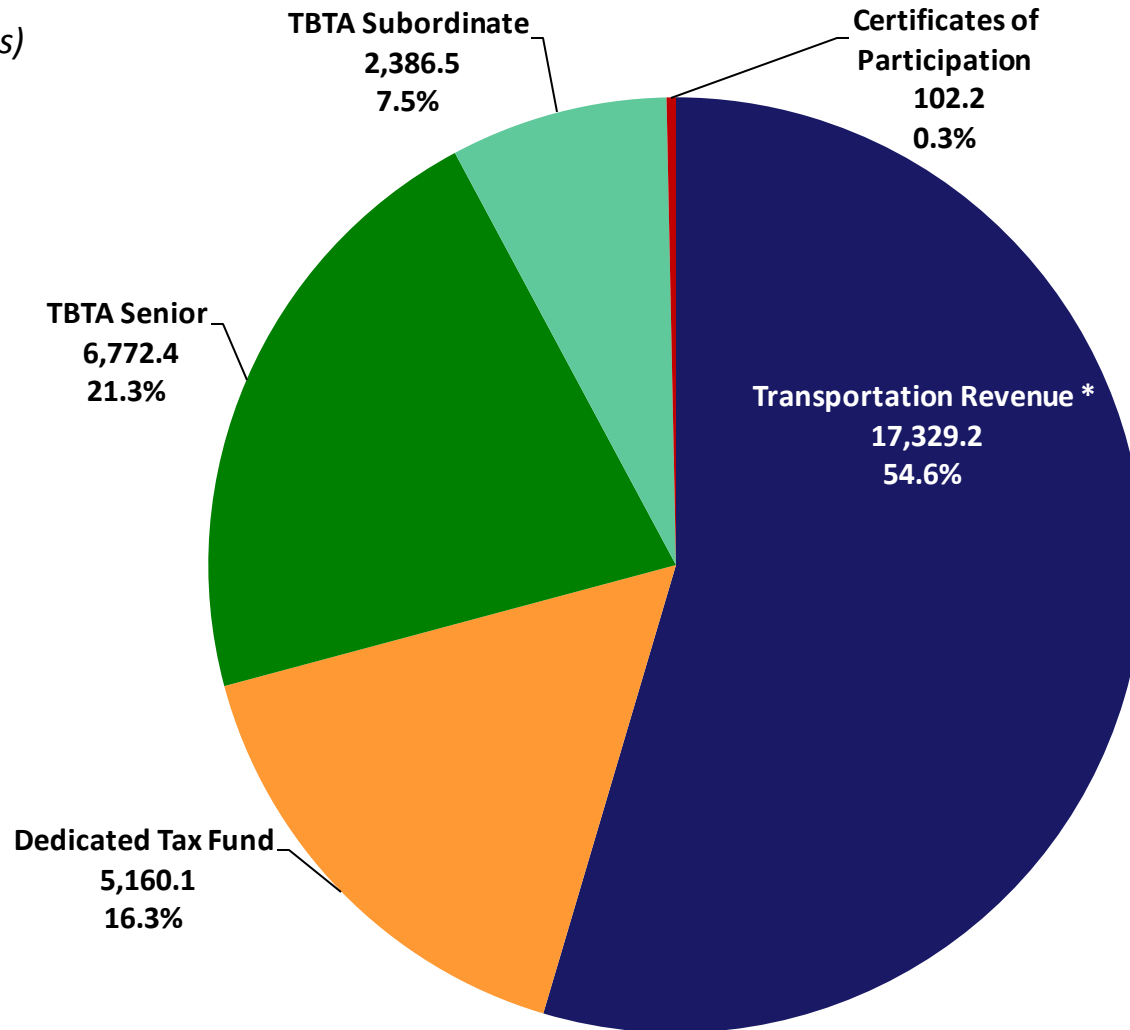
(\$ in millions)



* Includes 2 Broadway COPs but excludes State Service Contract bonds.
As of December 31, 2012.

Debt By Resolution

(\$ in millions)



* Includes \$900,000,000 Transportation Revenue Bond Anticipation Notes, Series CP-2.
Excludes State Service Contract Bonds whose debt service is paid by the State.
As of December 31, 2012.

Extensive Investor Outreach

- April 12 – Internet roadshow in advance of TRB 2012C issue
- May 2012 – National Investor Roadshow
 - San Francisco (Wells Fargo, Charles Schwab, Franklin Funds)
 - Chicago (Northern Trust, Nuveen, large group breakfast)
 - Philadelphia (Blackrock, Definitive, Vanguard)
 - New Hampshire (Fidelity)
 - Boston (Wellington Management, Deutsche Asset Management, large group luncheon)
- June 21 – Internet roadshow in advance of TRB 2012D issue
- September 17 – Internet roadshow in advance of TRB 2012F issue
- October 11 – Internet roadshow in advance of DTF 2012A issue
- November 5 – Investor conference call in advance of TBTA 2009A-1 Remarketing and TRB 2012G issue
- December 7 – Internet roadshow in advance of TBTA 2013A/B

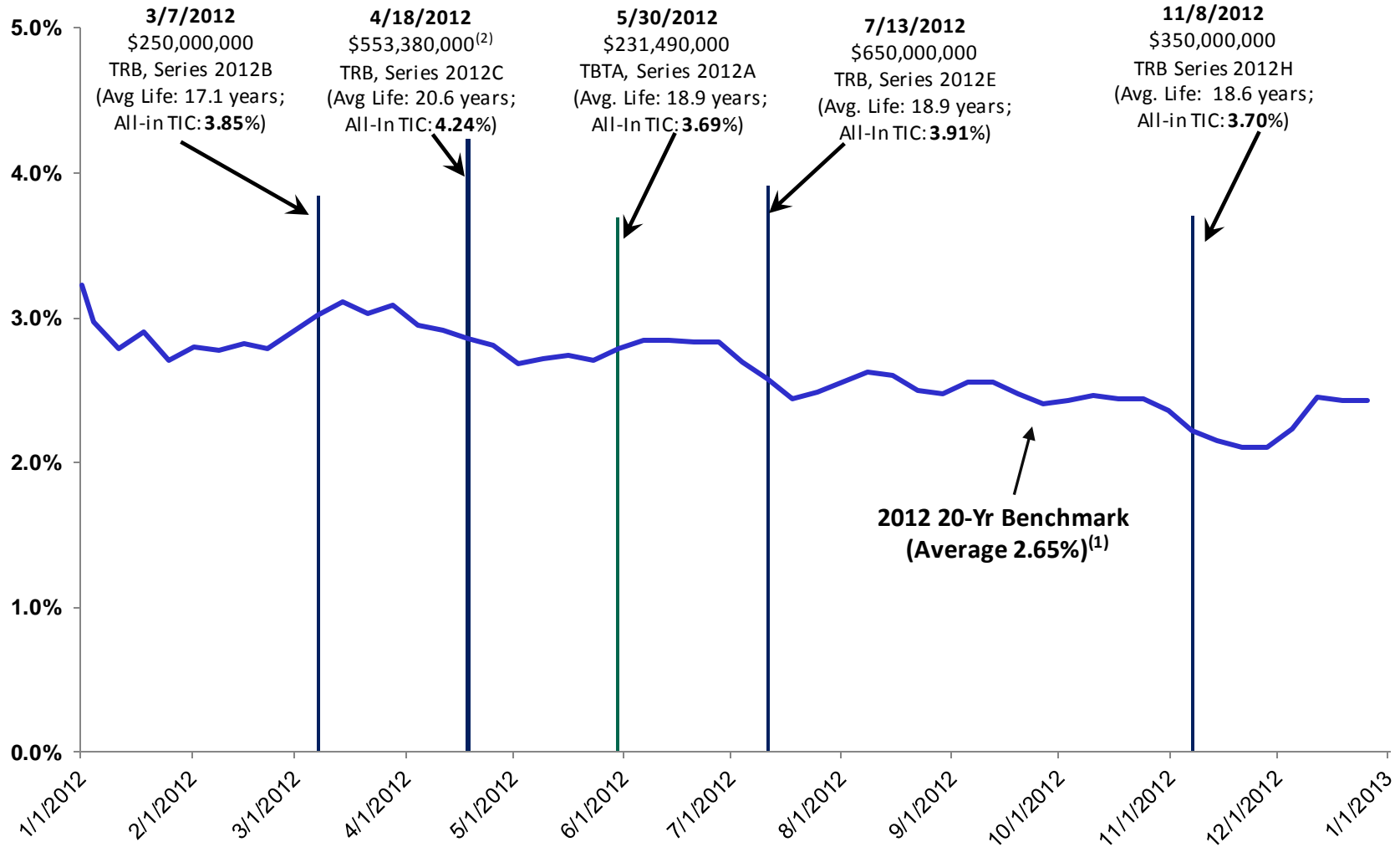
2012 Market Recap

- Fed policy continued to produce low interest rates throughout 2012.
 - The 10 year Treasury yield was at 1.78% at year-end , down from 1.89% a year earlier.
 - The 30 year Treasury yield ended 2012 at 2.95%, up modestly from 2.89% at the end of 2011.
- Municipal yields rallied, with yields in each part of the yield curve reaching historically low levels near the end of 2012.
 - The 10 year AAA MMD index ended 2012 at 1.72%, down from 1.83% at the end of 2011. The index reached its historic low point since its inception in 1981 of 1.47% on November 28, 2012.
 - The 30 year AAA MMD stood at 2.83% at year-end 2012, compared to 3.55% a year earlier. The index reached its historic low level of 2.47% on November 28, 2012.
- Rates rose in December due to concerns about the “fiscal cliff” and the potential threats to the municipal bond tax-exemption. Still, year-end rates were at levels never seen prior to 2012.
- The volume of municipal bonds issued in 2012 was up 30% from 2011. In a period of record low interest rates, refundings drove much of the growth. Volume of refinancings rose 72%, while new money issuance fell 2%.
- Strong demand for municipal bonds allowed the market to absorb the increase in supply without upward pressure in rates.
- Pension funding was a primary focus of municipal credit analysts, driving yields up in Illinois and Puerto Rico. Investors continue to follow important litigation pending in California and Rhode Island related to the impact of pension claims on bondholder security.

2012 Transactions Summary

- \$2.2 billion New Money borrowing
 - \$2.0 billion fixed-rate mode
 - \$150 million Floating Rate Notes (FRNs)
- \$5.3 billion Refunding Bonds issued
 - \$5.8 billion of fixed rate bonds called and refunded for savings
 - Present value savings of \$995 million structured to provide capacity for 2015-2019 Capital Program
- \$2.1 billion Remarketing of tendered obligations
 - \$527.2 million of variable rate bonds converted to fixed-rate bonds
 - \$1,144.2 million VRDBs
 - \$542.5 million in weekly rate mode
 - \$601.7 million in daily rate mode
 - \$422.0 million floating rate notes (FRNs)
- \$645 million of debt was retired through normal amortization in 2012

MTA Fixed Rate New Money Bond Issuances



1. 20-yr AAA MMD index.
 2. TRB Series 2012C was a partial refunding. Reflects new money component of transaction only.

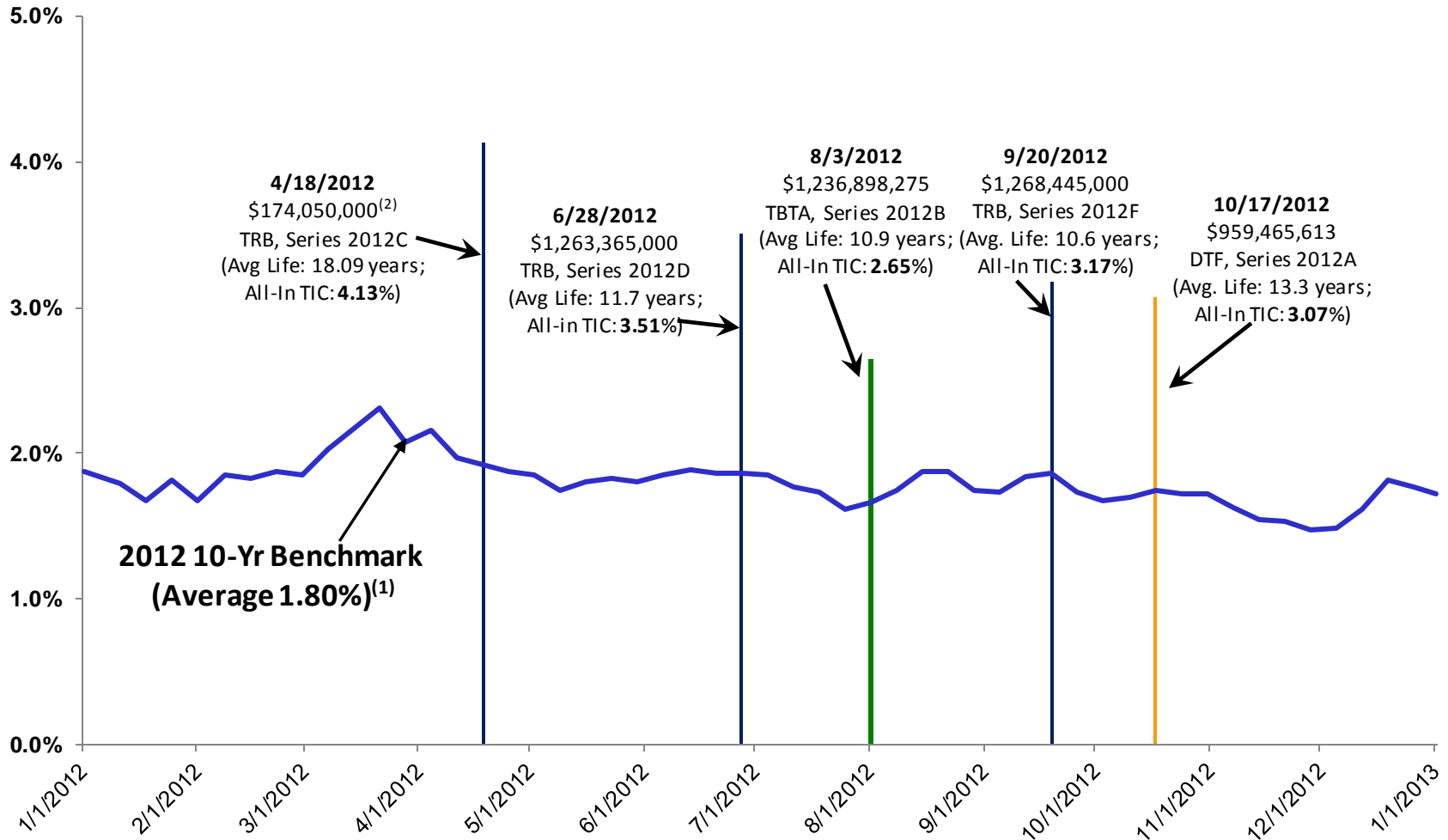
2012 Refunding Results

- MTA refunded \$5.8 billion of previously issued bonds for savings in 2012
 - \$5.1 billion in current refunding
 - \$761 million in advanced refunding
- All Refunded Bonds met the savings criteria in the MTA Refunding Policy
- Debt Service savings targeted as a funding source for the 2015-2019 Capital Program
- Additionally, NYS refunded \$1.3 billion in MTA State Service Contract Bonds

Bond Series	Par Issued	Par Refunded	NPV Savings	Percent
TRB 2012C	\$174,050,000	\$186,495,000	\$16,267,037	8.72%
TRB 2012D	1,263,365,000	1,389,660,000	201,010,965	14.46%
TRB 2012F	1,268,445,000	1,424,715,000	250,279,334	17.57%
TRB 2012G *	359,450,000	357,450,000	53,816,887	15.06%
TBTA 2012B	1,236,898,275	1,395,765,000	279,639,227	20.03%
<u>DTF 2012A</u>	<u>959,465,613</u>	<u>1,059,510,000</u>	<u>194,530,232</u>	<u>18.36%</u>
TOTAL	\$5,261,673,888	\$5,813,595,000	\$995,543,682	17.12%

* On December 12, 2007, MTA entered into a percentage of LIBOR fixed-payor swap associated with the anticipated refunding of \$359.45 million of Transportation Revenue Bonds on a forward starting basis. TRB 2012G bonds issued as Floating Rate Notes.

MTA Fixed Rate Refunding Bond Issuances



1. 10-year AAA MMD.

2. TRB Series 2012C was a partial refunding. Reflects the refunding portion of the transaction only. Does not include the Transportation Revenue Bonds, Series 2012G which are variable rate.

2012 Remarketing Results

\$527.2 Million Converted to Fixed-Rate Mode

Bond	Par Amount	Type	Prior Provider	All-in TIC
Trans Rev 2002D-1	\$174.7	VRDB	West LB	3.44%
DTF 2002B-2	\$116.1	VRDB	Dexia	1.08%
Trans Rev 2008B-2	\$110.2	Put		2.17%
TBTA 2009A-1	\$126.2	Put		3.25%

\$357.4 Million Converted to FRNs

Bond	Par Amount	Type	Prior Provider	Rate
DTF 2002B-3	\$161.8	VRDB	Dexia	SIFMA+spread
TBTA 2005B-4	\$195.6	VRDB	LBBW	67% 1mL+spread

\$64.6 Million Remarketed as FRN

Bond	Par Amount	Type	Reset Date	Rate
DTF 2008B-3a	\$35.0	FRN	11/1/2014	SIFMA+spread
TBTA Gen 2005B-4a*	\$29.6	FRN	1/1/2013	67% 1mL+spread

\$1,144.2 Million Remarketed as VRDBs with New Liquidity or Credit Providers

Bond	Par Amount	Type	Prior Provider	New Provider(s)
TBTA 2003B/2005A/2005B-2	\$534.6	VRDB	Dexia	CalPERS/CALSTRS/US Bank
TRB 2005E	\$250.0	VRDB	BNP Paribas	BoAML/J.P. Morgan/PNC
DTF 2002B-1	\$150.0	VRDB	Dexia	State Street Bank
TBTA 2002F	\$209.6	VRDB	ABN AMRO	Helaba Bank

* Transaction priced on December 19, 2012 and closed on January 2, 2013.

Variable Rate Portfolio Management

- Variable Rate Demand Bonds (VRDBs), \$2.9 billion.
 - Portfolio is lower by \$742 million than year end 2011.
 - \$2.2 billion weeklies;
 - \$700 million dailies
 - Actively increased diversity in liquidity providers to 18.
 - Entered into agreements with 4 new liquidity providers
 - PNC, US Bank, CalPERs, CalSTRS
 - Replaced \$1.8 billion VRDBs supported by weak or exiting providers
 - Eliminated exposure to AMN AMRO, BNP Paribas, Dexia, LBBW and WestLB
- Floating Rate Notes
 - MTA expanded use of Index-based Floating Rate Notes (FRNs)
 - FRNs allow MTA to access the short term variable rate market without the credit/liquidity support of an LOC or SBPA provided by a bank
 - Indexed to SIFMA or percentage of LIBOR
 - \$931.5 million issued in 2012; \$1,001.1 million total outstanding
- MTA continues to monitor performance of its \$325 million in currently outstanding Auction Rate Securities (ARS)

2013 Financing Quarterly Calendar

(\$ in millions)

Purpose	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Total</u>
New Money ⁽¹⁾	500	1,010	-	500	2,010
Sandy BANs ⁽²⁾	625	625	625	625	2,500
Remarketing ⁽³⁾⁽⁴⁾	80	350	97	505	1,032
Refunding	<u>996</u>	<u>0</u>	<u>0</u>	<u>195</u>	<u>1,191</u>
Total	2,201	1,985	722	1,825	6,733

1. Bond issuance for approved Capital Programs. Excludes proposed financing related to Tropical Storm Sandy.

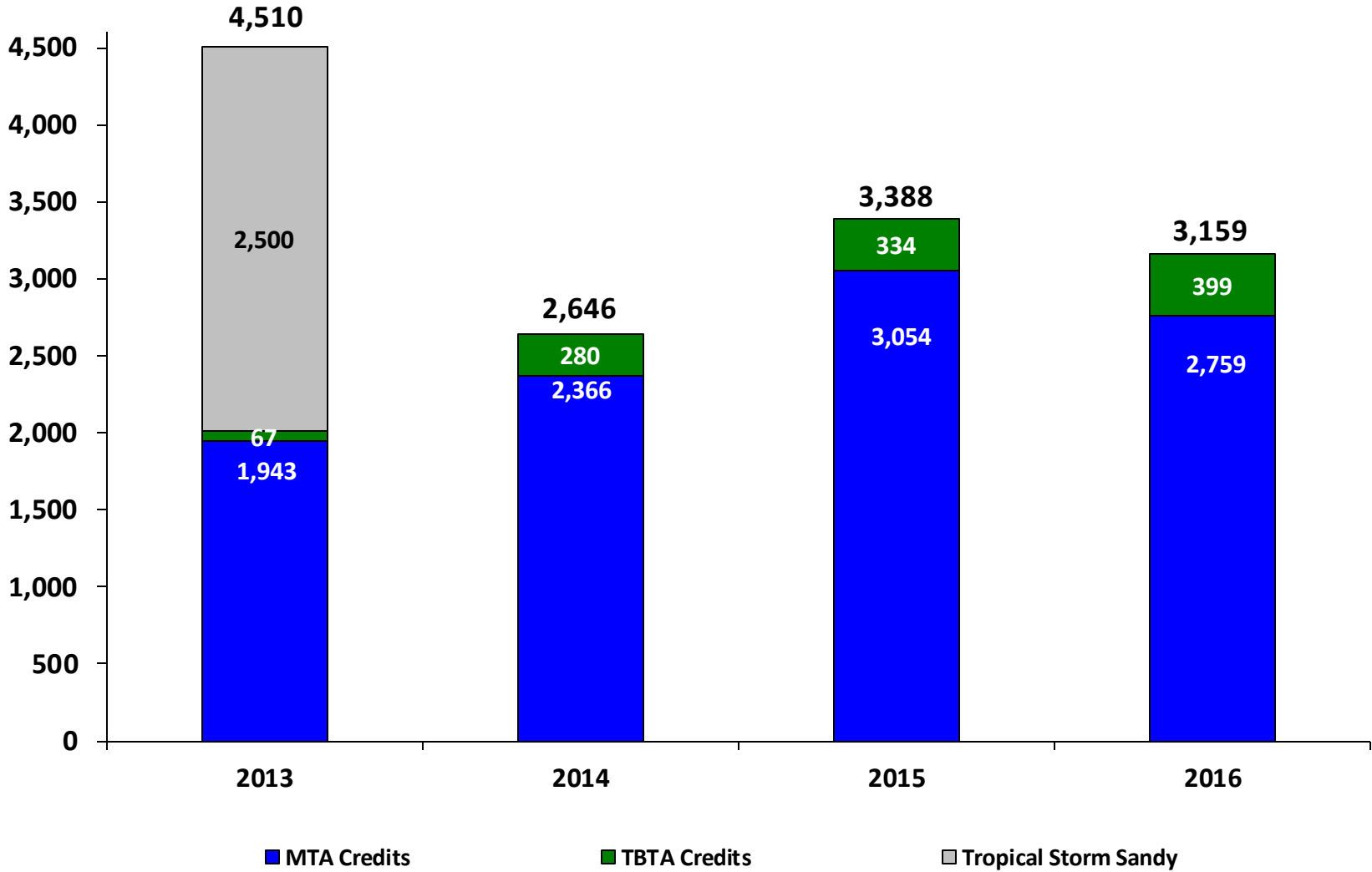
2. Assumes equal issuance of Sandy related financing in each quarter.

3. Mandatory Tender bonds, FRNs, and VRDBs for which MTA will seek replacement liquidity facilities or remarket to alternate modes. Reflects the par amount to be financed at the liquidity facilities expiration date.

4. Includes TBTA 2005B-4a Bonds which priced on December 19, 2012 and closed on January 2, 2013.

Forecasted Debt Issuance

(\$ in millions)



Source: Forecast based on MTA 2013 Adopted Budget, November Financial Plan 2013-2016.
 Estimated debt for Tropical Storm Sandy based on assumptions included in the November Financial Plan.

2013 Remarketing Outlook

Transactions with bank facilities that are not expected to renew are shown in green

Bonds with Expiring Bank Facilities

Bond	Par Amount ⁽¹⁾	Type	Provider	Expiration Date	Final Maturity	Synthetic
Trans Rev CP-2 Subseries C	\$350.00	LOC	RBC*	6/30/2013	9/16/2016	no
DTF 2008B-1	\$98.14	LOC	Bank of Nova Scotia*	8/15/2013	11/1/2034	no
Trans Rev CP-2 Subseries A	\$100.00	LOC	TD Bank	9/12/2013	9/16/2016	no
Trans Rev CP-2 Subseries B	\$250.00	LOC	Barclays	9/12/2013	9/16/2016	no
Trans Rev CP-2 Subseries D	\$200.00	LOC	Citi	9/12/2013	9/16/2016	no
Trans Rev 2002G-1	\$200.00	LOC	Bank of Nova Scotia*	10/7/2013	1/1/2026	yes
Trans Rev 2005D-1	\$150.00	LOC	Helaba	11/7/2013	1/1/2035	yes

Bonds with Mandatory Tender Reset Dates Requiring Remarketing

Bond	Par Amount ⁽¹⁾	Type	Reset Date	Final Maturity	Synthetic
TBTA Gen 2005B-4a**	\$30.40	FRN	1/1/2013	1/1/2028	yes
Trans Rev 2012A-1	\$50.00	FRN	5/15/2013	11/15/2040	no
DTF 2008B-3b	\$54.47	FRN	11/1/2013	11/1/2030	yes
TBTA Gen 2008B-1	\$83.50	Put	11/15/2013	11/15/2025	no
Trans Rev 2008B-3	\$130.00	Put	11/15/2013	11/15/2027	no
TBTA Gen 2005B-4b	\$37.50	FRN	1/1/2014	1/1/2029	yes

1. Current par outstanding.

* Providers not expected to extend the current liquidity facility. MTA will be seeking replacement liquidity provider(s) or will remarket in alternate modes.

** Transaction closed on January 2, 2013.

Fuel Hedge Results

- MTA Fuel Hedge program provides budget certainty by reducing exposure to volatile fuel prices
- MTA is currently hedging approximately 50% of its annual ultra-low sulfur diesel (“ULSD”) expenditures
 - Hedges are procured through a competitive bidding process with three approved counterparties
- MTA entered into 11 hedges in 2012
 - \$145.9 million or 49.7 million gallons hedged as of 12/19/2012
- Current counterparty exposure
 - \$42.3 mn Bank of America/Merrill Lynch⁽¹⁾
 - \$6.7 mn Deutsche Bank
 - \$26.1 mn Goldman Sachs & Co. (via J. Aron & Company)
 - \$22.4 mn J.P. Morgan (via J.P. Morgan Ventures Energy Corporation)

1. Bank of America/Merrill Lynch no longer an active fuel hedge counterparty bidder.

Appendix:

1. Bond Financed Capital Investments in 2012
2. 2012 Debt Issuance and Remarketing Activity
3. 2012 Cost of Issuance Summary
4. Liquidity Facilities Expiration and Put Obligation Schedule
5. Fuel Hedge Summary

Bond Financed Capital Investments in 2012

- **MTA financed \$2.47 billion in capital expenditures from bond proceeds in 2012**
- **Capital Construction (\$849.9 million)***
 - East Side Access (\$449.1 million)
 - \$147 million for Queens Bored Infrastructure
 - \$80 million for Grand Central Terminal Concourse
 - Second Avenue Subway (\$372.2 million)
 - \$121 million for construction of 96th St Station.
 - \$87 million for construction of 72nd St Station
- **New York City Transit/MTA Bus (\$1,142.3 million)**
 - \$345 million for new express, articulated, standard and CNG buses
 - \$163 million on signals and communication
 - \$94 million on Clara Hale and new Charleston Depots
- **Commuter Railroads (\$284.4 million)**
 - LIRR (\$156.3 million)
 - \$24 million on fire and life safety improvements in the East River tunnels
 - \$23 million for Life Cycle Maintenance shop and yard construction
 - MNR (\$128.1 million)
 - \$29 million for purchase of new M-8 rolling stock for New Haven Line
- **Bridges and Tunnels (\$165.6 million total)**
 - \$48 million for Bronx Whitestone Bridge for Roadways and Decking
 - \$14 million for Henry Hudson for Roadways and Decking

* Includes Lower Manhattan Projects, Security and Administration.

2012 Debt Issuance and Remarketing Activity

Sale Date	Amount	Series	Structure ⁽¹⁾	Senior Manager(s)	Purpose	Assignment Basis	All In TIC ⁽²⁾	Average Life
1/24/12	\$ 206,190,000	TBTA 2003B	VRDB	US Bancorp	Remarketing	Merit	-	-
1/24/12	132,770,000	TBTA 2005A	VRDB	US Bancorp	Remarketing	Merit	-	-
1/24/12	195,600,000	TBTA 2005B-2	VRDB	US Bancorp	Remarketing	Merit	-	-
3/7/12	150,000,000	TRB 2012A	FRN	Merrill Lynch/JP Morgan	New Money	Competitive	4.10%	29.67
3/7/12	250,000,000	TRB 2012B	Fixed	BoA Merrill	New Money	Competitive	3.85%	17.11
3/21/12	116,050,000	DTF 2002B-2	Fixed	Morgan Stanley	Remarketing	Existing Assignment	1.08%	3.62
3/21/12	161,800,000	DTF 2002B-3	FRN	Morgan Stanley	Remarketing	Existing Assignment	4.35%	6.81
3/22/12	150,000,000	DTF 2002B-1	VRDB	Morgan Stanley	Remarketing	Existing Assignment	4.78%	9.73
4/18/12	727,430,000	TRB 2012C	Fixed	Wells Fargo	New Money/Refunding	Rotation	4.22%	19.99
5/3/12	174,725,000	TRB 2002D-1	Fixed	J.P. Morgan	Remarketing	Existing Assignment	3.44%	13.40
5/30/12	231,490,000	TBTA 2012A	Fixed	Citi	New Money	Competitive	3.69%	18.93
6/28/12	1,263,365,000	TRB 2012D	Fixed	BofAMerrill	Refunding	Merit	3.51%	11.70
7/13/12	650,000,000	TRB 2012E	Fixed	Jefferies	New Money	Rotation	3.91%	18.94
7/21/12	195,600,000	TBTA 2005B-4	FRN	Barclays	Remarketing	Merit	-	-
8/3/12	1,236,898,275	TBTA 2012B	Fixed	Goldman Sachs	Refunding	Merit	2.65%	10.88
9/20/12	1,268,445,000	TRB 2012F	Fixed	Morgan Stanley	Refunding	Merit	3.17%	10.59
9/28/12	250,000,000	TRB 2005E	VRDB	BAML/PNC/JPM	Remarketing	Merit	-	-
10/17/12	959,465,613	DTF 2012A	Fixed	Wells Fargo	Refunding	Merit	3.07%	13.28
10/24/12	35,000,000	DTF 2008B-3a	FRN	Goldman Sachs	Remarketing	Existing Assignment	-	-
10/25/12	209,640,000	TBTA 2002F	VRDB	J.P. Morgan	Remarketing	Existing Assignment	-	-
11/6/12	126,230,000	TBTA 2009A-1	Fixed	Loop	Remarketing	Merit	3.25%	13.34
11/7/12	359,450,000	TRB 2012G	FRN	J.P. Morgan	Refunding	Merit	4.32%	18.76
11/9/12	350,000,000	TRB 2012H	Fixed	Siebert	New Money	Rotation	3.70%	18.64
11/9/12	110,220,000	TRB 2008B-2	Fixed	Siebert	Remarketing	Rotation	2.17%	8.50
12/19/12	29,600,000	TBTA 2005B-4a	FRN	Barclays	Remarketing	Existing Assignment	-	-
Total	\$9,539,968,888							

(1) FRN means Floating Rate Notes. VRDB means Variable Rate Demand Bonds.

(2) Italicized rates are assumed based on either a fixed-swap rate or 4% variable rate assumption plus applicable spread.

2012 Cost of Issuance Summary

	New Money	Refunding	Remarketing	Total ⁽⁴⁾
NYS Bond Issuance Fee ⁽¹⁾	\$18,200,028	\$ -	N/A	\$18,200,028
Underwriter's Discount ⁽²⁾	10,559,120	24,365,718	2,896,252	37,821,090
Bond Counsel	904,329	658,186	437,708	2,000,223
Financial Advisor Fee	381,702	406,241	-	787,943
Swap Advisor Fee	-	-	-	-
Rating Agency Fees	823,344	1,227,108	178,345	2,228,797
LOC Counsel	-	45,000	246,308	291,308
Bond Insurance	244,402	-	-	244,402
Accounting Fees	102,500	90,225	132,525	325,250
Trustee	11,500	16,420	23,400	51,320
Printing and Distribution	16,696	15,555	24,688	56,939
Miscellaneous ⁽³⁾	30,054	11,341	36,486	77,881
Total	\$31,273,675	\$26,835,795	\$3,975,713	\$62,085,183

(1) NYS Bond issuance fee of \$8.40 per \$1,000 issued is charged for new money and refunding transactions, not on remarketing transactions. BIC fees in 2012 were waived by NYS DOB on refunding transactions.

(2) Underwriter's Discount includes fees paid to Underwriters, Underwriter's Counsel, and other expenses.

(3) Miscellaneous includes: Independent Engineer, Verification Agent and TM3 wire fees.

2014 MTA LOC and SBPA Expirations and Put Obligations

Credit	Series	CUSIP	Par Outstanding (\$ in millions)	Mode	Liquidity Type	Liquidity Provider	Liquidity Expiration Date
TBTA Gen	2005B-4b	89602NYT5	37.50	FRN			1/1/2014
Trans Rev	2012A-2	59259YLZ0	50.00	FRN			5/15/2014
Trans Rev	2002D-2	59259YGQ6	200.00	PP*	PP	Wells Fargo**	5/27/2014
DTF	2008A-1	59259NH97	171.86	VRDB	LOC	Morgan Stanley	6/20/2014
DTF	2008A-2	59259NH89	171.85	VRDB	LOC	Bank of Tokyo	6/20/2014
DTF	2008B-4	59259NL76	100.00	VRDB	LOC	KBC	8/15/2014
Trans Rev	2011B	59259YHZ5	99.56	VRDB	LOC	BoAML	9/12/2014
TBTA Gen	2001B	89602NSP0	134.07	VRDB	LOC	State Street Bank	9/30/2014
TBTA Sub	2000AB	89602NY1	130.25	VRDB	SBPA	JP Morgan**	10/7/2014
TBTA Sub	2000CD	89602NJZ8	89.85	VRDB	SBPA	Lloyds TSB**	10/7/2014
DTF	2008B-3a	59259NM75	35.00	FRN			11/1/2014
DTF	2008B-3c	59259NM91	44.74	FRN			11/1/2014
TRB	2012G-1	59259YVE6	84.45	FRN			11/1/2014
Trans Rev	2005D-2	59259YAE9	100.00	VRDB	LOC	Helaba	11/10/2014
TBTA Gen	2008B-2	89602NMW1	63.65	Term Bond			11/15/2014
Trans Rev	2008B-4	59259R5Q3	130.00	Term Bond			11/15/2014
Trans Rev	2005E-2	59259YUA5	75.00	VRDB	LOC	JP Morgan	12/31/2014

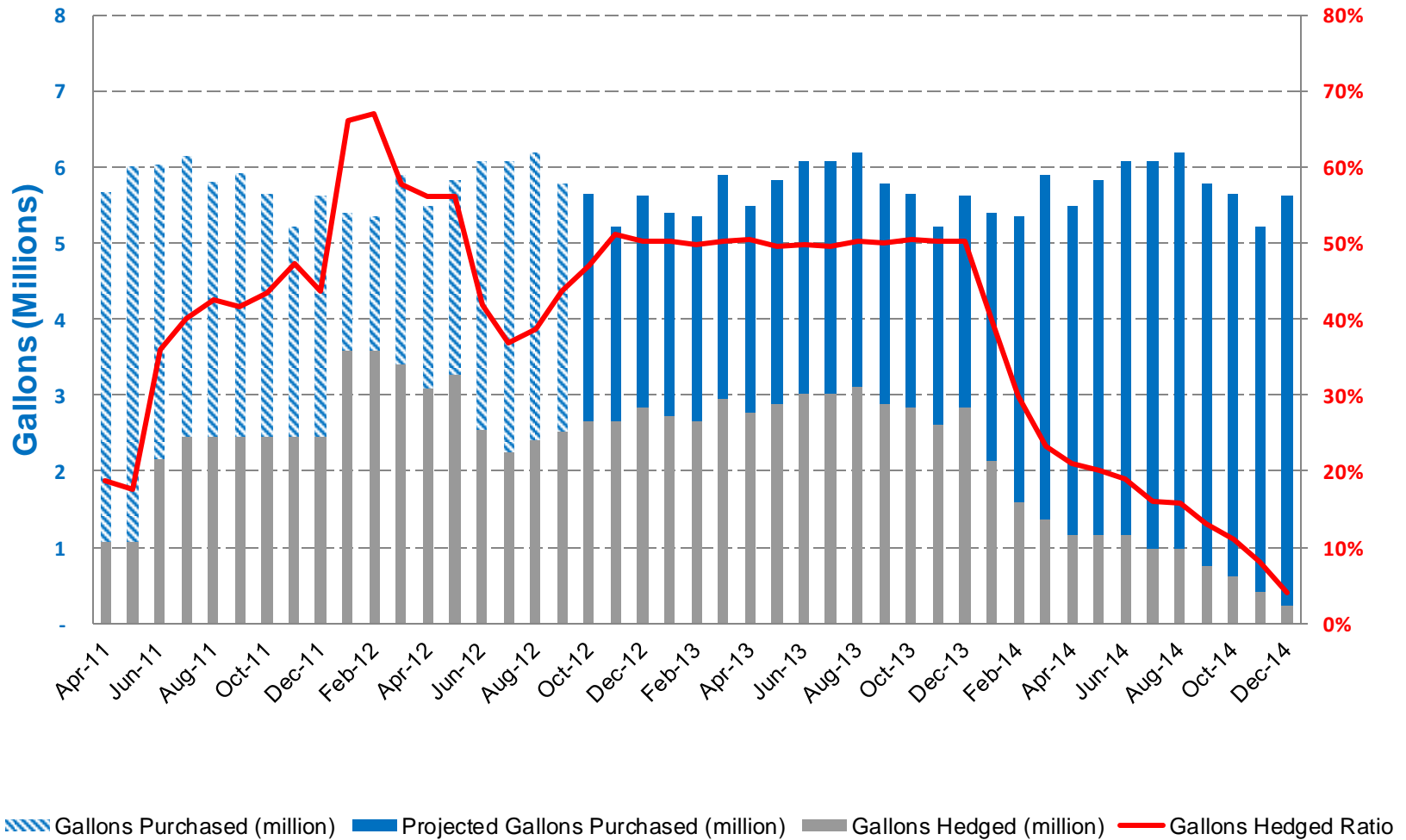
* Private Placement

** Insured by Assured Guaranty Municipal Corporation – carried over from original 2002 issuance.

2015-2020 MTA LOC and SBPA Expirations and Put Obligations

Credit	Series	CUSIP	Par Outstanding (\$ in millions)	Mode	Liquidity Type	Liquidity Provider	Liquidity Expiration Date
TBTA Gen	2005B-4c	89602NYU2	38.70	FRN			1/1/2015
TBTA Gen	2003B-1	89602NWU4	94.59	VRDB	LOC	CALPERs	1/31/2015
TBTA Gen	2003B-2	89602NWV2	51.08	VRDB	LOC	CALSTRs	1/31/2015
TBTA Gen	2003B-3	89602NWW0	60.52	VRDB	LOC	US Bank	1/31/2015
TBTA Gen	2005A-1	89602NWX8	59.39	VRDB	LOC	CALPERs	1/31/2015
TBTA Gen	2005A-2	89602NWY6	32.09	VRDB	LOC	CALSTRs	1/31/2015
TBTA Gen	2005A-3	89602NWZ3	38.01	VRDB	LOC	US Bank	1/31/2015
TBTA Gen	2005B-2a	89602NXA7	89.73	VRDB	LOC	CALPERs	1/31/2015
TBTA Gen	2005B-2b	89602NXB5	48.50	VRDB	LOC	CALSTRs	1/31/2015
TBTA Gen	2005B-2c	89602NXC3	57.37	VRDB	LOC	US Bank	1/31/2015
Trans Rev	2012A-3	59259YMA4	50.00	FRN			5/15/2015
TBTA Gen	2005B-3	89602NGX6	195.60	VRDB	SBPA	BoAML	7/3/2015
TBTA Gen	2001C	89602NSQ8	134.07	VRDB	SBPA	JP Morgan	9/29/2015
Trans Rev	2005E-1	59259YUB3	75.00	VRDB	LOC	PNC Bank	10/2/2015
Trans Rev	2005E-2	59259YTZ2	100.00	VRDB	LOC	BoAML	10/2/2015
TBTA Gen	2002F	89602NCG7	209.64	VRDB	SBPA	Helaba	11/1/2015
TRB	2012G-2	59259YVF3	125.00	FRN			11/1/2015
TBTA Gen	2008B-3	89602NMX9	105.08	Term Bond			11/15/2015
TBTA Gen	2005B-4d	89602NYV0	43.80	FRN			1/1/2016
DTF	2002B-1	59259NP49	150.00	VRDB	LOC	State Street Bank	3/28/2016
TRB	2012G-3	59259YVG1	75.00	FRN			11/1/2016
TBTA Gen	2005B-4e	89602NYW8	45.20	FRN			1/1/2017
DTF	2002B-3a	59259NN82	46.60	FRN			11/1/2017
TRB	2012G-4	59259YVH9	75.00	FRN			11/1/2017
DTF	2002B-3b	59259NN90	48.60	FRN			11/1/2018
DTF	2002B-3c	59259NP23	50.70	FRN			11/1/2019
DTF	2002B-3d	59259NP31	15.90	FRN			11/1/2020

Fuel Hedge Summary



Fuel Hedge Summary

