



\$500,000,000
METROPOLITAN TRANSPORTATION AUTHORITY
Dedicated Tax Fund Variable Rate Bonds, Series 2004B
(Auction Rate Securities)

consisting of

\$100,000,000 Subseries 2004B-1
(AMBAC insured)

\$100,000,000 Subseries 2004B-2
(MBIA insured)

\$100,000,000 Subseries 2004B-3
(FGIC insured)

\$100,000,000 Subseries 2004B-4
(AMBAC insured)

\$100,000,000 Subseries 2004B-5
(CIFG NA insured)

DATED: Date of Delivery

DUE: November 1, as shown on the inside cover

The Series 2004B Bonds are being issued to finance certain transit and commuter projects operated by MTA's affiliates and subsidiaries.

The Series 2004B Bonds –

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

MTA has no taxing power.

The Series 2004B Bonds initially will be in an Auction Rate Mode. **For a description of the method of determination of interest rates, interest periods, interest payment dates and certain other terms applicable to the Series 2004B Bonds, see the inside cover.**

Each subseries of the Series 2004B Bonds will bear interest in an Auction Rate Mode from and including their date of delivery to but excluding the date on which the Mode applicable to such subseries is changed to another Mode, in which event that subseries will be subject to mandatory tender for purchase on such date at the purchase price equal to the principal amount thereof. **This official statement, in general, describes the Series 2004B Bonds only during the Auction Rate Mode.**

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 2004B Bonds is

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

Also in Bond Counsel's opinion, under existing law interest on the Series 2004B Bonds is exempt from personal income taxes of New York State or any political subdivisions of the State.

The Series 2004B Bonds are subject to redemption prior to maturity as described herein.

The Series 2004B 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 10, 2004.

Payment of the principal of and interest on the Subseries 2004B-1 and Subseries 2004B-4 Bonds when due will be insured by a financial guaranty insurance policy to be issued by Ambac Assurance Corporation simultaneously with the delivery of the Subseries 2004B-1 and Subseries 2004B-4 Bonds.

Ambac

Payment of the principal of and interest on the Subseries 2004B-5 Bonds when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Series 2004B-5 Bonds by CDC IXIS Financial Guaranty North America, Inc. (CIFG NA).

 | CIFG

Payment of the principal of and interest on the Subseries 2004B-3 Bonds when due will be guaranteed under a financial guaranty insurance policy to be issued concurrently with the delivery of the Subseries 2004B-3 Bonds by Financial Guaranty Insurance Company.

FGIC Financial Guaranty
Insurance Company

Payment of the principal of and interest on the Subseries 2004B-2 Bonds when due will be insured by a financial guaranty insurance policy to be issued concurrently with the delivery of the Subseries 2004B-2 Bonds by MBIA Insurance Corporation.

MBIA

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 2004B 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.

\$500,000,000
Metropolitan Transportation Authority
Dedicated Tax Fund Variable Rate Bonds, Series 2004B
(Auction Rate Securities)
consisting of

\$100,000,000 Subseries 2004B-1
(AMBAC insured)

\$100,000,000 Subseries 2004B-2
(MBIA insured)

\$100,000,000 Subseries 2004B-3
(FGIC insured)

\$100,000,000 Subseries 2004B-4
(AMBAC insured)

\$100,000,000 Subseries 2004B-5
(CIFG NA insured)

The initial interest rate established by MTA for each subseries of the Series 2004B Bonds will apply to the period commencing on their date of issuance to and including the applicable initial Auction Date. Thereafter, each subseries will bear interest at an Auction Rate resulting from an Auction conducted for each Auction Period on each Auction Date in accordance with the Auction Procedures described in this official statement, subject to certain conditions and exceptions. Interest on each subseries of Series 2004B Bonds will be payable commencing on the initial Interest Payment Date for each such subseries, and on each Interest Payment Date thereafter. The initial Auction Date and each Auction Date thereafter and the initial Interest Payment Date and each Interest Payment Date thereafter are set forth below for each subseries of Series 2004B Bonds.

Subseries	Initial Auction Date	Auction Date*	Auction Period**	Initial Interest Payment Date	Interest Payment Date***	Final Maturity (November 1)
2004B-1	March 15, 2004	each Monday	7-day	March 16, 2004	each Tuesday	2029
2004B-2	March 17, 2004	each Wednesday	7-day	March 18, 2004	each Thursday	2033
2004B-3	March 19, 2004	each Friday	7-day	March 22, 2004	each Monday	2031
2004B-4	April 6, 2004	each fourth Tuesday	28-day	April 7, 2004	each fourth Wednesday	2029
2004B-5	April 15, 2004	each fourth Thursday	28-day	April 16, 2004	each fourth Friday	2029

* Subject to certain conditions and exceptions as described herein.

** Subject to certain exceptions (see **Attachment 4**-Auction Procedures-Definitions-Auction Period.)

*** Subject to certain exceptions (see **Attachment 4**-Auction Procedures-Definitions-Interest Payment Date.)

Prospective purchasers of each subseries of Series 2004B Bonds should carefully review the Auction Procedures described in **Attachment 4**, and should note that such procedures provide that (i) a Bid or Sell Order constitutes a commitment to purchase or sell Series 2004B Bonds based upon the results of an Auction, (ii) Auctions will be conducted through telephone, facsimile transmission or other similar electronic means of communication and (iii) settlement for purchases and sales will be made on the Business Day following an Auction. Beneficial interests in Series 2004B Bonds may be transferred only pursuant to a Bid or Sell Order placed in an Auction or to or through a Broker-Dealer.

The length of an Auction Period for each subseries of Series 2004B Bonds may be changed as described herein. The Series 2004B Bonds of each subseries will not be subject to mandatory tender for purchase upon a change in the length of an Auction Period; however, notice of such change will be given as further described herein, and, in such case, any Series 2004B Bonds that are not the subject of a specific Order shall be deemed to be subject to a Sell Order.

The Bank of New York will serve as Auction Agent. J. P. Morgan Securities Inc., Morgan Stanley & Co. Incorporated and UBS Financial Services Inc. will serve as Broker-Dealers for each subseries of the Series 2004B Bonds.

The Underwriters may overallocate or effect transactions that stabilize or maintain the market price of the Series 2004B 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.

Metropolitan Transportation Authority

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

Peter S. Kalikow *Chairman*
David S. Mack *Vice-Chairman*
Edward B. Dunn *Vice-Chairman*
Andrew B. Albert *Non-Voting Member*
James F. Blair *Non-Voting Member*
Nancy Shevell Blakeman *Member*
Anthony J. Bottalico *Non-Voting Member*
Thomas J. Cassano *Non-Voting Member*
Barry L. Feinstein *Member*
Lawrence W. Gamache *Member*
James H. Harding, Jr. *Member*
Susan L. Kupferman *Member*
Mark D. Lebow *Member*
James L. McGovern *Non-Voting Member*
Mark Page *Member*
Ernest J. Salerno *Member*
Andrew M. Saul *Member*
James L. Sedore, Jr. *Member*
James S. Simpson *Member*
Edward A. Vrooman *Member*
Alfred E. Werner *Member*

Katherine N. Lapp *Executive Director and Chief Operating Officer*
Gary M. Lanigan *Deputy Director, Budgets and Financial Management*
Catherine A. Rinaldi, Esq. *Deputy Executive Director, General Counsel and Secretary*
Kim Paparello *Director, 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 2004B 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 Variable Rate Bonds, Series 2004B.	
Purpose of Issue	To finance certain transit and commuter projects operated by MTA's affiliates and subsidiaries.	
Maturities	See cover and inside cover.	
Denominations	\$25,000 and integral multiples of \$25,000.	
Auction Dates, Auction Periods and Interest Payment Dates.....	See inside cover.	
Redemption.....	See "DESCRIPTION OF SERIES 2004B BONDS – Redemption Prior to Maturity" in Part I.	
Sources of Payment and Security.....	MTA's pledged State taxes.	
Credit Enhancement.....	<u>Subseries</u> 2004B-1 2004B-2 2004B-3 2004B-4 2004B-5	<u>Insurer</u> AMBAC MBIA FGIC AMBAC CIFG NA
Registration of the Bonds.....	DTC Book-Entry-Only System. No physical certificates evidencing ownership of a bond will be delivered, except to DTC.	
Trustee, Paying Agent and Tender Agent	The Bank of New York, New York, New York.	
Bond Counsel.....	Hawkins Delafield & Wood LLP, New York, New York.	
Tax Status	See "TAX MATTERS" in Part III.	
Expected Ratings	Standard & Poor's: AAA Fitch: AAA See "RATINGS" in Part III.	
Financial Advisor.....	Goldman, Sachs & Co.	
Underwriters and Broker-Dealers	See cover page and inside cover page. J. P. Morgan Securities Inc. is the representative of the Underwriters for the Series 2004B Bonds.	
Auction Agent.....	The Bank of New York, New York, New York.	
Purchase Price/Underwriters' Discount	See "UNDERWRITING" in Part III.	
Counsel to the Underwriters	Sidley Austin Brown & Wood LLP, New York, New York.	

-
- ***No Unauthorized Offer.*** This official statement is not an offer to sell, or the solicitation of an offer to buy, the Series 2004B 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 2004B 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 2004B 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," "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 accountants, 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, and assume no responsibility for, and disclaim any association with, the prospective financial information.
 - ***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.
 - ***Bond Insurer Information.*** Other than with respect to information concerning the Bond Insurers contained in Attachments 5, 6, 7 and 8 herein, none of the information in this official statement has been supplied or verified by the Bond Insurers and no Bond Insurer makes any representation or warranty, express or implied, as to
 - the accuracy or completeness of information it has neither supplied nor verified,
 - the validity of the Series 2004B Bonds, or
 - the tax exempt status of the interest on the Series 2004B Bonds.

TABLE OF CONTENTS

	Page
SUMMARY OF TERMS	iii
INTRODUCTION	1
MTA, TBTA and Other Related Entities	1
Recent Developments.....	1
Where to Find Information.....	4
The MTA Dedicated Tax Fund	5
PART I. SERIES 2004B BONDS	6
PLAN OF FINANCE AND APPLICATION OF PROCEEDS.....	6
DESCRIPTION OF SERIES 2004B BONDS	6
General	6
Determination of Interest Rates and Auction Periods for Series 2004B Bonds	7
Changes in Mode	9
Mandatory Tender for Purchase of Series 2004B Bonds on Any Mode Change Date.....	10
Notice of Mandatory Tender for Purchase	10
Remarketing of Series 2004B Bonds of a Subseries; Notices	11
Delivery of Remarketed Series 2004B Bonds.....	11
Delivery and Payment for Purchased Remarketed Series 2004B Bonds of a Subseries; Undelivered Series 2004B Bonds	11
Redemption Prior to Maturity	12
Bond Insurance	13
Debt Service on the Dedicated Tax Fund Bonds.....	14
PART II. MTA DEDICATED TAX FUND BONDS	16
SOURCES OF PAYMENT	16
Revenues from Dedicated Taxes.....	16
Factors Affecting Revenues from Dedicated Taxes	19
SECURITY STRUCTURE.....	20
The Pledge Effected by the DTF Resolution.....	20
Flow of Funds	20
Debt Service Fund.....	23
Covenants.....	23
Parity Debt	23
Appropriation by the Legislature	24
Agreement of the State	24
PART III. OTHER INFORMATION ABOUT THE SERIES 2004B BONDS	25
TAX MATTERS.....	25
LEGALITY FOR INVESTMENT.....	26
LITIGATION.....	26
FINANCIAL ADVISOR	26
UNDERWRITING	26
RATINGS	26
LEGAL MATTERS.....	27
CONTINUING DISCLOSURE.....	27
FURTHER INFORMATION	28

- Attachment 1** – Book-Entry-Only System
- Attachment 2** – Continuing Disclosure Under SEC Rule 15c2-12
- Attachment 3** – Form of Opinion of Bond Counsel
- Attachment 4** – Auction Procedures
- Attachment 5** – Information Relating to Ambac Assurance Corporation
- Attachment 6** – Information Relating to CIFG NA
- Attachment 7** – Information Relating to Financial Guaranty Insurance Company
- Attachment 8** – Information Relating to MBIA Insurance Corporation

Information Included by Specific Cross-reference. The following portions of MTA’s 2003 Combined Continuing Disclosure Filings, dated April 29, 2003, 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 2004B 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, 2002 and 2001

MTA is obligated under its written agreements to file an annual update to its continuing disclosure information by the end of April 2004.

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

INTRODUCTION

MTA, TBTA and Other Related Entities

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

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

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

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

MTA, TBTA and the other Related Entities are described in detail in Appendix A to MTA’s 2003 Combined Continuing Disclosure Filings, which is included by specific cross-reference in this official statement.

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

Recent Developments

New Budgetary Process. During 2003, the MTA Board adopted new budgeting practices for the Related Entities. The new practices require the following in each year:

- preparation of preliminary budgets for the next calendar year in July,
- preparation of proposed final budgets and an updated four year financial plan in October,
- solicitation of public comments on the proposed final budgets by November 30,
- adoption of a final budget, after considering public comments, by December 31, and
- update of the four year financial plan within 60 days of the adoption of a final budget.

Budget documents continue to be distributed to certain elected officials and posted on MTA’s website for review by the public. In its current form, the legislation relating to the corporate restructuring referenced below under “Corporate Restructuring” would enact these practices into law. The budgeting practices are subject to change at any time by the MTA Board. In addition, the State Legislature, if it decides to incorporate the MTA budget procedures into legislation, may revise or eliminate these practices in whole or in part.

Current Financial Information. On February 26, 2004, MTA, on behalf of the Related Entities, presented an updated financial plan for the years 2004-2007 (the 2004-2007 Financial Plan). A copy of the 2004-2007 Financial Plan, as revised from time to time, is posted on MTA’s website.

In the 2004-2007 Financial Plan, MTA projects the following:

- The Related Entities will have balanced budgets for 2004 on a cash basis.
- The Related Entities will have a net cash balance at the end of 2004 of \$36.2 million. The February 2004 revision to the 2004-2007 Financial Plan projected a debt service decrease of

\$112 million in 2004 that will be used to offset the risk in the 2004 budget that \$121 million of anticipated increased governmental aid will not be realized.

- The Related Entities will have annual cash deficits in 2005, 2006 and 2007 of \$539 million, \$1.2 billion and \$1.3 billion, respectively. The February projections of the 2005-2007 cash deficits are improvements over the December 2003 projections of \$687.6 million, \$1.34 billion and \$1.45 billion, respectively, due largely to a reassessment of the Related Entities' debt requirements during that period.

The 2004-2007 Financial Plan assumes 5% additional yields in fares and/or tolls in 2005 and 2007 due to increased ridership or adjustments in discount programs, but not necessarily an increase in the base fare and/or toll. Other than normal growth in expenses due to inflation, the major portions of the projected deficits are caused by substantial growth in debt service costs, additional pension contributions primarily due to market losses during the last few years, additional health and welfare benefit costs and the loss of non-recurring subsidies and cash adjustments.

The 2004-2007 Financial Plan assumes a level of capital spending for years subsequent to the current Transit and Commuter Capital Programs; however, the proposed capital programs for the transit and commuter systems covering the years 2005-2009 are not scheduled to be submitted to the Capital Program Review Board until October 1, 2004, and the final approved capital spending plan may be different from that assumed in the four year financial plan. Until such proposed capital programs for the transit and commuter systems are adopted and receive all required approvals, it is anticipated that various governmental officials and parties representing various non-governmental entities may issue statements and reports commenting on such capital programs, the projects included therein and the ability of MTA and TBTA to finance the programs. MTA expects to respond to such statements and reports in proper forums when appropriate.

In order to deal with the projected cash deficiencies in future years, MTA may be forced to institute additional cost reductions or take other actions to close projected budget gaps, which could include seeking additional subsidies and/or raising fares and tolls.

Quarterly Financial Statement Reports. MTA issues quarterly financial statement reports for the Related Entities on a consolidated basis. The latest report is posted on MTA's website. The review of the quarterly financial statements is conducted in accordance with the standards established by the American Institute of Certified Public Accountants. As MTA continues to develop its quarterly financial statement reporting procedures, it expects to include a cash-based reconciliation of the then-current financial plan to actual results; however, MTA cannot predict when it will begin to include such reconciliations in its quarterly reports.

Corporate Restructuring. MTA has proposed a plan of corporate restructuring and introduced legislation to effectuate that plan. For more information, see Appendix A under the caption "THE RELATED ENTITIES – Legal Status and Public Purpose." Certain aspects of the corporate restructuring can proceed without legislation. For example, a new MTA subsidiary, MTA Capital Construction Company (MTA Capital Construction), was created in July 2003. MTA Capital Construction is responsible for the planning, design and construction of current and future major MTA system expansion projects, including East Side Access (bringing LIRR into Grand Central Terminal), extension of the #7 subway line from Times Square to the west side of Manhattan, the Lower Manhattan Fulton Street Transit Center, the new South Ferry station complex in lower Manhattan, system-wide capital security projects and the Second Avenue Subway project.

Proposed Amendments to Capital Plans. The MTA Board approved an amendment to the 2000-2004 Capital Programs in December 2003 (the "December 2003 Amendment") that increased total funding by \$1.2 billion and made the following substantive changes in projects and funding:

- added two major Lower Manhattan transit revitalization projects – the \$750 million Fulton Street Transit Center and the \$400 million South Ferry Terminal Relocation. Both projects are being fully funded by the Federal funds made available to New York in connection with the terrorist attacks on the World Trade Center,
- incorporated the approval by FEMA of \$143 million in grant moneys to pay for a portion of the \$591.2 million in infrastructure and facilities security projects approved by the Review Board in July 2003, thereby reducing MTA/TBTA bonding by the same amount,

- modified the capital programs to reflect the creation of the MTA Capital Construction Company and its administration of East Side Access, Second Avenue Subway, the #7 Subway Line Extension, the infrastructure and facilities security projects, the Fulton Street Transit Center and the South Ferry Terminal Relocation,
- reduced New York City's contributions to the Transit Capital Program by \$89 million,
- revised project budgets and schedules to reflect awards made, new estimates-at-completion, or revised investment strategies, and
- made adjustments to the program funding plan that reflected experience to date and modified projections.

The MTA Board approved an amendment to the 2000-2004 Commuter Capital Program in January 2004 (the "January 2004 Amendment") that increased MNCRC's capital program by \$231.1 million in order to permit MNCRC to exercise an option to purchase an additional 120 rail cars under an existing contract.

The December 2003 Amendment and the January 2004 Amendment (the "Amendments") were submitted to the Review Board in January 2004. A member of the Review Board vetoed the Amendments during February 2004. MTA is considering when, and in what form, it will resubmit all or portions of the Amendments.

Insurance Coverage Effective October 31, 2003. MTA's policies for property insurance and liability insurance became effective October 31, 2003 and are subject to annual renewal.

Property Insurance

- MTA's captive insurance company subsidiary, First Mutual Transportation Assurance Company ("FMTAC"), directly insures property damage claims of the Related Entities in excess of a \$25 million per occurrence self-insurance retention, subject to an annual \$75 million aggregate. The aggregate limitation of \$1 billion per occurrence covers all property of the Related Entities collectively.
- The property insurance provides replacement cost coverage for all risks of direct physical loss or damage to all real and personal property, with minor exceptions. The policy also provides extra expense and business interruption coverages.
- With the exception of acts of terrorism (both domestic and foreign), FMTAC is reinsured in the domestic, London and European marketplace, for this coverage.
- With respect to acts of international terrorism covered by the Terrorism Risk Insurance Act of 2002 ("TRIA"), FMTAC is reinsured by the United States for 90% of losses, subject to an annual cap on all losses payable under TRIA of \$100 billion. The remaining 10% of MTA losses would be covered under an additional policy described in the next paragraph.
- With respect to acts of terrorism not covered by TRIA, MTA obtained an additional commercial reinsurance policy that provides coverage against all acts of terrorism in an amount of up to \$100 million per occurrence (subject to the \$25 million per occurrence self-insurance retention). In the event the occurrence is covered by TRIA, the coverage afforded by the additional policy would provide for the payment of the remaining 10% not covered by TRIA as described in the preceding paragraph.

Liability Insurance

Effective October 31, 2003, the MTA Excess Loss Fund ("ELF") was terminated, the ELF assets were transferred to FMTAC and liability insurance was written by FMTAC to provide a \$50 million per occurrence policy, subject to designated self-insured retentions by each of the Related Entities and further subject to the assets available (\$78 million as of December 31, 2003). In addition, an Excess Liability Insurance Policy was purchased from independent insurance companies to cover the Related Entities. This coverage affords \$150 million in additional limits above the FMTAC policy to give a total limit of \$200 million (\$150 million excess of \$50 million).

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 2004B Bonds.
- **Part II** describes the sources of payment and security for all MTA Dedicated Tax Fund Bonds, including the Series 2004B Bonds.
- **Part III** provides miscellaneous information relating to the Series 2004B Bonds.
- **Attachment 1** sets forth certain provisions applicable to the book-entry system of registration to be used for the Series 2004B Bonds.
- **Attachment 2** sets forth a summary of certain provisions of a continuing disclosure agreement relating to the Series 2004B Bonds.
- **Attachment 3** is the form of opinion of Bond Counsel in connection with the Series 2004B Bonds.
- **Attachment 4** sets forth a summary of the Auction Procedures.
- **Attachment 5** sets forth certain information relating to Ambac Assurance Corporation.
- **Attachment 6** sets forth certain information relating to CIFG NA.
- **Attachment 7** sets forth certain information relating to Financial Guaranty Insurance Company.
- **Attachment 8** sets forth certain information relating to MBIA Insurance Corporation.
- **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

FT Interactive Data

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

DPC Data Inc.

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

Standard & Poor's 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 official statement. This means that important information is disclosed by referring to those documents and that the specified portions of those documents are considered to be part of this official statement. This official statement, which includes those filings, should be read in its entirety in order to obtain essential information for making an informed decision in connection with the Series 2004B Bonds.

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

The MTA Dedicated Tax Fund

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

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

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

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

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

The MTA Act requires that MTTF Receipts deposited into the MTA Dedicated Tax Fund be applied to meet debt service requirements of obligations, including the Series 2004B Bonds, issued by MTA and secured by moneys in such Fund (the bonds issued under the DTF Resolution, including the Series 2004B Bonds, are referred to collectively herein as the Bonds). That legislation also requires that MMTOA Receipts deposited into the MTA Dedicated Tax Fund be applied, to the extent that MTTF Receipts are not sufficient to meet those requirements, to meet debt service requirements of the Bonds. MTTF Receipts and MMTOA Receipts not used to meet those requirements are transferred to the Operating and Capital Costs Account to be used to pay operating and capital costs of the Transit System and SIRTOA and the Commuter System.

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 2004B BONDS

Part I of this official statement, together with the Summary of Terms, provides specific information about the Series 2004B Bonds.

PLAN OF FINANCE AND APPLICATION OF PROCEEDS

On February 26, 2004, MTA and J. P. Morgan Securities Inc., as representative of the underwriters, entered into a bond purchase agreement in connection with the sale of Dedicated Tax Fund Bonds, Series 2004A Bonds (the "Series 2004A Bonds") in the aggregate principal amount of \$250,000,000. The debt service on the Series 2004A Bonds is reflected in Table 1 below. The Series 2004A Bonds will be issued on a parity with the Series 2004B Bonds.

The Series 2004A Bonds and the Series 2004B Bonds, which are expected to raise approximately \$750 million of net proceeds to finance certain transit and commuter projects operated by MTA's affiliates and subsidiaries, are expected to be issued on or about March 10, 2004, though the closing of one is not contingent upon the closing of the other.

DESCRIPTION OF SERIES 2004B BONDS

Unless the context otherwise indicates, references in the following description to the "Series 2004B Bonds" apply to each subseries of the Series 2004B Bonds independently. Actions may be taken, or determinations made, with respect to one subseries that are not taken or made with respect to any other.

General

Auction Rate Bonds. The Series 2004B Bonds will be dated the date of their initial delivery (the Closing Date) and will mature at the times and in the principal amounts as set forth on the cover page and the inside cover of this official statement. The Series 2004B Bonds initially will be in an Auction Rate Mode. While in an Auction Rate Mode, the Series 2004B Bonds will bear interest at an interest rate determined as described below under Determination of Interest Rates and Auction Periods for Series 2004B Bonds. **This official statement, in general, describes the Series 2004B Bonds only during the Auction Rate Mode.**

Interest on Series 2004B Bonds that are in an Auction Period of 180 days or less shall be calculated on the basis of a 360-day year for the actual number of days elapsed to the Interest Payment Date. Interest on Series 2004B Bonds that are in an Auction Period of over 180 days shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Credit Enhancement. The scheduled payment of principal of and interest on each subseries of the Series 2004B Bonds when due will be guaranteed under an insurance policy to be issued by the respective insurers described below under the caption "Bond Insurance."

Book-Entry-Only System. The Series 2004B 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 2004B Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$25,000 or integral multiples thereof (Authorized Denominations). So long as DTC is the registered owner of the Series 2004B Bonds, all payments on the Series 2004B Bonds will be made directly to DTC. DTC is responsible for disbursement of those payments to its participants, and DTC participants and indirect participants are responsible for making those payments to beneficial owners. See "**Attachment 1 – Book-Entry-Only System.**"

Interest Payments. Interest on the Series 2004B Bonds is payable on each Interest Payment Date as described below under the caption "Determination of Interest Rates and Auction Periods for Series 2004B Bonds – Interest Payment Dates." So long as DTC is the sole registered owner of all of the Series 2004B Bonds, all interest payments will be made to DTC by wire transfer of immediately available funds, and DTC's participants will be responsible for payment of interest to beneficial owners. All Series 2004B Bonds are fully registered in Authorized Denominations.

Transfers and Exchanges. So long as DTC is the securities depository for the Series 2004B Bonds, it will be the sole registered owner of the Series 2004B Bonds, and transfers of ownership interests in the Series 2004B Bonds will occur through the DTC Book-Entry-Only System.

Trustee, Paying Agent and Tender Agent. The Bank of New York is Trustee, Paying Agent and Tender Agent with respect to the Series 2004B Bonds.

Determination of Interest Rates and Auction Periods for Series 2004B Bonds

The initial interest rate for each subseries of the Series 2004B Bonds will be established by MTA and will apply to the period commencing on the Closing Date to and including the initial Auction Date specified below for each such subseries. Thereafter, each subseries of the Series 2004B Bonds will bear interest at an Auction Period Rate (as defined below) determined on each Auction Date for each Auction Period pursuant to the Auction Procedures set forth in **Attachment 4**. The Auction Period and Auction Date applicable to a subseries of the Series 2004B Bonds will be the Auction Period and Auction Date set forth below until the length of such Auction Period is changed to a daily, seven-day, 28-day, 35-day, three-month, six-month or Special Auction Period, as described below under the caption “Change in the Length of the Auction Period.”

Subseries	Initial Auction Date	Auction Date*	Auction Period**	Initial Interest Payment Date	Interest Payment Date***
2004B-1	March 15, 2004	each Monday	7-day	March 16, 2004	each Tuesday
2004B-2	March 17, 2004	each Wednesday	7-day	March 18, 2004	each Thursday
2004B-3	March 19, 2004	each Friday	7-day	March 22, 2004	each Monday
2004B-4	April 6, 2004	each fourth Tuesday	28-day	April 7, 2004	each fourth Wednesday
2004B-5	April 15, 2004	each fourth Thursday	28-day	April 16, 2004	each fourth Friday

- * Subject to certain conditions and exceptions as described herein.
- ** Subject to certain exceptions (see **Attachment 4**-Auction Procedures-Definitions-Auction Period.)
- *** Subject to certain exceptions (see **Attachment 4**-Auction Procedures-Definitions-Interest Payment Date.)

Auction Period Rate means with respect to each subseries of the Series 2004B Bonds, the rate of interest to be borne by that subseries during each Auction Period, which shall equal the Auction Rate (as defined below) for each Auction Period, subject to the following exceptions:

- If the Auction Agent shall have failed to calculate or, for any reason, fails to timely provide the Auction Rate for any Auction Period, (a) if the preceding Auction Period was a period of 35 days or less, the new Auction Period and Auction Period Rate shall be the same as the preceding Auction Period and the Auction Period Rate, respectively, and (b) if the preceding Auction Period was a period of greater than 35 days, it shall be extended to the seventh day following the day that would have been the last day of such Auction Period (or if such seventh day is not followed by a Business Day then to the next succeeding day which is followed by a Business Day) and the Auction Period Rate will continue in effect for the Auction Period as so extended.
- If a default in the payment of principal or interest on any Series 2004B Bonds of a subseries when due has occurred and is continuing and the related Insurer is in default under the related Insurance Policy, the Auction Period Rate for the Auction Period commencing on or after the date on which the Auction Agent receives notice of such default and each Auction Period thereafter commencing prior to the date on which such default shall have ceased to be continuing, shall be the Default Rate.
- In the event that all conditions for a change in the Mode from an Auction Rate Mode to another Mode, or the conversion from one Auction Period to another Auction Period have not been met, the applicable Series 2004B Bonds of a subseries will continue to be in an Auction Rate Mode, with a seven-day Auction Period, and bear interest at the Maximum Auction Rate for the next Auction Period.
- If the Series 2004B Bonds of a subseries are not rated or if the Series 2004B Bonds of a subseries are no longer maintained in book-entry form by the Securities Depository, then the Auction Period Rate shall be the Maximum Auction Rate.

Auction Rate means the interest rate that the Auction Agent advises results from an Auction conducted in accordance with the Auction Procedures, which rate shall be as follows:

- If Sufficient Clearing Bids exist, the Winning Bid Rate.
- If Sufficient Clearing Bids do not exist, the Maximum Auction Rate.
- If all Series 2004B Bonds of a subseries are the subject of Submitted Hold Orders, the All Hold Rate.

In no event may the Auction Period Rate exceed the Maximum Rate. See “**Attachment 4 – Auction Procedures – Determination of Auction Period Rate.**”

Interest Payment Dates. Interest on each subseries of Series 2004B Bonds will be payable on the initial Interest Payment Date and on each Interest Payment Date thereafter. The initial Interest Payment Date and each Interest Payment Date thereafter are set forth above for each subseries of Series 2004B Bonds. In the event of a conversion from the Auction Period then applicable to a subseries of Series 2004B Bonds to another Auction Period, interest on the applicable subseries will be payable on each Interest Payment Date (as defined in **Attachment 4**) for such new Auction Period.

Auction Date. An Auction to determine the interest rate for each subseries of Series 2004B Bonds for each Auction Period will be held on the initial Auction Date and each Auction Date thereafter. The initial Auction Date and each Auction Date thereafter are set forth above for each subseries of Series 2004B Bonds. In the event of a conversion from an Auction Period then applicable to a subseries of Series 2004B Bonds to another Auction Period, Auctions will be held on each Auction Date (as defined in **Attachment 4**) for such new Auction Period. The day of the week on which Auctions are held may be changed by the Auction Agent in accordance with **Attachment 4**. See “**Attachment 4 – Auction Procedures – Changes in Auction Period or Auction Date.**”

Auction Agent. The Trustee will enter into the Auction Agreement with The Bank of New York (the Auction Agent) and MTA, pursuant to which the Auction Agent, as agent for the Trustee, shall perform the duties of Auction Agent. The Auction Agreement will provide, among other things, that the Auction Agent will determine the Auction Rate for each Auction in accordance with the Auction Procedures set forth in **Attachment 4**.

Auction Procedures. The procedure for submitting orders prior to the Submission Deadline on each Auction Date is described in **Attachment 4**, as are the particulars with regard to the determination of the Auction Period Rate (collectively, the Auction Procedures). See “**Attachment 4 – Auction Procedures.**”

Amendment of the DTF Resolution. The provisions of the DTF Resolution, with respect to a subseries of Series 2004B Bonds, including without limitation the Auction Procedures and the definitions of Default Rate, Maximum Auction Rate, All Hold Rate, Index, Auction Multiple and Auction Period Rate, may be amended pursuant to the DTF Resolution by obtaining, when required by the DTF Resolution, the consent of the owners of all Series 2004B Bonds of a subseries or, in lieu thereof as permitted by the DTF Resolution, the Insurer for the Series 2004B Bonds of such subseries. All owners will be deemed to have consented if on the first Auction Date occurring at least 20 days after the Trustee mailed notice to such owners (i) the Auction Period Rate determined for such date is the Winning Bid Rate and (ii) there has been delivered to MTA and the Trustee a Favorable Opinion of Bond Counsel. See “**Attachment 4 – Auction Procedures – Miscellaneous Provisions Regarding Auctions.**”

Changes in Auction Periods and Auction Dates do not require the amendment of the Auction Procedures or any consents. See “**Attachment 4 – Auction Procedures – Changes in Auction Period or Auction Date.**”

Change in the Length of the Auction Period. MTA may from time to time on the last Interest Payment Date for an Auction Period, change the length of the Auction Period with respect to all of the Series 2004B Bonds of any subseries among a daily, seven-day, 28-day, 35-day, three-month, six-month and a Special Auction Period. No such change shall be effective unless Sufficient Clearing Bids existed at the Auction for such new Auction Period. On the date of that change, any Series 2004B Bonds of such subseries which are not the subject of a specific Hold Order or Bid will be deemed to be subject to a Sell Order. In the event of a failed conversion to another Auction Period due to the lack of Sufficient Clearing Bids, the Series 2004B Bonds of such subseries will automatically convert to a seven-day Auction Period and will bear interest for the next Auction Period at the Maximum Auction Rate. In connection with a conversion from one Auction Period to another Auction Period, written notice of such conversion will be given in accordance with the Auction Procedures; however, the Series 2004B Bonds of a

subseries will not be subject to mandatory tender on such conversion date. See “**Attachment 4** – Auction Procedures – Changes in Auction Period or Auction Date.”

Record Date. The record date for the Series 2004B Bonds will be the opening of business on the Business Day next preceding an Interest Payment Date.

Special Considerations Relating to the Series 2004B Bonds in an Auction Rate Mode. The DTF Resolution provides that the Auction Agent may resign from its duties as Auction Agent by giving at least 90-days notice or 30-days notice, if it has not been paid, to MTA, each Broker-Dealer and the Trustee and does not require, as a condition to the effectiveness of such resignation, that a replacement Auction Agent be in place if its fee has not been paid. Each Broker-Dealer Agreement provides that the Broker-Dealer thereunder may resign upon five-business-days notice or immediately, in certain circumstances, and does not require, as a condition to the effectiveness of such resignation, that a replacement Broker-Dealer be in place. For any Auction Period during which there is no duly appointed Auction Agent, or during which there is no duly appointed Broker-Dealer, it will not be possible to hold Auctions, with the result that the interest rate on the Series 2004B Bonds will be determined as if the Auction Agent failed to calculate or timely provide the Auction Rate. For more information, see the caption “Auction Period Rate” above and subsection (d) in “**Attachment 4**– Auction Procedures – Determination of Auction Period Rate.”

Each Broker-Dealer Agreement provides that a Broker-Dealer may submit an Order in Auctions for its own account. If a Broker-Dealer submits an Order for its own account, it might have an advantage over other Bidders in that it would have knowledge of orders placed through it in that Auction; such Broker-Dealer, however, would not have knowledge of Orders submitted by other Broker-Dealers (if any) in that Auction. In the Broker-Dealer Agreement, Broker-Dealers agree to handle customer orders in accordance with their respective duties under applicable securities laws and rules.

During an Auction Rate Mode the beneficial owner of a Series 2004B Bond may sell, transfer or dispose of a Series 2004B Bond only pursuant to a Bid or Sell Order in accordance with the Auction Procedures or through a Broker-Dealer. See “**Attachment 4** – Auction Procedures.” The ability to sell a Series 2004B Bond in an Auction may be adversely affected if there are not sufficient buyers willing to purchase all the Series 2004B Bonds at a rate equal to or less than the Maximum Auction Rate. The Broker-Dealers have advised MTA that they intend initially to make a market in the Series 2004B Bonds of a subseries between Auctions; however, the Broker-Dealers are not obligated to make such markets, and no assurance can be given that secondary markets therefor will develop.

Changes in Mode

General. Any subseries of the Series 2004B Bonds may be changed to any other Mode at the times and in the manner as summarized herein.

Notice of Intention to Change Mode. MTA shall give written notice to the Trustee, the Tender Agent, the Remarketing Agent, each Broker-Dealer, the Auction Agent and the Insurer(s) (the Notice Parties) of its intention to effect a change in the Mode from the Mode then prevailing (the Current Mode) to another Mode (the New Mode) specified in such written notice, together with the proposed effective date of such change in the Mode (the Mode Change Date). Such notice shall be given at least 20 days prior to the Mode Change Date.

If the Auction Period Rate for a subseries of the Series 2004B Bonds is equal to the Maximum Auction Rate or the Default Rate for the longer of (i) two consecutive Auction Dates or (ii) 90 days, the Insurer of such subseries shall have the right to direct MTA to change the Mode applicable to such subseries to the fixed rate mode and MTA has agreed in the DTF Resolution that in such case it would change such Mode to the fixed rate mode as described below.

General Provisions Applying to Changes from One Mode to Another.

1. The Mode Change Date must be an Interest Payment Date following the last day of an Auction Period.

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

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

- a Favorable Opinion of Bond Counsel dated the Mode Change Date,
- a Tender Agency Agreement and a Remarketing Agreement if required for the New Mode, and
- a certificate of an authorized officer of the Tender Agent to the effect that all of the Series 2004B Bonds of a subseries tendered or deemed tendered, unless otherwise redeemed, have been purchased at a price at least equal to the principal amount thereof.

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

5. In the event the foregoing conditions have not been satisfied by the Mode Change Date, the New Mode shall not take effect and the Series 2004B Bonds of a subseries that are the subject of the Mode change:

- will not be subject to mandatory tender for purchase,
- will continue to be in the Auction Rate Mode,
- will be in seven-day Auction Periods on and after the failed Mode Change Date until the length of the Auction Period is changed as described above, and
- will bear interest at an Auction Period Rate which for (a) the Auction Period commencing on the failed Mode Change Date shall be equal to the Maximum Auction Rate as determined on the Auction Date for such Auction Period and (b) which for each Auction Period thereafter will be determined in accordance with the Auction Procedures.

Mandatory Tender for Purchase of Series 2004B Bonds on Any Mode Change Date

Any subseries of the Series 2004B Bonds to be changed to any Mode from the Auction Rate Mode are subject to mandatory tender for purchase on the Mode Change Date at the purchase price equal to the principal amount thereof (the Purchase Price).

The Purchase Price of Series 2004B Bonds that are subject to mandatory tender for purchase on a Mode Change Date is payable only from the proceeds of the remarketing thereof and any funds advanced by MTA for such purpose at its option. Although MTA has the option to purchase Series 2004B Bonds that are subject to mandatory tender for purchase and that have not been remarketed on the Mode Change Date, it is not obligated to do so. If any Series 2004B Bonds of a subseries subject to mandatory tender for purchase on a Mode Change Date are not purchased, then the Existing Owners of all of the Series 2004B Bonds of such subseries will continue to hold such Series 2004B Bonds in a seven-day Auction Period at the Maximum Auction Rate for the Auction Period commencing on the failed Mode Change Date.

Notice of Mandatory Tender for Purchase

The Trustee shall, at least 15 days prior to any Mode Change Date for the Series 2004B Bonds of a subseries, give notice of the mandatory tender for purchase of the Series 2004B Bonds of such subseries on such Date.

Notice of any mandatory tender of Series 2004B Bonds of a subseries shall be provided by the Trustee or caused to be provided by the Trustee by mailing a copy of the notice of mandatory tender by first-class mail to each bondholder at the respective addresses shown on the registry books. Each notice shall identify the reason for the mandatory tender for purchase, and specify the Mode Change Date, the Purchase Price, the place and manner of payment, that the bondholder has no right to retain such Series 2004B Bonds and that no further interest will accrue from and after the Mode Change Date to such bondholder. Each notice shall also specify the conditions that have to

be satisfied pursuant to the DTF Resolution in order for the New Mode to become effective, as well as the consequences that the failure to satisfy any of such conditions would have. Any notice mailed as described above shall be conclusively presumed to have been duly given, whether or not the bondholder receives the notice, and the failure of such bondholder to receive any such notice shall not affect the validity of the action described in such notice. Failure by the Trustee to give a notice as provided under this caption would not affect the obligation of the Tender Agent to purchase the Series 2004B Bonds of a subseries subject to mandatory tender for purchase on the Mode Change Date.

Remarketing of Series 2004B Bonds of a Subseries; Notices

The Remarketing Agent for Series 2004B Bonds being changed to a new Mode shall offer for sale and use its best efforts to find purchasers for all Series 2004B Bonds required to be tendered for purchase.

Notice of Remarketing; Registration Instructions; New Series 2004B Bonds.

(i) The Remarketing Agent shall notify the Tender Agent not later than 11:45 a.m. on the Mode Change Date of the registration instructions as may be necessary to re-register Series 2004B Bonds; and

(ii) Unless otherwise permitted by the Securities Depository and the book-entry-only system applicable to a subseries of Series 2004B Bonds, the Tender Agent shall authenticate and have available for delivery to the Remarketing Agent prior to 12:30 p.m. on the Mode Change Date new Series 2004B Bonds of a subseries for the respective purchasers thereof.

Transfer of Funds. The Remarketing Agent shall at or before 11:45 a.m. on the Mode Change Date notify the Tender Agent and MTA of the amount of tendered Series 2004B Bonds of a subseries that were not successfully remarketed. In the event that all of the Series 2004B Bonds of such subseries are successfully remarketed, the Remarketing Agent shall confirm to the Tender Agent the transfer of the Purchase Price of all of the Series 2004B Bonds of such subseries to the Tender Agent in immediately available funds at or before 12:00 noon on the Mode Change Date. In the event that any Series 2004B Bonds of such subseries are not successfully remarketed, MTA shall have the option, but shall not be obligated, to purchase such Series 2004B Bonds. If any Series 2004B Bonds of a subseries are not purchased on the Mode Change Date, the Existing Owners of all of the Series 2004B Bonds of such subseries will continue to hold such Series 2004B Bonds in a seven-day Auction Period at the Maximum Auction Rate for the Auction Period commencing on the failed Mode Change Date.

Source of Funds for Purchase of Series 2004B Bonds.

On or before the close of business on the Mode Change Date with respect to Series 2004B Bonds of a subseries, the Tender Agent shall purchase those Series 2004B Bonds from the bondholders at the Purchase Price. Funds for the payment of that Purchase Price shall be derived only from remarketing proceeds or any funds advanced by MTA at its option. Although MTA has the option to purchase Series 2004B Bonds that are subject to mandatory tender for purchase and that have not been remarketed on the Mode Change Date, it is not obligated to do so. If any Series 2004B Bonds subject to mandatory tender for purchase on a Mode Change Date are not purchased, then the Existing Owners of all of the Series 2004B Bonds of that subseries will continue to hold such Series 2004B Bonds in a seven-day Auction Period at the Maximum Auction Rate for the Auction Period commencing on the failed Mode Change Date.

Delivery of Remarketed Series 2004B Bonds

Except as otherwise required or permitted by the book-entry-only system of the Securities Depository, remarketed Series 2004B Bonds sold by a Remarketing Agent shall be delivered by the Remarketing Agent to the purchasers of those remarketed Series 2004B Bonds by 3:00 p.m., on the Mode Change Date.

Delivery and Payment for Purchased Remarketed Series 2004B Bonds of a Subseries; Undelivered Series 2004B Bonds

Except as otherwise required or permitted by the book-entry-only system of the Securities Depository, remarketed Series 2004B Bonds purchased as set forth above shall be delivered (with all necessary endorsements) at or before 12:00 noon on the Mode Change Date at the office of the Tender Agent in New York, New York;

provided, however, that payment of the Purchase Price of any remarketed Series 2004B Bond purchased shall be made only if such Series 2004B Bond so delivered to the Tender Agent conforms in all respects to the description thereof in the notice of tender. Payment of the Purchase Price shall be made by wire transfer in immediately available funds by the Tender Agent by the close of business on the Mode Change Date, or, if the bondholder has not provided or caused to be provided wire transfer instructions, by check mailed to the bondholder at the address appearing in the books required to be kept by the Trustee pursuant to the DTF Resolution. If Series 2004B Bonds of a subseries to be purchased are not delivered by the bondholders to the Tender Agent by 12:00 noon on the Mode Change Date, the Tender Agent shall hold any funds received for the purchase of those Series 2004B Bonds in trust in a separate account uninvested, and shall pay such funds to the former bondholders upon presentation of the Series 2004B Bonds subject to tender. Undelivered Series 2004B Bonds are tendered and cease to accrue interest as to the former bondholders on the Mode Change Date and moneys representing the Purchase Price shall be available against delivery of those Series 2004B Bonds at the Principal Office of the Tender Agent; provided, however, that any funds so held by the Tender Agent that remain unclaimed by the former holder of any such Series 2004B Bond not presented for purchase for a period of two years after delivery of such funds to the Tender Agent shall, to the extent permitted by law, upon request in writing by MTA and the furnishing of security or indemnity to the Tender Agent's satisfaction, be paid to MTA free of any trust or lien and thereafter the former holder of such Series 2004B Bond shall look only to MTA and then only to the extent of the amounts so received by MTA without any interest thereon and the Tender Agent shall have no further responsibility with respect to such moneys or payment of the Purchase Price of such Series 2004B Bonds. The Tender Agent shall authenticate a replacement Series 2004B Bond for any undelivered Series 2004B Bond which may then be remarketed by the Remarketing Agent.

Redemption Prior to Maturity

Mandatory Sinking Fund Redemption. The Series 2004B Bonds are subject to redemption in part on November 1 of each year and in the respective principal amounts set forth below at 100% of the principal amount thereof, plus accrued interest to the redemption date, from sinking fund installments which are required to be made in amounts sufficient to redeem on November 1 of each year set forth below the principal amount of such respective Series 2004B Bonds specified for each of the years shown below:

Subseries 2004B-1 AMBAC Insured		Subseries 2004B-2 MBIA Insured		Subseries 2004B-3 FGIC Insured		Subseries 2004B-4 AMBAC Insured		Subseries 2004B-5 CIFG Insured	
Sinking Fund		Sinking Fund		Sinking Fund		Sinking Fund		Sinking Fund	
<u>Year</u>	<u>Installment</u>	<u>Year</u>	<u>Installment</u>	<u>Year</u>	<u>Installment</u>	<u>Year</u>	<u>Installment</u>	<u>Year</u>	<u>Installment</u>
2019	\$ 8,250,000	2031	\$14,600,000	2029	\$35,800,000	2019	\$ 8,200,000	2019	\$ 8,200,000
2020	8,600,000	2032	41,800,000	2030	38,575,000	2020	8,600,000	2020	8,625,000
2021	8,925,000	2033*	43,600,000	2031*	25,625,000	2021	8,925,000	2021	8,950,000
2022	9,325,000					2022	9,325,000	2022	9,325,000
2023	9,700,000					2023	9,700,000	2023	9,725,000
2024	10,075,000					2024	10,075,000	2024	10,075,000
2025	10,500,000					2025	10,525,000	2025	10,500,000
2026	10,950,000					2026	10,950,000	2026	10,950,000
2027	11,375,000					2027	11,400,000	2027	11,350,000
2028	11,875,000					2028	11,875,000	2028	11,850,000
2029*	425,000					2029*	425,000	2029*	450,000

* Final Maturity

The date on which a sinking fund installment will be due when the Series 2004B Bonds of a subseries entitled to such sinking fund installment are in the Auction Rate Mode will be either the dates set forth above, or if any such date is not an Interest Payment Date, then the Interest Payment Date immediately preceding the date set forth above.

Credit Toward Mandatory Sinking Fund Redemption. MTA may take credit toward mandatory Sinking Fund Installment requirements as follows, and if taken, thereafter reduce the amount of term Series 2004B Bonds of any subseries otherwise subject to mandatory Sinking Fund Installments on the date for which credit is taken:

- If MTA directs the Trustee to purchase term Series 2004B 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 bonds purchased will be made against the next Sinking Fund Installment due among subseries as directed by the MTA.
- If MTA purchases or redeems term Series 2004B Bonds with other available moneys, then the principal amount of those bonds will be credited against future Sinking Fund Installments in any order, and in any annual amount, that MTA may direct.

Optional Redemption. Each subseries of Series 2004B Bonds shall be subject to optional redemption by MTA, in whole or in part, on any Interest Payment Date immediately following an Auction Period, at a Redemption Price equal to the principal amount thereof, plus accrued interest to the redemption date; provided, however, that in the event of a partial redemption of Series 2004B Bonds of a subseries, the aggregate principal amount of Series 2004B Bonds of such subseries which will remain outstanding shall be equal to or more than \$10,000,000 unless otherwise consented to by the Broker-Dealers.

State and City Redemption. Pursuant to the MTA Act, the State, upon providing sufficient funds, may require MTA to redeem the Series 2004B 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 2004B Bonds, at 105% of their face value and accrued interest or at such lower redemption price provided for the Series 2004B 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 2004B Bonds, as a whole, but only in accordance with the terms upon which the Series 2004B Bonds are otherwise redeemable.

Redemption Notices. So long as DTC is the securities depository for the Series 2004B Bonds, the Trustee must mail redemption notices to DTC at least 30 days before the redemption date. If the Series 2004B 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 2004B 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 2004B 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 2004B Bonds, then on the redemption date the Series 2004B 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 2004B Bonds called for redemption, thereafter, no interest will accrue on those Series 2004B Bonds, and a bondholder's only right will be to receive payment of the redemption price upon surrender of those Series 2004B Bonds.

Bond Insurance

Concurrently with the issuance of the Subseries 2004B-1 Bonds and Subseries 2004B-4 Bonds, Ambac Assurance Corporation (Ambac Assurance) will issue its financial guaranty insurance policy (the Ambac Insurance Policy) for the Subseries 2004B-1 Bonds and Subseries 2004B-4 Bonds (collectively, the Ambac Insured Bonds). The Ambac Insurance Policy guarantees the scheduled payment of principal of and interest on the Ambac Insured Bonds when due as set forth in the form of the Ambac Insurance Policy included as **Attachment 5** to this official statement. Reference is made to **Attachment 5** for information regarding the Ambac Insured Bonds, Ambac Assurance and a specimen of the Ambac Insurance Policy.

Concurrently with the issuance of the Subseries 2004B-5 Bonds, CDC IXIS Financial Guaranty North America, Inc. (CIFG NA) will issue its financial guaranty insurance policy (the CIFG NA Insurance Policy) for the Subseries 2004B-5 Bonds (the CIFG NA Insured Bonds). The CIFG NA Insurance Policy guarantees the scheduled payment of principal of and interest on the CIFG NA Insured Bonds when due as set forth in the form of the CIFG NA Insurance Policy included as **Attachment 6** to this official statement. Reference is made to **Attachment 6** for information regarding the CIFG NA Insured Bonds, CIFG NA and a specimen of the CIFG NA Insurance Policy.

Concurrently with the issuance of the Subseries 2004B-3 Bonds, Financial Guaranty Insurance Company (FGIC) will issue its financial guaranty insurance policy (the FGIC Insurance Policy) for the Subseries 2004B-3 Bonds (the FGIC Insured Bonds). The FGIC Insurance Policy guarantees the scheduled payment of principal of and interest on the FGIC Insured Bonds when due as set forth in the form of the FGIC Insurance Policy included as **Attachment 7** to this official statement. Reference is made to **Attachment 7** for information regarding the FGIC Insured Bonds, Financial Guaranty and a specimen of the FGIC Insurance Policy.

Concurrently with the issuance of the Subseries 2004B-2 Bonds, MBIA Insurance Corporation (MBIA) will issue its insurance policy (the MBIA Insurance Policy) for the Subseries 2004B-2 Bonds (the MBIA Insured Bonds). The MBIA Insurance Policy guarantees the scheduled payment of principal of and interest on the MBIA Insured Bonds when due as set forth in the form of the MBIA Insurance Policy included as **Attachment 8** to this official statement. Reference is made to **Attachment 8** for information regarding the MBIA Insured Bonds, MBIA and a specimen of the MBIA Insurance Policy.

Ambac Assurance, CIFG NA, FGIC and MBIA are referred to collectively herein as the “Bonds Insurers,” and the Ambac Insurance Policy, the CIFG NA Insurance Policy, the FGIC Insurance Policy and the MBIA Insurance Policy are referred to individually herein, an Insurance Policy and collectively herein as the “Insurance Policies.”

MTA has granted each of the Bond Insurers certain rights authorized under Section A-202 of the DTF Resolution (as hereinafter defined), including the right to be deemed the sole Owner of the subseries of the Series 2004B Bonds it insures whenever the approval, consent or action of the Owners is required. See “Definitions and Summary of Certain Provisions of the Standard Resolution Provisions” included by specific cross-reference herein.

Debt Service on the Dedicated Tax Fund Bonds

Table 1 sets forth, on a cash basis for each State fiscal year ending March 31, (i) the debt service on the outstanding DTF Bonds, (ii) the debt service on the Series 2004A Bonds, (iii) the debt service on the Series 2004B Bonds, and (iv) the debt service on all Bonds outstanding under the DTF Resolution after issuance of the Series 2004A Bonds and Series 2004B Bonds.

Table 1**MTA Dedicated Tax Fund Bonds****Aggregate Debt Service⁽¹⁾
(000's omitted)**

Year Ending March 31 ⁽²⁾	Outstanding Bonds ⁽³⁾	Series 2004A Bonds ⁽⁴⁾	Series 2004B Bonds ⁽⁵⁾	Aggregate Debt Service ⁽⁶⁾
2004	\$ 141,250	\$ -0-	\$ 600	\$ 141,850
2005	141,248	7,442	20,400	169,090
2006	141,315	24,826	20,222	186,363
2007	141,302	24,824	20,222	186,348
2008	141,447	24,829	20,300	186,576
2009	141,195	24,824	20,300	186,319
2010	141,267	24,826	20,533	186,626
2011	141,305	24,825	20,300	186,429
2012	141,350	24,825	20,222	186,398
2013	141,244	24,829	20,222	186,295
2014	141,324	24,824	20,300	186,448
2015	140,711	24,828	20,300	185,839
2016	140,888	24,825	20,300	186,013
2017	140,987	24,828	20,533	186,348
2018	141,186	24,825	20,222	186,234
2019	141,325	24,828	20,222	186,375
2020	141,518	-0-	44,630	186,148
2021	141,606	-0-	44,639	186,245
2022	141,815	-0-	44,635	186,449
2023	141,990	-0-	44,633	186,622
2024	142,966	-0-	44,636	187,603
2025	142,967	-0-	44,626	187,593
2026	142,966	-0-	44,636	187,602
2027	142,969	-0-	44,634	187,603
2028	142,970	-0-	44,642	187,612
2029	142,965	-0-	44,645	187,610
2030	142,965	-0-	44,649	187,614
2031	142,966	-0-	44,623	187,588
2032	142,967	-0-	44,646	187,613
2033	142,968	-0-	44,624	187,592
2034	-0-	-0-	44,642	44,642
TOTAL	<u>\$4,255,940</u>	<u>\$355,009</u>	<u>\$974,739</u>	<u>\$5,585,687</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.

(4) Based on a bond purchase agreement signed on February 26, 2004, between MTA and J. P. Morgan Securities Inc., as representative of the underwriters, relating to \$250 million aggregate principal amount of Series 2004A Bonds.

(5) Assumes interest at a rate of 4.00% per annum.

(6) Includes the assumptions set forth in footnotes 1 through 5.

PART II. MTA DEDICATED TAX FUND BONDS

Part II of this official statement describes the sources of payment and security structure for all MTA Dedicated Tax Fund Bonds, including the Series 2004B Bonds.

SOURCES OF PAYMENT

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

Revenues from Dedicated Taxes

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

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

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

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

Thirty-four percent of the PBT Dedicated Funds Pool is currently deposited in the MTTF for MTA's benefit. Subject to appropriation by the 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 "MTA DEDICATED TAX FUND REVENUES" under the following headings:

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

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

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

Since the creation of the MMTOA Account, MTA has requested and received in each year significant payments from that Account in order to meet operating expenses of the transit and commuter systems. It is expected

that payments from the MMTOA Account will continue to be essential to the operations of the transit and commuter systems. Although a variety of taxes have been used to fund the special tax-supported operating subsidies, the taxes levied for this purpose, which MTA refers to collectively as the “MMTOA Taxes,” currently include:

- **MMTOA PBT.** The products that are subject to the tax, the tax rates, and the transactions excluded from the tax are identical to those of the basic PBT tax dedicated to the PBT Dedicated Funds Pool and the MTTF Account in that Pool. Pursuant to State law, a portion of the PBT Basic Tax is deposited in the MMTOA Account.
- **District Sales Tax.** The District Sales Tax consists of a one-quarter of one percent (1/4%) sales and compensating use tax imposed on sales and uses of certain tangible personal property and services applicable only within MTA’s transportation district.
- **Franchise Taxes.** Also deposited in the MMTOA Account is a legislatively-allocated portion of two taxes imposed on certain transportation and transmission companies (such as trucking, telegraph and local telephone companies) —
 - an annual franchise tax based on the amount of the taxpayer’s issued capital stock, and
 - an annual franchise tax on the taxpayer’s gross earnings from all sources calculated to be in the State pursuant to statutory formulae.
- **Temporary Franchise Surcharge.** The Temporary Franchise Surcharge is imposed on the portion of the franchise and other taxes of certain corporations, banks and insurance, utility, transportation and transmission companies attributable (according to various complex formulae) to business activity carried on within MTA’s transportation district. In accordance with State Tax Law, the tax revenue generated under these provisions, after the deduction of administrative costs, is to be deposited to the MMTOA Account, as taxes are received.

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

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

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

Table 2

Dedicated Taxes (\$ millions)	State Fiscal Year ending March 31,				
	2000	2001	2002	2003	2004⁽⁶⁾
MTTF					
PBT	\$ 272.9	\$ 264.1	\$ 298.8	\$ 306.6	\$ 305.4
Motor Fuel Tax	-0-	53.4	56.7	63.0	96.2
Motor Vehicle Fees	-0-	-0-	25.5	69.6	88.4
Total Available MTTF Taxes⁽¹⁾	\$ 272.9	\$ 317.5	\$ 381.0	\$ 439.2	\$ 490.0
MTTF Receipts⁽²⁾	\$ 275.2	\$ 314.9	\$ 373.4	\$ 450.2	\$ 489.8
MMTOA					
PBT	\$ 62.2	\$ 59.5	\$ 68.1	\$ 66.3	\$ 69.7
District Sales Tax	345.6	368.2	364.7	361.9	399.5
Franchise Taxes	70.5	70.1	82.9	71.1	71.6
Temporary Franchise Surcharges	586.9	563.2	483.4	509.4	491.5
Total Available MMTOA Taxes⁽³⁾	\$1,065.2	\$1,061.0	\$ 999.1	\$1,008.7	\$1,032.3
MMTOA Receipts⁽⁴⁾	\$ 818.6	\$ 755.2	\$ 755.2	\$ 861.5	\$ 730.9
Total Pledged Revenues (MTTF Receipts plus MMTOA Receipts)	\$1,093.8	\$1,070.1	\$1,128.6	\$1,311.7	\$1,220.7
Debt Service⁽⁵⁾	\$ 77.7	\$ 106.9	\$ 106.8	\$ 59.7	\$ 141.9
Debt Service Coverage Ratio– MTTF Receipts Only	3.54x	2.95x	3.50x	7.54x	3.45x
Debt Service Coverage Ratio– MTTF Receipts plus MMTOA Receipts	14.08x	10.01x	10.57x	21.97x	8.60x

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

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

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

(4) Represents the amount in the MMTOA Account that was, subject to appropriation, requested by, and paid to, MTA for deposit into the MTA Dedicated Tax Fund, thereby becoming MMTOA Receipts. The difference between Total Available MMTOA Taxes and MMTOA Receipts generally represents the amount appropriated for operating expenses of the various non-MTA systems in the Transportation District, as well as \$161.1 million per year appropriated to MTA and other transportation agencies, primarily in accordance with the Section 18-b Program as described in Appendix A under the caption "REVENUES OF THE RELATED ENTITIES – State and Local General Operating Subsidies."

(5) Represents debt service on bonds outstanding under the old DTF bond resolution that was defeased in September 2002 and, thereafter, bonds outstanding under the existing DTF Resolution. The lower debt service in 2003 reflects the effects of the debt restructuring.

(6) Revenue projections as estimated by the New York State Division of the Budget; Debt Service and Debt Service Coverage Ratios as projected by MTA.

In order to assist MTA in balancing its budgets for calendar year 2002, the State advanced the payment of a fifth quarter of MMTOA Receipts scheduled for the first quarter of calendar year 2003 into the fourth quarter of calendar year 2002 (approximately \$231.6 million). 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.

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

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

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

- The 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 STRUCTURE – Appropriation by the Legislature" below.
- The State is not bound or obligated to continue to pay operating subsidies to the transit or commuter systems or to continue to impose any of the taxes currently funding those subsidies.

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

SECURITY STRUCTURE

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

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

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

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

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

The 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.

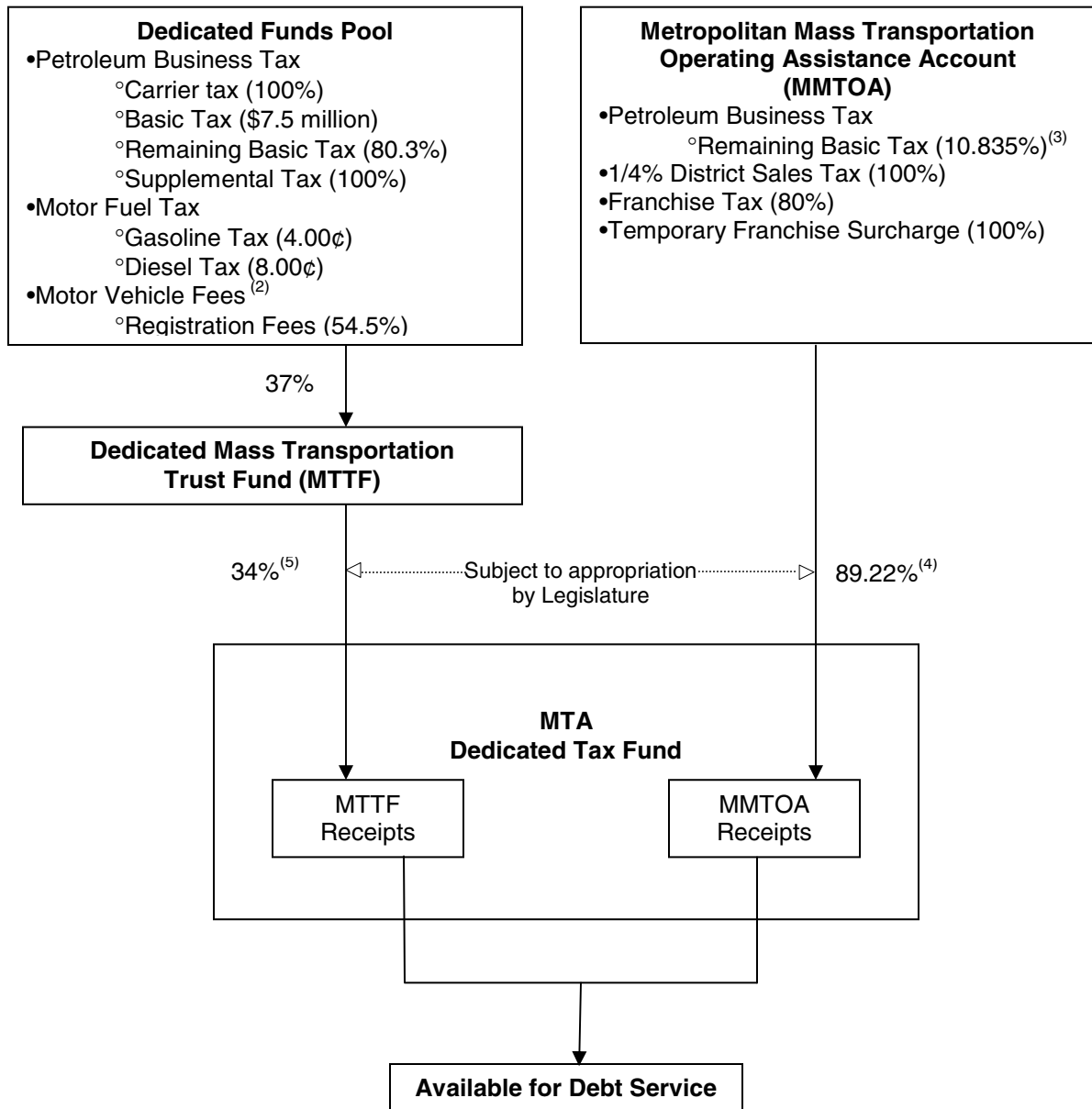
The DTF Resolution provides that the trust estate is and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto prior to, or of equal rank with, the pledge created by the DTF Resolution, and all corporate action on the part of MTA to that end has been duly and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

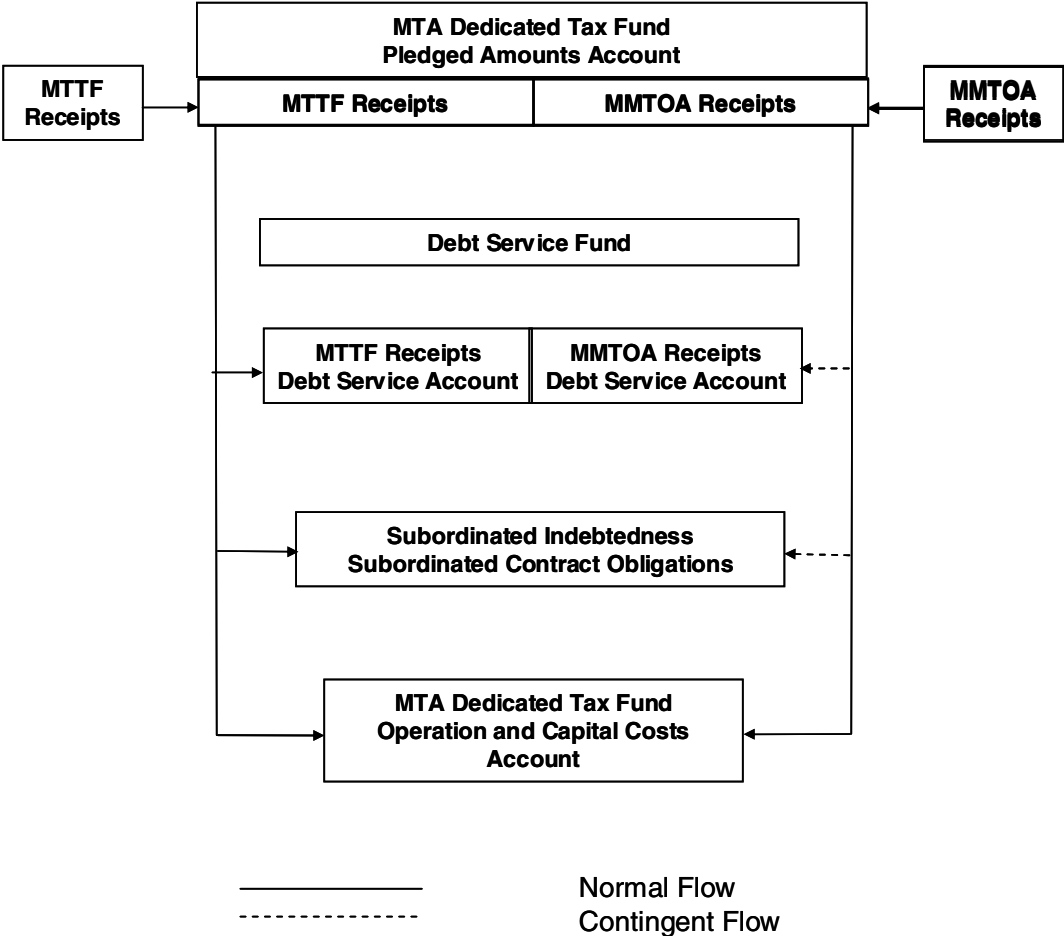
MTA DEDICATED TAX FUND BONDS – SOURCES OF REVENUE
(Through March 31, 2004⁽¹⁾)



Notes

- (1) Parenthetical amounts and percentages, as well as flow of fund percentages, indicate the amount of that tax or fund estimated to be deposited for the year ended March 31, 2004 in the respective fund or account. The allocations shown may be changed at any time by the State Legislature.
- (2) In accordance with legislation enacted with the 2000-01 Enacted Budget, additional non-registration Motor Vehicle Fees are to be deposited into Dedicated Funds Pool in amounts equal to \$67.9 million and \$170.1 million for State Fiscal Years 2003-04 and 2004-05, respectively.
- (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 based on payments made in State Fiscal Year 2000-2001.
- (5) Percentage of Dedicated Funds Pool.

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 MTTF Receipts DS Account and the MMTOA Receipts DS Account. Moneys in the Debt Service Fund are applied by the Trustee to the payment of Debt Service on the Bonds in the manner, and from the accounts and subaccounts, more fully described under “SUMMARY OF CERTAIN PROVISIONS OF THE DTF RESOLUTION – Debt Service Fund” included herein by specific 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 MTTF Receipts and then, to the extent of any deficiency, from MMTOA Receipts.

Covenants

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

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

Such certificate must set forth:

(A) for any 12 consecutive calendar months ended not more than six months prior to the date of such certificate: (i) MTTF Receipts, (ii) MMTOA Receipts, and (iii) investment income received during such period on amounts on deposit in the Pledged Amounts Account, the MTTF Receipts Subaccount, the MMTOA Receipts Subaccount and the Debt Service Fund; and

(B) the greatest amount for the then current or any future Debt Service Year of the sum of (a) Calculated Debt Service on all Outstanding Obligations, including the proposed Capital Cost Obligations and any proposed Refunding Obligations being treated as Capital Cost Obligations, but excluding any Obligations or Parity Debt to be refunded with the proceeds of such Refunding Obligations, plus (b) additional amounts, if any, payable with respect to Parity Debt; and then state:

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

(y) that the sum of the MTTF Receipts, MMTOA Receipts and investment income set forth in clause (A) above is not less than 2.5 times the amount set forth in clause (B) above.

See “SUMMARY OF CERTAIN PROVISIONS OF THE DTF RESOLUTION—Special Provisions for Capital Cost Obligations” included herein by specific 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 2003-04 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, 2004 and the other such appropriation is for the succeeding State Fiscal Year that ends March 31, 2005. The appropriation for the 2003-04 State Fiscal Year took effect on April 1, 2003. MTA has periodically availed itself of such prior year's appropriation to meet operating costs in response to delays in the adoption of the State budget in such years.

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

Agreement of the State

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

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

PART III. OTHER INFORMATION ABOUT THE SERIES 2004B BONDS

Part III of this official statement provides miscellaneous additional information relating to the Series 2004B Bonds.

TAX MATTERS

Hawkins Delafield & Wood LLP is Bond Counsel for the Series 2004B 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 2004B Bonds is:

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

Their opinion is also that under existing law interest on the Series 2004B Bonds is exempt from personal income taxes of New York State or any political subdivisions of the State. See "**Attachment 3**" to this official statement for the form of the opinion that Bond Counsel expects to deliver when the Series 2004B Bonds are delivered.

The Internal Revenue Code of 1986 imposes requirements on the Series 2004B Bonds that MTA must continue to meet after the Series 2004B Bonds are issued. These requirements generally involve the way that Series 2004B Bond proceeds must be used and invested. If MTA does not meet these requirements, it is possible that a bondholder may have to include interest on the Series 2004B 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 2004B 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 2004B Bonds.

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

Bond Counsel is not responsible for updating its opinion in the future. It is possible that something may happen in the future that could change the tax treatment of the interest on the Series 2004B Bonds or affect the market price of the Series 2004B Bonds. For example, the Internal Revenue Code could be changed.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Series 2004B Bonds, or under State, local or foreign tax law.

LEGALITY FOR INVESTMENT

The MTA Act provides that the Series 2004B Bonds are securities in which the following investors may properly and legally invest funds, including capital in their control or belonging to them:

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

Certain of those investors, however, may be subject to separate restrictions which limit or prevent their investment in the Series 2004B Bonds.

LITIGATION

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

MTA is the defendant in numerous claims and actions, as are its affiliates and subsidiaries, including the Transit Authority, LIRR, MNCRC and TBTA. Certain of these claims and actions, either individually or in the aggregate, are potentially material to MTA, its affiliates or subsidiaries. MTA does not believe that any of these claims or actions would affect the application of the sources of payment for the Series 2004B 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 2004B Bonds. The financial advisor has provided MTA advice on the plan of financing and reviewed the pricing of the Series 2004B 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 2004B Bonds.

UNDERWRITING

The Underwriters for the Series 2004B Bonds, acting through J.P. Morgan Securities Inc., as Representative, have jointly and severally agreed, subject to certain conditions, to purchase from MTA the Series 2004B Bonds described on the inside cover page of this official statement at an aggregate purchase price of \$498,547,250.44, reflecting an Underwriters' discount of \$1,452,749.56, and to reoffer such Series 2004B Bonds at par.

The Underwriters' obligations are subject to certain conditions precedent, and they will be obligated to purchase all such Series 2004B Bonds if any Series 2004B Bonds are purchased.

RATINGS

The Summary of Terms identifies the ratings of the credit rating agencies that are expected to be assigned to the Series 2004B 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
One State Street Plaza
New York, New York 10004
(212) 908-0500

Standard & Poor's Ratings Services
55 Water Street
New York, New York 10041
(212) 438-2000

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

The expected ratings on the bonds identified in the Summary of Terms generally reflect the ratings of the Bond Insurer providing credit enhancement for the subseries of Series 2004B 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.

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/ Kim Paparello
Director, Finance

ATTACHMENT 1

BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company (DTC), New York, NY, will act as securities depository for the Series 2004B Bonds. The Series 2004B 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 2004B Bond will be issued for each maturity of the Series 2004B 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 2004B Bonds exceeds \$500 million, one Bond of such maturity will be issued with respect to each \$500 million of principal amount, and an additional Bond will be issued with respect to any remaining principal amount of such maturity.
2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over two million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 85 countries that DTC's participants (Direct Participants) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (DTCC). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (Indirect Participants). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Series 2004B Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2004B Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2004B 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 2004B 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 2004B Bonds, except in the event that use of the book-entry system for the Series 2004B Bonds is discontinued.
4. To facilitate subsequent transfers, all Series 2004B 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 2004B 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 2004B Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2004B 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 2004B Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2004B Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2004B Bond documents. For example, Beneficial Owners of the Series 2004B Bonds may wish to ascertain that the nominee holding the Series 2004B 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 2004B 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 2004B 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 2004B 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 2004B Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from MTA or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or MTA, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of MTA or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.
9. A Beneficial Owner shall give notice to elect to have its Series 2004B Bonds purchased or tendered, through its Participant, to the Tender/Remarketing Agent, and shall effect delivery of such Series 2004B Bonds by causing the Direct Participant to transfer the Participant's interest in the Series 2004B Bonds, on DTC's records, to the Tender/Remarketing Agent. The requirement for physical delivery of Series 2004B Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2004B Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2004B Bonds to the Tender/Remarketing Agent's DTC account.
10. DTC may discontinue providing its services as depository with respect to the Series 2004B 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 2004B Bonds are required to be printed and delivered.

11. MTA may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depository). In that event, certificates for the Series 2004B Bonds will be printed and delivered

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

[THIS PAGE INTENTIONALLY LEFT BLANK]

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 2004B 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, 2003 (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, 2004; 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 2004B 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, 2003, 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 the Transit Authority 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. a 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 “2002-2003 FINANCIAL PLAN AND 2000-2004 CAPITAL PROGRAMS,”
3. a 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 “THE MTA DEDICATED TAX FUND REVENUES” which shall include information relating to the following:
 - a description of how the State allocates taxes to the MTA Dedicated Tax Fund;
 - a 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

- 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 2004B 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 2004B 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 2004B 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 2004B 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 2004B 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 2004B 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 2004B 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 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.

[THIS PAGE INTENTIONALLY LEFT BLANK]

ATTACHMENT 3

FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Series 2004B Bonds 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 Closing]

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

Ladies and Gentlemen:

We have examined a certified copy of the record of proceedings of the Metropolitan Transportation Authority (the "MTA") and other proofs submitted to us relative to the issuance of \$500,000,000 aggregate principal amount of Metropolitan Transportation Authority Dedicated Tax Fund Bonds, Series 2004B (the "Series 2004B 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 2004B 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 29, 2004 (collectively, 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 2004B Bonds in order that interest on the Series 2004B 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 2004B Bonds, including, but not limited to, certain representations with respect to the use of the proceeds of the Series 2004B 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 2004B 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 2004B 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 2004B 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 2004B 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 2004B Bonds as executed and, in our opinion, the form of said Series 2004B 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 2004B 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 2004B 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 2004B Bonds.
4. The MTA, the holders of the Series 2004B 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 2004B 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 2004B Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code, and (ii) interest on the Series 2004B Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.
7. Under existing statutes, interest on the Series 2004B 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 2004B 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 2004B 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 2004B Bonds.

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

Very truly yours,

[THIS PAGE INTENTIONALLY LEFT BLANK]

ATTACHMENT 4

AUCTION PROCEDURES

The following sections contain definitions of certain terms used in this official statement and this **Attachment 4**. Capitalized terms not otherwise defined in this official statement have the meanings set forth in the “Summary of Certain Provisions of the DTF Resolution” or the “Definitions and Summary of Certain Provisions of the Standard Resolution Provisions” that are included by specific cross-reference in this official statement.

Unless the context otherwise indicates, references in this **Attachment 4** to the “Series 2004B Bonds” apply to each subseries of the Series 2004B Bonds independently. Actions may be taken, or determinations made, with respect to one subseries that are not taken or made with respect to the other.

Definitions

Agent Member means a member of, or participant in, the Securities Depository who shall act on behalf of a Bidder.

All Hold Rate means, as of any Auction Date, with respect to Series 2004B Bonds of a subseries, 55% of the Index in effect on such Auction Date.

Auction means each periodic implementation of the Auction Procedures.

Auction Agent means The Bank of New York, New York, New York, or any successor Auction Agent appointed by MTA.

Auction Agreement means an agreement between MTA, the Auction Agent and the Trustee pursuant to which the Auction Agent agrees to follow the procedures specified in this **Attachment 4**, with respect to the Series 2004B Bonds of a subseries in an Auction Rate Mode, as such agreement may from time to time be amended or supplemented.

Auction Date means during any period in which the Auction Procedures are not suspended in accordance with the provisions hereof:

- (a) if the Series 2004B Bonds of a subseries are in a daily Auction Period, each Business Day;
- (b) if the Series 2004B Bonds of a subseries are in a Special Auction Period, the last Business Day of the Special Auction Period; and
- (c) if the Series 2004B Bonds of a subseries are in any other Auction Period, the Business Day next preceding each Interest Payment Date for such Series 2004B Bonds of a subseries (whether or not an Auction shall be conducted on such date);

provided, however, that the last Auction Date with respect to the Series 2004B Bonds of any subseries in an Auction Period other than a daily Auction Period or Special Auction Period shall be the earlier of (i) the Business Day next preceding the Interest Payment Date next preceding the Mode Change Date for such Series 2004B Bonds of a subseries and (ii) the Business Day next preceding the Interest Payment Date next preceding the maturity date for such Series 2004B Bonds; and provided further, that if the Series 2004B Bonds of a subseries are in a daily Auction Period, the last Auction Date shall be the earlier of (x) the Business Day next preceding the Mode Change Date for such Series 2004B Bonds and (y) the Business Day next preceding the maturity date for the Series 2004B Bonds of a subseries.

The last Business Day of a Special Auction Period shall be the Auction Date for the Auction Period which begins on the next succeeding Business Day, if any. On the Business Day preceding the conversion from a daily Auction Period to another Auction Period, there shall be two Auctions, one for the last daily Auction Period and one for the first Auction Period following the conversion.

Auction Multiple means, as of any Auction Date, the Percentage of Index (in effect on such Auction Date) determined as set forth below, based on the Prevailing Rating of the Series 2004B Bonds of a subseries in effect at the close of business on the Business Day immediately preceding such Auction Date:

Prevailing Rating	Percentage of Index
AAA/AAA/Aaa	150%
AA/AA/Aa	175
A/A/A	200
BBB/BBB/Baa	250
Below BBB/BBB/Baa	275

Auction Period means:

- (a) a Special Auction Period;
- (b) with respect to Series 2004B Bonds of a subseries in a daily Auction Period, a period beginning on each Business Day and extending to but not including the next succeeding Business Day;
- (c) with respect to Series 2004B Bonds of a subseries in a seven day Auction Period and with Auctions generally conducted on (i) Fridays, a period of generally seven days beginning on a Monday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Sunday) and ending on the Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) Mondays, a period of generally seven days beginning on a Tuesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Monday) and ending on the Monday thereafter (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iii) Tuesdays, a period of generally seven days beginning on a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on the Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iv) Wednesdays, a period of generally seven days beginning on a Thursday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on the Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), and (v) Thursdays, a period of generally seven days beginning on a Friday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on the Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day);
- (d) with respect to Series 2004B Bonds of a subseries in a 28-day Auction Period and with Auctions generally conducted on (i) Fridays, a period of generally 28 days beginning on a Monday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Sunday) and ending on the fourth Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) Mondays, a period of generally 28 days beginning on a Tuesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Monday) and ending on the fourth Monday thereafter (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iii) Tuesdays, a period of generally 28 days beginning on a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Tuesday) and ending on the fourth Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iv) Wednesdays, a period of generally 28 days beginning on a Thursday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Wednesday) and ending on the fourth Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), and (v) Thursdays, a period of generally 28 days beginning on a Friday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on a Thursday) and ending on the fourth Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day);

(e) with respect to Series 2004B Bonds of a subseries in a 35-day Auction Period and with Auctions generally conducted on (i) Fridays, a period of generally 35 days beginning on a Monday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on Sunday) and ending on the fifth Sunday thereafter (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) Mondays, a period of generally 35 days beginning on a Tuesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on Monday) and ending on the fifth Monday thereafter (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iii) Tuesdays, a period of generally 35 days beginning on a Wednesday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on Tuesday) and ending on the fifth Tuesday thereafter (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (iv) Wednesdays, a period of generally 35 days beginning on a Thursday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on Wednesday) and ending on the fifth Wednesday thereafter (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), and (v) Thursdays, a period of generally 35 days beginning on a Friday (or the day following the last day of the prior Auction Period if the prior Auction Period does not end on Thursday) and ending on the fifth Thursday thereafter (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day);

(f) with respect to Series 2004B Bonds of a subseries in a three-month Auction Period, a period of generally three months (or shorter period upon a conversion from another Auction Period) beginning on the day following the last day of the prior Auction Period and ending on the first day of the month that is the third calendar month following the beginning date of such Auction Period (unless such first day of the month is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day); and

(g) with respect to Series 2004B Bonds of a subseries in a six-month Auction Period, a period of generally six months (or shorter period upon a conversion from another Auction Period) beginning on the day following the last day of the prior Auction Period and ending on the next succeeding April 30 or October 31;

provided, however, that

(a) if there is a conversion of Series 2004B Bonds of a subseries with Auctions generally conducted on Fridays (i) from a daily Auction Period to a seven-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the next succeeding Sunday (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a 28-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the Sunday (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (iii) from a daily Auction Period to a 35-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on Sunday (unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion;

(b) if there is a conversion of Series 2004B Bonds of a subseries with Auctions generally conducted on Mondays (i) from a daily Auction Period to a seven-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the next succeeding Monday (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a 28-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the Monday (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (iii) from a daily Auction Period to a 35-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on Monday (unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion;

(c) if there is a conversion of Series 2004B Bonds of a subseries with Auctions generally conducted on Tuesdays (i) from a daily Auction Period to a seven-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the next succeeding Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a 28-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (iii) from a daily Auction Period to a 35-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on Tuesday (unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion;

(d) if there is a conversion of Series 2004B Bonds of a subseries with Auctions generally conducted on Wednesdays (i) from a daily Auction Period to a seven-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the next succeeding Wednesday (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a 28-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the Wednesday (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (iii) from a daily Auction Period to a 35-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on Wednesday (unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion; and

(e) if there is a conversion of Series 2004B Bonds of a subseries with Auctions generally conducted on Thursdays (i) from a daily Auction Period to a seven-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the next succeeding Thursday (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day), (ii) from a daily Auction Period to a 28-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on the Thursday (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 21 days but not more than 28 days from such date of conversion, and (iii) from a daily Auction Period to a 35-day Auction Period, the next Auction Period shall begin on the date of the conversion (i.e. the Interest Payment Date for the prior Auction Period) and shall end on Thursday (unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day) which is more than 28 days but no more than 35 days from such date of conversion;

provided further, however, that any Auction Period that is greater than 35 days may be extended as described in paragraph (d) in the section entitled “Determination of Auction Period Rate” in this **Attachment 4**.

Auction Period Rate means with respect to Series 2004B Bonds of each subseries, the rate of interest to be borne by the Series 2004B Bonds of such subseries during each Auction Period determined in accordance with the section entitled “Determination of Auction Period Rate” in this **Attachment 4**; provided, however, in no event may the Auction Rate exceed the Maximum Rate.

Auction Procedures means the procedures for conducting Auctions for Series 2004B Bonds of a subseries in an Auction Rate Mode set forth in this **Attachment 4**.

Auction Rate means for each series of Series 2004B Bonds for each Auction Period, (i) if Sufficient Clearing Bids exist, the Winning Bid Rate; provided, however, if all of such Series 2004B Bonds of a subseries are the subject of Submitted Hold Orders, the All Hold Rate with respect to such Series 2004B Bonds and (ii) if Sufficient Clearing Bids do not exist, the Maximum Auction Rate with respect to such Series 2004B Bonds.

Auction Rate Mode means the mode during which the duration of the Auction Period and the interest rate is determined in accordance with this **Attachment 4**.

Authorized Denominations means \$25,000 and integral multiples thereof while the Series 2004B Bonds are in the Auction Rate Mode.

Available Bonds means for each series of Series 2004B Bonds on each Auction Date, the aggregate principal amount of such Series 2004B Bonds that are not the subject of Submitted Hold Orders.

Bid has the meaning specified in subsection (a) of “Orders by Existing Owners and Potential Owners” of this **Attachment 4**.

Bidder means each Existing Owner and Potential Owner who places an Order.

Broker-Dealer means, with respect to the Series 2004B Bonds of a subseries, (i) any entity that is specified as a Broker-Dealer for the Series 2004B Bonds of such subseries on the inside cover page of this official statement, and (ii) any entity that is permitted by law to perform the function required of a Broker-Dealer described in this **Attachment 4** that is a member of, or a direct participant in, the Securities Depository, that has been selected by MTA, and that is a party to a Broker-Dealer Agreement with the Auction Agent.

Broker-Dealer Agreement means an agreement among the Auction Agent, MTA and a Broker-Dealer pursuant to which such Broker-Dealer agrees to follow the procedures described in this **Attachment 4** as such agreement may from time to time be amended or supplemented.

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

Default Rate means, in respect of any Auction Period other than a daily Auction Period, a per annum rate equal to two hundred three hundred percent (300%) of the Index determined on the Auction Date next preceding the first day of such Auction Period or in the case of Series 2004B Bonds of a subseries in a daily Auction Period, three hundred percent (300%) of the Index determined on the Auction Date which was the first day of such Auction Period; provided, however, the Default Rate shall not exceed the Maximum Rate.

DTF Resolution means the Dedicated Tax Fund Obligation Resolution, adopted by members of MTA on March 26, 2002, as amended and supplemented.

Existing Owner means a Person who is listed as the beneficial owner of Series 2004B Bonds of a subseries in the records of the Auction Agent.

Favorable Opinion of Bond Counsel means, with respect to any action the occurrence of which requires such an opinion, an unqualified Counsel’s Opinion to the effect that such action is permitted under the MTA Act and the DTF Resolution and that such action will not impair the exclusion of interest on such Series 2004B Bonds from gross income for purposes of federal income taxation (subject to the inclusion of any exceptions contained in the opinion delivered upon original issuance of the Series 2004B Bonds).

Fitch means Fitch, Inc.

Index shall have the meaning specified in the section entitled “Index” in this **Attachment 4**.

Interest Payment Date means:

(a) when used with respect to any Auction Period other than a daily Auction Period or a Special Auction Period, the Business Day immediately following such Auction Period;

(b) when used with respect to a daily Auction Period, the first Business Day of the month immediately succeeding such Auction Period; and

(c) when used with respect to a Special Auction Period of (i) more than seven but fewer than 92 days, the Business Day immediately following such Special Auction Period, or (ii) 92 or more days, (A) in the case of Series 2004B Bonds of a subseries with Auctions generally conducted on Fridays, each thirteenth Monday after the first day of such Special Auction Period or the next Business Day if such Monday is not a Business Day and on the Business Day immediately following such Special Auction Period, (B) in the case of Series 2004B Bonds of a subseries with Auctions generally conducted on Mondays, each thirteenth Tuesday after the first day of such Special Auction Period or the next Business Day if such Tuesday is not a Business Day and on the Business Day immediately following such Special Auction Period, (C) in the case of Series 2004B Bonds of a subseries with Auctions generally conducted on Tuesdays, each thirteenth Wednesday after the first day of such Special Auction Period or the next Business Day if such Wednesday is not a Business Day and on the Business Day immediately following such Special Auction Period, (D) in the case of Series 2004B Bonds of a subseries with Auctions conducted on Wednesdays, each thirteenth Thursday after the first day of such Special Auction Period or the next Business Day if such Thursday is not a Business Day and on the Business Day immediately following such Special Auction Period and (E) in the case of Series 2004B Bonds of a subseries with Auctions generally conducted on Thursdays, each thirteenth Friday after the first day of such Special Auction Period or the next Business Day if such Friday is not a Business Day and on the Business Day immediately following such Special Auction Period.

Maximum Auction Rate means as of any Auction Date, the product of the Index multiplied by the Auction Multiple; provided, however, that in no event shall the Maximum Auction Rate exceed the Maximum Rate, anything herein to the contrary notwithstanding.

Maximum Rate means, with respect to Series 2004B Bonds of a subseries, twelve percent (12%) per annum; provided, however, that in no event shall the Maximum Rate on any such Series 2004B Bonds of a subseries exceed the maximum rate permitted by applicable law.

Mode means the commercial paper mode, the daily mode, the weekly mode, the term rate mode, the Auction Rate Mode or the fixed rate mode.

Moody's means Moody's Investors Service.

Order means a Hold Order, Bid or Sell Order.

Potential Owner means any Person, including any Existing Owner, who may be interested in acquiring a beneficial interest in the Series 2004B Bonds of a subseries in addition to the Series 2004B Bonds currently owned by such Person, if any.

Prevailing Rating means, when such term is used in the definition of the Auction Multiple, (a) AAA/AAA/Aaa, if the Series 2004B Bonds of a subseries shall have a rating of AAA or better by S&P and Fitch and a rating of Aaa or better by Moody's, (b) if not AAA/AAA/Aaa, AA/AA/Aa if the Series 2004B Bonds of a subseries shall have a rating of AA- or better by S&P and Fitch and a rating of Aa3 or better by Moody's, (c) if not AAA/AAA/Aaa or AA/AA/Aa, A/A/A if the Series 2004B Bonds of a subseries shall have a rating of A- or better by S&P and Fitch and a rating of A3 or better by Moody's, (d) if not AAA/AAA/Aaa, AA/AA/Aa or A/A/A, BBB/BBB/Baa if the Series 2004B Bonds of a subseries shall have a rating of BBB- or better by S&P and Fitch and a rating of Baa3 or better by Moody's, and (e) if not AAA/AAA/Aaa, AA/AA/Aa, A/A/A or BBB/BBB/Baa, then below BBB/BBB/Baa, whether or not the Series 2004B Bonds of a subseries are rated by any Rating Agency. For purposes of this definition, S&P's and Fitch's rating categories of "AAA," "AA-," "A-" and "BBB-" and Moody's rating categories of "Aaa," "Aa3," "A3" and "Baa3" shall be deemed to refer to and include the respective rating categories correlative thereto in the event that any such Rating Agencies shall have changed or modified their generic rating categories or if any successor thereto appointed in accordance with the definitions thereof shall use different rating categories. If the Series 2004B Bonds of a subseries are not rated by a Rating Agency, the requirement of a rating by such Rating Agency shall be disregarded. If the ratings for the Series 2004B Bonds of a subseries are split between two of the foregoing categories, the lower rating shall determine the Prevailing Rating. If there is no rating, then the Auction Period Rate shall be the Maximum Auction Rate.

Principal Office means, with respect to the Auction Agent, the office thereof designated in the Auction Agreement as the office of the Auction Agent to which notices, requests or communications should be sent.

Remarketing Agent means the remarketing agent appointed by MTA in connection with a Mode change.

Remarketing Agreement means the remarketing agreement entered into by and between MTA and the Remarketing Agent with respect to the Series 2004B Bonds of a subseries pursuant to which the Remarketing Agent has agreed to remarket the Series 2004B Bonds of such subseries on the Mode Change Date at a price of not less than 100% of the principal amount thereof.

Securities Depository means The Depository Trust Company and its successors and assigns or any other securities depository selected by MTA which agrees to follow the procedures required to be followed by such securities depository in connection with the Series 2004B Bonds of a subseries.

Sell Order has the meaning specified in subsection (a) of “Orders by Existing Owners and Potential Owners” of this **Attachment 4**.

Special Auction Period means any period of more than seven but less than 1,092 days which is not another Auction Period and which begins on an Interest Payment Date and ends (i) in the case of Series 2004B Bonds of a subseries with Auctions generally conducted on Fridays, on a Sunday unless such Sunday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (ii) in the case of Series 2004B Bonds of a subseries with Auctions generally conducted on Mondays, on a Monday unless such Monday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (iii) in the case of Series 2004B Bonds of a subseries with Auctions generally conducted on Tuesdays, on a Tuesday unless such Tuesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, (iv) in the case of Series 2004B Bonds of a subseries with Auctions generally conducted on Wednesdays, on a Wednesday unless such Wednesday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day, and (v) in the case of Series 2004B Bonds of a subseries with Auctions generally conducted on Thursdays, on a Thursday unless such Thursday is not followed by a Business Day, in which case on the next succeeding day which is followed by a Business Day.

S&P means Standard & Poor’s Ratings Group, a division of The McGraw-Hill Companies, Inc.

Submission Deadline means 1:00 p.m., New York City time, on each Auction Date for Series 2004B Bonds of a subseries not in a daily Auction Period and 11:00 a.m., New York City time, on each Auction Date for Series 2004B Bonds of a subseries in a daily Auction Period, or such other time on such date as shall be specified from time to time by the Auction Agent pursuant to the Auction Agreement as the time by which Broker-Dealers are required to submit Orders to the Auction Agent.

Submitted Bid has the meaning specified in subsection (b) of “Determination of Auction Period Rate” of this **Attachment 4**.

Submitted Hold Order has the meaning specified in subsection (b) of “Determination of Auction Period Rate” of this **Attachment 4**.

Submitted Order has the meaning specified in subsection (b) of “Determination of Auction Period Rate” of this **Attachment 4**.

Submitted Sell Order has the meaning specified in subsection (b) of “Determination of Auction Period Rate” of this **Attachment 4**.

Sufficient Clearing Bids means with respect to Series 2004B Bonds of a subseries, an Auction for which the aggregate principal amount of Series 2004B Bonds of such subseries that are the subject of Submitted Bids by Potential Owners specifying one or more rates not higher than the Maximum Auction Rate is not less than the aggregate principal amount of Series 2004B Bonds of such subseries that are the subject of Submitted Sell Orders and of Submitted Bids by Existing Owners specifying rates higher than the Maximum Auction Rate.

Trustee means The Bank of New York, New York, New York.

Tender Agent means The Bank of New York, New York, New York.

Tender Agency Agreement means the tender agency agreement entered into by and between the Tender Agent and MTA with respect to the Series 2004B Bonds of a subseries.

United States Treasury Securities means direct obligations issued by the United States government.

Winning Bid Rate means with respect to Series 2004B Bonds of a subseries the lowest rate specified in any Submitted Bid for such subseries which if selected by the Auction Agent as the Auction Period Rate would cause the aggregate principal amount of Series 2004B Bonds of such subseries that are the subject of Submitted Bids specifying a rate not greater than such rate to be not less than the aggregate principal amount of Available Bonds of such series.

Orders by Existing Owners and Potential Owners

(a) Prior to the Submission Deadline on each Auction Date:

(i) each Existing Owner may submit to a Broker-Dealer, in writing or by such other method as shall be reasonably acceptable to such Broker-Dealer, information as to:

(A) the principal amount of Series 2004B Bonds of a subseries, if any, held by such Existing Owner which such Existing Owner irrevocably commits to continue to hold for the next succeeding Auction Period without regard to the rate determined by the Auction Procedures for such Auction Period,

(B) the principal amount of Series 2004B Bonds of a subseries, if any, held by such Existing Owner which such Existing Owner irrevocably commits to continue to hold for the next succeeding Auction Period if the rate determined by the Auction Procedures for such Auction Period shall not be less than the rate per annum then specified by such Existing Owner (and which such Existing Owner irrevocably offers to sell on the next succeeding Interest Payment Date (or the same day in the case of a daily Auction Period) if the rate determined by the Auction Procedures for the next succeeding Auction Period shall be less than the rate per annum then specified by such Existing Owner), and/or

(C) the principal amount of Series 2004B Bonds of a subseries, if any, held by such Existing Owner which such Existing Owner irrevocably offers to sell on the next succeeding Interest Payment Date (or on the same day in the case of a daily Auction Period) without regard to the rate determined by the Auction Procedures for the next succeeding Auction Period: and

(ii) for the purpose of implementing the Auctions and thereby to achieve the lowest possible interest rate on the Series 2004B Bonds of a subseries, the Broker-Dealers shall contact Potential Owners, including Persons that are Existing Owners, to determine the principal amount of Series 2004B Bonds of a subseries, if any, which each such Potential Owner irrevocably offers to purchase if the rate determined by the Auction Procedures for the next succeeding Auction Period is not less than the rate per annum then specified by such Potential Owner.

For the purposes hereof, an Order containing the information referred to in clause (i)(A) above is herein referred to as a "Hold Order," an Order containing the information referred to in clause (i)(B) or (ii) above is herein referred to as a "Bid," and an Order containing the information referred to in clause (i)(C) above is herein referred to as a "Sell Order."

(b) (i) A Bid by an Existing Owner shall constitute an irrevocable offer to sell:

(A) the principal amount of Series 2004B Bonds of a subseries specified in such Bid if the rate determined by the Auction Procedures on such Auction Date shall be less than the rate specified therein; or

(B) such principal amount or a lesser principal amount of Series 2004B Bonds of a subseries to be determined as described in subsection (a)(v) of "Allocation of Series 2004B Bonds

of a Subseries” hereof if the rate determined by the Auction Procedures on such Auction Date shall be equal to such specified rate; or

(C) a lesser principal amount of Series 2004B Bonds of a subseries to be determined as described in subsection (b)(iv) of “Allocation of Series 2004B Bonds of a Subseries” hereof if such specified rate shall be higher than the Maximum Auction Rate and Sufficient Clearing Bids do not exist.

(ii) A Sell Order by an Existing Owner shall constitute an irrevocable offer to sell:

(A) the principal amount of Series 2004B Bonds of a subseries specified in such Sell Order; or

(B) such principal amount or a lesser principal amount of Series 2004B Bonds of a subseries as described in subsection (b)(iv) of “Allocation of Series 2004B Bonds of a Subseries” hereof if Sufficient Clearing Bids do not exist.

(iii) A Bid by a Potential Owner shall constitute an irrevocable offer to purchase:

(A) the principal amount of Series 2004B Bonds of a subseries specified in such Bid if the rate determined by the Auction Procedures on such Auction Date shall be higher than the rate specified therein; or

(B) such principal amount or a lesser principal amount of Series 2004B Bonds of a subseries as described in subsection (a)(vi) of “Allocation of Series 2004B Bonds of a Subseries” hereof if the rate determined by the Auction Procedures on such Auction Date shall be equal to such specified rate.

(c) Anything herein to the contrary notwithstanding:

(i) for purposes of any Auction, any Order which specifies Series 2004B Bonds of a subseries to be held, purchased or sold in a principal amount which is not equal to the Authorized Denomination for Series 2004B Bonds of such subseries or an integral multiple thereof shall be rounded down to the nearest amount that is equal to the Authorized Denomination for Series 2004B Bonds of such subseries, and the Auction Agent shall conduct the Auction Procedures as if such Order had been submitted in such lower amount;

(ii) for purposes of any Auction other than during a daily Auction Period, any portion of an Order of an Existing Owner which relates to a Series 2004B Bond of a subseries which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction shall be invalid with respect to such portion and the Auction Agent shall conduct the Auction Procedures as if such portion of such Order had not been submitted;

(iii) for purposes of any Auction other than during a daily Auction Period, no portion of a Series 2004B Bond of a subseries which has been called for redemption on or prior to the Interest Payment Date next succeeding such Auction shall be included in the calculation of Available Bonds for such Auction; and

(iv) the Auction Procedures shall be suspended with respect to the Series 2004B Bonds of a subseries during the period commencing on the date of the Auction Agent’s receipt of notice from the Trustee of the occurrence of a default of MTA in the payment of principal, sinking fund installment, interest or premium on any Series 2004B Bond of such subseries after the same shall have become due, whether at maturity, upon call for redemption or on an Interest Payment Date (provided however that for purposes of this provision only payment by the Insurer shall be deemed to cure such default and no such suspension of the Auction Procedures shall occur) but shall resume two Business Days after the date on which the Auction Agent receives notice from the Trustee that such default has been waived or cured, with the next Auction to occur on the next regularly scheduled Auction Date occurring thereafter.

Submission of Orders by Broker-Dealers to Auction Agent

(a) Each Broker-Dealer shall submit to the Auction Agent in writing or by such other method as shall be reasonably acceptable to the Auction Agent, including such electronic communication acceptable to the parties, prior to the Submission Deadline on each Auction Date, all Orders obtained by such Broker-Dealer and, if requested, specifying with respect to each Order:

(i) the name of the Bidder placing such Order;

(ii) the aggregate principal amount of Series 2004B Bonds of each subseries, if any, that are the subject of such Order;

(iii) to the extent that such Bidder is an Existing Owner;

(A) the principal amount of Series 2004B Bonds of each subseries, if any, subject to any Hold Order placed by such Existing Owner;

(B) the principal amount of Series 2004B Bonds of each subseries, if any, subject to any Bid placed by such Existing Owner and the rate specified in such Bid; and

(C) the principal amount of Series 2004B Bonds of each subseries, if any, subject to any Sell Order placed by such Existing Owner;

(iv) to the extent such Bidder is a Potential Owner, the rate specified in such Bid.

(b) If any rate specified in any Bid contains more than three figures to the right of the decimal point, the Auction Agent shall round such rate up to the next highest one thousandth of one percent (0.001%).

(c) If an Order or Orders covering all of the Series 2004B Bonds of a particular subseries held by an Existing Owner is not submitted to the Auction Agent prior to the Submission Deadline, the Auction Agent shall deem a Hold Order to have been submitted on behalf of such Existing Owner covering the principal amount of Series 2004B Bonds of such subseries held by such Existing Owner and not subject to Orders submitted to the Auction Agent; provided, however, that if there is a conversion from one Auction Period to another Auction Period or an amendment or modification to the DTF Resolution as described in the section entitled "Miscellaneous Provisions Regarding Auctions" in this **Attachment 4** and Orders have not been submitted to the Auction Agent prior to the Submission Deadline covering the aggregate principal amount of Series 2004B Bonds of the subseries held by such Existing Owner, the Auction Agent shall deem a Sell Order to have been submitted on behalf of such Existing Owner covering the principal amount of Series 2004B Bonds of such subseries held by such Existing Owner not subject to Orders submitted to the Auction Agent.

(d) If one or more Orders covering in the aggregate more than the principal amount of Outstanding Series 2004B Bonds of a subseries held by any Existing Owner are submitted to the Auction Agent, such Orders shall be considered valid as follows:

(i) all Hold Orders shall be considered Hold Orders, but only up to and including in the aggregate the principal amount of Series 2004B Bonds of such subseries held by such Existing Owner;

(ii) (A) any Bid of an Existing Owner shall be considered valid as a Bid of an Existing Owner up to and including the excess of the principal amount of Series 2004B Bonds of such subseries held by such Existing Owner over the principal amount of the Series 2004B Bonds of such subseries subject to Hold Orders referred to in paragraph (i) above;

(B) subject to clause (A) above, all Bids of an Existing Owner with the same rate shall be aggregated and considered a single Bid of an Existing Owner up to and including the excess of the principal amount of Series 2004B Bonds of such subseries held by such Existing Owner over the principal amount of Series 2004B Bonds of such subseries held by such Existing Owner subject to Hold Orders referred to in paragraph (i) above;

(C) subject to clause (A) above, if more than one Bid with different rates is submitted on behalf of such Existing Owner, such Bids shall be considered Bids of an Existing Owner in the ascending order of their respective rates up to the amount of the excess of the principal amount of Series 2004B Bonds of such subseries held by such Existing Owner over the principal amount of Series 2004B Bonds of such subseries held by such Existing Owner subject to Hold Orders referred to in paragraph (i) above; and

(D) the principal amount, if any, of such Series 2004B Bonds of such subseries subject to Bids not considered to be Bids of an Existing Owner under this paragraph (ii) shall be treated as the subject of a Bid by a Potential Owner;

(iii) all Sell Orders shall be considered Sell Orders, but only up to and including a principal amount of Series 2004B Bonds of such subseries equal to the excess of the principal amount of Series 2004B Bonds of such subseries held by such Existing Owner over the sum of the principal amount of the Series 2004B Bonds considered to be subject to Hold Orders pursuant to paragraph (i) above and the principal amount of Series 2004B Bonds of such subseries considered to be subject to Bids of such Existing Owner pursuant to paragraph (ii) above.

(e) If more than one Bid is submitted on behalf of any Potential Owner, each Bid submitted with the same rate shall be aggregated and considered a single Bid and each Bid submitted with a different rate shall be considered a separate Bid with the rate and the principal amount of Series 2004B Bonds of such subseries specified therein.

(f) Neither MTA, the Trustee nor the Auction Agent shall be responsible for the failure of any Broker-Dealer to submit an Order to the Auction Agent on behalf of any Existing Owner or Potential Owner.

Determination of Auction Period Rate

(a) Not later than 9:30 a.m., New York City time, on each Auction Date for Series 2004B Bonds of each subseries in an Auction Rate Mode, the Auction Agent shall advise the Broker-Dealers and the Trustee by telephone or other electronic communication acceptable to the parties of the All Hold Rate, the Maximum Auction Rate and the Index for the Series 2004B Bonds of such subseries.

(b) Promptly after the Submission Deadline on each Auction Date for Series 2004B Bonds of each subseries in an Auction Rate Mode, the Auction Agent shall assemble all Orders submitted or deemed submitted to it by the Broker-Dealers (each such Order as submitted or deemed submitted by a Broker-Dealer being hereinafter referred to as a "Submitted Hold Order," a "Submitted Bid" or a "Submitted Sell Order," as the case may be, and collectively as a "Submitted Order") and shall determine (i) the Available Bonds, (ii) whether there are Sufficient Clearing Bids, and (iii) the Auction Rate.

(c) Promptly after the Auction Agent has made the determinations pursuant to subsection (b) above, the Auction Agent shall advise the Trustee by telephone (promptly confirmed in writing), telex or facsimile transmission or other electronic communication acceptable to the parties of the Auction Rate for the next succeeding Auction Period and the Trustee shall promptly notify the Securities Depository of such Auction Rate.

(d) In the event the Auction Agent fails to calculate or, for any reason, fails to timely provide the Auction Rate for any Auction Period, (i) if the preceding Auction Period was a period of 35 days or less, the new Auction Period shall be the same as the preceding Auction Period and the Auction Period Rate for the new Auction Period shall be the same as the Auction Period Rate for the preceding Auction Period, and (ii) if the preceding Auction Period was a period of greater than 35 days, the preceding Auction Period shall be extended to the seventh day following the day that would have been the last day of such Auction Period had it not been extended (or if such seventh day is not followed by a Business Day then to the next succeeding day which is followed by a Business Day) and the Auction Period Rate in effect for the preceding Auction Period will continue in effect for the Auction Period as so extended. In the event an Auction Period is extended as set forth in clause (ii) of the preceding sentence, an Auction shall be held on the last Business Day of the Auction Period as so extended to take effect for an Auction Period beginning on the Business Day immediately following the last day of the Auction Period as extended

which Auction Period will end on the date it would otherwise have ended on had the prior Auction Period not been extended.

(e) In the event that the Auction Procedures are suspended pursuant to paragraph (iv) of subsection (c) of “Orders by Existing Owners and Potential Owners” of this **Attachment 4** with respect to any Series 2004B Bond of subseries, the Auction Period Rate for the next succeeding Auction Period shall be the Default Rate.

(f) In the event that all of the conditions for a change in the Mode applicable to the Series 2004B Bonds of a subseries from an Auction Mode to any other Mode pursuant to the DTF Resolution have not been met or in the event of a failure to change the length of the current Auction Period due to the lack of Sufficient Clearing Bids at the Auction on the Auction Date for the first new Auction Period, the Auction Period Rate for the next Auction Period shall be the Maximum Auction Rate and the Auction Period shall be a seven-day Auction Period.

(g) If the Series 2004B Bonds of a subseries are not rated or if the Series 2004B Bonds of a subseries are no longer maintained in book-entry form by the Securities Depository, then the Auction Period Rate shall be the Maximum Auction Rate.

(h) If the Auction Period Rate for the Series 2004B Bonds of a subseries is equal to the Maximum Auction Rate or the Default Rate for the longer of (i) two consecutive Auction Dates or (ii) ninety (90) days, the Insurer shall have the right to direct MTA to change the Mode applicable to the Series 2004B Bonds of such subseries to the fixed rate and upon such direction MTA shall change such Mode to the fixed rate in accordance with the DTF Resolution.

Allocation of Series 2004B Bonds of a Subseries

(a) In the event of Sufficient Clearing Bids for Series 2004B Bonds of a subseries, subject to the further provisions of subsections (c) and (d) below, Submitted Orders for such subseries shall be accepted or rejected as follows in the following order of priority:

(i) the Submitted Hold Order of each Existing Owner shall be accepted, thus requiring each such Existing Owner to continue to hold the Series 2004B Bonds of a subseries that are the subject of such Submitted Hold Order;

(ii) the Submitted Sell Order of each Existing Owner shall be accepted and the Submitted Bid of each Existing Owner specifying any rate that is higher than the Winning Bid Rate shall be rejected, thus requiring each such Existing Owner to sell the Series 2004B Bonds of a subseries that are the subject of such Submitted Sell Order or Submitted Bid;

(iii) the Submitted Bid of each Existing Owner specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Existing Owner to continue to hold the Series 2004B Bonds of a subseries that are the subject of such Submitted Bid;

(iv) the Submitted Bid of each Potential Owner specifying any rate that is lower than the Winning Bid Rate shall be accepted, thus requiring each such Potential Owner to purchase the Series 2004B Bonds of a subseries that are the subject of such Submitted Bid;

(v) the Submitted Bid of each Existing Owner specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Existing Owner to continue to hold the Series 2004B Bonds of a subseries that are the subject of such Submitted Bid, but only up to and including the principal amount of Series 2004B Bonds of a subseries obtained by multiplying (A) the aggregate principal amount of Outstanding Series 2004B Bonds of a subseries which are not the subject of Submitted Hold Orders described in paragraph (i) above or of Submitted Bids described in paragraphs (iii) or (iv) above by (B) a fraction the numerator of which shall be the principal amount of Outstanding Series 2004B Bonds of a subseries held by such Existing Owner subject to such Submitted Bid and the denominator of which shall be the aggregate principal amount of Outstanding Series 2004B Bonds of a subseries subject to such Submitted Bids made by all such Existing Owners that specified a rate equal to the Winning Bid Rate, and

the remainder, if any, of such Submitted Bid shall be rejected, thus requiring each such Existing Owner to sell any excess amount of Series 2004B Bonds of a subseries;

(vi) the Submitted Bid of each Potential Owner specifying a rate that is equal to the Winning Bid Rate shall be accepted, thus requiring each such Potential Owner to purchase the Series 2004B Bonds of a subseries that are the subject of such Submitted Bid, but only in an amount equal to the principal amount of Series 2004B Bonds of a subseries obtained by multiplying (A) the aggregate principal amount of Outstanding Series 2004B Bonds of a subseries which are not the subject of Submitted Hold Orders described in paragraph (i) above or of Submitted Bids described in paragraphs (iii), (iv) or (v) above by (B) a fraction the numerator of which shall be the principal amount of Outstanding Series 2004B Bonds of a subseries subject to such Submitted Bid and the denominator of which shall be the sum of the aggregate principal amount of Outstanding Series 2004B Bonds of a subseries subject to such Submitted Bids made by all such Potential Owners that specified a rate equal to the Winning Bid Rate, and the remainder of such Submitted Bid shall be rejected; and

(vii) the Submitted Bid of each Potential Owner specifying any rate that is higher than the Winning Bid Rate shall be rejected.

(b) In the event there are not Sufficient Clearing Bids for Series 2004B Bonds of a subseries, subject to the further provisions of subsections (c) and (d) below, Submitted Orders, for each Series 2004B Bond of a subseries shall be accepted or rejected as follows in the following order of priority:

(i) the Submitted Hold Order of each Existing Owner shall be accepted, thus requiring each such Existing Owner to continue to hold the Series 2004B Bonds of a subseries that are the subject of such Submitted Hold Order;

(ii) the Submitted Bid of each Existing Owner specifying any rate that is not higher than the Maximum Auction Rate with respect to Series 2004B Bonds of a subseries, shall be accepted, thus requiring each such Existing Owner to continue to hold the Series 2004B Bonds of a subseries that are the subject of such Submitted Bid;

(iii) the Submitted Bid of each Potential Owner specifying any rate that is not higher than the Maximum Auction Rate with respect to Series 2004B Bonds of a subseries, shall be accepted, thus requiring each such Potential Owner to purchase the Series 2004B Bonds of a subseries that are the subject of such Submitted Bid;

(iv) the Submitted Sell Orders of each Existing Owner shall be accepted as Submitted Sell Orders and the Submitted Bids of each Existing Owner specifying any rate that is higher than the Maximum Auction Rate with respect to Series 2004B Bonds of a subseries, shall be deemed to be and shall be accepted as Submitted Sell Orders, in both cases only up to and including the principal amount of Series 2004B Bonds of a subseries obtained by multiplying (A) the aggregate principal amount of Series 2004B Bonds of a subseries subject to Submitted Bids described in paragraph (iii) of this subsection (b) by (B) a fraction the numerator of which shall be the principal amount of Outstanding Series 2004B Bonds of a subseries held by such Existing Owner subject to such Submitted Sell Order or such Submitted Bid deemed to be a Submitted Sell Order and the denominator of which shall be the principal amount of Outstanding Series 2004B Bonds of a subseries subject to all such Submitted Sell Orders and such Submitted Bids deemed to be Submitted Sell Orders, and the remainder of each such Submitted Sell Order or Submitted Bid shall be deemed to be and shall be accepted as a Hold Order and each such Existing Owner shall be required to continue to hold such excess amount of Series 2004B Bonds of a subseries; and

(v) the Submitted Bid of each Potential Owner specifying any rate that is higher than the Maximum Auction Rate with respect to the Series 2004B Bonds of a subseries shall be rejected.

(c) If, as a result of the procedures described in subsection (a) or (b) above, any Existing Owner or Potential Owner would be required to purchase or sell an aggregate principal amount of Series 2004B Bonds of a subseries which is not an integral multiple of the Authorized Denomination for Series 2004B Bonds of such subseries on any Auction Date, the Auction Agent shall by lot, in such manner as it shall determine in its sole

discretion, round up or down the principal amount of Series 2004B Bonds of a subseries to be purchased or sold by any Existing Owner or Potential Owner on such Auction Date so that the aggregate principal amount of Series 2004B Bonds of a subseries purchased or sold by each Existing Owner or Potential Owner on such Auction Date shall be an integral multiple of the Authorized Denomination for Series 2004B Bonds or such subseries, even if such allocation results in one or more of such Existing Owners or Potential Owners not purchasing or selling any Series 2004B Bonds of a subseries on such Auction Date.

(d) If, as a result of the procedures described in subsection (a) above, any Potential Owner would be required to purchase a principal amount of Series 2004B Bonds of a subseries that is less than the Authorized Denomination for Series 2004B Bonds of such subseries on any Auction Date, the Auction Agent shall by lot, in such manner as it shall determine in its sole discretion, allocate such Series 2004B Bonds for purchase among Potential Owners so that the principal amount of Series 2004B Bonds of a subseries purchased on such Auction Date by any Potential Owner shall be an integral multiple of the Authorized Denomination for Series 2004B Bonds of such subseries, even if such allocation results in one or more of such Potential Owners not purchasing such Series 2004B Bonds on such Auction Date.

Notice of Auction Period Rate

(a) On each Auction Date, the Auction Agent shall notify by telephone or other telecommunication device or other electronic communication acceptable to the parties or in writing each Broker-Dealer that participated in the Auction held on such Auction Date of the following with respect to Series 2004B Bonds of each subseries for which an Auction was held on such Auction Date:

(i) the Auction Period Rate determined on such Auction Date for the succeeding Auction Period;

(ii) whether sufficient Clearing Bids existed for the determination of the Winning Bid Rate;

(iii) if such Broker-Dealer submitted a Bid or a Sell Order on behalf of an Existing Owner, whether such Bid or Sell Order was accepted or rejected and the principal amount of Series 2004B Bonds of a subseries, if any, to be sold by such Existing Owner;

(iv) if such Broker-Dealer submitted a Bid on behalf of a Potential Owner, whether such Bid was accepted or rejected and the principal amount of Series 2004B Bonds of a subseries, if any, to be purchased by such Potential Owner;

(v) if the aggregate principal amount of the Series 2004B Bonds of a subseries to be sold by all Existing Owners on whose behalf such Broker-Dealer submitted Bids or Sell Orders is different from the aggregate principal amount of Series 2004B Bonds of a subseries to be purchased by all Potential Owners on whose behalf such Broker-Dealer submitted a Bid, the name or names of one or more Broker-Dealers (and the Agent Member, if any, of each such other Broker Dealer) and the principal amount of Series 2004B Bonds of a subseries to be (A) purchased from one or more Existing Owners on whose behalf such other Broker-Dealers submitted Bids or Sell Orders or (B) sold to one or more Potential Owners on whose behalf such Broker-Dealer submitted Bids; and

(vi) the immediately succeeding Auction Date.

(b) On each Auction Date, with respect to Series 2004B Bonds of each subseries for which an Auction was held on such Auction Date, each Broker-Dealer that submitted an Order on behalf of any Existing Owner or Potential Owner shall: (i) advise each Existing Owner and Potential Owner on whose behalf such Broker-Dealer submitted an Order as to (A) the Auction Period Rate determined on such Auction Date, (B) whether any Bid or Sell Order submitted on behalf of each such Owner was accepted or rejected and (C) the immediately succeeding Auction Date; (ii) instruct each Potential Owner on whose behalf such Broker-Dealer submitted a Bid that was accepted, in whole or in part, to instruct such Existing Owner's Agent Member to pay to such Broker-Dealer (or its Agent Member) through the Securities Depository the amount necessary to purchase the principal amount of such Series 2004B Bonds of a subseries to be purchased pursuant to such Bid (including, with respect to such Series 2004B Bonds of a subseries in a daily Auction Period, accrued interest if the purchase date is not an Interest

Payment Date for such Series 2004B Bond) against receipt of such Series 2004B Bonds of a subseries; and (iii) instruct each Existing Owner on whose behalf such Broker-Dealer submitted a Sell Order that was accepted or a Bid that was rejected, in whole or in part, to instruct such Existing Owner's Agent Member to deliver to such Broker-Dealer (or its Agent Member) through the Securities Depository the principal amount of such Series 2004B Bonds of a subseries to be sold pursuant to such Bid or Sell Order against payment therefor.

Index

(a) The Index on any Auction Date with respect to Series 2004B Bonds of a subseries in any Auction Period of 35 days or less shall be the One Month LIBOR Rate on such date. The Index with respect to Series 2004B Bonds of subseries in any Auction Period greater than 35 days shall be the yield on United States Treasury Securities having a maturity which most closely approximates the length of the Auction Period, as last published in The Bond Buyer. If either rate is unavailable, the Index for the Series 2004B Bonds of a subseries shall be an index or rate agreed to by all Broker-Dealers and consented to by MTA.

"One Month LIBOR Rate" means, as of any date of determination, the offered rate for deposits in U.S. dollars for a one-month period which appears on the Telerate Page 3750 at approximately 11:00 a.m., London time, on such date, or if such date is not a date on which dealings in U.S. dollars are transacted in the London interbank market, then on the next preceding day on which such dealings were transacted in such market.

(b) If for any reason on any Auction Date the Index shall not be determined as provided in this Section, the Index shall be the Index for the Auction Period ending on such Auction Date.

(c) The determination of the Index as provided herein shall be conclusive and binding upon MTA, the Trustee, the Broker-Dealers, the Auction Agent and the Owners of the Series 2004B Bonds of a subseries.

Miscellaneous Provisions Regarding Auctions

(a) In this **Attachment 4**, each reference to the purchase, sale or holding of "Series 2004B Bonds" shall refer to beneficial interests in such Series 2004B Bonds, unless the context clearly requires otherwise.

(b) During an Auction Rate Mode, with respect to the Series 2004B Bonds of a subseries, the provisions of the DTF Resolution and the definitions contained therein and described in this **Attachment 4**, including without limitation the definitions of Maximum Rate, Maximum Auction Rate, All Hold Rate, Index, Default Rate, Auction Multiple and the Auction Period Rate, may be amended, with the consent of the Insurer, pursuant to the DTF Resolution by obtaining the consent of the owners of all Outstanding Series 2004B Bonds of such subseries as follows; provided, however, that no such amendments that adversely affect the rights, duties or obligations of the Auction Agent shall be made without the consent of the Auction Agent. If on the first Auction Date occurring at least 20 days after the date on which the Trustee mailed notice of such proposed amendment to the registered owners of the Outstanding Series 2004B Bonds of a subseries as required by the Supplemental Resolution, (i) the Auction Period Rate which is determined on such date is the Winning Bid Rate and (ii) there is delivered to MTA and the Trustee a Favorable Opinion of Bond Counsel, the proposed amendment shall be deemed to have been consented to by the owners of all affected Outstanding Series 2004B Bonds of such subseries.

(c) If the Securities Depository notifies MTA that it is unwilling or unable to continue as Owner of the Series 2004B Bonds of a subseries or if at any time the Securities Depository shall no longer be registered or in good standing under the Securities Exchange Act of 1934, as amended, or other applicable statute or regulation and a successor to the Securities Depository is not appointed by MTA within 90 days after MTA receives notice or becomes aware of such condition, as the case may be, MTA shall execute and the Trustee shall authenticate and deliver certificates representing the Series 2004B Bonds of such subseries. Such Series 2004B Bonds shall be authorized in such names and authorized denominations as the Securities Depository, pursuant to instructions from the Agent Members or otherwise, shall instruct MTA and the Trustee.

(d) During an Auction Rate Mode, so long as the ownership of the Series 2004B Bonds of a subseries is maintained in book-entry form by the Securities Depository, an Existing Owner or a beneficial owner may sell, transfer or otherwise dispose of a Series 2004B Bond only pursuant to a Bid or Sell Order in accordance with the Auction Procedures or to or through a Broker-Dealer, provided that (i) in the case of all transfers other than pursuant

to Auctions such Existing Owner or its Broker-Dealer or its Agent Member advises the Auction Agent of such transfer and (ii) a sale, transfer or other disposition of Series 2004B Bonds of a subseries from a customer of a Broker-Dealer who is listed on the records of that Broker-Dealer as the holder of such Series 2004B Bonds to that Broker-Dealer or another customer of that Broker-Dealer shall not be deemed to be a sale, transfer or other disposition for purposes of this paragraph if such Broker-Dealer remains the Existing Owner of Series 2004B Bonds of a subseries so sold, transferred or disposed of immediately after such sale, transfer or disposition.

Changes in Auction Period or Auction Date

(a) Changes in Auction Period.

(i) During any Auction Rate Mode, MTA may from time to time on any Interest Payment Date, change the length of the Auction Period with respect to all of the Series 2004B Bonds of any subseries among daily, seven-days, 28-days, 35-days, three months, six months and a Special Auction Period in order to accommodate economic and financial factors that may affect or be relevant to the length of the Auction Period and the interest rate borne by Series 2004B Bonds of such subseries. MTA shall initiate the change in the length of the Auction Period by giving written notice to the Insurer, the Auction Agent, the Broker-Dealers and the Securities Depository that the Auction Period shall change if the conditions described herein are satisfied and the proposed effective date of the change, at least 10 Business Days prior to the Auction Date for such Auction Period; provided, however, that in the case of a change from a Special Auction Period of 92 or more days, the date of such change shall be the Interest Payment Date immediately following the last day of such Special Auction Period.

(ii) Any such changed Auction Period shall be for a period of one day, seven-days, 28-days, 35-days, three months, six months or a Special Auction Period and shall be for all of the Series 2004B Bonds of a subseries in an Auction Rate Mode.

(iii) The change in the length of the Auction Period for Series 2004B Bonds of any subseries shall not be allowed unless Sufficient Clearing Bids existed at both the Auction before the date on which the notice of the proposed change was given as provided in this subsection (a) and the Auction immediately preceding the proposed change.

(iv) The change in length of the Auction Period for Series 2004B Bonds of any subseries shall take effect only if (A) the Trustee and the Auction Agent receive, by 11:00 a.m., New York City time, on the Business Day before the Auction Date for the first such Auction Period, a certificate from MTA consenting to the change in the length of the Auction Period specified in such certificate and (B) Sufficient Clearing Bids exist at the Auction on the Auction Date for such first Auction Period. For purposes of the Auction for such first Auction Period only, each Existing Owner shall be deemed to have submitted Sell Orders with respect to all of its Series 2004B Bonds of a subseries for which there is to be a change in the length of the Auction Period except to the extent such Existing Owner submits an Order with respect to such Series 2004B Bonds. If the condition referred to in (A) above is not met, the Auction Rate for the next Auction Period shall be determined pursuant to the Auction Procedures and the Auction Period shall be the Auction Period determined without reference to the proposed change. If the condition referred to in (A) is met but the condition referred to in (B) above is not met, the Auction Rate for the next Auction Period shall be the Maximum Auction Rate and the Auction Period shall be a seven-day Auction Period.

(v) On the conversion date for Series 2004B Bonds of a subseries from one Auction Period to another, any Series 2004B Bonds of such subseries which are not the subject of a specific Hold Order or Bid shall be deemed to be subject to a Sell Order.

(b) Changes in Auction Date. During any Auction Rate Mode, the Auction Agent, with the written consent of MTA, may specify an earlier Auction Date for Series 2004B Bonds of any subseries (but in no event more than five Business Days earlier) than the Auction Date that would otherwise be determined in accordance with the definition of "Auction Date" in order to conform with then current market practice with respect to similar securities or to accommodate economic and financial factors that may affect or be relevant to the day of the week constituting an Auction Date and the interest rate borne on such Series 2004B Bonds. The Auction Agent shall provide notice of its determination to specify an earlier Auction Date for an Auction Period by means of a written

notice delivered at least 45 days prior to the proposed changed Auction Date to the Trustee, MTA, the Insurer, the Broker-Dealers and the Securities Depository.

Auction Agent

(a) The Auction Agent shall be appointed by the Trustee at the written direction of MTA, to perform the functions specified herein. The Auction Agent shall designate its Principal Office and signify its acceptance of the duties and obligations imposed upon it hereunder by an Auction Agreement delivered to MTA, the Trustee and each Broker-Dealer which shall set forth such procedural and other matters relating to the implementation of the Auction Procedures as shall be satisfactory to MTA and the Trustee.

(b) Subject to any applicable governmental restrictions, the Auction Agent may be or become the owner of or trade in Series 2004B Bonds with the same rights as if such entity were not the Auction Agent.

Qualifications of Auction Agent; Resignation; Removal

The Auction Agent shall be (a) a bank or trust company organized under the laws of the United States or any state or territory thereof having a combined capital stock, surplus and undivided profits of at least \$30,000,000, or (b) a member of National Association of Securities Dealers having a capitalization of at least \$30,000,000 and, in either case, authorized by law to perform all the duties imposed upon it by the Supplemental Resolution and a member of or a participant in, the Securities Depository. The Auction Agent may at any time resign and be discharged of the duties and obligations created by the Supplemental Resolution by giving at least ninety (90) days notice to MTA, the Insurer, each Broker-Dealer and the Trustee. The Auction Agent may be removed at any time by MTA by written notice, delivered to the Auction Agent, MTA, the Insurer, each Broker-Dealer and the Trustee. Upon any such resignation or removal, the Trustee shall appoint a successor Auction Agent meeting the requirements of this Section. In the event of the resignation or removal of the Auction Agent, the Auction Agent shall pay over, assign and deliver any moneys and Series 2004B Bonds held by it in such capacity to its successor. The Auction Agent shall continue to perform its duties hereunder until its successor has been appointed by the Trustee. In the event that the Auction Agent has not been compensated for its services, the Auction Agent may resign by giving thirty (30) days notice to MTA and the Trustee even if a successor Auction Agent has not been appointed.

[THIS PAGE INTENTIONALLY LEFT BLANK]

ATTACHMENT 5

INFORMATION RELATING TO AMBAC ASSURANCE CORPORATION

General

There follows in this Attachment 5 certain information concerning Ambac Assurance Corporation (Ambac Assurance) and Ambac Assurance's policy (the Ambac Insurance Policy) which has been supplied by Ambac Assurance for use in this official statement. Ambac Assurance has also supplied the specimen of the Ambac Insurance Policy attached to this official statement in this Attachment 5. No representation is made by MTA, the Underwriters or any of their counsel as to the accuracy, completeness or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date hereof. Neither MTA, the Underwriters or any of their counsel has made any independent investigation of Ambac Assurance or the Ambac Insurance Policy, and reference should be made to the information set forth below.

Payment of the principal of and interest when due on the Subseries 2004B-1 Bonds and Subseries 2004B-4 Bonds insured by Ambac Assurance (the Ambac Insured Bonds) will be insured by the Ambac Insurance Policy issued by Ambac Assurance simultaneously with the issuance of the Subseries 2004B-1 Bonds and Subseries 2004B-4 Bonds.

Ambac Insurance Policy

Payment Pursuant to Financial Guaranty Insurance Policy. Ambac Assurance has made a commitment to issue the Ambac Insurance Policy relating to the Ambac Insured Bonds effective as of the date of issuance of the Subseries 2004B-1 Bonds and the Subseries 2004B-4 Bonds. Under the terms of the Ambac Insurance Policy, Ambac Assurance will pay to The Bank of New York, in New York, New York or any successor thereto (the Ambac Insurance Trustee) that portion of the principal of and interest on the Ambac Insured Bonds which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor (as such terms are defined in the Ambac Insurance Policy). Ambac Assurance will make such payments to the Ambac Insurance Trustee on the later of the date on which such principal and interest becomes Due for Payment or within one business day following the date on which Ambac Assurance shall have received notice of Nonpayment from the Trustee. The insurance will extend for the term of the Ambac Insured Bonds and, once issued, cannot be canceled by Ambac Assurance.

The Ambac Insurance Policy will insure payment only on stated maturity dates and on mandatory sinking fund installment dates, in the case of principal, and on stated dates for payment, in the case of interest. If the Ambac Insured Bonds become subject to mandatory redemption and insufficient funds are available for redemption of all outstanding Ambac Insured Bonds, Ambac Assurance will remain obligated to pay principal of and interest on outstanding Ambac Insured Bonds on the originally scheduled interest and principal payment dates including mandatory sinking fund redemption dates. In the event of any acceleration of the principal of the Ambac Insured Bonds, the insured payments will be made at such times and in such amounts as would have been made had there not been an acceleration.

In the event the Trustee has notice that any payment of principal of or interest on an Ambac Insured Bond which has become Due for Payment and which is made to a holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from its registered owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such registered owner will be entitled to payment from Ambac Assurance to the extent of such recovery if sufficient funds are not otherwise available.

The Ambac Insurance Policy does not insure any risk other than Nonpayment, as defined in the Ambac Insurance Policy. Specifically, the Ambac Insurance Policy does not cover:

1. payment on acceleration, as a result of a call for redemption (other than mandatory sinking fund redemption) or as a result of any other advancement of maturity.
2. payment of any redemption, prepayment or acceleration premium.

3. nonpayment of principal or interest caused by the insolvency or negligence of any Trustee or Paying Agent, if any.

If it becomes necessary to call upon the Ambac Insurance Policy, payment of principal requires surrender of the Ambac Insured Bonds to the Ambac Insurance Trustee together with an appropriate instrument of assignment so as to permit ownership of such Ambac Insured Bonds to be registered in the name of Ambac Assurance to the extent of the payment under the Ambac Insurance Policy. Payment of interest pursuant to the Ambac Insurance Policy requires proof of holder entitlement to interest payments and an appropriate assignment of the holder's right to payment to Ambac Assurance.

Upon payment of the insurance benefits, Ambac Assurance will become the owner of the Obligation, appurtenant coupon, if any, or right to payment of principal or interest on such Obligation and will be fully subrogated to the surrendering holder's rights to payment.

The insurance provided by the Ambac Insurance Policy is not covered by the property/casualty insurance security fund specified by the insurance laws of the State of New York.

The Ambac Insurance Policy does not insure against loss relating to payments made in connection with the sale of the Ambac Insured Bonds at Auctions or losses suffered as a result of a holder's inability to sell the Ambac Insured Bonds.

Ambac Assurance Corporation. Ambac Assurance is a Wisconsin-domiciled stock insurance corporation regulated by the Office of the Commissioner of Insurance of the State of Wisconsin and licensed to do business in 50 states, the District of Columbia, the Territory of Guam, the Commonwealth of Puerto Rico and the U.S. Virgin Islands, with admitted assets of approximately \$7,278,000,000 (audited) and statutory capital of \$4,490,000,000 (audited) as of December 31, 2003. Statutory capital consists of Ambac Assurance's policyholders' surplus and statutory contingency reserve. Standard & Poor's Credit Markets Services, a Division of The McGraw-Hill Companies, Moody's Investors Service and Fitch Ratings have each assigned a triple-A financial strength rating to Ambac Assurance.

Ambac Assurance has obtained a ruling from the Internal Revenue Service to the effect that the insuring of an obligation by Ambac Assurance will not affect the treatment for federal income tax purposes of interest on such obligation and that insurance proceeds representing maturing interest paid by Ambac Assurance under policy provisions substantially identical to those contained in its financial guaranty insurance policy shall be treated for federal income tax purposes in the same manner as if such payments were made by the Obligor of the Ambac Insured Bonds.

Ambac Assurance makes no representation regarding the Ambac Insured Bonds or the advisability of investing in the Ambac Insured Bonds and makes no representation regarding, nor has it participated in the preparation of, the official statement other than the information supplied by Ambac Assurance and presented in this **Attachment 5**.

Available Information. The parent company of Ambac Assurance, Ambac Financial Group, Inc. (the Company), is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the SEC). These reports, proxy statements and other information can be read and copied at the SEC's public reference room at 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. The SEC maintains an internet site at <http://www.sec.gov> that contains reports, proxy and information statements and other information regarding companies that file electronically with the SEC, including the Company. These reports, proxy statements and other information can also be read at the offices of the New York Stock Exchange, Inc. (the NYSE), 20 Broad Street, New York, New York 10005.

Copies of Ambac Assurance's financial statements prepared in accordance with statutory accounting standards are available from Ambac Assurance. The address of Ambac Assurance's administrative offices and its telephone number are One State Street Plaza, 19th Floor, New York, New York 10004 and (212) 668-0340.

Incorporation of Certain Documents by Reference. The following documents filed by the Company with the SEC (File No 1-10777) are incorporated by reference in this official statement:

- The Company's Current Report on Form 8-K dated January 23, 2003 and filed on January 24, 2003;
- The Company's Current Report on Form 8-K dated February 25, 2003 and filed on February 28, 2003;
- The Company's Current Report on Form 8-K dated February 25, 2003 and filed on March 4, 2003;
- The Company's Current Report on Form 8-K dated March 18, 2003 and filed on March 20, 2003;
- The Company's Current Report on Form 8-K dated March 19, 2003 and filed on March 26, 2003;
- The Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and filed on March 28, 2003;
- The Company's Current Report on Form 8-K dated March 25, 2003 and filed on March 31, 2003;
- The Company's Current Report on Form 8-K dated April 17, 2003 and filed on April 21, 2003;
- The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended March 31, 2003 and filed on May 15, 2003;
- The Company's Current Report on Form 8-K dated July 17, 2003 and filed on July 18, 2003;
- The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended June 30, 2003 and filed on August 14, 2003;
- The Company's Current Report on Form 8-K dated October 16, 2003 and filed on October 17, 2003;
- The Company's Quarterly Report on Form 10-Q for the fiscal quarterly period ended September 30, 2003 and filed on November 14, 2003;
- The Company's Annual Report amendment No 1 on Form 10-K/A for the fiscal year ended December 31, 2002 and filed on November 19, 2003; and
- The Company's Current Report on Form 8-K dated January 28, 2004 and filed on January 30, 2004.

All documents subsequently filed by the Company pursuant to the requirements of the Exchange Act after the date of this official statement will be available for inspection in the same manner as described above in "Available Information."



Financial Guaranty Insurance Policy

Ambac Assurance Corporation
One State Street Plaza, 15th Floor
New York, New York 10004
Telephone: (212) 668-0340

Obligor:

Policy Number:

Obligations:

Premium:

Ambac Assurance Corporation (Ambac), a Wisconsin stock insurance corporation, in consideration of the payment of the premium and subject to the terms of this Policy, hereby agrees to pay to The Bank of New York, as trustee, or its successor (the "Insurance Trustee"), for the benefit of the Holders, that portion of the principal of and interest on the above-described obligations (the "Obligations") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Obligor.

Ambac will make such payments to the Insurance Trustee within one (1) business day following written notification to Ambac of Nonpayment. Upon a Holder's presentation and surrender to the Insurance Trustee of such unpaid Obligations or related coupons, uncanceled and in bearer form and free of any adverse claim, the Insurance Trustee will disburse to the Holder the amount of principal and interest which is then Due for Payment but is unpaid. Upon such disbursement, Ambac shall become the owner of the surrendered Obligations and/or coupons and shall be fully subrogated to all of the Holder's rights to payment thereon.

In cases where the Obligations are issued in registered form, the Insurance Trustee shall disburse principal to a Holder only upon presentation and surrender to the Insurance Trustee of the unpaid Obligation, uncanceled and free of any adverse claim, together with an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee duly executed by the Holder or such Holder's duly authorized representative, so as to permit ownership of such Obligation to be registered in the name of Ambac or its nominee. The Insurance Trustee shall disburse interest to a Holder of a registered Obligation only upon presentation to the Insurance Trustee of proof that the claimant is the person entitled to the payment of interest on the Obligation and delivery to the Insurance Trustee of an instrument of assignment, in form satisfactory to Ambac and the Insurance Trustee, duly executed by the Holder or such Holder's duly authorized representative, transferring to Ambac all rights under such Obligation to receive the interest in respect of which the insurance disbursement was made. Ambac shall be subrogated to all of the Holders' rights to payment on registered Obligations to the extent of any insurance disbursements so made.

In the event that a trustee or paying agent for the Obligations has notice that any payment of principal of or interest on an Obligation which has become Due for Payment and which is made to a Holder by or on behalf of the Obligor has been deemed a preferential transfer and theretofore recovered from the Holder pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court of competent jurisdiction, such Holder will be entitled to payment from Ambac to the extent of such recovery if sufficient funds are not otherwise available.

As used herein, the term "Holder" means any person other than (i) the Obligor or (ii) any person whose obligations constitute the underlying security or source of payment for the Obligations who, at the time of Nonpayment, is the owner of an Obligation or of a coupon relating to an Obligation. As used herein, "Due for Payment", when referring to the principal of Obligations, is when the scheduled maturity date or mandatory redemption date for the application of a required sinking fund installment has been reached and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by application of required sinking fund installments), acceleration or other advancement of maturity; and, when referring to interest on the Obligations, is when the scheduled date for payment of interest has been reached. As used herein, "Nonpayment" means the failure of the Obligor to have provided sufficient funds to the trustee or paying agent for payment in full of all principal of and interest on the Obligations which are Due for Payment.

This Policy is noncancelable. The premium on this Policy is not refundable for any reason, including payment of the Obligations prior to maturity. This Policy does not insure against loss of any prepayment or other acceleration payment which at any time may become due in respect of any Obligation, other than at the sole option of Ambac, nor against any risk other than Nonpayment.

In witness whereof, Ambac has caused this Policy to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

President



Secretary

Effective Date:

Authorized Representative

THE BANK OF NEW YORK acknowledges that it has agreed to perform the duties of Insurance Trustee under this Policy.

Authorized Officer of Insurance Trustee

Endorsement

Policy for:

Attached to and forming part of Policy No.:

Effective Date of Endorsement:

The insurance provided by this Policy is not covered by the property/casualty insurance security fund specified by the insurance laws of the State of New York.

Nothing herein contained shall be held to vary, alter, waive or extend any of the terms, conditions, provisions, agreements or limitations of the above mentioned Policy other than as above stated.

In Witness Whereof, Ambac has caused this Endorsement to be affixed with a facsimile of its corporate seal and to be signed by its duly authorized officers in facsimile to become effective as its original seal and signatures and binding upon Ambac by virtue of the countersignature of its duly authorized representative.

Ambac Assurance Corporation



President



Secretary

Authorized Representative

[THIS PAGE INTENTIONALLY LEFT BLANK]

ATTACHMENT 6

INFORMATION RELATING TO CIFG NA

General

There follows in this Attachment 6 certain information concerning CDC IXIS Financial Guaranty North America, Inc. (CIFG NA) and CIFG NA's policy (the CIFG NA Insurance Policy) which has been supplied by CIFG NA for use in this official statement. CIFG NA has also supplied the specimen of the CIFG NA Insurance Policy attached to this official statement in this Attachment 6. No representation is made by MTA, the Underwriters or any of their counsel as to the accuracy, completeness or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date hereof. Neither MTA, the Underwriters or any of their counsel has made any independent investigation of CIFG NA or the CIFG NA Insurance Policy, and reference should be made to the information set forth below.

Payment of the principal of and interest when due on the Subseries 2004B-5 Bonds insured by CIFG NA (the CIFG NA Insured Bonds) will be insured by the CIFG NA Insurance Policy issued by CIFG NA simultaneously with the issuance of the Subseries 2004B-5 Bonds.

CIFG NA and the CIFG NA Insurance Policy

CIFG NA is a monoline financial guaranty insurance company incorporated under the laws of the State of New York, with its principal place of business in New York City.

The claims-paying ability (also referred to as its financial strength) of CIFG NA is rated "AAA" by Fitch, "Aaa" by Moody's, and "AAA" by Standard and Poor's, the highest rating assigned by each such Rating Agency. Each rating of CIFG NA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of CIFG NA and its ability to pay claims on its policies of insurance based upon, among other factors, the adequacy of the net worth maintenance and reinsurance agreements provided by CIFG described below under "—Capitalization." Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold the CIFG NA Insured Bonds, and such ratings may be subject to revision or withdrawal at any time by the Ratings Agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the CIFG NA Insured Bonds. CIFG NA does not guarantee the market price of the CIFG NA Insured Bonds nor does it guaranty that the ratings on the CIFG NA Insured Bonds will not be revised or withdrawn.

CIFG NA is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York, its state of domicile, and is licensed to do business in multiple jurisdictions. CIFG NA is subject to Article 69 of the New York Insurance Law which, among other things, limits the business of such insurers to financial guaranty insurance and related lines, requires that each such insurer maintain a minimum surplus to policyholders, establishes contingency, loss and unearned premium reserve requirements for each such insurer, and limits the size of individual transactions ("single risks") and the volume of transactions ("aggregate risks") that may be underwritten by such insurers. Other provisions of the New York Insurance Law applicable to non-life insurance companies such as CIFG NA regulate, among other things, permitted investments, payment of dividends, transactions with affiliates, mergers, consolidations, acquisitions or sales of assets and incurrence of liabilities for borrowings. CIFG NA is required to file quarterly and annual statutory financial statements with the New York State Insurance Department ("NYSID"), and is subject to statutory restrictions concerning the types and quality of its investments and the filing and use of policy forms and premium rates. Additionally, CIFG NA's accounts and operations are subject to periodic examination by the NYSID.

THE INSURANCE PROVIDED BY THE CIFG NA INSURANCE POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED BY THE INSURANCE LAWS OF THE STATE OF NEW YORK.

Capitalization

In addition to capital and surplus, set forth below, CIFG NA is supported by a net worth maintenance agreement from its indirect parent, CDC IXIS Financial Guaranty, a French reinsurance corporation (“CIFG”). The net worth maintenance agreement provides that CIFG will maintain CIFG NA’s U.S. statutory capital and surplus at no less than \$80 million. In addition, through a facultative reinsurance agreement, CIFG NA may cede up to 90% of its exposure on each transaction to CIFG; however, the facultative reinsurance agreement does not require that CIFG reinsure its exposure under any transaction. CIFG’s claims-paying ability is rated “Aaa” by Moody’s, “AAA” by Standard & Poor’s and “AAA” by Fitch, the highest rating assigned by each such rating agency. Notwithstanding these net worth maintenance and reinsurance agreements, the holders of the CIFG NA Insured Bonds will have direct recourse against CIFG NA only, and neither CIFG nor any other affiliate of CIFG NA will be directly liable to the holders of the CIFG NA Insured Bonds.

The following table sets forth the capitalization of CIFG NA as of December 31, 2003, on the basis of accounting principles prescribed or permitted by the NYSID (in thousands):

Common capital stock	\$ 19,700
Gross paid in and contributed surplus	110,925
Unassigned funds (retained deficit)	(31,574)
Surplus as regards policyholders	\$ 99,051

There has been no material adverse change in the capitalization of CIFG NA from December 31, 2003 to the date of this official statement.

CIFG NA has prepared audited annual financial statements as of December 31, 2002 in accordance with statutory accounting principles applicable to insurance companies. Copies of such financial statements may be obtained at www.cifg.com, or by writing to CIFG NA at 825 Third Avenue, 6th Floor, New York, New York 10022, Attention: Finance Department. The toll-free telephone number of CIFG NA is (866) CIFG 212.

The CIFG NA Insurance Policy does not protect investors against changes in market value of the CIFG NA Insured Bonds, which market value may be impaired as a result of changes in prevailing interest rates, changes in applicable ratings or other causes. CIFG NA makes no representation regarding the CIFG NA Insured Bonds or the advisability of investing in the CIFG NA Insured Bonds. CIFG NA makes no representation regarding this official statement nor has it participated in the preparation thereof, except that CIFG NA has provided to the MTA the information presented in this **Attachment 6**.



CDC IXIS Financial Guaranty North America, Inc.
825 Third Avenue, Sixth Floor
New York, NY 10022
For information, contact (212) 909-3939
Toll-free (866) 243-4212

FINANCIAL GUARANTY INSURANCE POLICY

ISSUER:

Policy No.: CIFGNA-#

CUSIP:

Effective Date:

OBLIGATIONS:

CDC IXIS FINANCIAL GUARANTY NORTH AMERICA, INC. ("CIFGNA"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY GUARANTEES to each Policyholder, subject only to the terms and conditions of this Policy (which includes each endorsement hereto), the full and complete payment by or on behalf of the Issuer of Regular Payments of principal of and interest on the Obligations.

For the further protection of each Policyholder, CIFGNA irrevocably and unconditionally guarantees:

(1) payment of any amount required to be paid under this Policy by CIFGNA following CIFGNA's receipt of notice and instruments of assignment as described in Endorsement No. 1 hereto and

(2) payment of the amount of any distribution of principal of and interest on the Obligations made during the Term of this Policy to such Policyholder that is subsequently avoided in whole or in part as a preference payment under applicable law (such payment to be made by CIFGNA in accordance with Endorsement No. 1 hereto).

CIFGNA shall be subrogated to the rights of each Policyholder to receive payments under the Obligations to the extent of any payment by CIFGNA hereunder. Upon disbursement in respect of an Obligation, CIFGNA shall become the owner of the Obligation, appurtenant coupon, if any, and all rights to payment of principal thereof or interest thereon.

The following terms shall have the meanings specified below, subject to and including any modifications set forth in any endorsement hereto, for all purposes of this Policy. "Policyholder" means, if the Obligations are in book-entry form, the registered owner of any Obligation as indicated on the registration books maintained by or on behalf of the Issuer for such purpose or, if the Obligations are in bearer form, the holder of any Obligation; *provided, however, that* any trustee acting on behalf of and for the benefit of such registered owner or holder shall be deemed to be the Policyholder to the extent of such trustee's authority. "Regular Payments" means payments of interest and principal which are agreed to be made during the Term of this Policy in accordance with the original terms of the Obligations when issued and without regard to any amendment or modification of such Obligations thereafter; payments which become due on an accelerated basis as a result of (a) a default by the Issuer or any other person, (b) an election by the Issuer to pay principal or other amounts on an accelerated basis or (c) any other cause, shall not constitute "Regular Payments" unless CIFGNA shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration. "Term of this Policy" shall have the meaning set forth in Endorsement No. 1 hereto.

This Policy sets forth in full the undertaking of CIFGNA, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto or to the Obligations, except a contemporaneous or subsequent agreement or instrument given by CIFGNA or to which CIFGNA has given its written consent, or by the merger, consolidation or dissolution of the Issuer. The premiums paid in respect of this Policy are nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Obligations prior to maturity. This Policy may not be cancelled or revoked during the Term of this Policy, including for nonpayment of premium due to CIFGNA. Payments under this Policy may not be accelerated except at the sole option of CIFGNA.

In witness whereof, CDC IXIS FINANCIAL GUARANTY NORTH AMERICA, INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

CDC IXIS FINANCIAL GUARANTY NORTH AMERICA, INC.

By _____
 Authorized Officer

ATTACHMENT 6-3

[THIS PAGE INTENTIONALLY LEFT BLANK]

ATTACHMENT 7

INFORMATION RELATING TO FINANCIAL GUARANTY INSURANCE COMPANY

General

There follows in this Attachment 7 certain information concerning Financial Guaranty Insurance Company (Financial Guaranty), and the Municipal Bond New Issue Insurance Policy (the FGIC Insurance Policy), which has been supplied by Financial Guaranty. Financial Guaranty has also supplied the specimen of the FGIC Insurance Policy attached to this Official Statement in this Attachment 7. No representation is made by MTA, the Underwriters or any of their counsel as to the accuracy, completeness or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date hereof. Neither MTA, the Underwriters or any of their counsel has made any independent investigation of Financial Guaranty or the FGIC Insurance Policy, and reference should be made to the information set forth below.

Bond Insurance Policy

Concurrently with the issuance of the Subseries 2004B-3 Bonds (the FGIC Insured Bonds), Financial Guaranty will issue its FGIC Insurance Policy for the FGIC Insured Bonds. The FGIC Insurance Policy unconditionally guarantees the payment of that portion of the principal or accreted value (if applicable) of and interest on the FGIC Insured Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the issuer of the FGIC Insured Bonds (MTA). Financial Guaranty will make such payments to U.S. Bank Trust National Association, or its successor as its agent (Financial Guaranty's Fiscal Agent), on the later of the date on which such principal, accreted value or interest (as applicable) is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of FGIC Insured Bonds or the Paying Agent of the nonpayment of such amount by MTA. Financial Guaranty's Fiscal Agent will disburse such amount due on any FGIC Insured Bond to its owner upon receipt by Financial Guaranty's Fiscal Agent of evidence satisfactory to Financial Guaranty's Fiscal Agent of the owner's right to receive payment of the principal, accreted value or interest (as applicable) due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal, accreted value or interest (as applicable) shall be vested in Financial Guaranty. The term "nonpayment" in respect of an FGIC Insured Bond includes any payment of principal, accreted value or interest (as applicable) made to an owner of an FGIC Insured Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The FGIC Insurance Policy is non cancellable and the premium will be fully paid at the time of delivery of the FGIC Insured Bonds. The FGIC Insurance Policy covers failure to pay principal or accreted value (if applicable) of the FGIC Insured Bonds on their respective stated maturity dates or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the FGIC Insured Bonds may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

Generally, in connection with its insurance of an issue of municipal securities, Financial Guaranty requires, among other things, (i) that it be granted the power to exercise any rights granted to the holders of such securities upon the occurrence of an event of default, without the consent of such holders, and that such holders may not exercise such rights without Financial Guaranty's consent, in each case so long as Financial Guaranty has not failed to comply with its payment obligations under its insurance policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to Financial Guaranty's consent. The specific rights, if any, granted to Financial Guaranty in connection with its insurance of the FGIC Insured Bonds are set forth in the description of the principal legal documents appearing elsewhere in this official statement. Reference should be made as well to such description for a discussion of the circumstances, if any, under which MTA is required to provide additional or substitute credit enhancement, and related matters.

This Official Statement contains a section regarding the ratings assigned to the FGIC Insured Bonds and reference should be made to such section for a discussion of such ratings and the basis for their assignment to the

FGIC Insured Bonds. Reference should be made to the description of MTA for a discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement.

The FGIC Insurance Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of December 31, 2003, the total capital and surplus of Financial Guaranty was approximately \$1.153 billion. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 125 Park Avenue, New York, New York 10017, Attention: Communications Department (telephone number: 212-312-3000) or to the New York State Insurance Department at 25 Beaver Street, New York, New York 10004-2319, Attention: Financial Condition Property/Casualty Bureau (telephone number: 212-480-5187).

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation. On December 18, 2003, an investor group consisting of The PMI Group, Inc. ("PMI"), The Blackstone Group L.P. ("Blackstone"), The Cypress Group L.L.C. ("Cypress") and CIVC Partners L.P. ("CIVC") acquired approximately 95% of the common stock of FGIC Corporation (the "Common Stock") from General Electric Capital Corporation ("GE Capital"), a subsidiary of General Electric Company ("GE"). PMI, Blackstone, Cypress and CIVC acquired approximately 42%, 23%, 23% and 7%, respectively, of the Common Stock. Prior to the closing on December 18, 2003, Financial Guaranty paid GE Capital approximately \$284.3 million in cash dividends. GE retained direct or indirect ownership of approximately 5% of FGIC Corporation's common stock.



Financial Guaranty Insurance Company
 125 Park Avenue
 New York, NY 10017
 T 212-312-3000
 T 800-352-0001

Municipal Bond New Issue Insurance Policy

Issuer:	Policy Number:
	Control Number: 0010001
Bonds:	Premium:

Financial Guaranty Insurance Company ("Financial Guaranty"), a New York stock insurance company, in consideration of the payment of the premium and subject to the terms of this Policy, hereby unconditionally and irrevocably agrees to pay to U.S. Bank Trust National Association or its successor, as its agent (the "Fiscal Agent"), for the benefit of Bondholders, that portion of the principal and interest on the above-described debt obligations (the "Bonds") which shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

Financial Guaranty will make such payments to the Fiscal Agent on the date such principal or interest becomes Due for Payment or on the Business Day next following the day on which Financial Guaranty shall have received Notice of Nonpayment, whichever is later. The Fiscal Agent will disburse to the Bondholder the face amount of principal and interest which is then Due for Payment but is unpaid by reason of Nonpayment by the Issuer but only upon receipt by the Fiscal Agent, in form reasonably satisfactory to it, of (i) evidence of the Bondholder's right to receive payment of the principal or interest Due for Payment and (ii) evidence, including any appropriate instruments of assignment, that all of the Bondholder's rights to payment of such principal or interest Due for Payment shall thereupon vest in Financial Guaranty. Upon such disbursement, Financial Guaranty shall become the owner of the Bond, appurtenant coupon or right to payment of principal or interest on such Bond and shall be fully subrogated to all of the Bondholder's rights thereunder, including the Bondholder's right to payment thereof.

This Policy is non-cancellable for any reason. The premium on this Policy is not refundable for any reason, including the payment of the Bonds prior to their maturity. This Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Bond.

As used herein, the term "Bondholder" means, as to a particular Bond, the person other than the Issuer who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof. "Due for Payment" means, when referring to the principal of a Bond, the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity and means, when referring to interest on a Bond, the stated date for payment of interest. "Nonpayment" in respect of a Bond means the failure of the Issuer to have provided sufficient funds to the paying agent for payment in full of all

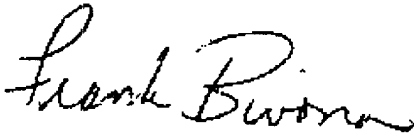


Financial Guaranty Insurance Company
125 Park Avenue
New York, NY 10017
T 212-312-3000
T 800-352-0001

Municipal Bond New Issue Insurance Policy

principal and interest Due for Payment on such Bond. "Notice" means telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from a Bondholder or a paying agent for the Bonds to Financial Guaranty. "Business Day" means any day other than a Saturday, Sunday or a day on which the Fiscal Agent is authorized by law to remain closed.

In Witness Whereof, Financial Guaranty has caused this Policy to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.



President

Effective Date:

Authorized Representative

U.S. Bank Trust National Association, acknowledges that it has agreed to perform the duties of Fiscal Agent under this Policy.



Authorized Officer



Financial Guaranty Insurance Company
 125 Park Avenue
 New York, NY 10017
 T 212-312-3000
 T 800-352-0001

Endorsement
To Financial Guaranty Insurance Company
Insurance Policy

Policy Number: _____ **Control Number:** 0010001

It is further understood that the term "Nonpayment" in respect of a Bond includes any payment of principal or interest made to a Bondholder by or on behalf of the issuer of such Bond which has been recovered from such Bondholder pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.



President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:



Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent



Financial Guaranty Insurance Company
 125 Park Avenue
 New York, NY 10017
 T 212-312-3000
 T 800-352-0001

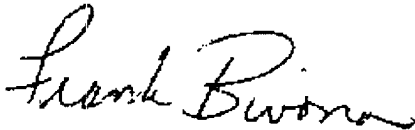
**Mandatory New York State
 Amendatory Endorsement
 To Financial Guaranty Insurance Company
 Insurance Policy**

Policy Number: _____ **Control Number:** 0010001

The insurance provided by this Policy is not covered by the New York Property/Casualty Insurance Security Fund (New York Insurance Code, Article 76).

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.



President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:



Authorized Officer

U.S. Bank Trust National Association, as Fiscal Agent



Financial Guaranty Insurance Company
 125 Park Avenue
 New York, NY 10017
 T 212-312-3000
 T 800-352-0001

**Mandatory New York State
 Amendatory Endorsement
 To Financial Guaranty Insurance Company
 Insurance Policy**

Policy Number: _____ **Control Number:** 0010001

Notwithstanding the terms and conditions in this Policy, it is further understood that there shall be no acceleration of payment due under such Policy unless such acceleration is at the sole option of Financial Guaranty.

NOTHING HEREIN SHALL BE CONSTRUED TO WAIVE, ALTER, REDUCE OR AMEND COVERAGE IN ANY OTHER SECTION OF THE POLICY. IF FOUND CONTRARY TO THE POLICY LANGUAGE, THE TERMS OF THIS ENDORSEMENT SUPERSEDE THE POLICY LANGUAGE.

In Witness Whereof, Financial Guaranty has caused this Endorsement to be affixed with its corporate seal and to be signed by its duly authorized officer in facsimile to become effective and binding upon Financial Guaranty by virtue of the countersignature of its duly authorized representative.



President

Effective Date:

Authorized Representative

Acknowledged as of the Effective Date written above:



Authorized Officer
U.S. Bank Trust National Association, as Fiscal Agent

[THIS PAGE INTENTIONALLY LEFT BLANK]

ATTACHMENT 8

INFORMATION RELATING TO MBIA INSURANCE CORPORATION

General

There follows in this Attachment 8 certain information concerning MBIA Insurance Corporation (MBIA) and MBIA's policy (the MBIA Insurance Policy) which has been supplied by MBIA for use in this official statement. MBIA has also supplied the specimen of the MBIA Insurance Policy attached to this official statement in this Attachment 8. No representation is made by MTA, the Underwriters or any of their counsel as to the accuracy, completeness or adequacy of such information, or as to the absence of material adverse changes in such information subsequent to the date hereof. Neither MTA, the Underwriters or any of their counsel has made any independent investigation of MBIA or the MBIA Insurance Policy, and reference should be made to the information set forth below.

MBIA Insurance Corporation Insurance Policy

The MBIA Insurance Policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of MTA to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Subseries 2004B-2 Bonds (the MBIA Insured Bonds) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the MBIA Insurance Policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the MBIA Insured Bonds pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a Preference).

The MBIA Insurance Policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any MBIA Insured Bond. The MBIA Insurance Policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; or (iii) any Preference relating to (i) and (ii) above. The MBIA Insurance Policy also does not insure against nonpayment of principal of or interest on the MBIA Insured Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the MBIA Insured Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by MBIA from the Paying Agent or any owner of an MBIA Insured Bond the payment of an insured amount for which is then due, that such required payment has not been made, MBIA on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such MBIA Insured Bonds or presentment of such other proof of ownership of the MBIA Insured Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the MBIA Insured Bonds as are paid by MBIA, and appropriate instruments to effect the appointment of MBIA as agent for such owners of the MBIA Insured Bonds in any legal proceeding related to payment of insured amounts on the MBIA Insured Bonds, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners or the Paying Agent payment of the insured amounts due on such MBIA Insured Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

MBIA

MBIA is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the Company). The Company is not obligated to pay the debts of or claims against MBIA. MBIA is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. MBIA has three branches, one in the Republic of France, one in the Republic of Singapore and one in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amount of both the aggregate and individual risks that may be insured, the payment of dividends by MBIA, changes in control and transactions among affiliates. Additionally, MBIA is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

MBIA does not accept any responsibility for the accuracy or completeness of this official statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding the MBIA Insurance Policy and MBIA set forth in this **Attachment 8**. Additionally, MBIA makes no representation regarding the MBIA Insured Bonds or the advisability of investing in the MBIA Insured Bonds.

The MBIA Insurance Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

MBIA Information

The following documents filed by the Company with the Securities and Exchange Commission (the "SEC") are incorporated herein by reference:

- (1) The Company's Annual Report on Form 10 K for the year ended December 31, 2002; and
- (2) The Company's Quarterly Report on Form 10 Q for the quarter ended September 30, 2003.

Any documents filed by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act of 1934, as amended, after the date of this official statement and prior to the termination of the offering of the MBIA Insured Bonds offered hereby shall be deemed to be incorporated by reference in this official statement and to be a part hereof. Any statement contained in a document incorporated or deemed to be incorporated by reference herein, or contained in this official statement, shall be deemed to be modified or superseded for purposes of this official statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this official statement.

The Company files annual, quarterly and special reports, information statements and other information with the SEC under File No 1 9583. Copies of the SEC filings (including (1) the Company's Annual Report on Form 10 K for the year ended December 31, 2002, and (2) the Company's Quarterly Report on Form 10 Q for the quarter ended September 30, 2003), are available (i) over the Internet at the SEC's web site at <http://www.sec.gov>; (ii) at the SEC's public reference room in Washington D.C.; (iii) over the Internet at the Company's web site at <http://www.mbia.com>; and (iv) at no cost, upon request to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504. The telephone number of MBIA is (914) 273 4545.

As of December 31, 2002, MBIA had admitted assets of \$9.2 billion (audited), total liabilities of \$6.0 billion (audited), and total capital and surplus of \$3.2 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of September 30, 2003, MBIA had admitted assets of \$9.9 billion (unaudited), total liabilities of \$6.4 billion (unaudited), and total capital and surplus of \$3.5 billion (unaudited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Financial Strength Ratings of MBIA

Moody's Investors Service, Inc. rates the financial strength of MBIA "Aaa."

Standard & Poor's, a division of The McGraw Hill Companies, Inc. rates the financial strength of MBIA "AAA."

Fitch, Inc. rates the financial strength of MBIA "AAA."

Each rating of MBIA should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of MBIA and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the MBIA Insured Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the MBIA Insured Bonds. MBIA does not guaranty the market price of the MBIA Insured Bonds nor does it guaranty that the ratings on the MBIA Insured Bonds will not be revised or withdrawn.

FINANCIAL GUARANTY INSURANCE POLICY
MBIA Insurance Corporation
Armonk, New York 10504

[NUMBER]

MBIA Insurance Corporation (the "Insurer"), in consideration of the payment of the premium and subject to the terms of this policy, hereby unconditionally and irrevocably guarantees to any owner, as hereinafter defined, of the following described obligations, the full and complete payment required to be made by or on behalf of the Issuer to

or its successor (the "Paying Agent ") of an amount equal to (i) the principal of (either at the stated maturity or by any advancement of maturity pursuant to a mandatory sinking fund payment) and interest on, the Obligations (as that term is defined below) as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed hereby shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law. The amounts referred to in clauses (i) and (ii) of the preceding sentence shall be referred to herein collectively as the "Insured Amounts." "Obligations" shall mean:

[PAR]
[LEGAL NAME OF ISSUE]

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of an Obligation the payment of an Insured Amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds, in an account with U.S. Bank Trust National Association, in New York, New York, or its successor, sufficient for the payment of any such Insured Amounts which are then due. Upon presentment and surrender of such Obligations or presentment of such other proof of ownership of the Obligations, together with any appropriate instruments of assignment to evidence the assignment of the Insured Amounts due on the Obligations as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Obligations in any legal proceeding related to payment of Insured Amounts on the Obligations, such instruments being in a form satisfactory to U.S. Bank Trust National Association, U.S. Bank Trust National Association shall disburse to such owners, or the Paying Agent payment of the Insured Amounts due on such Obligations, less any amount held by the Paying Agent for the payment of such Insured Amounts and legally available therefor. This policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Obligation.

As used herein, the term "owner" shall mean the registered owner of any Obligation as indicated in the books maintained by the Paying Agent, the Issuer, or any designee of the Issuer for such purpose. The term owner shall not include the Issuer or any party whose agreement with the Issuer constitutes the underlying security for the Obligations.

Any service of process on the Insurer may be made to the Insurer at its offices located at 113 King Street, Armonk, New York 10504 and such service of process shall be valid and binding.

This policy is non-cancellable for any reason. The premium on this policy is not refundable for any reason including the payment prior to maturity of the Obligations.

This policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

IN WITNESS WHEREOF, the Insurer has caused this policy to be executed in facsimile on its behalf by its duly authorized officers, this [DAY] day of [MONTH, YEAR].

MBIA Insurance Corporation

President

Attest:

Assistant Secretary

[THIS PAGE INTENTIONALLY LEFT BLANK]

[THIS PAGE INTENTIONALLY LEFT BLANK]



Recycled Paper - Printed by
IMAGEMASTER 800.452.5152