



**OFFERING MEMORANDUM**

Ratings: Moody's: P-1  
S&P: A-1+  
Fitch: F1+

*For a discussion of the tax-status of the Notes, see "TAX MATTERS" herein.*

**\$750,000,000**  
**METROPOLITAN TRANSPORTATION AUTHORITY**  
**Transportation Revenue Bond Anticipation Notes,**  
**Series CP-1 Credit Enhanced**

**\$250,000,000 Subseries A**

**\$250,000,000 Subseries B**

**\$250,000,000 Subseries C**

The Transportation Revenue Bond Anticipation Notes, Series CP-1 Credit Enhanced (the "Notes") offered hereby are issued in accordance with the terms and provisions of the General Resolution Authorizing Transportation Revenue Obligations of MTA adopted on March 26, 2002, as supplemented (such General Resolution Authorizing Transportation Revenue Obligations as from time to time amended or supplemented being herein called the "Resolution"), including as supplemented by the Series CP-1 Transportation Revenue Bond Anticipation Note and Related Parity Debt Supplemental Resolution adopted by MTA on May 30, 2002 authorizing the issuance at one time, or from time to time, of the Notes.

The Notes are being issued to finance transit and commuter projects.

In connection with the Notes, MTA has entered into a Letter of Credit and Reimbursement Agreement with ABN AMRO Bank N.V. (the "Bank"), pursuant to which the Bank has issued in favor of The Bank of New York Mellon, as successor in interest to JPMorgan Chase Bank, N.A., acting as Issuing and Paying Agent ("the Issuing and Paying Agent"), an irrevocable direct pay Letter of Credit expiring on December 8, 2010 in order to pay principal and interest (calculated at the rate of 10% per annum for a period of 90 days and based on a year of 360 days) due on the Notes as provided therein.

To the extent not paid from the proceeds of draws under the Letter of Credit, the principal of and interest on the Notes are payable solely from the proceeds of (1) other Notes, (2) the Series CP-1 Bonds, and (3) though not pledged therefor, notes or other evidences of indebtedness or any other amounts, in each case if and to the extent such amounts may lawfully be used to make such payments. The Notes are not secured by any other funds, accounts or amounts that are pledged to the payment of bonds or parity obligations issued under the Resolution. See "SECURITY FOR THE NOTES".

**The Notes are not a debt of the State of New York, The City of New York or any other local government unit, and the State, the City and other local government units are not liable thereon. MTA has no taxing power.**

The Notes will be executed and delivered only as fully registered notes without coupons, in the principal amount of \$100,000 and additional increments of \$1,000 above \$100,000. The Notes will be initially executed and delivered under a book-entry-only system and will be registered in the name of Cede & Co., as Noteholder and Securities Depository Nominee of The Depository Trust Company, New York, New York. Principal and interest on the Notes will be payable through The Bank of New York Mellon, as successor in interest to JPMorgan Chase Bank, N.A., acting as Issuing and Paying Agent.

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 Notes. Investors are advised to read the entire Offering Memorandum, including any portion hereof included by specific reference, to obtain information essential to the making of an informed decision.

**J.P. MORGAN**  
**(Dealer for Subseries A)**

**MORGAN STANLEY**  
**(Dealer for Subseries B)**

**BARCLAYS CAPITAL**  
**(Dealer for Subseries C)**

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

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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
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Susan Kupferman .....	Chief Operating Officer
Gary M. Lanigan .....	Director, Budgets and Financial Management
James B. Henly, Esq. ....	General Counsel
Patrick J. McCoy .....	Director, Finance

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

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

- *No Unauthorized Offer.* This offering memorandum is not an offer to sell, or the solicitation of an offer to buy, the Notes, 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 Notes, except as set forth in this offering memorandum. No other information or representations should be relied upon.
- *No Contract or Investment Advice.* This offering memorandum is not a contract and does not provide investment advice. Investors should consult their financial advisors and legal counsel with questions about this offering memorandum and the Notes being offered, or anything else related to this note 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 offering memorandum 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 offering memorandum, 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 offering memorandum.
- *Projections.* The projections set forth in this offering memorandum 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 offering memorandum 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 offering memorandum, which is solely the product of MTA and its affiliates and subsidiaries, and the independent auditors assume no responsibility for its content.
- *No Guarantee of Information by Dealers.* The Dealers have provided the following sentence for inclusion in this offering memorandum: The Dealers have reviewed the information in this offering memorandum in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Dealers do not guarantee the accuracy or completeness of such information.
- *Bank Information.* Other than with respect to information concerning the Bank contained in Attachment 1 of this offering memorandum, none of the information in this offering memorandum has been supplied or verified by the Bank and the Bank does not make any representation or warranty, express or implied, as to
  - the accuracy or completeness of information it has neither supplied nor verified,
  - the validity of the Notes, or
  - the tax-exempt status of the interest on the Notes.
- *SEC Rule 15c2-12.* SEC Rule 15c2-12 does not require MTA to enter into a written agreement for the benefit of holders of the Notes to provide continuing disclosure. MTA regularly files continuing disclosure in connection with other debt offerings.

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***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 offering memorandum, are included by specific cross-reference in this offering memorandum, along with material that updates this offering memorandum 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 each delivery date of Notes, 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, 2007 and 2006**
- **Appendix C – Audited Consolidated Financial Statements of the New York City Transit Authority for the Years Ended December 31, 2007 and 2006.**

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

- **Summary of Certain Provisions of the Transportation Resolution<sup>(1)</sup>**
- **Definitions and Summary of Certain Provisions of the Standard Resolution Provisions**
- **Form of the Interagency Agreement**

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<sup>(1)</sup>Copies of the summaries can be found on the MTA website at [www.mta.info/mta/investor/index.html](http://www.mta.info/mta/investor/index.html). Definitions of certain terms used in the summaries may differ from terms used in this offering memorandum, such as the use of the popular names of the MTA affiliates and subsidiaries.

## OFFERING MEMORANDUM

**\$750,000,000**

### **METROPOLITAN TRANSPORTATION AUTHORITY TRANSPORTATION REVENUE BOND ANTICIPATION NOTES, SERIES CP-1 CREDIT ENHANCED**

**\$250,000,000 Subseries A**

**\$250,000,000 Subseries B**

**\$250,000,000 Subseries C**

## 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 (“MTA Long Island Bus”); 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 following table sets forth the legal and popular names of the Related Entities. Throughout this offering memorandum, reference to each agency will be made using the popular names.

<b><u>Legal Name</u></b>	<b><u>Popular Name</u></b>
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

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

MTA and the other Related Entities are described in detail in **Appendix A** to MTA's 2008 Combined Continuing Disclosure Filings, which is included by specific cross-reference in this offering memorandum.

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

## Where to Find Information

**Information from Repositories.** MTA files annual and other information with each Nationally Recognized Municipal Securities Information Repository ("NRMSIRs"). 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 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

**Information Included by Specific Cross-reference.** The information listed under the caption "Information Included by Specific Cross-reference" in the Table of Contents, as filed with the repositories to date, is "included by specific cross-reference" in this offering memorandum. In addition, MTA may file information with the repositories after the date of this offering memorandum that is intended to update information contained herein. 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 offering memorandum. **This offering memorandum, 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 Notes.**

**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

**Recent Financial Developments.** On July 23, 2008, MTA released its July Financial Plan for 2009-2012 and the 2009 Preliminary Budget. The Plan includes updated projections that reflect recent economic changes materially affecting tax revenues and fuel costs. The Plan also includes updated State tax projections based on the State's Enacted Budget. The Authority's Plan also includes proposals to balance the budget in 2009 and offset the effect of these downturns in the out years to produce gaps in 2010-2012 that will be addressed in future financial plans. Compared with the previous Financial Plan completed in February 2008 (the February Plan), three major items worsened for the two-year period 2008 and 2009:

- **Fuel and Energy Costs:** These projected costs are expected to be worse than forecast in the February Plan by \$208 million over the two year period, a 39% increase; these costs are projected to increase by \$81 million in 2008 and \$127 million in 2009. The out years are also projected to worsen by \$66 million in 2010 and \$60 million in 2011. The Plan reflects Global Insight projections as of June 2008, which assume that prices will peak during the second half of 2009 and decline slightly thereafter.
- **Real Estate Tax Revenues:** The falling real estate market in the region, notably the sharp downturn in City commercial real estate activity, is projected to result in \$443 million in lower revenues for the two year period; \$201 million in 2008 and \$242 million in 2009. The Plan assumes that these revenues will remain in a decline during 2010 and 2011 and begin to grow in 2012. These projections are consistent with the City's Executive Budget.
- **State Taxes:** The State enacted its budget on April 8, 2008. The only material change for MTA affected the appropriation for MTA New York City Transit's and the commuter railroads' MMTOA revenues from the State's Mass Transportation Operating Assistance Fund ("MMTOA"). The appropriation was \$37 million lower than expected in the 2008 Adopted Budget. This reduction resulted from late Statewide reductions to State aid to localities. The State's projections issued with the Enacted Budget for taxes supporting MTA's portion of receipts in the State's Dedicated Mass Transportation Trust Fund ("MTTF Receipts") and MTA's portion of receipts in MMTOA ("MMTOA Receipts") are projected to negatively impact MTA by \$60 million for the two-years, 2008 and 2009, compared with the February Plan. The State's projections for these taxes are forecast to worsen MTA's revenues by \$84 million in 2010 and \$121 million in 2011.

To address these recent downturns and the resulting gaps, MTA's July Plan proposes the following measures, which, if put into effect as currently proposed by MTA, are expected to result in a balanced 2009 budget and reduced budget gaps thereafter:

- **Proposed Internal Actions** are projected to reduce the gap by \$155 million in 2008, \$310 million in 2009, \$411 million in 2010, \$225 million in 2011 and \$361 million in 2012. These actions are projected to keep controllable operating expenses well below CPI over the Plan period. The measures include cost reductions by operating agencies of 6% over the period 2009-2012, without cutting service. (These reductions, some of which commence in 2008, reflect a continuation of the 1.5% annual reduction begun last year.) The July Plan also assumes that the negotiation of new contracts will reflect a lower level of labor expenses than previously assumed. The Plan further anticipates that efficiency measures, notably the Business Service Center which will consolidate back office operations, will begin to yield savings by 2012. MTA also proposes reducing its subsidy to MTA Long Island Bus by \$4 million annually, returning to the historical \$10 million allocation. Additionally, the Plan proposes charging for Bridge and Tunnel crossings by official city, state and county vehicles, which is projected to generate \$10 million annually. Two non-recurring internal action items are also proposed: (1) MTA will make an internal loan of \$135 million to reduce the gap in 2009, as well as 2010, from available funds; and (2) MTA also has identified \$120 million that had been allocated for capital projects from the 2006 surplus but not yet committed, which is to be transferred back to the operating budget in 2008 to be used for future gap-closing. Projects that would have used these funds will instead be included in the next capital program.
- **Proposed External Actions** are proposed to yield additional revenues of \$40 million in 2008, \$302 million in 2009 and \$801 million, \$873 million and \$995 million, respectively in 2010-2012. These actions rely on MTA's governmental partners. A year ago, the financial plan relied on \$600 million in new State and City contributions beginning in 2010. The July Plan proposes accelerating roughly half of this contribution into 2009. The actions, described below, are

suggested actions that could be taken by the Authority's funding partners; other actions taken by the Authority's funding partners could substitute for these examples. The Plan proposes full State and City reimbursement for school fares and senior discounts, which would generate \$104 million annually. Reduced fares to school children cost MTA \$89 million more than the current annual \$90 million subsidy from the State and the City (\$45 million each). Similarly, NYC Transit provides half-fare discounts to seniors in the peak period, which costs \$15 million more than the City's current \$13.8 million subsidy. A further proposed action is that the City and the MTA share paratransit costs equally. When the MTA assumed paratransit service responsibilities from the City in 1993, the agreement presupposed sharing costs but allowed for annual caps on the City's contribution. Demand for these services and consequent costs have grown beyond expectation. This action proposes that the paratransit costs now be borne equally. This would provide \$113 million in additional reimbursement in 2009 and grow thereafter. The plan also proposes restoration of the fall-off in State tax aid discussed above that has been adversely impacted by the economy. The State also will be asked to eliminate tax loopholes affecting real estate transactions, which is expected to generate \$50 million annually beginning in 2009.

- ***Fare/Toll Yield Changes*** are proposed, effective July 1, 2009. This represents a six-month acceleration of the effective date included in previous financial plans. The proposed change assumes that transit riders and Bridge and Tunnel drivers will contribute to closing the deficit through increased fares and tolls which would increase the revenue yields by an annualized 8% beginning in 2009. This is an increase from the 5% yield proposed in the previous plan, which would have been effective January 1, 2010, and makes up for the revenue that was lost when the last increase was reduced from 6.5% to 3.85% to hold the base transit fare at \$2.00. The proposal is projected to increase revenues by \$202 million in 2009, \$405 million in 2010, \$414 million in 2011 and \$418 million in 2012. The Plan assumes that the Authority would resume biennial fare/toll increases as of January 1, 2011 to increase revenue yields by 5%, commensurate with inflationary increases; additional revenues of \$272 million in 2011 and \$281 million in 2012 are estimated to be generated.

The July Plan assumes positive closing cash balances of \$344 million in 2008 and \$15 million in 2009, which are predicated on implementing the described actions above or through adoption of other commensurate substitutions. Moreover, the Plan projects deficits in the out years of \$250 million in 2010, \$283 million in 2011 and \$318 million in 2012, which will be addressed in future financial plans. In November, the Authority will issue its Final Proposed Budget and revised Financial Plan, followed by Board adoption of the 2009 Budget in December. If the Board opts to raise fares and tolls in 2009, the Board would be expected to authorize public hearings with the budget adoption in December and such hearings would likely take place in early 2009.

The ability of MTA to achieve the 2009 balanced budget and reduced projected budget gaps in 2010 to 2012 reflected in the July 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. Revenues from real estate related taxes are forecast to drop substantially and 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. Any such worsening economic conditions could also adversely affect projected fare receipts from the Transit and Commuter Systems and toll revenues from MTA Bridges and Tunnels. The same economic conditions could also negatively affect the ability and willingness of the State and the City to undertake the actions assumed to be taken by them in the July Financial Plan or other actions needed to achieve the results projected in the July Financial Plan. As the MTA prepares the November Financial Plan it will continue to monitor and take into account the unprecedented volatility in the economic environment.

The State's First Quarterly Update to the Financial Plan, released July 30, 2008 (the Updated State Financial Plan), revises the State's fiscal projections for the 2008-09 through 2011-12 State fiscal years that were set forth in the Enacted Budget Financial Plan issued on May 1, 2008. The Updated State Financial Plan reflects, among other things, updated receipt and disbursement estimates based on the Division of the Budget's revised economic forecasts for the nation and State and operating results through the first three months of the State's 2008-09 fiscal year. Information included in the Updated State Financial Plan indicates that taxes supporting MTTF Receipts and MMTOA are currently projected to decrease by approximately an additional \$80 million from amounts included in MTA's July Plan for calendar year 2008. The Updated State Financial Plan also projects additional reductions in collections of such taxes in calendar year 2009. The impact of such projected reductions on actual MTTF Receipts and MMTOA Receipts for 2008 and 2009 cannot be predicted with certainty at this time.

No assurance can be given that the assumptions regarding economic conditions underlying the July 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 July Financial Plan.

***Integrated Bus Company Operations.*** On May 7, 2008 the MTA announced plans to begin integrating the operations of its three bus companies to create a more seamless and efficient Regional Bus Operations. MTA New York City Transit, MTA Bus and MTA Long Island Bus will each maintain its individual identity and funding, while undergoing a managerial restructuring that is intended to increase accountability and enhance coordination and efficiency in serving the entire MTA region.

***West Side Yards.*** On May 22, 2008 the MTA Board authorized the conditional designation of Related Companies/Goldman Sachs (Related/Goldman) to develop the air space over the two development sites that comprise the MTA's John D. Caemmerer Rail Yard — the Western Rail Yard (WRY) and the Eastern Rail Yard (ERY). Conditional Designation Letters have been executed which commit the MTA and the Related/Goldman joint venture to negotiate exclusively with one another in a mutual effort to finalize legal documents governing the proposed disposition of the development rights for these two sites. As background to this development, on September 28, 2006, the MTA Board authorized the execution of, and the MTA thereafter entered into, a memorandum of understanding with the City (the Rail Yards MOU) with respect to the development of the West Side Yard and the sale of certain transferable development rights (TDRs) on the ERY created by the 2005 rezoning of the ERY by the City. In July of 2007, pursuant to the Rail Yards MOU, MTA issued two separate Requests for Proposals for the sale of and/or long term leasing of air space and related real property interests for development at the ERY and the WRY, respectively. On October 11, 2007, MTA received proposals from five real estate development teams in response to the RFP. Following analysis of those proposals, MTA solicited supplemental proposals from all five teams in late January 2008. Four out of five of the firms submitted supplemental proposals in response to the follow-up request. MTA staff met with each of the four remaining developer teams and a recommendation was presented to the MTA Board which, at its March 26, 2008 meeting, authorized the MTA Executive Director and the CEO, upon successful completion of the negotiations, to enter into Conditional Designation Letters with Tishman Speyer Properties for the development of the ERY and the WRY, including the construction of a roof over the portion of the West Side Yard used for LIRR operations. When those negotiations could not be successfully concluded, MTA resumed discussions with the other proposers who had submitted supplemental proposals, and the Board, at a May 22, 2008 meeting, approved the conditional designation of the Related/Goldman joint venture as developer for the WRY and the ERY development sites.

***Commission on MTA Financing.*** On June 10, 2008, the Governor appointed a commission to study the MTA's funding needs and solutions. The Commission on MTA Financing, headed by former MTA chairman Richard Ravitch, is charged with recommending strategies to fund MTA capital projects and operating needs over the next ten years. The Commission has held a number of meetings thus far and is continuing to deliberate. A report is expected the first week of December.

## General

J.P. Morgan Securities Inc. has been initially appointed to serve as the dealer for up to \$250,000,000 Metropolitan Transportation Authority Transportation Revenue Bond Anticipation Notes, Series CP-1 Credit Enhanced, Subseries A (the “Subseries A Notes”), Morgan Stanley & Co. Incorporated has been initially appointed to serve as the dealer for up to \$250,000,000 Metropolitan Transportation Authority Transportation Revenue Bond Anticipation Notes, Series CP-1 Credit Enhanced, Subseries B (the “Subseries B Notes”) and Barclays Capital Inc. has been initially appointed to serve as the dealer for up to \$250,000,000 Metropolitan Transportation Authority Transportation Revenue Bond Anticipation Notes, Series CP-1 Credit Enhanced, Subseries C (the “Subseries C Notes”, the Subseries A Notes, the Subseries B Notes and the Subseries C Notes being collectively referred to herein as the “Notes”), (J.P. Morgan Securities Inc., Morgan Stanley & Co. Incorporated and Barclays Capital Inc. being collectively referred to herein as the “Dealers”). The Notes are issued in accordance with the terms and provisions of the General Resolution Authorizing Transportation Revenue Obligations of MTA adopted on March 26, 2002, as supplemented (such General Resolution Authorizing Transportation Revenue Obligations as from time to time amended or supplemented being herein called the “Resolution”), including as supplemented by the Series CP-1 Transportation Revenue Bond Anticipation Note and Related Parity Debt Supplemental Resolution (the “Commercial Paper Resolution”) adopted by MTA on May 30, 2002 authorizing the issuance at one time, or from time to time, of the Notes.

The Notes are being issued in anticipation of the issuance of bonds (the “Series CP-1 Bonds”) pursuant to the Series CP-1 Transportation Revenue Bond Supplemental Resolution (the “Series CP-1 Bonds Supplemental Resolution”) adopted by MTA on May 30, 2002 as a supplemental resolution in accordance with the Resolution. The Series CP-1 Bonds are authorized to be issued in an amount sufficient to pay principal of and interest accrued and to accrue on all Notes and Bank Parity Debt (as hereinafter described) to their stated maturity dates.

Under the Commercial Paper Resolution, the aggregate principal amount of Notes outstanding at any time may be increased or decreased, provided that at no time may the aggregate principal amount outstanding be in excess of the lesser of (1) the principal component of the Letter of Credit hereinafter described and (2) \$750 million. The Notes will be issued under the Issuing and Paying Agency Agreement, dated as of September 26, 2008 (the “Issuing and Paying Agency Agreement”), between MTA and The Bank of New York Mellon, as successor in interest to JPMorgan Chase Bank, N.A., acting as Issuing and Paying Agent (the “Issuing and Paying Agent”).

## THE NOTES

### Purpose of the Notes

The proceeds of the Notes may be used to finance the costs of equipment for and improvements to the subway and bus systems operated by MTA New York City Transit and its subsidiary, MaBSTOA, (2) finance the costs of equipment for and improvements to the commuter rail facilities operated by MTA’s subsidiaries, MTA Long Island Rail Road and MTA Metro-North Railroad, (3) finance the costs of equipment for and improvements to the bus system operated by MTA’s subsidiary, MTA Bus, (4) pay principal and interest on other outstanding Notes, (5) reimburse ABN AMRO Bank N.V. (the “Bank”) for draws on its irrevocable direct pay letter of credit (the “Letter of Credit”), and (6) fund capitalized interest on the Notes.

### Description of the Notes

The Notes will be dated the date of their respective authentication, will be issued as interest-bearing obligations in denominations of \$100,000 and additional increments of \$1,000 above \$100,000 and, except as described below, will be issued in book-entry-only form through the book-entry-only system of The Depository Trust Company (“DTC”). See **Attachment 2** — “BOOK-ENTRY-ONLY SYSTEM”. Each Note

will bear interest from its date of issuance at the rate determined at the date of issuance (which may not exceed 12% per annum) and payable at maturity. The Notes are not callable prior to maturity.

The Notes will mature no later than 270 days from their date of issuance; provided that, so long as the Letter of Credit is in effect, no Notes may be issued with a maturity date after the stated expiration date of the Letter of Credit or after the stated expiration date of a substitute Letter of Credit. Interest is computed on the basis of a 365 or 366-day year, and the actual number of days elapsed. The principal of and interest on the Notes in book-entry-only form will be paid at maturity to DTC and distributed by it to its Participants as described in **Attachment 2** — “BOOK-ENTRY-ONLY SYSTEM”.

## SECURITY FOR THE NOTES

### General

The principal of and interest on the Notes are payable solely from the proceeds of (1) draws under the Letter of Credit, (2) other Notes, (3) the Series CP-1 Bonds, and (4) though not pledged therefor, notes or other evidences of indebtedness or any other amounts, in each case if and to the extent such amounts may lawfully be used to make such payments. The Notes are not secured by any other funds, accounts or amounts that are pledged to the payment of bonds or parity obligations issued under the Resolution. Pursuant to the Series CP-1 Bonds Supplemental Resolution, MTA has authorized the issuance of the Series CP-1 Bonds in an amount sufficient to pay principal of and interest accrued and to accrue on all Notes and Bank Parity Debt to their stated maturity dates.

**The Notes are not a debt of the State of New York, The City of New York or any other local government unit, and the State, the City and other local government units are not liable thereon. MTA has no taxing power.**

MTA expects to pay the principal of and interest on the Notes with the proceeds of draws under the Letter of Credit, and to immediately reimburse the Bank for such draws with the proceeds of the remarketing of additional Notes and other available moneys (in the case of interest) until MTA provides for permanent financing of the projects initially financed with the proceeds of the Notes either by the issuance of the Series CP-1 Bonds or other long-term bonds issued under the Resolution or with Federal grants.

MTA may substitute another letter of credit for the Letter of Credit, provided that each rating agency then rating the Notes has sent to MTA written notice to the effect that such substitution will not, by itself, result in a reduction, withdrawal or suspension of such rating agency’s ratings of the Notes from those which then prevail, and MTA provides at least 15 days’ prior notice of the substitution thereof to the Noteholders and the Dealers.

### Letter of Credit and Security for the Bank

*Letter of Credit.* MTA has entered into a Letter of Credit and Reimbursement Agreement with the Bank, pursuant to which the Bank has issued an irrevocable direct pay Letter of Credit expiring on December 8, 2010 in favor of the Issuing and Paying Agent in order to pay principal and interest (calculated at the rate of 10% per annum for a period of 90 days and based on a year of 360 days) due on the Notes as provided therein. The stated amount of the Letter of Credit is \$768,750,000.

For information relating to the Bank, see **Attachment 1** — “ABN AMRO BANK N.V.”.

*Bank Notes.* Pursuant to the Commercial Paper Resolution, MTA has authorized the issuance of Metropolitan Transportation Authority Transportation Revenue Bond Anticipation Notes, Bank Series CP-1 (the “Bank Notes”) in an amount sufficient to pay principal of and interest accrued and to accrue on all Notes to their stated maturity dates in the event the Notes cannot be remarketed. The Bank has agreed to hold the

Bank Notes for up to 90 days, at which time, if the Notes still cannot be remarketed, MTA's obligations to the Bank will constitute Bank Parity Debt as hereinafter described. The Bank Notes are payable solely from (i) the moneys and securities (if any) on deposit in the Series CP-1 Bank Reimbursement Fund created under the Commercial Paper Resolution, (ii) the proceeds of Bank Parity Debt, (iii) the proceeds of the Series CP-1 Bonds, and (iv) though not pledged therefor, the proceeds of notes or other evidences of indebtedness or any other amounts, in each case if and to the extent such amounts may lawfully be used to pay Bank Notes.

There shall be deposited into the Series CP-1 Bank Reimbursement Fund those proceeds of the Notes which are to be used to reimburse the Bank for draws under the Letter of Credit, as well as any other amounts provided in the sole discretion of MTA that are lawfully available therefor.

*Bank Parity Debt.* MTA has authorized the incurrence of Parity Debt under the Resolution in an amount sufficient to pay principal of and interest accrued and to accrue on all Notes and Bank Notes to their stated maturity dates. The Bank Parity Debt is secured in the same manner as Obligations and other Parity Debt issued under the Resolution.

## LITIGATION

There is no litigation or other proceeding pending or, to the knowledge of MTA, threatened in any court, agency or other administrative body (either State or Federal) restraining or enjoining the issuance or delivery of the Notes, the Bank Notes, the Bank Parity Debt or the Series CP-1 Bonds, or in any way questioning or affecting: (i) the proceedings authorizing the Notes, the Bank Notes, the Bank Parity Debt or the Series CP-1 Bonds, or (ii) the validity of any provision of the Notes, the Bank Notes, the Bank Parity Debt or the Series CP-1 Bonds or the Resolution.

MTA, its affiliates and subsidiaries are defendants in numerous claims and actions. Certain of these claims and actions, either individually or in the aggregate, are potentially material to holders of the Notes. A summary of certain of these potentially material claims and actions is set forth in **Appendix A** under the caption "LITIGATION."

## TAX MATTERS

### General

Hawkins Delafield & Wood LLP is Bond Counsel for the Notes. Their opinion under existing law, relying on certain statements by MTA and assuming compliance by MTA with certain covenants, is that interest on the Notes will be:

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

Their opinion is also that under existing law interest on the Notes will be exempt from personal income taxes of New York State and any political subdivisions of the State. See **Attachment 3** to this offering memorandum for the form of the opinion that Bond Counsel expects to deliver when the Notes are delivered.

The Internal Revenue Code imposes requirements on the Notes that MTA must continue to meet after the Notes are issued. These requirements generally involve the way that Note proceeds must be used and invested. If MTA does not meet these requirements, it is possible that a noteholder may have to include

interest on the Notes 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 noteholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Notes. This is possible if a noteholder 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 Notes.

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

Their opinion may continue to be relied upon as to Notes issued subsequent to the date of their opinion only to the extent described in the form of the opinion found in **Attachment 3** to this offering memorandum.

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 Notes or affect the market price of the Notes. For example, the Internal Revenue Code could be changed.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of interest on the Notes, or under State, local and foreign tax law.

### **Backup Withholding**

Under the Internal Revenue Code, interest on tax-exempt obligations paid after March 31, 2007, including interest on the Notes, is subject to “backup withholding” if the recipient of the interest does not complete a Form W-9, Request for Taxpayer Identification Number and Certification, or otherwise provide to the payor (i.e., the financial institution paying the interest on behalf of MTA) a taxpayer identification number. “Backup withholding” means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Internal Revenue Code.

In general, it is expected that noteholders purchasing the Notes through a brokerage account will have executed a Form W-9 in connection with the establishment of such account so that no backup withholding will occur. The backup withholding requirement does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the noteholder’s federal income tax once the required information is furnished to the Internal Revenue Service.

### **LEGALITY FOR INVESTMENT**

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

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

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

### **APPROVAL OF LEGAL PROCEEDINGS**

All legal matters incident to the authorization and issuance of the Notes are subject to the approval of Hawkins Delafield & Wood LLP, Bond Counsel to MTA. Certain legal matters are subject to the approval of the General Counsel to MTA .

### **RATINGS**

The Notes have been rated “P-1” by Moody’s Investors Service, “A-1+” by Standard & Poor’s Ratings Services and “F1+” by Fitch Ratings with the understanding that upon delivery of the Notes the Bank will issue the Letter of Credit. MTA has not applied for a rating on the Notes not secured by the Letter of Credit. The rating agencies may have obtained and considered information and material that have not been included in this Offering Memorandum. Generally, the rating agencies base their ratings on information and material so furnished and on investigations, studies and assumptions made by them. The ratings are not a recommendation to buy, sell or hold the Notes. The ratings reflect only the views of the rating agencies and an explanation of the significance of such ratings may be obtained from them. No assurance can be given that the ratings will be maintained for any given period of time or that the ratings may not be revised downward or withdrawn entirely by the rating agencies, if, in their judgment, circumstances warrant. Any such downward change in or withdrawal of the ratings may have an adverse effect on the market price of the Notes. The Dealers, the Bank and MTA have undertaken no responsibility after the offering of the Notes to assure the maintenance of the ratings or to oppose any such revision or withdrawal.

### **ADDITIONAL INFORMATION**

The references herein to the Letter of Credit, the Letter of Credit and Reimbursement Agreement, the Resolution, the Commercial Paper Resolution, the Series CP-1 Bonds Supplemental Resolution and the Issuing and Paying Agency Agreement are brief outlines of certain provisions thereof. Such outlines do not purport to be complete, and reference is made to such documents for full and complete statements of such documents. Copies of such documents are on file at, and may be obtained from, the office of MTA at the location set forth above under “INTRODUCTION – Where to Find Information”.

**ABN AMRO BANK N.V.**

*The information contained in this Attachment relates to and has been obtained from ABN AMRO. The delivery of the offering memorandum shall not create any implication that there has been no change in the affairs of ABN AMRO since the date hereof, or that the information contained or referred to in this Attachment is correct as of any time subsequent to its date. No representation is made by MTA, MTA New York City Transit, MTA Long Island Rail Road, MTA Metro-North Railroad, MTA Bus or the Dealers as to the information contained in this Attachment.*

ABN AMRO Bank N.V., a public limited liability company incorporated under the laws of The Netherlands (“ABN AMRO”), is part of a major international banking group offering a wide range of banking products and financial services throughout the world.

ABN AMRO Holding N.V. (“ABN AMRO Holding”) is the parent company of ABN AMRO. On October 17, 2007, RFS Holdings B.V. (“RFS Holdings”), a Dutch holding company controlled by The Royal Bank of Scotland Group plc (“RBS”), Fortis N.V. and Fortis SA/NV, and Banco Santander, S.A., acquired an indirect controlling interest in ABN AMRO pursuant to an offer whereby RFS Holdings acquired a majority of the outstanding ordinary shares of ABN AMRO Holding.

ABN AMRO has a leading position in international payments and a strong investment banking franchise with particular strengths in emerging markets, as well as offering a range of retail financial services in Asia and the Middle East. ABN AMRO has regional business units in Europe, the Netherlands, North America, Latin America and Asia. The businesses of ABN AMRO to be retained by RBS comprise principally its global wholesale businesses and its international retail businesses in Asia, Eastern Europe and the Middle East.

On March 25, 2008, ABN AMRO Holding announced its decision to apply for de-listing of its ordinary shares and the (formerly convertible) preference shares from Euronext Amsterdam by NYSE Euronext (“Euronext Amsterdam”), the regulated market of Euronext Amsterdam N.V. and to apply for the de-listing of its American Depositary Shares (“ADSs”), each representing one Ordinary Share from the New York Stock Exchange. The Ordinary Shares were de-listed from Euronext Amsterdam and the ADSs were de-listed from the New York Stock Exchange effective April 25, 2008. The (formerly convertible) preference shares were de-listed from Euronext Amsterdam thereafter.

Additional information may be obtained upon request to:

RBS Investor Relations  
280 Bishopsgate  
London EC2M 4RB  
United Kingdom  
Tel: + 44 207 672 1758  
E-mail: [investor.relations@rbs.com](mailto:investor.relations@rbs.com)

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**BOOK-ENTRY-ONLY SYSTEM**

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Notes. The Notes 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 Note will be issued for each maturity of the Notes, 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 Notes exceeds \$500 million, one Note of such maturity will be issued with respect to each \$500 million of principal amount, and an additional Note 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 3.5 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 is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. 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 its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

4. To facilitate subsequent transfers, all Notes 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 Notes 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 Notes; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Notes 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes 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 Notes 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 Notes unless authorized by a Direct Participant in accordance with DTC's MMI 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 Notes 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 Notes 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 Issuing and Paying Agent, 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 Issuing and Paying Agent 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 Issuing and Paying Agent, 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 Notes at any time by giving reasonable notice to MTA or the Issuing and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Notes 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 Notes will be printed and delivered.

NOTWITHSTANDING THE FOREGOING, AS NOTED IN THIS OFFERING MEMORANDUM, THE NOTES ARE NOT CALLABLE PRIOR TO MATURITY.

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.

**FORM OF BOND COUNSEL OPINION**

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

Date of Initial Drawdown

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 its issuance from time to time of Transportation Revenue Bond Anticipation Notes, Series CP-1 Credit Enhanced (the “Notes”), the outstanding principal amount of which may not exceed at any time the lesser of (i) the Principal Component (as defined in the hereinafter defined Letter of Credit) available under the Letter of Credit or any substitute letter of credit and (ii) \$750 million. The Notes are more particularly described below.

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

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 Notes in order that interest on the Notes 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 September 26, 2008, (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 Notes, including, but not limited to, certain representations with respect to the use of the proceeds of the Notes 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 Notes to be excluded from gross income pursuant to Section 103 of the Code. Noncompliance with the requirements of the Code may cause interest on the Notes 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 Notes from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In rendering the opinion in paragraph 4 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation and certifications of fact contained in the Arbitrage and Use of Proceeds Certificate with respect to matters affecting the exclusion from gross income for federal income tax purposes pursuant to Section 103 of the Code of interest on the Notes, and (ii) compliance by the MTA with procedures and covenants set forth in the Arbitrage and Use of Proceeds Certificate as to such tax matters.

In connection with the issuance of the Notes, the MTA has entered into a Letter of Credit and Reimbursement Agreement dated as of March 24, 2006, with ABN AMRO Bank N.V. (the “Bank”), and the

Bank, as of November 28, 2006, amended the direct pay Letter of Credit (the "Letter of Credit") issued in accordance with the aforementioned Letter of Credit and Reimbursement Agreement, to increase the amount available to be drawn under such Letter of Credit in order to pay principal and interest due on the Notes as provided therein.

We are of the opinion that:

(1) The MTA is a validly existing public benefit corporation under the Constitution and laws of the State of New York (the "State"), and such record of proceedings and proofs show lawful authority for the issuance of said Notes pursuant to the Metropolitan Transportation Authority Act, Title 11 of Article 5 of the Public Authorities Law, constituting Chapter 43-A of the Consolidated Laws of the State of New York, as amended (the "Issuer Act"), and the General Resolution Authorizing Transportation Revenue Obligations of the MTA, adopted on March 26, 2002, as supplemented, including as supplemented by the Series CP-1 Transportation Revenue Bond Anticipation Note and Related Parity Debt Supplemental Resolution (the "Note Resolution") and the Series CP-1 Transportation Revenue Bond Supplemental Resolution, each adopted on May 30, 2002 (such General Resolution Authorizing Transportation Revenue Obligations as from time to time supplemented by said and other supplemental resolutions being herein called the "Resolution").

(2) The MTA has the right and power under the Issuer Act to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the MTA, is in full force and effect and is valid and binding upon the MTA and enforceable in accordance with its terms, and no other authorization for the Resolution is required.

(3) Upon due issuance of the Notes as provided in the Note Resolution and the Issuing and Paying Agency Agreement, and receipt by or on behalf of the MTA of payment therefor, the Notes will be valid and legally binding special obligations of the MTA, constituting Bond Anticipation Notes under the Resolution, and to the extent not paid from the proceeds of draws under the Letter of Credit will be payable solely from (i) the proceeds of the Series CP-1 Bonds, and (ii) the proceeds of notes, including renewal Notes, or other evidences of indebtedness or any other amounts, in each case if and to the extent such amounts may lawfully be used to make such payments. The Notes are not secured by any other funds, accounts or amounts that are pledged to the payment of Obligations or Parity Debt issued under the Resolution.

(4) Under existing statutes and court decisions, interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code and interest on the Notes is not treated as a preference item for purposes of calculating the alternative minimum tax that may be imposed under the Code with respect to individuals and corporations but is, however, included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax that may be imposed with respect to such corporations.

(5) Under existing statutes, interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof.

Except as stated in paragraphs 4 and 5 above, we express no opinion as to any federal, state or local tax consequences arising with respect to the Notes or ownership or disposition thereof. Furthermore, we express no opinion as to the effect of any action taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for federal income tax purposes of interest on the Notes, or under State and local tax law.

The foregoing opinions are qualified only to the extent that the enforceability of the Resolution and the Notes may be limited by bankruptcy, moratorium, insolvency, reorganization or other laws affecting creditors' rights or remedies heretofore or hereafter enacted and is subject to general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

You may continue to rely upon this opinion as to Notes issued subsequent to the date of this opinion to the extent (i) we have not advised you that this opinion may no longer be relied upon, (ii) there is no change in existing law subsequent to the date hereof, (iii) the MTA has complied with the covenants and conditions contained in the Note Resolution, and (iv) the representations and covenants set forth in the Arbitrage and Use of Proceeds Certificate remain true and accurate and are complied with.

This opinion is issued as of the date hereof, and we assume no obligation to (i) update, revise or supplement this opinion to reflect any 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 other reason whatsoever, (ii) notify you or any other person prior to delivery of any Notes if the conditions stated in the preceding paragraph have not been met or (iii) review any legal matters incident to the authorization, issuance, validity and tax status of the Notes, or the purposes to which the proceeds thereof are to be applied, after the date hereof.

In rendering the foregoing opinions we have made a review of such legal proceedings as we have deemed necessary to approve the legality of the Notes. In rendering the foregoing opinions we have not been requested to examine any document or financial or other information concerning the MTA or the programs to be financed with the Notes other than the record of proceedings referred to above, and we express no opinion as to the accuracy, adequacy, sufficiency or completeness of any financial or other information which has been or will be supplied to purchasers or prospective purchasers of the Notes.

Very truly yours,

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