



\$261,700,000
METROPOLITAN TRANSPORTATION AUTHORITY
Dedicated Tax Fund Bonds, Series 2009A

DATED: Date of Delivery

DUE: November 15, as shown on the inside cover

The Series 2009A Bonds are being issued to finance certain transit and commuter projects operated by MTA's affiliates and subsidiaries.

The Series 2009A Bonds –

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

MTA has no taxing power.

In the opinion of Hawkins Delafield & Wood LLP, 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 2009A 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*
- *not 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 2009A Bonds is exempt from personal income taxes of New York State and any political subdivisions of the State, including The City of New York.

The Series 2009A Bonds are subject to redemption prior to maturity as described herein.

The Series 2009A 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 March 19, 2009.

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 2009A Bonds. Investors are advised to read the entire official statement, including all portions hereof included by specific cross-reference, to obtain information essential to making an informed decision.

Citi

J.P. Morgan

Banc of America Securities LLC

Merrill Lynch & Co

Ramirez & Co., Inc.

Roosevelt & Cross Incorporated

Siebert Brandford Shank & Co., LLC

Barclays Capital

Loop Capital Markets, LLC

M.R. Beal & Company

RBC Capital Markets

Wachovia Bank, National Association

DEPFA First Albany Securities LLC

Morgan Stanley

Raymond James & Associates, Inc.

\$261,700,000
Metropolitan Transportation Authority
Dedicated Tax Fund Bonds, Series 2009A

\$138,940,000 Serial Bonds

<u>Maturity</u> <u>November 15</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Price or</u> <u>Yield</u>	<u>CUSIP Number</u> <u>(Base 59259N)*</u>
2010	\$ 4,340,000	2.000%	1.370%	WZ2
2011	4,425,000	3.000	2.070	XA6
2012	4,560,000	3.000	2.450	XB4
2013	4,695,000	3.000	2.960	XC2
2014	4,835,000	3.300	3.450	XD0
2015	4,995,000	3.500	3.710	XE8
2016	5,170,000	4.000	100	XF5
2017	5,375,000	5.000	4.220	XG3
2018	5,645,000	5.000	4.440	XH1
2019	5,930,000	5.000	4.650†	XJ7
2020	6,225,000	5.000	4.890†	XK4
2021	6,535,000	5.000	5.020	XL2
2022	6,860,000	5.000	5.120	XM0
2023	7,205,000	5.100	5.220	XN8
2024	7,575,000	5.125	5.300	XP3
2025	7,960,000	5.250	5.350	XQ1
2026	8,380,000	5.300	5.400	XR9
2027	8,820,000	5.375	5.440	XS7
2028	3,135,000	5.500	5.480†	XT5
2028	6,160,000	5.250	5.480	XU2
2029	6,640,000	5.500	5.510	XV0
2029	3,150,000	5.375	5.510	XW8
2030	10,325,000	5.500	5.570	XX6

\$122,760,000 Term Bonds

\$25,790,000 5.625% Series 2009A Term Bonds due November 15, 2039 priced to Yield 5.700%
 CUSIP Number (59259N XY4)*

\$96,970,000 5.500% Series 2009A Term Bonds due November 15, 2039 priced to Yield 5.700%
 CUSIP Number (59259N XZ1)*

The Underwriters may overallocate or effect transactions that stabilize or maintain the market price of the Series 2009A Bonds at a level above that which might otherwise prevail in the open market. The Underwriters are not obligated to do this and are free to discontinue it at any time.

* CUSIP numbers have been assigned by an organization not affiliated with MTA and are included solely for the convenience of the holders of the Series 2009A Bonds. MTA is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2009A Bonds or as indicated above.

† Priced at the stated yield to the November 15, 2018 optional redemption date at a redemption price of 100%.

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

H. Dale Hemmerdinger	Chairman
David S. Mack	Vice-Chairman
Andrew M. Saul	Vice-Chairman
Andrew B. Albert	Non-Voting Member
John H. Banks III.....	Member
Robert C. Bickford	Member
James F. Blair	Non-Voting Member
Norman E. Brown.....	Non-Voting Member
Allen P. Cappelli	Member
Donald Cecil.....	Member
Doreen M. Frasca	Member
Jeffrey A. Kay	Member
Mark D. Lebow	Member
James L. McGovern.....	Non-Voting Member
Susan G. Metzger	Member
Mark Page	Member
Mitchell H. Pally	Member
Norman I. Seabrook.....	Member
James L. Sedore, Jr.....	Member
Nancy Shevell.....	Member
Vincent Tessitore, Jr.....	Non-Voting Member
Ed Watt.....	Non-Voting Member
Carl V. Wortendyke.....	Member

Elliot G. Sander	Executive Director and Chief Executive Officer
Gary Dellaverson.....	Chief Financial Officer
Gary M. Lanigan	Director, Budgets and Financial Management
James B. Henly, Esq.....	General Counsel
Patrick J. McCoy	Director of Finance

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

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

SUMMARY OF TERMS

MTA has prepared this Summary of Terms to describe the specific terms of the Series 2009A Bonds. The information in this official statement, including the materials filed with the repositories and included by specific cross-reference as described herein, provides a more detailed description of matters relating to MTA and to MTA's Dedicated Tax Fund Bonds. Investors should carefully review that detailed information in its entirety before making a decision to purchase any of the bonds being offered.

Issuer	Metropolitan Transportation Authority, a public benefit corporation of the State of New York.
Bonds Being Offered	Dedicated Tax Fund Bonds, Series 2009A.
Purpose of Issue.....	To finance certain transit and commuter projects operated by MTA's affiliates and subsidiaries.
Maturities and Rates	See inside cover.
Denominations.....	\$5,000 and integral multiples of \$5,000.
Interest Payment Dates	May 15 and November 15, commencing May 15, 2009.
Redemption.....	See "DESCRIPTION OF SERIES 2009A BONDS — Redemption Prior to Maturity" in Part I.
Sources of Payment and Security	MTA's pledged State taxes.
Registration of the Bonds	DTC Book-Entry-Only System. No physical certificates evidencing ownership of a bond will be delivered, except to DTC.
Trustee	The Bank of New York Mellon, New York, New York.
Bond Counsel	Hawkins Delafield & Wood LLP, New York, New York.
Tax Status	See "TAX MATTERS" in Part III.
Ratings	Standard & Poor's: AA Fitch: A+ See "RATINGS" in Part III.
Financial Advisor	Goldman, Sachs & Co.
Underwriters	See cover page. Citigroup Global Markets Inc. is the representative of the Underwriters for the Series 2009A Bonds.
Underwriters' Discount	See "UNDERWRITING" in Part III.
Counsel to the Underwriters	Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C., New York, New York.

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- ***No Unauthorized Offer.*** This official statement is not an offer to sell, or the solicitation of an offer to buy, the Series 2009A Bonds in any jurisdiction where that would be unlawful. MTA has not authorized any dealer, salesperson or any other person to give any information or make any representation in connection with the offering of the Series 2009A Bonds, except as set forth in this official statement. No other information or representations should be relied upon.
 - ***No Contract or Investment Advice.*** This official statement is not a contract and does not provide investment advice. Investors should consult their financial advisors and legal counsel with questions about this official statement and the Series 2009A Bonds being offered, or anything else related to this bond issue.
 - ***Information Subject to Change.*** Information and expressions of opinion are subject to change without notice, and it should not be inferred that there have been no changes since the date of this document. Neither the delivery of, nor any sale made under, this official statement shall under any circumstances create any implication that there has been no change in MTA's affairs or in any other matters described herein.
 - ***Forward-Looking Statements.*** Many statements contained in this official statement, including the documents included by specific cross-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," "plan," "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.
 - ***Projections.*** The projections set forth in this official statement were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of MTA's management, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of MTA. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this official statement are cautioned not to place undue reliance on the prospective financial information. Neither MTA's independent auditors, nor any other independent auditors, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability. Neither MTA's independent auditors, nor any other independent auditors, have been consulted in connection with the preparation of the prospective financial information set forth in this official statement, which is solely the product of the MTA and its affiliates and subsidiaries, and the independent auditors assume no responsibility for its content.
 - ***No Guarantee of Information by Underwriters.*** The Underwriters have provided the following sentence for inclusion in this official statement: The Underwriters have reviewed the information in this official statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.
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Attachment 1 – Book-Entry-Only System

Attachment 2 – Continuing Disclosure Under SEC Rule 15c2-12

Attachment 3 – Form of Opinion of Bond Counsel

Information Included by Specific Cross-reference. The following portions of MTA’s 2008 Combined Continuing Disclosure Filings, dated April 29, 2008, and filed with the repositories identified in the “INTRODUCTION” to this official statement, are included by specific cross-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 2009A 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, 2006 and 2007

The following documents have also been filed with the repositories identified in the “INTRODUCTION” and are included by specific cross-reference in this official statement:

- Summary of Certain Provisions of the DTF Resolution⁽¹⁾
- Definitions and Summary of Certain Provisions of the Standard Resolution Provisions⁽¹⁾
- MTA’s Unaudited Consolidated Interim Financial Statements for the nine-month period ended September 30, 2008⁽²⁾

⁽¹⁾ Copies of these summaries can be found on the MTA website (www.mta.info) under the caption “MTA Home-Investor Information.” Definitions of certain terms used in the summaries may differ from terms used in this official statement, such as the use of the popular names of the MTA affiliates and subsidiaries.

⁽²⁾ Copies of MTA’s Unaudited Consolidated Interim Financial Statements for the nine-month period ended September 30, 2008 can also be found on the MTA website at www.mta.info/mta/budget/index.html under the caption “Consolidated Interim Financial Statements Period Ended September 30, 2008.”

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INTRODUCTION

MTA 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 the MTA Commuter Transportation District, which consists of 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 and its subsidiary, the Manhattan and Bronx Surface Transit Operating Authority; the Staten Island Rapid Transit Operating Authority; The Long Island Rail Road Company; the Metro-North Commuter Railroad Company; the Metropolitan Suburban Bus Authority (MSBA); the MTA Bus Company and the MTA Capital Construction Company. MTA issues debt obligations to finance a substantial portion of the capital costs of these systems, other than MSBA.

Triborough Bridge and Tunnel Authority (MTA Bridges and Tunnels), another affiliate of MTA, is a public benefit corporation empowered to construct and operate toll bridges and tunnels and other public facilities in New York City. MTA Bridges and Tunnels issues debt obligations to finance the capital costs of its facilities and the Transit and Commuter Systems. MTA Bridges and Tunnels’ 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, which, together with the MTA, are referred to collectively herein as the Related Entities. MTA and the other Related Entities are described in detail in Appendix A to MTA’s 2008 Combined Continuing Disclosure Filings (Appendix A), which is included by specific cross-reference in this official statement.

The following table sets forth the legal and popular names of the Related Entities. Throughout this official statement, reference to each agency will be made using the popular names.

<u>Legal Name</u>	<u>Popular Name</u>
Metropolitan Transportation Authority	MTA
New York City Transit Authority	MTA New York City Transit
Manhattan and Bronx Surface Transit Operating Authority	MaBSTOA
Staten Island Rapid Transit Operating Authority	MTA Staten Island Railway
MTA Bus Company	MTA Bus
Metropolitan Suburban Bus Authority	MTA Long Island Bus
The Long Island Rail Road Company	MTA Long Island Rail Road
Metro-North Commuter Railroad Company	MTA Metro-North Railroad
MTA Capital Construction Company	MTA Capital Construction
Triborough Bridge and Tunnel Authority	MTA Bridges and Tunnels

Capitalized terms used herein and not otherwise defined have the meanings provided by Appendix A.

Where to Find Information

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

- This **Introduction** provides a general description of certain recent developments, as well as the MTA Dedicated Tax Fund.
- **Part I** provides specific information about the Series 2009A Bonds.
- **Part II** describes the sources of payment and security for all MTA Dedicated Tax Fund Bonds, including the Series 2009A Bonds.
- **Part III** provides miscellaneous information relating to the Series 2009A Bonds.
- **Attachment 1** sets forth certain provisions applicable to the book-entry system of registration to be used for the Series 2009A Bonds.
- **Attachment 2** sets forth a summary of certain provisions of a continuing disclosure agreement relating to the Series 2009A Bonds.
- **Attachment 3** is the form of opinion of Bond Counsel in connection with the Series 2009A Bonds.
- **Information Included by Specific Cross-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

Interactive Data Pricing and Reference Data, Inc.

Attn: NRMSIR
100 William Street, 15th Floor
New York, NY 10038
Phone: (212) 771-6999; (800) 689-8466
Fax: (212) 771-7390
Email: NRMSIR@interactivedata.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 Securities Evaluations, Inc.

55 Water Street
45th Floor
New York, NY 10041
Phone: (212) 438-4595
Fax: (212) 438-3975
Email: nrmsir_repository@sandp.com

The Securities and Exchange Commission recently adopted certain amendments to Rule 15c2-12, which amendments become effective July 1, 2009. Pursuant to such amendments, it is expected that MTA will be required to file or cause to be filed the annual information and material event notices with the Municipal Securities Rulemaking Board and its Electronic Municipal Market Access system for municipal securities disclosures instead of with each Nationally Recognized Municipal Securities Information Repository.

Information Included by Specific Cross-reference. The information listed under the caption "Information Included by Specific Cross-reference" following the Table of Contents, as filed with the repositories to date, is "included by specific cross-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 the specified portions of those filings, should be read in its entirety in order to obtain essential information for making an informed decision in connection with the Series 2009A 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). For important information about MTA's website, see "FURTHER INFORMATION" in Part III.

Recent Developments Affecting MTA

Operating Forecasts. On February 25, 2009, the MTA presented its February Financial Plan to the MTA Board. The February Financial Plan documents are now posted on the MTA web site. The February Financial Plan consists of the 2009 Adopted Budget, approved by the MTA Board in December 2008 and the 2009-2012 Financial Plan (together, the February Financial Plan). The February Financial Plan includes items that were previously captured “below-the baseline” or listed in the updated forecast or gap closing sections of the December Plan, and incorporates Board-approved actions on a detailed basis into agency budgets and forecasts. In accordance with Board approval, the February Financial Plan also includes minor technical adjustments to the budgets and forecasts. These adjustments were relatively small and, for the most part, only involved changes between accounts. The net effect of these adjustments was to reduce MTA’s cash position by \$3 million in 2008 and an estimated \$16 million in 2009. The February Financial Plan estimates closing cash balances of \$265 million in 2008 and \$49 million in 2009. Cash deficits for the years 2010 through 2012 are projected at \$290 million, \$457 million and \$612 million, respectively.

Preliminary Financial Results. When compared with the 2008 final estimate, preliminary 2008 unaudited results reflect passenger and toll revenues that were consistent with expectations; expenses that were lower by \$71 million (0.8%); and subsidies that were \$110 million (2.7%) lower than anticipated, primarily reflecting unfavorable trends in real estate - related taxes.

At this time, preliminary operating results for the month of January 2009 indicate passenger revenue was slightly under budget in that month, while toll revenue was on budget. January 2009 expenses appear to be on target and debt service was slightly better than budget.

Information on certain subsidy cash receipts is available through February 2009 and shows such receipts to be significantly below budgeted levels for the first two months of the year. For January and February 2009, real estate-related taxes and subsidies were \$75 million or 51% below budget. Regional mortgage recording tax (MRT) receipts were \$24 million or 37% below budget, while New York City Urban Tax receipts were \$52 million or 62% below budget. MTA will continue to closely monitor these receipts.

Deficit Reduction Measures. The MTA’s February Financial Plan includes the following deficit reduction measures, in order to achieve a balanced 2009 budget and reduced budget gaps thereafter:

- **Internal Actions.** The gap-closing internal actions proposed in previous plans remain in place. These include 6% cost reductions without cutting service over the plan period and continuing the 1.5% annual reduction begun last year. In addition to these measures, the MTA implemented a series of administrative reductions in hiring, travel and food, and telecommunications in 2008 which continue in 2009 at all of the Related Entities.

The February Financial Plan continues to contain assumptions that MTA employees will make a modest contribution to the deficit reduction plan when final collective bargaining agreements are executed.

In addition, MTA expects efficiency measures to save money, especially the efficiencies that will be achieved by the new Business Service Center (BSC). BSC will consolidate back-office operations for all MTA affiliates and subsidiaries. This will result in a downsizing of the workforce and this plan, like previous plans, provides funds to cover the expected cost of downsizing. The MTA is expected to begin realizing the savings from these BSC initiatives in 2012. Savings are also assumed from other reorganization initiatives.

In addition, the MTA will utilize an inter-agency loan of \$135 million to reduce the budget gaps forecasted in both 2009 and 2010, which will be paid back in 2011 and 2012. MTA will also use \$120 million, which had been allocated from the 2006 surplus but not yet committed or spent to date, for capital security and other short-term projects that were transferred back to the operating budget in 2008. In 2009, \$80 million of such money will be used for budget balancing, and \$40 million will be redirected to priority unfunded capital security projects. Less critical projects that would have used these funds may be included in the next capital program. MTA will also reduce its subsidy to MTA Long Island Bus by \$4 million to \$10 million annually. In addition, in the absence of increased subsidy from Nassau County, it may be necessary for MTA Long Island Bus to reduce expenses or raise revenue by

\$5 million in 2009 in order to balance its budget. Finally, with the approval of the Board, MTA eliminated E-Z Pass forgiveness of official City, State and county vehicles, which is anticipated to generate \$10 million annually.

These internal actions generated an estimated \$137 million in savings in 2008, and are projected to result in savings of up to \$242 million in 2009, \$404 million in 2010, \$217 million in 2011 and \$354 million in 2012.

- **Additional Actions for Budget Balance.** Significant additional agency reductions are required to further reduce the deficit and balance the budget as required by law. Each of the Related Entities has identified actions to reduce its budget by an additional 4.7%, for an MTA-wide savings of \$1,453 million over the plan period (this excludes MTA Bus actions of \$82 million that are targeted to enable the City to reduce its subsidy to MTA Bus).

- **Changes in Service.** Included in agency actions for budget balance are service changes that have been proposed that would have the least possible impact on riders. The Related Entities, including MTA Bus, identified savings from service changes of \$82 million in 2009, \$156 million in 2010, \$154 million in 2011 and \$155 million in 2012. MTA New York City Transit accounted for most of these proposals with projected savings of \$56 million in 2009, and \$114 million in each year from 2010-2012. Implementation of these measures is expected to result in employment reductions that total 1,169 in 2009, 1,245 in 2010 and 1,225 in each year from 2011-2012. In accordance with law, the MTA is conducting an analysis of the potential environmental impacts of the proposed service-related actions. This analysis is expected to be completed in March 2009.

- **Proposed External Actions from Governmental Partners.** The February Financial Plan proposes legislative changes to federal mandates for commuter railroad employees that, beginning in late 2009, are projected to save \$15 million, and, in subsequent years, roughly \$62 million annually without affecting employee benefits. The plan also continues to propose State elimination of tax loopholes affecting real estate transactions, which is expected to generate \$50 million annually beginning in 2009.

- **Fare/Toll Yield Changes.** These proposed changes, to become effective June 1, 2009, assume that transit and commuter riders and Bridge and Tunnel drivers will contribute to closing the deficit by paying increased fares and tolls which would increase the revenue yields by an annualized 23% beginning in 2009. (This is an increase from the 8% yield proposed in the July 2008 Financial Plan, which would have been effective July 1, 2009.) The proposal including MTA Bus is projected to result in increased revenues of \$685 million in 2009, \$1,171 million in 2010, \$1,197 million in 2011 and \$1,213 million in 2012. The February Financial Plan assumes that MTA will resume biennial fare/toll increases as of January 1, 2011 to increase revenue yields by 5%, commensurate with inflationary increases; additional revenues of \$316 million in 2011 and \$328 million in 2012 are estimated to be generated from such increase.

Other Factors. The ability of MTA to achieve the 2009 balanced budget and reduced projected budget gaps in 2010 through 2012 reflected in the February Financial Plan for 2009-2012 is dependent upon a number of factors including general economic, market and employment conditions in the State, the City and the MTA Commuter Transportation District and future actions by third parties, including MTA's governmental partners. Fuel and energy costs and other expenses beyond MTA's control are likely to remain volatile. The downturn in real estate-related tax collection has had a significant impact on MTA finances, and receipts from these taxes, which were forecast to decline, may be lower than projected. Revenues from other State taxes supporting MTTTF Receipts and MMTOA Receipts are also forecast to decline, but both could be reduced further than currently projected if economic conditions were to worsen. Worsening economic conditions could also adversely affect projected fare receipts from the Transit and Commuter Systems and toll revenues from MTA Bridges and Tunnels, in particular, if unemployment in the core business district erodes further.

No assurance can be given that the assumptions regarding economic conditions underlying the February Financial Plan will correspond to actual conditions or that any of the actions assumed to be taken by the State or the City will be taken or will be taken at the times assumed in the February Financial Plan.

State Mid-Year Update. The State dedicated tax projections (MMTOA, MTTTF) in the February Financial Plan for 2009-2012 are based on the State's Mid-Year Update issued on October 28, 2008. Since that time, the State projections have been updated twice through the issuance of the State's Executive Budget, issued December 16, 2008, and the subsequent 30-Day Amendments, issued January 15, 2009 (the 30-Day Amendments). The 30-Day

Amendments reported a downward trend in revenue collections for MMTOA and MTTF receipts in the out-years, but the impact of such decline on the MTA is unknown at this time and will be addressed during the next MTA budget update.

Commission on MTA Financing. A Commission on MTA Financing (the Ravitch Commission) was formed, and its members appointed by the Governor in June, 2008, to develop strategies to fund MTA essential projects and operating needs. The Ravitch Commission issued its report on December 4, 2008 (the Report). The Report makes several recommendations designed to more securely fund the MTA capital plan and agency operations, enhance governance and transparency, and promote mass transportation in the MTA service area.

The recommendations include a new regional mobility tax, which, if enacted as and when proposed in the Report, is expected to generate \$1.5 billion on an annual basis, with revenues from such tax to pay for new borrowings and direct expenses associated with funding MTA capital improvements and debt service associated with the MTA's current portfolio of system expansion projects; creation of a new MTA subsidiary, the MTA Capital Finance Authority, to manage the budgetary impact of expenditures paid for and revenues generated by the new regional mobility tax; and cashless tolling on the Harlem and East River Bridges, estimated in the Report to generate \$600 million in net revenue on an annual basis, after payment of costs relating to the upkeep of the bridges, to be used to pay for the costs of installing the electronic toll system as well as to support additional mass transit improvements.

Other recommendations in the Report include establishing a Board fare-approval process permitting regular, predictable, inflation-indexed fare and toll increases without extensive public hearings; amending the MTA governance statute to vest full executive authority in the office of the Chairman of the MTA Board, with authority to delegate powers to a Board-appointed Executive Director, changing MTA project management practices to streamline project execution and developing a reporting methodology consistent with those set forth in the Guidelines of the Government Finance Officers Association; improving bus service system-wide through the implementation of the Bus Rapid Transit strategy; and creating a new MTA subsidiary, the Regional Bus Authority, to be the single entity responsible for bus service in the MTA Commuter Transportation District.

Discussions regarding the legislative changes that will be necessary to implement a number of these recommendations are ongoing and there are no assurances that all or any portions of the Ravitch Commission's recommendations will be adopted, or that the Ravitch Commission's projected revenues to be generated therefrom will be realized.

The American Recovery and Reinvestment Act of 2009 (the Act). The Act was signed into law by President Obama on February 17, 2009. The Act provides \$787 billion in federal funding for a variety of programs and investments intended to stimulate a recovery from the current economic recession affecting the nation. Included in this program is an \$8.9 billion allocation for transit system capital projects across the nation. The MTA's share of this funding is currently expected to be approximately \$1.1 billion. These funds are expected to be distributed as new federal funding through the current Federal Transit Administration formula grant program. The MTA is currently developing a program that would utilize its portion of this transit allocation to help achieve the Act's objective of creating new jobs quickly.

MTA Leveraged Lease Transactions. Between 1997 and 2003, MTA entered into 13 leveraged lease transactions, some of which were lease-in lease-out (LILO) transactions and some of which were sale-in lease-out (SILO) transactions, pursuant to which MTA either sold or long-term leased the subject facility or equipment to a trust, the beneficiary of which is a U.S. federal income tax-paying entity, and then leased or subleased that asset back from such trust. MTA has the obligation to make regularly scheduled rent payments during the term of the leases and subleases. MTA also has the right to exercise a purchase option, which if exercised results in all attributes of ownership and use of the equipment or facility reverting from the lessor trust to the MTA. The purchase option exercise dates differ in each lease, the earliest being in 2009 and the latest being in 2034.

At the closing of each of these transactions, MTA economically defeased all of its regularly scheduled rent payments and purchase option payments by acquiring different types of financial instruments. The obligation of MTA to pay the rent is structured to be an independent obligation of MTA regardless of whether the obligor or guarantor under the defeasance instrument performs. MTA cannot currently predict whether or when any obligor or

guarantor of any of the defeasance instruments will fail to perform or the economic consequences to MTA of any such failure.

For the payment of the portion of the rent attributable to debt service on certain of the loans made to the lessor trust, MTA acquired financial instruments from affiliates of the relevant lender, the obligors under which, or the guarantor of such obligations, were of the highest credit rating when acquired. These financial instruments called for payment of interest and principal in an amount exactly equal to the debt service on the matching loan. In certain cases there was a second loan from a different lender. In those situations, MTA acquired U.S. Treasury or agency securities to economically defease the portion of rent attributable to debt service on those loans.

The defeasance instruments acquired by MTA to economically defease the portion of the rent attributable to the free cash and optional purchase option payments varies from transaction to transaction. In some transactions, MTA purchased U.S. Treasury or agency obligations. In other transactions, MTA purchased financial instruments from private entities. The documents for several of these leveraged leases require that if the credit rating of the obligor or guarantor of such defeasance instruments falls below a specified level, MTA is required to replace such instrument. In the cases where such downgrade has occurred, MTA is performing its obligations.

In certain of the leveraged leases, MTA was required to put in place credit enhancement to cover the credit risk attributable to the payment of a portion of the termination values or stipulated loss amounts upon an early termination of the lease or sublease. This credit enhancement is in the form of a surety bond or financial insurance policy. The transaction documents require that if the credit rating of the surety or insurer that has provided the credit enhancement for the strip exposure falls below a specified level, MTA is required to provide new credit enhancement from an entity meeting the credit rating requirements. In the cases where such downgrade has occurred, MTA has performed its obligations.

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The MTA Dedicated Tax Fund

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

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

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

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

- a 3/8 of one percent district sales tax,
- a temporary regional franchise tax surcharge,
- a portion of taxes on certain transportation and transmission companies, and
- an additional portion of the business privilege tax imposed on petroleum businesses.

The MTA Act requires that MTTF Receipts deposited into the MTA Dedicated Tax Fund be applied to meet debt service requirements of obligations, including the Series 2009A Bonds, issued by MTA and secured by moneys in such Fund (the bonds issued under the DTF Resolution, including the Series 2009A Bonds, are referred to collectively herein as the Bonds). That legislation also requires that MMTOA Receipts deposited into the MTA Dedicated Tax Fund be applied, to the extent that MTTF Receipts are not sufficient to meet those requirements, to meet debt service requirements of the Bonds. MTTF Receipts and MMTOA Receipts not used to meet those requirements are transferred to the Operating and Capital Costs Account to be used to pay operating and capital costs of the Transit System operated by MTA New York City Transit and its subsidiary, MaBSTOA, and MTA Staten Island Railway, and the Commuter System operated by MTA’s subsidiaries, MTA Long Island Rail Road and MTA Metro-North Railroad.

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

PART I. SERIES 2009A BONDS

Part I of this official statement, together with the Summary of Terms, provides specific information about the Series 2009A Bonds.

APPLICATION OF PROCEEDS

MTA anticipates that the net proceeds of the Series 2009A Bonds (the principal amount thereof minus net original issue discount of \$3,069,603.50 and less certain financing, legal and miscellaneous expenses of \$3,630,396.50), in the amount of \$255,000,000 will be used to finance certain transit and commuter projects operated by MTA's affiliates and subsidiaries.

DESCRIPTION OF SERIES 2009A BONDS

General

Book-Entry-Only System. The Series 2009A 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 2009A Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. So long as DTC is the registered owner of the Series 2009A Bonds, all payments on the Series 2009A 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. The Series 2009A Bonds will bear interest at the rates and mature in the amounts and on the dates shown on the inside cover of this official statement. Interest will be paid on each May 15 and November 15, beginning May 15, 2009. So long as DTC is the sole registered owner of all of the Series 2009A Bonds, all interest payments will go to DTC by wire transfer of immediately available funds, and payment of interest to beneficial owners will occur through the DTC Book-Entry-Only System.

Transfers and Exchanges. So long as DTC is the securities depository for the Series 2009A Bonds, it will be the sole registered owner of the Series 2009A Bonds, and transfers of ownership interests in the Series 2009A Bonds will occur through the DTC Book-Entry-Only System.

Trustee. The Bank of New York Mellon is Trustee and Paying Agent with respect to the Series 2009A Bonds.

Redemption Prior to Maturity

Mandatory Sinking Fund Redemption. The term bonds shown below are subject to mandatory sinking fund redemption, in part (in accordance with procedures of DTC, so long as DTC is the sole registered owner, and otherwise by lot in such manner as the Trustee in its discretion deems proper) on any November 15 on and after the first sinking fund installment date shown below at the principal amount thereof plus accrued interest up to but not including the date of redemption thereof from mandatory Sinking Fund Installments that are required to be made in amounts sufficient to redeem on November 15 of each year the principal amount of such Series 2009A Bonds shown below:

<u>2039 Term Bond, 5.625% Coupon</u>		
	<u>Sinking Fund Redemption Date (November 15)</u>	<u>Sinking Fund Installment</u>
first payment	2031	\$2,280,000
	2032	2,410,000
	2033	2,545,000
	2034	2,685,000
	2035	2,835,000
	2036	2,995,000
	2037	3,165,000
	2038	3,345,000
final maturity	2039	3,530,000
average life – 27.018 years		

<u>2039 Term Bond, 5.50% Coupon</u>		
	<u>Sinking Fund Redemption Date (November 15)</u>	<u>Sinking Fund Installment</u>
first payment	2031	\$ 8,615,000
	2032	9,085,000
	2033	9,585,000
	2034	10,115,000
	2035	10,675,000
	2036	11,260,000
	2037	11,880,000
	2038	12,530,000
final maturity	2039	13,225,000
average life – 27.011 years		

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 2009A Bonds otherwise subject to mandatory Sinking Fund Installments on the date credit is taken:

- If MTA directs the trustee to purchase Series 2009A 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 2009A Bonds purchased will be made against the next Sinking Fund Installment due.
- If MTA purchases or redeems Series 2009A Bonds with other available moneys, then the principal amount of those Series 2009A Bonds will be credited against future Sinking Fund Installment requirements in any order, and in any annual amount, that the MTA may direct.

Optional Redemption. The Series 2009A Bonds maturing on or after November 15, 2019 are subject to redemption prior to maturity on any date on or after November 15, 2018, at the option of MTA, in whole or in part on any date (in accordance with procedures of DTC, so long as DTC is the sole registered owner, and otherwise by lot in such manner as the Trustee in its discretion deems proper) at 100% of the principal amount thereof, together with accrued interest thereon up to but not including the redemption date.

State and City Redemption. Pursuant to the MTA Act, the State, upon providing sufficient funds, may require MTA to redeem the Series 2009A 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 2009A Bonds, at 105% of their face value and accrued interest or at such lower redemption price provided for the Series 2009A 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 2009A Bonds, as a whole, but only in accordance with the terms upon which the Series 2009A Bonds are otherwise redeemable.

Redemption Notices. So long as DTC is the securities depository for the Series 2009A Bonds, the Trustee must mail redemption notices to DTC at least 30 days before the redemption date. If the Series 2009A Bonds are not held in book-entry-only form, then the Trustee must mail redemption notices directly to bondholders within the same time frame. A redemption of the Series 2009A 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.

Effect of Call for Redemption. If the Trustee gives an unconditional notice of redemption, then on the redemption date the Series 2009A Bonds called for redemption will become due and payable. If the Trustee gives a conditional notice of redemption and holds money to pay the redemption price of the affected Series 2009A Bonds, then on the redemption date the Series 2009A Bonds called for redemption will become due and payable. In either case, if on the redemption date the Trustee holds money to pay the Series 2009A Bonds called for redemption, thereafter, no interest will accrue on those Series 2009A Bonds, and a bondholder's only right will be to receive payment of the redemption price upon surrender of those Series 2009A Bonds.

Debt Service on the Bonds

Table 1 on the next page sets forth, on a cash basis for each State fiscal year ending March 31, the debt service on (i) the outstanding DTF Bonds, (ii) the Series 2009A Bonds, and (iii) all Bonds outstanding under the DTF Resolution after issuance of the Series 2009A Bonds.

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Table 1
Aggregate Debt Service
(in thousands)⁽¹⁾

Year Ending March 31 ⁽²⁾	Outstanding Bonds ⁽³⁾	Series 2009A Bonds			Aggregate Debt Service
		Principal	Interest	Total	
2009	\$ 247,131	\$ 0	\$ 0	\$ 0	\$ 247,131
2010	199,868	0	8,746	8,746	208,614
2011	253,090	4,340	13,341	17,681	270,771
2012	253,038	4,425	13,254	17,679	270,717
2013	253,172	4,560	13,121	17,681	270,853
2014	252,922	4,695	12,985	17,680	270,602
2015	252,646	4,835	12,844	17,679	270,325
2016	252,793	4,995	12,684	17,679	270,472
2017	252,826	5,170	12,509	17,679	270,505
2018	253,172	5,375	12,303	17,678	270,849
2019	251,367	5,645	12,034	17,679	269,046
2020	247,640	5,930	11,752	17,682	265,322
2021	248,041	6,225	11,455	17,680	265,721
2022	247,061	6,535	11,144	17,679	264,740
2023	246,638	6,860	10,817	17,677	264,315
2024	247,278	7,205	10,474	17,679	264,957
2025	246,294	7,575	10,107	17,682	263,976
2026	245,909	7,960	9,718	17,678	263,588
2027	245,289	8,380	9,300	17,680	262,970
2028	234,455	8,820	8,856	17,676	252,131
2029	244,727	9,295	8,382	17,677	262,404
2030	243,763	9,790	7,886	17,676	261,440
2031	242,179	10,325	7,352	17,677	259,856
2032	240,667	10,895	6,784	17,679	258,346
2033	236,921	11,495	6,182	17,677	254,598
2034	98,890	12,130	5,547	17,677	116,567
2035	53,734	12,800	4,876	17,676	71,411
2036	48,950	13,510	4,169	17,679	66,629
2037	26,232	14,255	3,422	17,677	43,909
2038	0	15,045	2,635	17,680	17,680
2039	0	15,875	1,803	17,678	17,678
2040	0	16,755	926	17,681	17,681
Total	<u>\$ 6,366,694</u>	<u>\$ 261,700</u>	<u>\$ 277,408</u>	<u>\$ 539,108</u>	<u>\$ 6,905,802</u>

⁽¹⁾ Totals may not add due to rounding.

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

⁽³⁾ Assumes interest at a rate of 4.06% per annum on the Series 2002B Bonds until September 1, 2013 based on an interest rate swap relating thereto, and 4.00% thereafter. Assumes interest at a rate of 4.00% per annum on the Series 2004B Bonds, the Series 2004D Bonds and the Series 2008B Bonds. Assumes interest at a rate of 3.3156% per annum on the Series 2008A Bonds based on an interest rate swap relating thereto and an interest rate of 4.00% per annum for the unhedged portion of the Series 2008A Bonds. Due to the effects of the volatile conditions in the market affecting variable rate bonds, the recent interest rates to the MTA for these variable rate securities have at times been higher than the assumed 4% rate. However, based upon historical averages and mitigating actions taken or actions to be taken by the MTA, MTA continues to believe that its 4% variable rate assumption is reasonable for the long term cost calculations.

PART II. SOURCES OF PAYMENT AND SECURITY FOR THE BONDS

Part II of this official statement describes the sources of payment and security structure for all MTA Dedicated Tax Fund Bonds, including the Series 2009A Bonds.

SOURCES OF PAYMENT

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

Revenues from Dedicated Taxes

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

- A group of business privilege taxes imposed on petroleum businesses operating in the State (the PBT taxes), generally consisting of
 - o a basic tax that varies based on product type,
 - o a supplemental tax that, in general, is applied at a uniform rate, and
 - o a petroleum business carrier tax.

A significant portion (currently 80.3%) of net PBT receipts from the basic tax and all of the supplemental tax and the carrier tax are required by current law to be deposited in the PBT Dedicated Funds Pool.

- Motor fuel taxes on gasoline and diesel fuel.
- Certain motor vehicle fees administered by the State Department of Motor Vehicles, including both registration and non-registration fees. Effective October 1, 2005, certain registration and non-registration fees were increased.

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

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

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

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

Starting in 1980, in response to anticipated operating deficits of State mass transportation systems, the State Legislature enacted a series of taxes, portions of the proceeds of which have been and are to be deposited in a special State Fund — the Mass Transportation Operating Assistance Fund — to fund the operations of mass transportation systems. The Metropolitan Mass Transportation Operating Assistance Account, or MMTOA Account, was established in that State Fund to support operating expenses of transportation systems in the MTA Commuter Transportation District, including the MTA New York City Transit, MaBSTOA and the commuter railroads operated by MTA’s subsidiaries, MTA Long Island Rail Road and MTA Metro-North Railroad. After payment of Section 18-b general operating assistance to the various transportation systems, MTA gets approximately 86% of the moneys deposited in the MMTOA Account, with the remaining 14% available to other transportation properties within the MTA Commuter Transportation District, such as MSBA and MTA Bus, which currently operates the routes formerly operated by the City private franchise bus lines.

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

- **MMTOA PBT.** The products that are subject to the tax, the tax rates, and the transactions excluded from the tax are identical to those of the basic PBT tax dedicated to the PBT Dedicated Funds Pool and the MTTF Account in that Pool. Pursuant to State law, of the remaining 19.7% of the PBT Basic Tax that is not deposited to the PBT Dedicated Tax Funds Pool, 55% (or 10.835% of the PBT Basic Tax collections) is deposited in the MMTOA Account.
- **District Sales Tax.** The District Sales Tax consists of 0.375 percent sales and compensating use tax imposed on sales and uses of certain tangible personal property and services applicable only within the MTA Commuter Transportation District.
- **Franchise Taxes.** Also deposited in the MMTOA Account is a legislatively-allocated portion of two taxes imposed on certain transportation and transmission companies (such as trucking, telegraph and local telephone companies) —
 - o an annual franchise tax based on the amount of the taxpayer’s issued capital stock, and
 - o an annual franchise tax on the taxpayer’s gross earnings from all sources calculated to be in the State pursuant to statutory formulae.
- **Temporary Franchise Surcharges.** The Temporary Franchise Surcharges are imposed on the portion of the franchise and other taxes of certain corporations, banks and insurance, transportation and transmission companies attributable (according to various complex formulae) to business activity carried on within the MTA Commuter Transportation District. In accordance with State Tax Law, the tax revenue generated under these provisions, after the deduction of administrative costs, is to be deposited to the MMTOA Account, as taxes are received.

A more detailed description of the MMTOA Taxes is set forth in Appendix A (included herein by specific cross-reference) under the caption “DEDICATED TAX FUND BONDS — MMTOA Account — Special Tax Supported Operating Subsidies.”

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

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

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Table 2
State Fiscal Year ending March 31,

Dedicated Taxes (\$ millions)	2005	2006	2007	2008	2009⁽⁹⁾
MTTF					
PBT	\$ 323.1	\$ 340.8	\$ 325.9	\$ 345.8	\$ 342.6
Motor Fuel Tax	101.4	101.9	98.9	101.4	101.0
Motor Vehicle Fees ⁽¹⁾	<u>126.6</u>	<u>150.0</u>	<u>171.2</u>	<u>173.9</u>	<u>170.1</u>
Total Available MTTF Taxes⁽²⁾	\$ 551.1	\$ 592.7	\$ 595.9	\$ 621.1	\$ 613.7
MTTF Receipts⁽³⁾	\$ 559.7	\$ 569.3	\$ 608.9	\$ 613.4	\$ 601.6
MMTOA					
PBT	\$ 74.2	\$ 78.8	\$ 72.5	\$ 76.2	\$ 75.1
District Sales Tax ⁽⁴⁾	430.0	604.1	688.1	705.4	744.0
Franchise Taxes	64.5	73.6	68.4	60.3	68.0
Temporary Franchise Surcharges ⁽⁵⁾	<u>571.4</u>	<u>766.2</u>	<u>962.3</u>	<u>982.5</u>	<u>842.0</u>
Total Available MMTOA Taxes⁽⁶⁾	<u>\$ 1,139.0</u>	<u>\$ 1,521.7</u>	<u>\$ 1,791.3</u>	<u>\$ 1,824.5</u>	<u>\$ 1,729.1</u>
MMTOA Receipts⁽⁷⁾	\$ 736.4	\$ 1,146.7⁽⁸⁾	\$ 1,069.2	\$ 1,525.9	\$ 1,651.3
Total Pledged Revenues (MTTF Receipts plus MMTOA Receipts)	<u>\$ 1,296.1</u>	<u>\$ 1,516.0</u>	<u>\$ 1,878.1</u>	<u>\$ 2,139.3</u>	<u>\$ 2,253.0</u>
Debt Service	\$ 156.8	\$ 195.4	\$ 231.4	\$ 263.8	\$ 232.8
Debt Service Coverage Ratio — MTTF Receipts Only	3.57x	2.91x	2.63x	2.33x	2.58x
Debt Service Coverage Ratio — MTTF Receipts plus MMTOA Receipts	8.27x	7.76x	8.12x	8.11x	9.68x

(1) Beginning on April 1, 2005, all remaining General Fund revenues derived from motor vehicle fees were moved to the Dedicated Funds Pool. In accordance with the 2005-06 Enacted Budget, additional motor vehicle fees were deposited into the Dedicated Funds Pool beginning on October 1, 2005.

(2) Represents the amount of MTTF taxes collected by the State that was deposited into the MTTF.

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

(4) The district sales tax was increased from 1/4% to 3/8% effective June 1, 2005.

(5) For 2006, 2007 and 2008, includes certain non-recurring amounts related to increased audit activities.

(6) Represents the amount of MMTOA taxes collected by the State that was deposited into the MMTOA Account. Amounts in the MMTOA Account are available, subject to appropriation, to pay operating expenses of the various public transportation systems throughout the MTA Commuter Transportation District, including MTA.

(7) Represents the amount in the MMTOA Account that was, subject to appropriation, requested by, and paid to, MTA for deposit into the MTA Dedicated Tax Fund, thereby becoming MMTOA Receipts. The difference between Total Available MMTOA Taxes and MMTOA Receipts generally represents the amount appropriated for operating expenses of the various non-MTA systems in the MTA Commuter Transportation District, as well as the amounts appropriated to MTA and other transportation agencies, primarily in accordance with the Section 18-b Program as described in this Appendix A under the caption "REVENUES OF THE RELATED ENTITIES – State and Local General Operating Subsidies."

(8) At the end of the State's 2005-06 fiscal year, the State accelerated the payment of \$200 million of MMTOA Receipts to the MTA in the following manner: it increased appropriations from levels enacted in that fiscal year and upon payment within that fiscal year, required that appropriations that were recommended and subsequently enacted in the State's 2006-07 fiscal year be commensurately reduced. This money is not additional money to MTA since it is received in the same calendar year as originally expected. Total Pledged Revenues for 2006 does not include this \$200 million and, consequently, the Debt Service Coverage Ratios reflected above for 2006 also exclude the effect of this \$200 million advance. Total Pledged Revenues for 2007 does include this \$200 million and, consequently, the Debt Service Coverage Ratios reflected above for 2007 are calculated as if this \$200 million advance had not occurred.

(9) The numbers set forth in the 2009 column are projected and unaudited.

Currently, MTA receives the equivalent of four quarters of MMTOA Receipts each year, with the first quarter of each succeeding calendar year's receipts similarly advanced. This results in little or no MMTOA Receipts being received during the first quarter of each calendar year; the MTA has made other provisions to provide for cash liquidity during this period. There has been no change in the timing of the State's payment of, or MTA's receipt of, MTTF Receipts, which MTA anticipates will be sufficient to make monthly principal and interest deposits into the Debt Service Fund.

Factors Affecting Revenues from Dedicated Taxes

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

In connection with the financing of the 2005-2009 MTA Capital Program or future capital programs, MTA may propose similar legislation or other legislation affecting components of the taxes currently securing MTA Dedicated Tax Fund Bonds.

Litigation. Aspects relating to the imposition and collection of the Dedicated Taxes have from time to time been and may continue to be the subject of administrative claims and litigation by taxpayers.

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

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

- The State Legislature may not bind or obligate itself to appropriate revenues during a future legislative session, and appropriations approved during a particular legislative session generally have no force or effect after the close of the State fiscal year for which the appropriations are made. However, in the case of the PBT that is deposited as a portion of the MTTF Receipts, the State Legislature has expressed its intent in the State Finance Law to enact for each State fiscal year an appropriation for the current and the next year. See the heading "SECURITY — Appropriation by the Legislature" below.
- The State is not bound or obligated to continue to pay operating subsidies to the transit or commuter systems or to continue to impose any of the taxes currently funding those subsidies.

Information Relating to the State of New York. Information relating to the State of New York, including the Annual Information Statement of the State, as amended or supplemented, is currently 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. The SEC recently adopted certain amendments to Rule 15c2-12 which become effective July 1, 2009. Please see Continuing Disclosure page 26 for further details. Prospective purchasers of MTA's Dedicated Tax Fund Bonds wishing to obtain that information may refer to those filings regarding currently available information about the State. The State has not obligated itself to provide continuing disclosure in connection with the offering of MTA's Dedicated Tax Fund Bonds. MTA makes no representations about State information or its continued availability.

SECURITY

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

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

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

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

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

Pledge Effected by the DTF Resolution

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

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

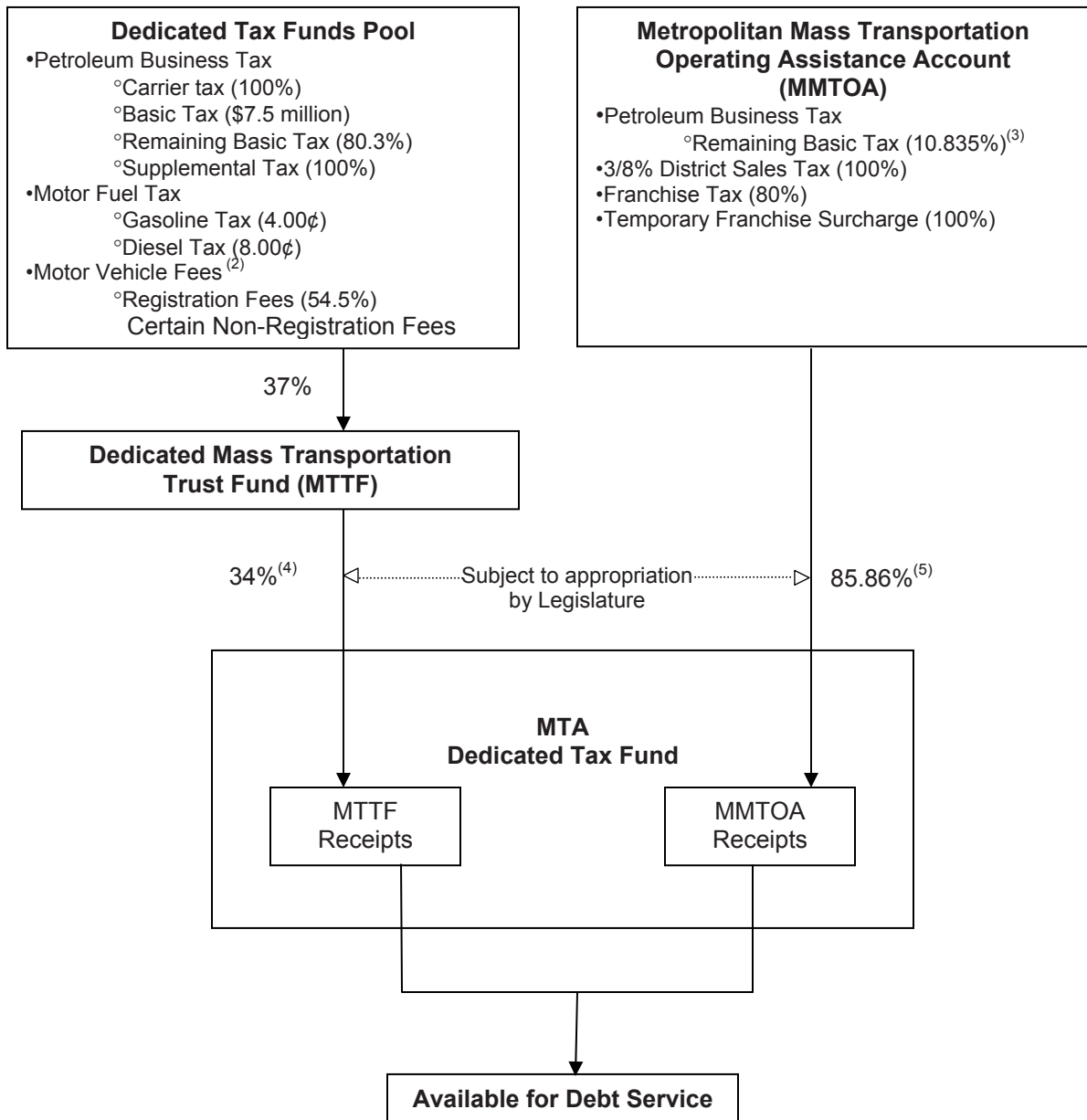
The DTF Resolution provides that the trust estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the DTF Resolution, and all corporate action on the part of MTA to that end has been duly and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

Flow of Funds

The DTF Resolution establishes a Proceeds Fund held by MTA and a Debt Service Fund held by the Trustee. See "SUMMARY OF CERTAIN PROVISIONS OF THE DTF RESOLUTION" included herein by specific cross-reference for a description of the provisions of the DTF Resolution governing the deposits to and withdrawals from the Funds and Accounts. Amounts held by MTA or the Trustee in any of such Funds shall be held in trust separate and apart from all other funds and applied solely for the purposes specified in the DTF Resolution or any Supplemental Resolution thereto.

The following two charts summarize (i) the flow of taxes into the MTA Dedicated Tax Fund and (ii) the flow of MTA Dedicated Tax Fund Revenues through the MTA Dedicated Tax Fund and the Funds and Accounts established under the DTF Resolution.

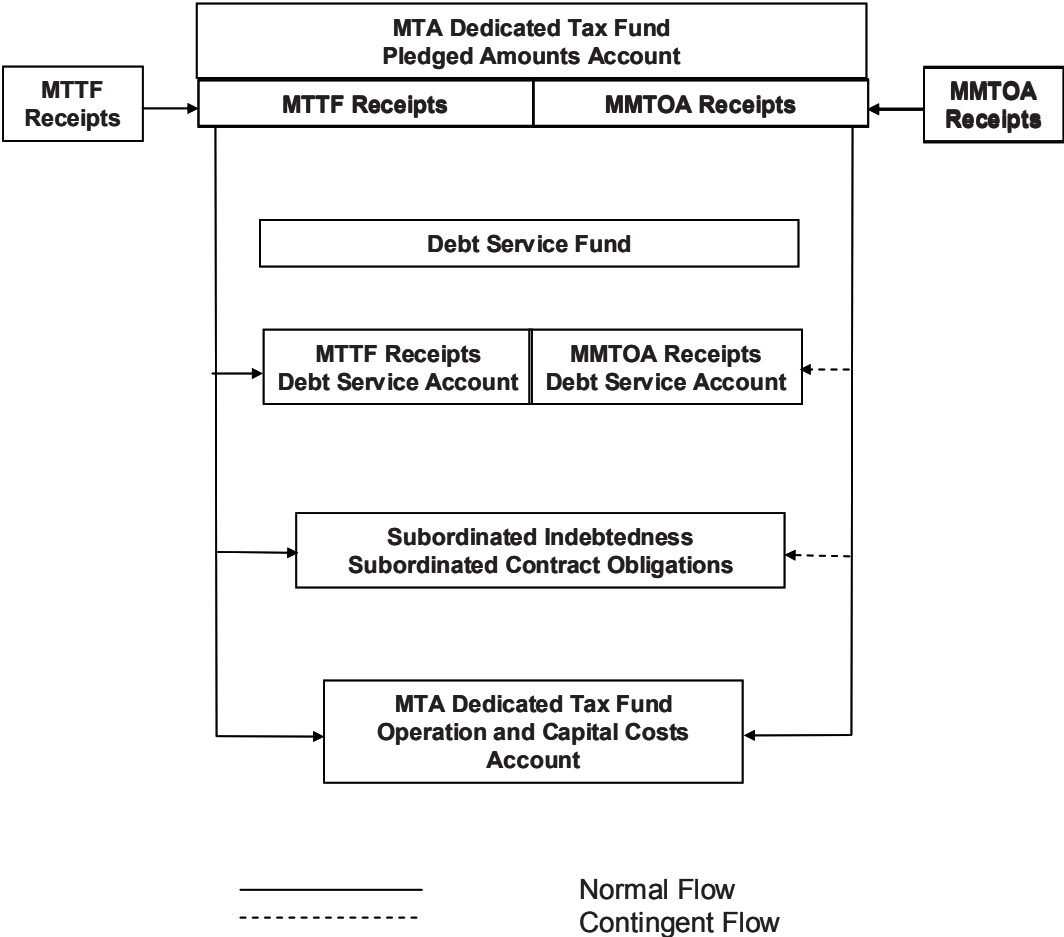
MTA DEDICATED TAX FUND BONDS – SOURCES OF REVENUE
(Through March 31, 2009)⁽¹⁾



Notes

- (1) Parenthetical amounts and percentages, as well as flow of fund percentages, indicate the amount or percent of that tax or fund deposited for the year ending March 31, 2009 in the respective fund or account. The allocations shown may be changed at any time by the State Legislature.
- (2) Includes the additional Motor Vehicle Fees deposited into the Dedicated Funds Pool from time to time.
- (3) The foregoing percentage does not include the 8.865% share of the Basic Tax that is deposited in an account for certain upstate transportation entities.
- (4) Percentage of Dedicated Funds Pool.
- (5) Percentage based on payments included in the Enacted Budget for State Fiscal Year 2008-09.

MTA DEDICATED TAX FUND BONDS – RESOLUTION FLOW OF FUNDS



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

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

Debt Service Fund

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

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

Covenants

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

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

Such certificate must set forth:

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

and then state:

- (x) that the sum of the MTF Receipts and investment income (other than investment income on the MMTOA Receipts Subaccount) set forth in clause (A) above is not less than 1.35 times the amount set forth in accordance with clause (B) above and
- (y) that the sum of the MTF Receipts, MMTOA Receipts and investment income set forth in clause (A) above is not less than 2.5 times the amount set forth in clause (B) above.

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

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

Parity Debt

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

Appropriation by the Legislature

The State Constitution provides that the State may not expend money without an appropriation, except for the payment of debt service on general obligation bonds or notes issued by the State. An appropriation is an authorization approved by the State Legislature to expend money. The State Constitution requires all appropriations of State funds, including funds in the MTTF and MMTOA Account, to be approved by the State Legislature at least every two years. In addition, the State Finance Law provides, except as described below, that appropriations shall cease to have force and effect, except as to liabilities incurred thereunder, at the close of the State Fiscal Year for which they were enacted and that to the extent of liabilities incurred thereunder, such appropriations shall lapse on the succeeding June 30th or September 15th, depending upon the nature of the appropriation. The State Legislature may not be bound in advance to make any appropriation, and there can be no assurances that the State Legislature will appropriate the necessary funds as anticipated. MTA expects that the State Legislature will make appropriations from amounts on deposit in the MTTF and MMTOA Account in order to make payments when due.

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

In order to reduce the risk that the State Legislature may fail to make an annual appropriation or that such appropriation may be delayed to the MTA Dedicated Tax Fund, the adopted State budget for 2008-09 includes two appropriations from the MTTF to the MTA Dedicated Tax Fund. One such appropriation is for the State Fiscal Year that ends March 31, 2009 and the other such appropriation is for the succeeding State Fiscal Year that ends March 31, 2010. The appropriation for the 2008-09 State Fiscal Year took effect on April 1, 2008. MTA has periodically availed itself of such prior year's appropriation to meet operating costs in response to delays in the adoption of the State budget in such years.

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

Agreement of the State

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

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

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PART III. OTHER INFORMATION ABOUT THE SERIES 2009A BONDS

Part III of this official statement provides miscellaneous additional information relating to the Series 2009A Bonds.

TAX MATTERS

General

Hawkins Delafield & Wood LLP is Bond Counsel for the Series 2009A 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 2009A 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
- not 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 2009A 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 2009A Bonds are delivered.

The Internal Revenue Code of 1986 imposes requirements on the Series 2009A Bonds that MTA must continue to meet after the Series 2009A Bonds are issued. These requirements generally involve the way that Series 2009A Bond proceeds must be invested and ultimately used. If MTA does not meet these requirements, it is possible that a bondholder may have to include interest on the Series 2009A 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 2009A 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 2009A 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 future events could change the tax treatment of the interest on the Series 2009A Bonds or affect the market price of the Series 2009A Bonds. For example, the Internal Revenue Code could be changed. See also "Miscellaneous" below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Series 2009A Bonds, or under State, local or foreign tax law.

Original Issue Discount

Each maturity of the Series 2009A Bonds will have "original issue discount" if the price paid by the first bondholder is less than the principal amount of these Series 2009A Bonds. Bond Counsel's opinion is that the

original issue discount on these Series 2009A Bonds as it accrues is excluded from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Series 2009A Bonds will be increased. Bond Counsel's opinion is also that the original issue discount on these Series 2009A Bonds as it accrues is exempt from personal income taxes of New York State and its political subdivisions. If a bondholder owns one of these Series 2009A Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Bond Premium

If a bondholder purchases a Series 2009A Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Series 2009A Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Series 2009A Bond will be reduced. The holder of a Series 2009A Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Series 2009A Bond with bond premium, even though the Series 2009A Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Series 2009A Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, and court decision, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Series 2009A Bonds under federal or state law and could affect the market price or marketability of the Series 2009A Bonds.

Prospective bondholders should consult their own tax advisors regarding the foregoing matters.

LEGALITY FOR INVESTMENT

The MTA Act provides that the Series 2009A Bonds are securities in which the following investors may properly and legally invest funds, including capital in their control or belonging to them:

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

Certain of those investors, however, may be subject to separate restrictions that limit or prevent their investment in the Series 2009A Bonds.

LITIGATION

There is no material pending litigation concerning the bonds being offered.

MTA is the defendant in numerous claims and actions, as are its affiliates and subsidiaries, including MTA New York City Transit, MTA Long Island Rail Road, MTA Metro-North Railroad and MTA Bridges and Tunnels. Certain of these claims and actions, either individually or in the aggregate, are potentially material to MTA, its affiliates or subsidiaries. MTA does not believe that any of these claims or actions would affect the application of the sources of payment for the Series 2009A Bonds. A summary of certain of these potentially material claims and actions is set forth in **Appendix A** — "THE RELATED ENTITIES — Litigation."

FINANCIAL ADVISOR

Goldman, Sachs & Co. is MTA's financial advisor for the Series 2009A Bonds and has also provided services in connection with the hedges described under "APPLICATION OF PROCEEDS." The financial advisor has provided MTA advice on the plan of financing and reviewed the pricing of the Series 2009A 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 2009A Bonds.

UNDERWRITING

The Underwriters for the Series 2009A Bonds, acting through Citigroup Global Markets Inc., as Representative, have jointly and severally agreed, subject to certain conditions, to purchase from MTA the Series 2009A Bonds described on the inside cover page of this official statement at an aggregate purchase price of \$257,216,106.25, reflecting a net original issue discount of \$3,069,603.50 and an Underwriters' discount of \$1,414,290.25, and to reoffer such Series 2009A Bonds at the public offering prices or yields set forth on the inside cover page.

The Series 2009A Bonds may be offered and sold to certain dealers (including dealers depositing such Series 2009A Bonds into investment trusts) at prices lower or yields higher than such public offering prices or yields and prices or yields may be changed, from time to time, by the Underwriters. The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all such Series 2009A Bonds if any Series 2009A Bonds are purchased.

The following two sentences have been provided by J.P. Morgan Securities Inc., one of the underwriters for the Series 2009A Bonds: J.P. Morgan Securities Inc. has entered into an agreement (the Distribution Agreement) with UBS Financial Services Inc. for the retail distribution of certain municipal securities offerings, including the Series 2009A Bonds, at the original issue prices. Pursuant to the Distribution Agreement, J.P. Morgan Securities Inc. will share a portion of its underwriting compensation with respect to the Series 2009A Bonds with UBS Financial Services Inc.

RATINGS

The Summary of Terms identifies the ratings of the credit rating agencies that were assigned to the Series 2009A Bonds. Those ratings reflect only the views of the organizations assigning them. An explanation of the significance of the ratings from each identified agency may be obtained as follows:

Fitch Ratings	Standard & Poor's Ratings Services
One State Street Plaza	55 Water Street
New York, New York 10004	New York, New York 10041
(212) 908-0500	(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.

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 counsel to the Underwriters as indicated in the Summary of Terms.

CONTINUING DISCLOSURE

As more fully stated in **Attachment 2**, MTA has agreed to provide certain financial information and operating data by no later than 120 days following the end of each fiscal year. That information is to include, among other things, information concerning MTA annual audited financial statements prepared in accordance with generally accepted accounting principles, or if unavailable, unaudited financial statements will be delivered until audited statements become available. MTA has undertaken to file such above information with each Nationally Recognized Municipal Securities Repository and a New York State Information Depository (the SID), if and when one is established.

MTA has further agreed to deliver notice to each Repository or the Municipal Securities Rulemaking Board and to the SID of any failure to provide the Annual Information. MTA is also obligated to deliver notices of the following events, if material, to each repository, or to the MSRB or the SID:

- principal and interest delinquencies;
- non-payment related defaults;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or their failure to perform;
- adverse tax opinions or events affecting the tax exempt status of the security;
- modifications to the rights of security holders;
- bond calls;
- defeasance;
- release, substitution, or sale of property securing repayment of the securities; and
- rating changes.

MTA has also contracted with Digital Assurance Corporation (DAC), a dissemination agent recognized as such by the SEC to perform certain of the foregoing functions. In addition, as described in **Attachment 2**, MTA may file its information with the Texas Municipal Advisory Council provided at www.disclosureusa.org.

The Securities and Exchange Commission recently adopted certain amendments to Rule 15c2-12, which amendments become effective July 1, 2009. Pursuant to such amendments, it is expected that MTA will be required to file or cause to be filed the Annual Information and material event notices with the Municipal Securities Rulemaking Board and its Electronic Municipal Market Access system for municipal securities disclosures instead of with each Nationally Recognized Municipal Securities Information Repository.

MTA has not failed to comply, in any material respect, with any previous undertakings in a written contract or agreement specified in paragraph (b)(5)(i) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

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 cross-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/ Patrick J. McCoy
Patrick J. McCoy
Director of Finance

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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 2009A Bonds. The Series 2009A 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 2009A Bond will be issued for each maturity of the Series 2009A 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 2009A 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 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 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, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC 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 and www.dtc.org.

3. Purchases of Series 2009A Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009A Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2009A 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 2009A 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 2009A Bonds, except in the event that use of the book-entry system for the Series 2009A Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2009A 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 2009A 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 2009A Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2009A 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 2009A Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2009A Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2009A Bond documents. For example, Beneficial Owners of the Series 2009A Bonds may wish to ascertain that the nominee holding the Series 2009A 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 2009A 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 2009A 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 2009A 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 2009A Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from MTA or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or MTA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of MTA or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Series 2009A 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 2009A Bonds are required to be printed and delivered.

10. 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 2009A Bonds will be printed and delivered.

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

ATTACHMENT 2

CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12

In order to assist the Underwriters in complying with the provisions of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), MTA and the Trustee will enter into a written agreement (the “Disclosure Agreement”) for the benefit of holders of the Series 2009A Bonds to provide continuing disclosure. MTA will undertake to provide certain financial information and operating data relating to MTA by no later than 120 days after the end of each MTA fiscal year, commencing with the fiscal year ending December 31, 2008 (the “Annual Information”), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Information will be filed by or on behalf of MTA with each Nationally Recognized Municipal Securities Information Repository (the “NRMSIRs”) and with the state information depository for the State, if and to the extent it shall have been established and shall be in existence and operating as a state information depository within the meaning of Rule 15c2-12 (the “State Depository”). Notices of material events will be filed by or on behalf of MTA with NRMSIRs or the Municipal Securities Rulemaking Board (the “MSRB”) and with the State Depository. The nature of the information to be provided in the Annual Information and the notices of material events is set forth below.

The Comptroller of the State is required by existing law to issue audited annual financial statements of the State 120 days after the close of the State fiscal year, and MTA will also undertake to provide the State’s audited annual financial statements, by no later than 120 days after the end of each of its fiscal years, commencing with the fiscal year ending March 31, 2009; provided that if audited financial statements are not then available from the State, unaudited financial statements shall be so provided and audited financial statements will be provided if and when available. Pursuant to Rule 15c2-12, MTA will undertake for the benefit of holders of Series 2009A Bonds to provide or cause to be provided either directly or through the Trustee, audited combined financial statements of MTA by no later than 120 days after the end of each fiscal year commencing with the fiscal year ending December 31, 2009, when and if such audited financial statements become available and, if such audited financial statements of MTA are not available on the date which is 120 days after the end of a fiscal year, the unaudited financial statements of MTA New York City Transit or MTA for such fiscal year. MTA’s and the State’s annual financial statements will be filed by or on behalf of such parties with each NRMSIR and the State Depository.

The required Annual Information shall consist of at least the following:

1. description of the transit and commuter systems operated by the MTA and its affiliates and subsidiaries and their operations,
2. information regarding the transit and commuter capital programs, including information of the type included in Appendix A under the caption “FINANCIAL PLANS AND CAPITAL PROGRAMS,”
3. presentation of changes to indebtedness issued by MTA under the DTF Resolution, as well as information concerning changes to MTA’s debt service requirements on such indebtedness payable from DTF Revenues,
4. financial information and operating data of the type included in **Appendix A** under the caption “DEDICATED TAX FUND BONDS” which shall include information relating to the following:
 - a. description of how the State allocates taxes to the MTA Dedicated Tax Fund;
 - b. description of the material taxes allocated to the MTA Dedicated Tax Fund, currently the petroleum business tax, the motor fuel tax on gasoline and diesel fuel, certain motor vehicle fees, including both registration and non-registration fees, the District Sales Tax, the Franchise Taxes, and the Temporary Franchise Surcharge, together with a description of the tax rate, the tax base and the composition and collection of such taxes by the State (unless the taxes constituting the sources of revenue have been materially changed or modified, in which case similar information about such new or modified taxes will be provided); and

- c. for the material taxes then constituting a source of revenue for the MTA Dedicated Tax Fund, an historical summary of such revenue, if available, together with an explanation of the factors affecting collection levels, for a period of at least the five most recent completed fiscal years then available,
5. information concerning the amounts, sources, material changes in and material factors affecting DTF Revenues and debt service incurred under the DTF Resolution,
6. material litigation related to any of the foregoing, and
7. such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of, MTA.

All or any portion of the Annual Information as well as required audited financial statements may be incorporated therein by specific cross-reference to any other documents which have been filed with (a) the NRMSIRs and the State Depository or (b) the Securities and Exchange Commission; provided, however, that if the document is an official statement, it shall have been filed with the MSRB and need not have been filed elsewhere. Annual Information for any fiscal year containing any amended operating data or financial information for such fiscal year shall explain, in narrative form, the reasons for such amendment and the impact of the change on the type of operating data or financial information in the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such amendment, such information shall present a comparison between the financial statements or information prepared on the basis of the amended accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent feasible, such comparison shall also be quantitative. A notice of any such change in accounting principles shall be sent to each NRMSIR or to the MSRB, and to the State Depository.

MTA will undertake, for the benefit of holders of the Series 2009A Bonds, to provide or cause to be provided:

1. to each NRMSIR or to the MSRB and to the State Depository, in a timely manner, notice of any of the events listed under the caption "CONTINUING DISCLOSURE" in this Official Statement with respect to the Series 2009A Bonds, if material, and
2. to each NRMSIR or to the MSRB, and to the State Depository, in a timely manner, notice of a failure to provide any Annual Information required by such undertaking or any required audited financial statements of MTA.

The Disclosure Agreement provides that if any party to the Disclosure Agreement fails to comply with any provisions of its undertaking described herein, then any holder of the Series 2009A Bonds (which will include beneficial owners during any period that DTC acts as securities depository for, and DTC or its nominee is the registered owner of, the Series 2009A Bonds) may enforce, for the equal benefit and protection of all holders similarly situated, by mandamus or other suit or proceeding at law or in equity, the undertaking against such party and any of its officers, agents and employees, and may compel such party or any of its officers, agents or employees to perform and carry out their duties thereunder; provided that the sole and exclusive remedy for breach under the undertaking is an action to compel specific performance, and no person or entity, including any holder of Series 2009A Bonds, may recover monetary damages thereunder under any circumstances, and provided further that any challenge to the adequacy of any information under the undertaking may be brought only by the Trustee or the holders of 25 percent in aggregate principal amount of the Series 2009A Bonds at the time Outstanding which are affected thereby. MTA and the Trustee reserve the right, but shall not be obligated to, enforce the obligations of the others. Failure to comply with any provisions of the undertaking shall not constitute a default under the DTF Resolution nor give right to the Trustee or any Bondholder to exercise any remedies under the DTF Resolution. In addition, if all or any part of Rule 15c2-12 ceases to be in effect for any reason, then the information required to be

provided under the undertaking insofar as the provision of Rule 15c2-12 no longer in effect required the provision of such information, shall no longer be required to be provided.

The foregoing is intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data; and where MTA's undertaking calls for information that no longer can be generated or is no longer relevant because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. MTA does not anticipate that it often will be necessary to amend the undertaking. The undertaking, however, may be amended or modified under certain circumstances set forth therein and the undertaking will continue until the earlier of the date the Series 2009A Bonds have been paid in full or legally defeased pursuant to the DTF Resolution or the date the undertaking is no longer required by law. The Disclosure Agreement also provides that the obligation of the MTA to provide the State's audited financial statements thereunder may be terminated if, due to a change in circumstances or a change in law, regulation or official interpretation thereof, the State is not an "obligated person" as defined in Rule 15c2-12. Copies of the undertaking when executed by the parties will be on file at the office of MTA.

MTA may satisfy its obligations to file any notice, document or information with a NRMSIR or SID (i) solely by transmitting such filing to the Texas Municipal Advisory Council (the "MAC") as provided at <http://www.disclosureusa.org> unless the SEC has withdrawn the interpretive advice in its letter to the MAC dated September 7, 2004, or (ii) by filing the same with any dissemination agent, including any "central post office" or similar entity, assuming or charged with responsibility for accepting notices, documents or information for transmission to such NRMSIR or SID, to the extent permitted or required by the SEC. For this purpose, permission shall be deemed to have been granted by the SEC if and to the extent the agent has received a "no action" letter, which has not been revoked, from the SEC to the effect that enforcement action would not be recommended on account of using the agent, and not such NRMSIR or SID, as the source of information in determining compliance with the Rule.

The Securities and Exchange Commission recently adopted certain amendments to Rule 15c2-12 which become effective July 1, 2009. Pursuant to such amendments, it is expected that MTA will be required to file or cause to be filed the Annual Information and material event notices with the MSRB and its Electronic Municipal Market Access system for municipal securities disclosures instead of with each NRMSIR.

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ATTACHMENT 3

FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Series 2009A Bonds in definitive form, Hawkins Delafield and Wood LLP, New York, New York, Bond Counsel to MTA, proposes to render its final approving opinion in substantially the following form:

[Date of Delivery]

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

Ladies and Gentlemen:

We have examined a certified copy of the record of proceedings of the Metropolitan Transportation Authority (the "MTA") and other proofs submitted to us relative to the issuance of \$261,700,000 aggregate principal amount of Metropolitan Transportation Authority Dedicated Tax Fund Bonds, Series 2009A (the "Series 2009A Bonds").

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

The Series 2009A Bonds are issued under and pursuant to the Constitution and statutes of the State of New York (the "State"), including the Metropolitan Transportation Authority Act, being Title 11 of Article 5 of the Public Authorities Law, Chapter 43-A of the Consolidated Laws of the State of New York, as amended to the date of this opinion letter (herein called the "Issuer Act"), and under and pursuant to proceedings of MTA duly taken, including a resolution adopted by the members of MTA on March 26, 2002 entitled "Dedicated Tax Fund Obligation Resolution", as supplemented by a resolution of said members adopted on January 28, 2009 (collectively, the "Resolution").

The Series 2009A Bonds are dated, mature, are payable, bear interest and are subject to redemption, all as provided in the Resolution.

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 2009A Bonds in order that interest on the Series 2009A 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 2009A Bonds, including, but not limited to, certain representations with respect to the use of the proceeds of the Series 2009A 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 2009A Bonds to be excluded from gross income pursuant to Section 103 of the Code. Noncompliance with the requirements of the Code could cause interest on the Series 2009A 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 2009A Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In rendering the opinion in paragraph 6 hereof, we have relied upon and assumed the material accuracy of the representations, statements of intention and reasonable expectation and certifications of fact contained in the Arbitrage and Use of Proceeds Certificate with respect to matters affecting the exclusion of interest on the

Series 2009A Bonds from gross income for federal income tax purposes under Section 103 of the Code and compliance by the MTA with procedures and covenants set forth in the Arbitrage and Use of Proceeds Certificate as to such tax matters.

We have also examined one of said Series 2009A Bonds as executed and, in our opinion, the form of said Series 2009A Bond and its execution are regular and proper.

We are of the opinion that:

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

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

3. The Series 2009A Bonds have been duly and validly authorized and issued in accordance with the laws of the State, including the Constitution of the State and the Issuer Act, and in accordance with the Resolution, and are valid and binding special obligations of MTA, enforceable in accordance with their terms and the terms of the Resolution, payable solely from the Trust Estate as provided in the Resolution, and are entitled to the benefits of the Issuer Act and the Resolution. MTA has no taxing power and the Series 2009A 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 2009A Bonds.

4. The MTA, the holders of the Series 2009A Bonds, or the holders of any evidence of indebtedness of the MTA do not and will not have a pledge of or lien on (i) the dedicated mass transportation trust fund established by Section 89-c of the State Finance Law, (ii) the metropolitan mass transportation operating assistance account established in the mass transportation operating assistance fund pursuant to Section 88-a of the State Finance Law, or (iii) the taxes or moneys deposited therein.

5. The Series 2009A 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 2009A Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Series 2009A Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code and is not included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax.

7. Under existing statutes, interest on the Series 2009A Bonds is exempt from personal income taxes imposed by the State or any political subdivision thereof.

The opinions expressed in paragraphs 2 and 3 above are subject to applicable bankruptcy, insolvency, reorganization, moratorium and other laws heretofore or hereafter enacted affecting creditors' rights and are subject

to the application of principles of equity relating to or affecting the enforcement of contractual obligations, whether such enforcement is considered in a proceeding in equity or at law.

Except as stated in paragraphs 6 and 7, we express no opinion regarding any other federal, state, local or foreign tax consequences with respect to the Series 2009A Bonds. We express no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Series 2009A 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 2009A 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,

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